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HUD Releases Proposed Rule on IPA Roster

Today HUD released a [Federal Register proposing an IPA Roster](#). This proposed rule would establish a roster of approved independent public accountants (IPAs) and public accounting firms that would be permitted to perform audits or related services required by HUD. This proposal will provide a framework for determining eligibility as well as the application and removal procedures. IPAs not on the approved roster will not be able to perform HUD audits.

This applies to auditors of 1) Public Housing Agencies, 2) Section 8 project-based housing assistance payments programs, 3) Multifamily Projects receiving HUD assistance or with mortgages insured, coinsured, or held by HUD and 4) HUD-approved Title I and Title II nonsupervised lenders, nonsupervised mortgagees, and nonsupervised loan correspondents.

The following lists HUD's rationale for establishing the roster:

*"At this time, the Department does not have the ability to verify that IPAs are licensed or competent before an **IPA** is engaged to perform a covered service. Once implemented, the **IPA Roster** rule would provide the Department with a tool to ensure that those auditors being engaged to perform work for covered entities are, at a minimum, licensed in the jurisdictions in which they are performing those covered services and are willing to perform the covered services in accordance with professional standards.*

*Additionally, the remedies currently available to the Department to address unlicensed or unprofessional auditors are the costly and very time-consuming actions for debarment or suspension. In the Department's experience, such actions are generally complex and technical, and require an excessive amount of time and resources to prosecute. Once implemented, the **IPA Roster** rule would result in significant savings of departmental enforcement resources by enabling the Department to take action in a timely and efficient manner if it identifies an **IPA** that is not performing in accordance with established auditing standards or the provisions of the **IPA Roster** rule. Thus, the Department believes that the improved oversight of federal funds and program performance resulting from this rule, along with the time and monetary savings associated with enforcement actions against IPAs, justify the establishment of this **roster**."*

In order to be placed on the roster the IPA must apply to be placed on the roster and identify each jurisdiction for which the IPA desires to be approved.

To be eligible to be placed on the IPA roster must:

1. Be licensed or authorized to practice in each of the specific jurisdictions for which the IPA is applying.

2. Not employ or contract with anyone for the performance of audits or related services who is, suspended, debarred or subject to limited denial of participation.
3. Agree to accept only those engagements for audits or related services where it meets the minimum qualifications specified by GAGAS.
4. Agree to establish the quality control standards of GAGAS.
5. Agree to comply with professional standards.
6. Agree to comply with the applicable professional standards.
7. Agree to comply with the accountancy laws and rules of each jurisdiction.
8. Agree to comply with all applicable HUD rules and instructions related to financial reporting, audits, and related services.
9. Agree to submit to and cooperate with reviews by HUD of the IPA's performance.
10. Agree to notify HUD if the IPA or any member of the firm is or has been within the previous 5 years, indicted or otherwise charged with or convicted of any offense listed in 24 CFR 24.800 (a).
11. Agree to notify HUD if the IPA or any member or employee of the firm is, or has been, within the previous 5 years, adjudged to be civilly liable for any of the offenses listed in 24 CFR .800 (a).
12. Agree to comply with any requests for information made by HUD.

IPA Roster Removal

The proposed rule would allow HUD to remove an IPA from the roster for cause at anytime. Cause for removal would include, but not be limited to:

1. Failing to comply with any agreements with HUD including agreements identified at proposed new 24 CFR 5.810(a) as requirements for eligibility.
2. Failing to maintain compliance with any other eligibility requirements for listing on the IPA roster.
3. Failure to notify HUD within 30 days of any change in their continued compliance requirements
4. Making, or causing to be made, any false certifications to HUD.

In most cases, the proposed rule would require HUD to give an IPA written notice of the proposed removal from the IPA Roster. Such notice would include the reasons for the proposed removal. The IPA would then have 30 days from the date of the removal notice to submit a written response opposing the removal or to request a conference to discuss the proposed removal. The rule outlines procedures for the opposing the removal and for the conference.

To ensure that IPAs have adequate time to register with HUD, HUD plans to delay the implementation of a final rule for a period of twelve months following publication of the final rule.

HUD has set a comment period that expires on April 6th, 2008. Instructions for submitting comments are contained in the [proposed rule](#). We encourage all to submit your comments to HUD.

System Issues on REAC and LASS

We have already noticed that both REAC and LASS are significantly slower than in the past few years. We are unsure of the reasons for the system delays. However, be aware that these delays are already significant when system loads should be relatively light. We are expecting these delays to increase as we near the 90 day deadline. Plan ahead and submit early to avoid the unnecessary aggravation these delays will certainly provide.

**Also, remember that 2008 is a leap year and the
deadline will be March 30, 2008 and not March 31st.**

OFFICE OF ASSET MANAGEMENT MEMO REGARDING LEASED NURSING HOMES

On **January 11, 2008** the Office of Asset Management issued a memorandum concerning financial statements for leased nursing homes. The memorandum states that due to technical problems lessee financial statements will not be required to be submitted electronically for the **December 31, 2007** fiscal

year. Lessees with a regulatory requirement to submit financial statements must submit them in hard copy format to their local Multifamily Program Center. Financial statements for lessors must continue to be submitted electronically. For additional information please contact your local Multifamily Program Center.

CONTINUING PROFESSIONAL EDUCATION 2008

PHA Conference

June 5-6, 2008
Planet Hollywood

Multifamily Conference

December 8-9, 2008
Planet Hollywood

Other courses to be announced soon!

AHACPA Contact Information

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