

**U.S. Department of Housing and Urban Development
Office of the Inspector General**

SPECIAL ATTENTION OF:

Office of Multifamily Development and
Real Estate Assessment Center

TRANSMITTAL

Handbook No: 2000.04, REV-2, CHG-8
Chapter Number: 2, Examples B, B-1 & B-2
Issued: January 22, 2010

1. This transmits Handbook 2000.04, REV-2, CHG-8, chapter 2, example B, example B-1, and example B-2, *Consolidated Audit Guide for Audits of HUD Programs* (Guide).
2. **Summary:** The Office of the Inspector General is in the process of updating the handbook and will release each chapter as it is completed. When all of the individual chapters of the Guide are revised, they will be consolidated into a revised Guide and issued as Handbook No. 2000.04, REV-3.

This handbook chapter's examples are a change to Handbook 2000.04, REV-2, chapter 2, examples B and B-1, issued March 2007. A change was necessary to comply with the requirements of American Institute of Certified Public Accountants Statement on Auditing Standards (SAS) 115 and to provide updated illustrations of the **Independent Auditor's Report on Internal Control Combined Report Applicable to Internal Control over Financial Reporting Based on an Audit of Financial Statements and Internal Control over Compliance for HUD-Assisted Programs**.

Example B-2 was added to illustrate how auditors would report when they have both material weaknesses and significant deficiencies.

This change serves as a reference for auditors who perform audits of U.S. Department of Housing and Urban Development (HUD) programs.

3. Filing Instructions:

The issuance of these examples cancels examples B and B-1 contained in chapter 2.

Remove

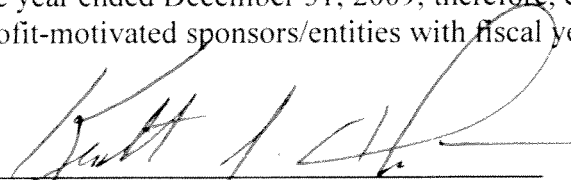
Examples B and B-1,
chapter 2, dated March 2007

Insert

Example B, B-1, and B-2,
chapter 2, dated January 22, 2010

4. Effective Date:

This change is effective immediately and should be used upon issuance. SAS 115 is effective for the year ended December 31, 2009; therefore, examples B, B-1, and B-2 shall apply to audits of profit-motivated sponsors/entities with fiscal years ending on or after December 31, 2009.



Kenneth M. Donohue
Inspector General, G