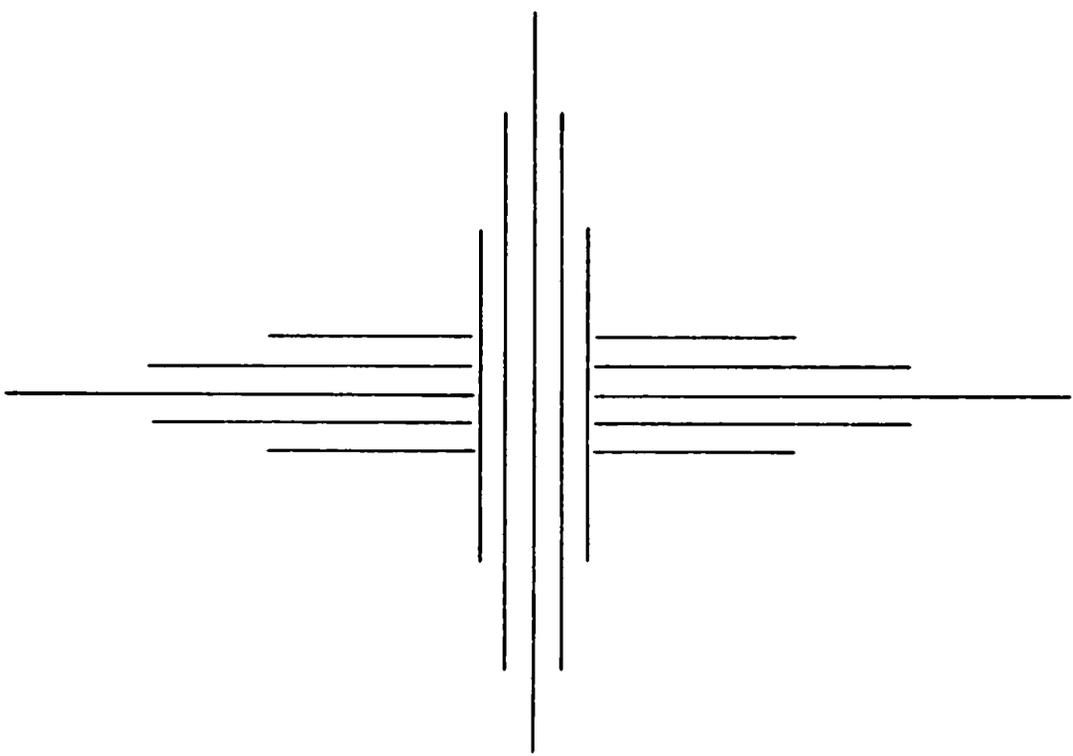


CONFIRMATION OF_____
TENANTS' ACCOUNT BALANCES



11 PUBLIC HOUSING ADMINISTRATION /
HOUSING AND HOME FINANCE AGENCY

Confirmation of Tenants' Account Balances

Experience has demonstrated the need for firming up present audit procedure in connection with the accountability for rental income of the project. It is believed that complete verification of rental income from tenants can be more fully achieved by confirmation of tenants' account balances at such time as the PHA auditors conduct their periodic audit of the books and records of the local housing authority.

Accordingly, effective with audits commencing on or after the effective date of this bulletin, the scope of audit will be extended to include direct communication by the auditor-in-charge with tenants through the use of form PHA-AUD 17, "Request for Confirmation of Tenant's Balances," Exhibit 1.

It is proposed to conduct the confirmation on a test check basis, limiting correspondence to 20 per cent of the tenants under normal conditions, but extending the confirmation up to 100 per cent, should circularization warrant. The verification of the account balances will include not only tenants' accounts receivables, but prepaid rents as well. To assure accountability for prepaid rents, tenants whose accounts show no balances may be included in the list for circularization.

Since even a 20 per cent check on a large operation will involve a considerable amount of work, it is requested that Executive Directors or other appropriate local authority officers furnish assistance to the auditor-in-charge in effectively carrying through this phase of the audit.

There will be some rare exceptions where, at the discretion of the supervising auditor or area supervisor, a circularization of tenants will not be made. These exceptions may be possible in the case of those local authorities which exercise adequate central office control over project operations and, in addition, maintain an active follow-up system calling for direct communication or personal contact with delinquent tenants.

It is recognized that a large percentage of tenants may not be familiar with this form of confirmation but the fact that they are being advised of the purpose by the local management should prove reassuring. To allay any fear on the part of the tenantry and any misunderstanding by the public, the PHA has, upon the recommendation of the PHA-LHA Relations Committee of the National Association of Housing Officials, prepared a suggested press release, Exhibit 2, for use by local housing authorities at their discretion and at their option. This suggested release may be issued under the name of the Executive Director or other appropriate official of the authority prior to or at the commencement of the audit. It should be noted that the proposed release is appropriate only in the case of low-rent operations and should be altered in those instances where local housing authorities have jurisdiction over other types of operations such as War housing projects, in which case the closing words of the second paragraph "which help make it possible for us to charge low rents" should be eliminated.

This audit technique is similar to the practice of commercial accounting firms which circularize their clients' customers to confirm their accounts.

Suggested Press Release to be Used by Local Housing Authorities

Residents of _____ are being asked to cooperate
name of project or projects
with the Public Housing Administration in an audit of the project(s)
records, the _____ announced today.
name of local authority

"This is one of the periodic routine audits made by the Public Housing Administration of the records of local housing authorities throughout the country," _____, executive director of the housing
name of executive director
authority, said. "The PHA, while not directly responsible for operation of our project(s), is charged by Congress with the duty of accounting for the Federal funds which help make it possible for us to charge low rents."

"The authority welcomes these audits because they help it to maintain efficient operations. The audit is important to the project residents, too, because it assures that their individual accounts are in order."

The check on tenant accounts is being made by letters being sent by the PHA auditor to a representative group of residents. The letters give the resident a statement of his account as it currently appears in the project records. The tenant is asked to check this statement against his own record of what he has paid and what he owes.

If the tenant's record agrees with the statement of his account set forth in the letter, no reply to the auditor is necessary. If there is a discrepancy, however, the tenant is asked to inform the auditor of the differences so that the proper adjustment may be made.

This audit technique, _____ pointed out, is similar to the
executive director
practice of commercial accounting firms which circularize their clients' customers to confirm their accounts.

HHFA
PHA
7-19-48

Bulletin No. 64
Exhibit 1

PHA-AUD-17
7-19-48

HOUSING AND HOME FINANCE AGENCY
PUBLIC HOUSING ADMINISTRATION

Audit Division

REQUEST FOR CONFIRMATION OF TENANT'S BALANCES

Name and Address of Tenant: _____
(Date)

(Project No.)

(fold)

Dear Tenant:

As a matter of good business practice, the books and records of all projects administered by the Public Housing Administration are audited periodically. An audit is now being conducted of the _____

(Name and Location of Local Housing Authority)

In accordance with requirements and by arrangement with the local management, the audit includes a verification of a representative number of tenants' accounts by direct communication with the tenants. Your cooperation, therefore, will be appreciated in checking your records to assure that the balances in your account are correct. The project records, show the following as of _____:

1. Your rent is paid up through _____ (date)
The balance due for rent through _____ (date) is\$
2. Amount due for Other Charges (including utilities)\$
3. Amount credited to your account for Security Deposits\$
4. Your apartment or unit number is _____.

IF THE ABOVE AGREES WITH YOUR RECORDS, NO REPLY IS NECESSARY. However, if there are any differences, or you have made any advance rent payments for a period beyond the date shown above, or you have made any other payments not included in the foregoing figures, please advise me promptly so that steps may be taken to correct your account. Your reply may be given on the back of this form. There is enclosed an addressed envelope for your use which requires no postage.

(Signature of PHA Auditor)

FHA-1749
8-1-47

Transmittal

MANUAL AND HANDBOOK
TRANSMITTAL

BULLETIN NO. 64.....NO. 1

8-19-48

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1. REMOVE: Sheet 1, Bulletin No. 64, Confirmation of Tenants' Account Balances, Release Date: 7-19-48
- INSERT: Corresponding sheet, RELEASE DATE: 8-20-48
- EXPLANATION: The term "tenant income" where it appears in the first sentence of the first paragraph has been changed to read "rental income of the project" and has also been changed in the second sentence to read "rental income from tenants" to more clearly indicate what is intended.
- Paragraph 6 has been amended by the addition of the last sentence thereto.