

**AHACPA Multifamily  
Conference  
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HUD-OIG Presentation**



**HUD-OIG Audit Guide**

**Chapter 1**

**George A. Datto HUD-OIG  
National Single Audit Coordinator**

**HUD-OIG**

**AHACPA**

# Changes to the Chapter

- Guide to be used as A-133 program-specific audit guide
- Requires attribute sampling for all audits of programs in all chapters.
- Establishes mandatory Minimum Sample sizes

# Changes to the Chapter

- Requires telephonic contact to HUD OIG single audit coordinator to discuss his/her findings on illegal acts or fraud that has occurred or is likely to occur.
- Requires notification when auditor withdrawal or is terminated from an Engagement
- Quality Control Reviews
- Requires information to be included in engagement letters

# Question

- What do you use for performing
  - A-133 Audit of a Multifamily program?
  - A-133 Program Specific Audit (PSA) ?

# Use for A-133 program-specific

- AICPA Objects to Using HUD-OIG Consolidated Audit Guide
- They believe the auditor should use Part 7 of Compliance Supplement

A-133 Paragraph "§\_\_.235 a Provides:

- Contact OIG & if PSA is available follow guide & GAGAS to do audit
- Agreement reached with AICPA and OMB

- Part 7 States that:
- If there is a program-specific audit guide or other audit guidance issued by the Federal agency's Office of Inspector General (OIG), the auditor may wish to consider this guidance in identifying the program objectives, program procedures, and compliance requirements. The availability of program audit guides can be determined by contacting the appropriate Regional OIG.
- This part gives the auditor a lot of flexibility to include what they believe is needed

# Multifamily Programs

- What do you use in your Audits of MF Programs????
- Only two programs in Compliance Supplement
  - Supportive Housing for the Elderly (Section 202)
  - Supportive Housing for Persons with Disabilities (Section 811).

# Requires Attribute Sampling

- Appendix A to Chapter 3, dated July 2008, now applies to all HUD chapters/audits performed using the guide
- No objections voiced by anyone

# Requires Minimum Sample Sizes

- Comment received to use number or units rather than number of projects sampling selection less based on units.
- Sampling of MF projects is at the Project level
  - Condition of project operation/controls
- Unit sampling is contrary to the provisions of the guide.

- ***NOT to Be Used***

- Minimum sample sizes is intended to do sufficient audit work to support the auditor's opinion.

# Contact HUD-OIG Single Audit Coordinator - Illegal Acts or Fraud

- Comment is what do we want? Everything???

**NO**

- Change to be made to Chapter to define needs
  - Equity Skinning
  - Theft of Assets, Money or Property
  - Inappropriate use of
    - ❑ agency's credit cards
    - ❑ rental unit(s)
    - ❑ Project funds

## • Why make contact

- OIG's requirement since cases are not reported by owner/manager
- Have provided what is needed to determine if an investigation is needed.
- Advise how to report material found

# Auditor withdraws or is Terminated from the Engagement

- Auditor is to give written notification to
  - OIG single audit coordinator
  - HUD servicing program office
- Written notification (letter or report)
  - detailed explanation
  - provide any information of any actual or potential
    - Illegal acts
    - Fraud
    - Reportable conditions the client does not want in the report

# Quality Control Reviews

- Can be performed by:
  - OIG
  - REAC
  - Third party contractors under contract with HUD
- Results shared with
  - Client
  - HUD management
  - State Boards
  - AICPA
- Can result in referrals to:
  - State Boards of Accountancy &/or AICPA
  - HUD for debarment or suspension

# Engagement Letter Requirements

- Auditor and client are in agreement and the client grants permission
  - For auditor to obtain information from the prior auditor
  - To report actual or potential fraud to HUD-OIG
  - Agreement as to methodology to be used in performing the audit & reporting requirements
  - Items the auditor wants the client to provide and related delivery date (s).
  - Access by the current auditor to the prior auditor working papers and to make copies of those working papers as well as the auditee's documentation and to provide such information to the various HUD Offices (OIG, REAC), & to GAO.

# Engagement Letter Requirements

- Access the current auditor working papers and to make copies of those working papers as well as the auditee's documentation by the various HUD Offices (OIG, REAC), & GAO.
- Target dates report will be delivered to auditee

# Engagement Letter Requirements

- Owners responsibility to assure audit is completed within established time
- Auditors responsibility in the electronic submission process
- HUD will not grant extensions
  - A-133
  - HUD-OIG Guide – to be determined

# Engagement Letter Comments

- Should add "In addition to those required by the Auditing Standards" **Will be inserted**
- Object to listing target date for delivery of report. **No change will be made**
- Objecting to list items to be provided by auditee, to long. **Change will be made to provide for an appropriate attachment to be made to the Engagement Letter**
- Is OIG over-riding the Extension request protocol set forth in the Miller Memo. **Change to be determined**

# Comments/Questions

- What are your Questions
- What are your concerns