

Kathy Christensen

From: Kathy Christensen [kathy@ahacpa.org] on behalf of AHACPA Newsletter [news@ahacpa.org]
Sent: Wednesday, March 26, 2008 12:21 AM
To: news@ahacpa.org
Subject: AHACPA Newsletter 03/26/2008



HUD Extends Submission Deadline for MULTIFAMILY

The Office of Asset Management has authorized REAC to grant all owners with fiscal years ended 12/31/2007 an automatic 30 day extension due to computer server problems. The extension is automatic so you do not have to apply for it. The new due date for these submissions is 4/30/2008. A call to the REAC's TAC regarding the applicability of the extension to LASS indicated that such an extension was **NOT** currently planned. Users may view the official notification by logging on to the REAC FASSUB website.

Response To IPA Roster Proposal

In February, HUD issued a [proposed rule](#) that would establish a roster of approved independent public accountants (IPA Roster). The comment period on the proposal will expire on April 7, 2008. Numerous groups have notified CPAs of HUD's intent to establish this rule, including the AICPA, which recently notified GAQC members of certain provisions of the rule. Like the AICPA, AHACPA is strongly opposed to the proposal and encourages HUD to revisit many of the provisions outlined in the proposal. We encourage members to contact HUD before the expiration of the comment period to express your views on this important proposal.

Although, we are very much in favor of initiatives that increase audit quality, we do not believe that the current proposal will accomplish this. Simply put, in HUD's own words, this initiative reduces cost as "... 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". [This initiative] "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." In other words, this proposal only makes it easier for HUD take action against firms that it deems are not auditing in accordance with HUD's interpretation of professional standards by removing the "costly and time consuming" actions of the system of due of process currently in place.

Specific Issues with the Proposal

We encourage all CPAs who are currently engaged in the performance of HUD audits to review the

proposal to determine the potential impact to their firms. Specifically, AHACPA believes the following to be few of the items of concern in the proposal.

1. HUD believes that there is currently no other way to ensure that the firms providing audit services are licensed in the jurisdictions in which they audit. HUD also requires the audit firm to notify HUD of any changes in the licensing within the approved jurisdictions within 30 days. Failure to do so could result in an "involuntary automatic removal". Removal from the roster in one jurisdiction may result in removal in all jurisdictions. This requirement, including the notification provisions will require much more than the 1 hour projected for compliance. This proposal indicates that HUD believes there are systemic deficiencies in the current peer review or state licensing processes. We are unaware of any evidence supporting this contention sufficient to justify such increases in administrative burden that the proposal requires. These procedures will take much more than the 1 hour projected. At time when many states are moving toward revised reciprocity/licensing provisions, this rule will soon be unnecessary.
2. HUD has included language that is very broad and open to interpretation. The proposal currently requires auditors to:
 - a. Comply with **ANY** accountancy laws and rules for each jurisdiction for which the IPA is to be listed.
 - b. Agree to comply with **ALL** applicable HUD rules and instructions.
 - c. Notify HUD if **ANY** member or employee of the firm is or has been, with in the previous 5 years, indicted or otherwise charged, convicted or found civilly liable of any offense listed in [24 CFR 24.800\(a\)](#)
 - d. Comply with **ANY** request for information made by HUD.
 - e. Not make or cause to be made any false certifications to HUD.
 - f. Be subject to automatic removal if they are debarred, suspended, voluntarily excluded, subject to a limited denial of participation or subject to any order of disbarment or other denial of right to practice before the Securities and Exchange Commission.
3. The proposal limits the ability to appeal removal from the roster. Any firm that fails to maintain eligibility requirements by being debarred, suspended, voluntarily excluded, subject to a limited denial of participation, or subject to any order of disbarment or other denial of right to practice before the Securities and Exchange Commission is automatically removed without the benefit of a conference or other opportunity to respond.
4. Procedures to appeal a "contestable removal" include a written response objecting to the removal and/or requesting a conference. Conferences will require that the IPA travel to Washington DC , thus incurring additional costs that are currently unnecessary. Reviews will be conducted by the Deputy Assistant Secretary of the Departmental Real Estate Center (REAC) or a designee (Reviewing Official). The Reviewing Official will **NOT** be the same individual who made the initial determination. Given the inherent complexity of the issues involved in interpreting GAAP, GAAS and GAGAS, we question the wisdom of limiting these interpretations to so few individuals. In our experience, it is perfectly acceptable and extremely likely for competent individuals to disagree significantly on technical issues. The proposal does not attempt to address this issue.

In summary, we believe that the proposal will increase the administrative burden significantly from that currently required, contains several ambiguous and difficult provisions and does nothing to gain the confidence of practitioners that genuine, acceptable differences in the application of accounting/auditing standards will be considered.

We encourage all members to submit a response to HUD to ensure that your opinions are considered in the rule making process. HUD has two acceptable methods to submit comments. **All submissions must refer to the docket number FR-5054-P-01.** Comment submitted by mail may be sent to the following address:

Regulations Division, Office of General Counsel
 Department of Housing and Urban Development
 451 Seventh Street, SW. Room 10276
 Washington , DC 20410 -001

Electronic submission of comments may be entered through the Federal eRulemaking portal at www.regulations.gov. Go to the Search field and enter the docket No. FR-5054-P-01 and click "Go". The

Independent Public Accountant Roster will appear at the top of the list. Below the docket No. click on "Send a Comment or Submission". Enter your comments and/or attach a document. You may also browse comments already made.

Technical Issues with AHACPA Website

Our website was recently hacked. We are still experiencing problems. For instance, when you perform a search on our website it may link you to the hacker's website. Until we get our site fixed, please [let us know](#) if you need us to email you some information from the site.

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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Please [let us know](#) if you no longer wish to receive information from AHACPA.

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