

## PHA Financial Control Policy – Table of Contents

Section 1.0 Introduction.....	2
Section 2.0 General Controls.....	2
A. Responsibility of Chief Financial Officer.....	2
B. Deposits.....	2
C. Investments.....	2
D. Financial Records and Reconciliations.....	3
E. Insurance.....	3
F. Annual Audit.....	3
Section 3.0 Procurement Practices.....	3
Section 4.0 Expenditures.....	3
A. General.....	3
B. Methods of Payment.....	3
C. Payment by Automated Clearing House Transaction.....	3
D. Payment by Check.....	4
E. Payment by Charge Card.....	4
Section 5.0 Violations.....	5

# PHA Financial Control Policy

## Section 1.0 Introduction

The Princeton Housing Authority (“PHA”) is a public entity which provides safe and decent affordable housing to qualified low-income families and individuals. The PHA also aims to promote self-sufficiency initiatives and improve the quality of life and economic stability of its residents. It was created pursuant to State law by the Municipality of Princeton and is funded by the US Department of Housing and Urban Development (“HUD”). The PHA must manage its funds in accordance with Federal and State of New Jersey laws and regulations. The PHA is governed by an independent Board of Commissioners (“Board”).

In accordance with applicable legal requirements, the PHA has established a system of financial controls to ensure efficient operations and to guard against theft, fraud, waste, and abuse.

## Section 2.0 General Controls

### **A. Responsibility of Chief Financial Officer**

The Executive Director shall serve as the PHA’s Chief Financial Officer (“CFO”) and shall be responsible for the proper administration of the PHA’s finances. The CFO shall have access to the PHA’s accountant and legal counsel.

### **B. Deposits**

In accordance with N.J.A.C. 5:31-3.1(a), the bank(s) utilized by the PHA shall be approved annually by the Board. Following Board approval, the PHA and the bank(s) shall execute the General Depository Agreement ([Form HUD-51999](#)).

In accordance with N.J.A.C. 5:31-3.1(b), all money received from any source by or on behalf of the PHA shall, within 5 business days after the receipt thereof be transferred to the CFO or deposited in the PHA’s approved bank account(s). In the event of a transfer to the CFO, the CFO shall deposit said money in the PHA’s bank account(s) within twenty-four (24) hours of the transfer.

An individual shall only receive money on behalf of the PHA if they have been duly authorized by the CFO. An authorized individual shall be responsible for safeguarding money until it is transferred to the CFO or deposited in the PHA’s bank account(s).

In the event that a timely deposit is not possible due to bank closure(s) or an emergency, the individual in possession shall be responsible for securely storing and accounting for the money (as per [Local Finance Notice 2020-07](#)) and making the deposit as soon as possible thereafter.

### **C. Investments**

The PHA’s funds shall be kept in bank accounts and/or invested in appropriate securities. The CFO shall ensure that the PHA’s bank accounts are covered by the Federal Deposit Insurance Corporation (“FDIC”) and the Governmental Unit Deposit Protection Act (“GUDPA”). All investments must be approved in advance by Board resolution and shall be held in the name of the PHA only.

## **D. Financial Records and Reconciliations**

Financial records shall be maintained by the CFO. Reconciliations shall be performed by the PHA's fee accountant.

## **E. Insurance**

The PHA shall maintain appropriate types and amounts of insurance coverage, in accordance with the Annual Contributions Contract and [HUD Notice PIH-2016-13](#).

## **F. Annual Audit**

In accordance with N.J.S.A. 40A:5A-15, the PHA shall select an independent auditor to perform the annual audit of its books, accounts, and financial transactions.

### **Section 3.0 Procurement Practices**

All purchases of goods and/or services shall be made in compliance with all applicable legal requirements (including but not limited to the NJ Local Public Contracts Law and implementing regulations, the Uniform Federal Procurement Standards ([2 C.F.R. 200.317](#) et seq.), and the HUD Procurement Handbook ([7460.8 REV 2](#)), and the [PHA's Procurement Policy](#).

The PHA's Qualified Purchasing Agent ("QPA") shall be responsible for ensuring all procurements are legally compliant. Should the PHA not have a QPA, then the PHA's CFO shall have such responsibility.

### **Section 4.0 Expenditures**

#### **A. General**

Other than emergency-related expenditures and day to day standard expenditures (utilities, maintenance materials, payroll, etc.), all other expenditures (including reimbursements) must be approved in advance by the PHA's Board. Any proposed expenditures shall be included on the bill list submitted to the Board and supported by appropriate documentation (e.g. contract, vendor invoice). The CFO shall be responsible for ensuring that proposed expenditures are appropriately supported and within budget. All payments shall be made promptly following Board approval.

#### **B. Methods of Payment**

Whenever possible, the PHA shall make payments for approved expenditures via Automated Clearing Housing ("ACH") transaction. Vendors may be required to accept payment from the PHA via ACH transaction.

If the PHA is unable to make a payment for an approved expenditure via ACH transaction, it shall make payment via check or charge card (i.e. store credit card). No payments shall be made via cash, debit card, general-purpose credit card, or any other method not expressly approved herein.

#### **C. Payment by Automated Clearing House Transaction**

In accordance with N.J.A.C. 5:30-9A.4(a)(11), the PHA may make payment by ACH transaction. The provider of ACH services shall be a financial institution chartered by Federal or State authority and covered by GUDPA. All ACH transactions shall follow the rules set forth by the National Automated Clearing House Association ("NACHA") or equivalent successor banking industry standard. In addition, the following safeguards shall be instituted by the PHA:

1. All electronic funds transfers through the ACH must utilize electronic data exchange (“EDI”) technology and be subject to an Electronic Funds Transfer and Indemnification Agreement;
2. A user that can generate an ACH file shall neither have upload rights nor access that permits editing of a vendor routing or account number;
3. Each edit to vendor ACH information shall be approved by a separate individual and be logged showing the user editing the data, date stamp, IP address, and the approval of the edit;
4. Any ACH file that is in plain text format shall not be stored on a local computer past the time transmitted to a bank; and
5. If supported by the financial institution, the PHA shall avail itself of the ability to recall ACH payments via NACHA file;

The PHA’s ACH systems may only be used by those individuals who have been authorized via resolution of the Board and who have signed an acknowledgement that they understand the policies and procedures for usage and that they are responsible for any misuse. The Board reserves the right to revoke an individual’s authorization at any time and for any reason.

The CFO must document and implement internal controls sufficient to ensure safe and proper use of ACH systems and mitigate the potential for fraud and abuse. In addition, pursuant to N.J.A.C. 5:30-9A.4(b)(2), the CFO must ensure that ACH systems utilized by the PHA incorporate appropriate features and safeguards.

ACH transactions shall only be used to pay for expenditures approved by the Board.

#### **D. Payment by Check**

All checks issued by the PHA must be signed by two officers of the PHA. Checks shall be issued along with a copy of the invoice being paid. The PHA shall maintain a record of all voided or unclaimed checks.

Checks shall only be used to pay for expenditures approved by the Board. All unused checks shall remain in the custody of an officer of the PHA. Checks shall be used in sequential order. The payee on a check must be specifically identified; checks may not be made payable to “cash” or “bearer”. Signing a blank check is prohibited.

#### **E. Payment by Charge Card**

In accordance with N.J.A.C. 5:30-9A.4(a)(12), the PHA may use a charge card issued by a specific vendor which can only be utilized for goods and/or services provided by said vendor. However, the charge card must require outstanding balances to be paid in full each month and must facilitate the designation of specific employees authorized to use the card, the tracking of purchases by individual users, the establishment of per-purchase dollar limits, along with the ability to receive itemized statements and pay by invoice.

The PHA’s charge card(s) may only be used by those individuals who have been authorized via resolution of the Board and who have signed an acknowledgement that they understand the policies and procedures for usage and that they are responsible for any misuse. The Board reserves the right to revoke an individual’s authorization at any time and for any reason.

The CFO must document and implement internal controls sufficient to ensure safe and proper use of charge cards and mitigate the potential for fraud and abuse. In addition, pursuant to N.J.A.C. 5:30-9A.4(b)(2), the CFO must ensure that the charge card systems utilized by the PHA incorporate appropriate features and safeguards.

Charge cards shall only be used to pay for expenditures approved by the Board. Charge cards shall not, under any circumstances, be utilized for travel, dining, or room and board expenses. Charge cards shall remain in the custody of an authorized user. The outstanding balance on a charge card must be paid in full each month.

### **Section 5.0 Violations**

Any violations of the PHA's Financial Control Policy may result in appropriate remedial and/or disciplinary action.