



## MassHousing Policy Relating to Accounting and Data Processing (ADP) Costs

*Effective January 1, 2011*

### **1. Purpose**

This policy was prepared to define how project-related Accounting and Data Processing Costs (ADP) costs are to be accounted for in a project's operating budget for projects financed by MassHousing. ADP functions include accounts receivable, accounts payable, payroll preparation and reporting and general ledger and financial reporting.

### **2. Policy**

Site-related ADP expenses are to be treated as a project cost. The cost of ADP related functions for a project performed as part of a centralized bookkeeping system will be treated as a project cost and will not be treated as a special fee. Such expenses are to be paid out of project funds for actual costs attributable to the project. All site-related ADP costs are to be accounted for on a specifically designated line item on the FC-1, Accounting and Data Processing Services. The costs will be reviewed annually as part of MassHousing's audit review process.

This approach to accounting for ADP expenses mirrors HUD's approach and MassHousing will follow HUD's guidelines in relation to these costs.

### **3. Implementation**

In instances where a new management agreement requires MassHousing approval, ADP fees will not be allowed and the policy herein will apply for accounting for all ADP related costs.

For developments which currently have management agreements in place which allow for an ADP fee, MassHousing will provide a management agreement amendment form. As executed by the owner, management agent, and as approved by MassHousing this amendment will serve to terminate the ADP fee arrangement and substitute the terms of the policy defined herein. In the event that an amendment to the management agreement is not executed, the terms of the existing management agreement will apply and if an ADP fee is specified, no site-related central office costs other than the fee will be allowed as a project expense for ADP. There will be no escalation of the fee beyond the current level. ADP cost levels for each site will be monitored in conjunction with MassHousing's annual audit review.

All prior policies of MassHousing relating to ADP related expenses are rescinded as of the effective date of the policy.