

TENANT ACCOUNTS RECEIVABLE (TAR) PROCESSING POLICY AND PROCEDURE

TENANT ACCOUNTS RECEIVABLE PROCESSING POLICY

Tenant accounts receivable balances include monthly dwelling rent, other charges such as late fees, maintenance charges, and fraud recovery. Tenant account balances must be accurately calculated and properly charged to the tenant to properly execute rental agreements and comply with laws and regulations for evictions for non-payment of rent.

This policy focuses on the procedures that the Montgomery Housing Authority (MHA) needs to have in place to track charges and credits to individual tenant accounts accurately and in a timely manner to ensure that the MHA's financial statements correctly reflect all amounts owed from tenants.

The MHA uses the Yardi software system to generate charges and maintain tenant accounts receivable and security deposit balances. The reports generated from this system will serve as the official record keeping of tenant account balances.

This policy applies to the Public Housing program for which tenant charges are recorded for program participants. This tenant accounts receivable processing policy should be read in conjunction with the following policies: 1) write-off and 2) tenant rent collection.

TENANT ACCOUNTS RECEIVABLE PROCESSING PROCEDURES

The following procedures will be used to track tenant accounts receivable balances.

- Establishment of tenant charges,
- Receipt of payment,
- Monitoring and processing,
- Vacated units, and
- Public Housing Assessment Subsystem (PHAS) monitoring.

The Asset Manager will be responsible for the review and oversight of tenant charges and balances for their program.

Establishment of Tenant Charges

Tenant charges will be processed based on the procedures outlined below.

1. Tenant rents will be calculated using the rent calculation sheet and the Yardi software system.
2. The Asset Manager will review the tenant rents for accuracy and completeness.
3. Each month, the rent for each tenant will be charged using MHA's Yardi software system.
4. Additional tenant charges, e.g. late fees or insufficient funds fees will be entered into MHA's Yardi software system.
5. Maintenance charges should be documented through invoices and/or work orders. These charges will be entered into MHA's Yardi software system.
6. Refunds of rent, utility reimbursement payments, or security deposit refunds should be entered into the Yardi software system.
7. The Asset Manager will review and approve the report of rent charges, paying attention to any changes in rent charged from the prior month to the current month and other tenant charges.

TENANT ACCOUNTS RECEIVABLE (TAR) PROCESSING POLICY AND PROCEDURE

Receipt of Payment

Receipt of payments will be handled in accordance with the rent collection policy.

Monitoring and Processing

Tenant accounts receivable will be monitored and processed based on the following procedures.

1. At the end of the month, the Property Manager will print a detailed listing of accounts receivable balances. The property manager will review all balances to ensure that the amounts are correct. The detailed list of accounts receivables balances will be signed and dated by each reviewer indicating that the balances are accurate and complete.
2. At the end of the month, the Property Manager, and Asset Manager, will also review the tenant accounts receivable balances and associated accounts for any unusual balances or transactions. Any unusual balance or transaction will be investigated and corrected if necessary.
 - A credit adjustment report will be printed at the end of the month and reviewed. The credit adjustment report is a report which shows adjustments applied to a tenant's accounts receivable balance, not associated with payment by the tenant. Note: A credit adjustment to individual accounts is a sign of possible fraud. The credit adjustment report will be signed and dated by each reviewer indicating that any unusual balance or transaction was properly investigated and corrected.
 - The Asset Manager will specifically review credit adjustments posted by the property managers.
 - Any collection losses (i.e., write-offs) will be verified to the actual postings to make sure that all and only write-offs were posted to the books of account.
3. The detailed list of accounts receivables balances will be reviewed by the finance office for balancing and reconciliation to the general ledger and for the preparation of the monthly financial statements.

Vacated Units

For any vacated unit, the MHA's write-off policy will be followed.

Public Housing Assessment Subsystem (PHAS) Monitoring

Each month, the tenant accounts receivable balances for the Public Housing program will be reviewed by the Executive Director to determine whether the PHA is achieving the desired target for tenant rent collection – a PHAS indicator in the public housing program.