



U.S. Department of Housing and Urban
Development
Office of the Chief Financial Officer

Government Accountability Office
Engagements Resolution Policy
HUD Handbook 2021.1

August 2021

Transmittal Notes

HUD GAO Engagements 2020.1: Engagements Resolution Policy, effective August 2021

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SUBJECT:	Government Accountability Office Engagements Resolution Policy	
STATUS:	FINAL	
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PROCEDURES REFERENCE:	ARP Handbook	
RELATED POLICIES:		
APPROVED BY:		
COMMENTS:		

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1. Objective/Purpose and Scope of the Policy

The primary purpose of this document is to define HUD's policy to engage with the Government Accountability Office (GAO), respond to draft and final reports, and implement and close recommendations. This policy applies to all of HUD's open GAO reviews and any open GAO recommendations.

Actions taken under this policy shall be in accordance with applicable laws, regulations, and relevant other policies. This policy shall apply to all HUD programs, and be consistent with applicable program requirements and policies and replaces policies in the Audits Management System Handbook (AMS) 2000.06 REV-4. Refer to HUD's GAO review procedures located in the Audit Resolution Procedures (ARP) Handbook.

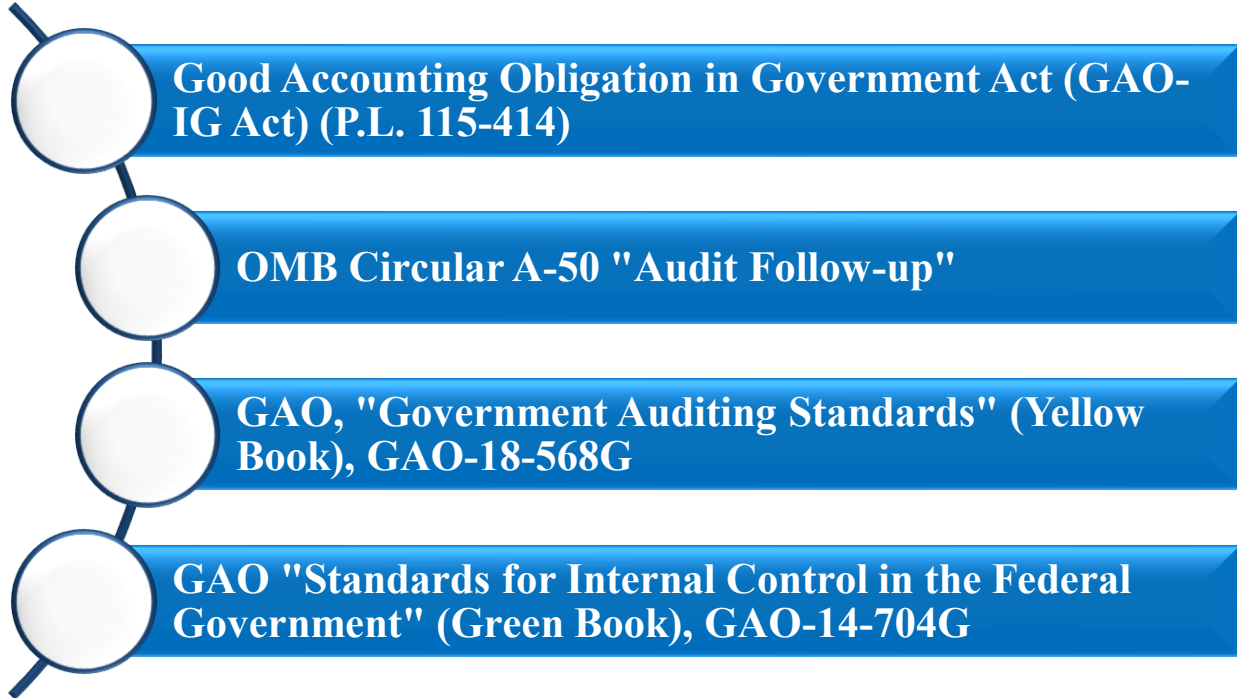
2. Background

GAO reviews provide essential accountability and transparency over HUD's programs and operations. Reviews are either self-initiated by the Comptroller General, who is the head of GAO; conducted at the request of Congress or HUD; or mandated by statute. Additionally, GAO may conduct research studies or issue questionnaires to survey potential areas of review interest or to gather background data, where requests from Congress are anticipated.

The results of GAO reviews are an important part of program improvement and overall sound management practices. GAO concludes its reviews by issuing a final report. GAO reports about or including HUD are directed to: (1) Congress, (2) the Secretary, or (3) Primary Organization Heads (POHs). The reports, which also includes congressional testimony, may be directed specifically to HUD or crosscut other government agencies. If HUD needs to address one or more items reviewed during the GAO engagement with program offices (POs); GAO will officially include those recommendations in their final report. HUD is required to respond to GAO, the Office of Management and Budget (OMB), and Congress within 60 days to any final report GAO issues to HUD that contains recommendations for HUD. All responses to recommendations from HUD must be concurred on by the Offices of General Counsel (OGC) and Congressional and Intergovernmental Relations (CIR) prior to submission to GAO, OMB, and Congress.

3. Governing Legislation, Regulations, and Guidance

This policy is primarily based on the Good Accounting Obligation in Government Act (GAO-IG Act), OMB Circular A-50, and other applicable guidance, listed in order of precedence as noted below:



A. **Good Accounting Obligation in Government Act (GAO-IG Act) (P.L. 115-414), enacted January 3, 2019**

GAO-IG Act requires each federal agency (including each legislative branch agency), in its annual budget justification, to include a report on (1) each public recommendation of GAO that is designated as "open" or "closed, unimplemented" for a period of not less than one year preceding the date on which such justification is submitted; (2) each public recommendation for corrective action from the agency's Office of the Inspector General (OIG) that was published not less than one year as of the date on which the annual budget justification is submitted for which no final action was taken; and (3) the implementation status of each such recommendation. Each agency shall also provide a copy of this information to its OIG and to the GAO.

Link¹: [GAO-IG Act](#)

¹ The links provided in this document pertaining to governing legislation, regulations and guidance may be updated frequently. Please refer to the website of the respective legislation for link updates.

B. OMB Circular A-50 “Audit Follow-up” (September 29, 1982)

OMB Circular A-50 “Audit Follow-up” provides the policies and procedures for use by executive agencies when considering reports issued by the Inspectors General (IGs), other executive branch audit organizations, the GAO, and non-federal auditors where follow-up is necessary.

Link¹: [OMB Circular A-50](#)

C. GAO, “Government Auditing Standards” (Yellow Book), GAO-18-568G, issued July 17, 2018

The professional standards presented in this 2018 revision of *Government Auditing Standards* (known as the Yellow Book) provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services.

Link¹: [Yellow Book](#)

D. GAO “Standards for Internal Control in the Federal Government” (Green Book), GAO-14-704G, issued September 10, 2014

Standards for Internal Control in the Federal Government (known as the Green Book), provide the overall framework for establishing and maintaining an effective internal control system.

Link¹: [Green Book](#)

4. HUD’s Criteria for Program Assignments and Sensitive Reviews

The Departmental Audit Liaison Officer (DALO) or assistant, will designate the Primary PO and, when applicable, Secondary PO for GAO reviews, audits, and surveys.

OGC is assigned as a Secondary PO for all reviews that are identified as sensitive in nature. The determination is established by OGC at the pre-entrance conference and re-affirmed at the entrance conference. OGC may change the sensitivity designation as each ongoing review evolves. OGC must attend every pre-entrance, entrance, and exit conference regardless of topic.

5. Response to Recommendations

HUD has the authority to agree or disagree with recommendations by making the decision to implement or not implement one or more of the recommendations it receives. During the draft and final report comment and response periods, the POH can express agreement or disagreement with any proposed recommendation and provide justification for how that decision was reached. The POH should also state which recommendations will be implemented or not implemented as requested.

6. Priority Recommendations

Priority recommendations are designated in a yearly letter from GAO's Comptroller General to the Secretary that identifies high priority GAO recommendations that remain open and GAO believes needs to be closed as soon as possible. This letter is not a report, and it is based on their work throughout the year. In addition to identifying new priorities recommendations, it also provides updates to recommendations previously designated as high priorities.

Recommendations identified as a priority in the letter are to be resolved using the same method to close as all other GAO recommendations, with increased emphasis on a timely closure. Status updates must be entered into the audit tracking system at a minimum of every three months or at the request of Audit Liaison Division (ALD).

7. Reporting and Tracking

All GAO reviews and recommendations addressed to HUD will be tracked in the audit tracking system to include email correspondence, all documentation provided to GAO, and responses to SOF draft and final reports and recommendation resolution. All HUD employees have access to the audit tracking system. For instructions on adding information to the audit tracking system, refer to the audit tracking system user guides and available training videos that can be found on the homepage in the audit tracking system and at:

<http://hudatwork.hud.gov/HUD/cfo/po/f/audit/finmgmt2>.

ALD will provide reporting of GAO reviews through the Periodic GAO Report that is emailed to all GAO Audit Liaison Officers (ALOs), the Deputy Secretary, POHs, and anyone who requests to be added to the distribution list.

Additional reports as required by congressional mandates or HUD management needs, such as, the inclusion of GAO recommendations status with the budget submission as required by the GAO-OIG Act, or reports on priority recommendations as required by the Appropriations Bill, etc., will be produced using the audit tracking system.

8. Special GAO Inquiries

Special GAO inquiries can happen throughout the year and include quality reviews, fragmentation reports, surveys, or other activities of which HUD may or may not be the lead agency involved. When special inquiries occur, all major process steps applicable to regular reviews should apply to special inquiries, as well, including new review notification, entrance conferences, draft reports, and final reports as specified in the GAO engagement letter. Response tracking and reporting may vary depending on the role HUD plays during the review. ALOs should contact ALD for guidance if the ALO assigned is not clear on how to proceed in collaboration with GAO on any special review requests.

9. HUD's Roles and Responsibilities

A. The Deputy Secretary

The Deputy Secretary is designated by the Secretary as the Principal Audit Follow-up Official for the Department, as described in OMB Circular A-50, "Subject: Audit Follow-up."

B. Departmental Audit Liaison Officer/Audit Liaison Division

The DALO is the Director of ALD, located in the Office of the Assistant Chief Financial Officer (ACFO) for Financial Management (FM), and the initial point of contact with GAO for all engagement contact issues. As HUD's designated GAO engagement contact, DALO/ALD will serve as a liaison between HUD offices and GAO to ensure timely delivery of needed documentation and responses. The DALO or their representative will:

1. Monitor and report timely resolution of GAO review recommendations;
2. Ensure that the content of the Department's audit tracking system is complete, up to date, and accurate;
3. Ensure new assignment notifications and reports are distributed to POs;
4. Attend pre-entrance and entrance conferences;
5. Provide audit resolution training and support; and
6. Designate the Primary PO and, when applicable, Secondary PO for GAO reviews, audits, and surveys.

C. Primary Organization Head

The POH is the PO head and usually at the Assistant Secretary level. The core responsibility for the successful implementation of the ARP is vested within the Department's POHs and their subordinate Headquarters, field program and administrative managers. These managers, or their designees, are the usual respondents for most GAO recommendations addressed to the Department. The POH will:

1. Attend designated pre-entrance, entrance, and exit conferences, or delegate an authoritative spokesperson to attend and represent the PO;
2. Assign a program expert as the Program Office Contact (POC) for each review where the PO is either a primary or secondary PO;
3. Assign a primary and secondary ALO for their PO and forward this designation to the DALO/ALD by email within 30 days of a change in ALO;

4. Review and sign the official response, on behalf of the Secretary, to a draft or final report where the PO is designated the Primary PO; and
5. Notify the Secretary and/or Deputy Secretary about any potential issues and sensitive recommendations in draft and final reports.

D. **Audit Liaison Officer**

The ALO must adhere to HUD's GAO processes and procedures as defined by this policy and the ARP Handbook or any subsequent modifications by the DALO officially communicated to ALOs by email. The ALO is designated by the POH to coordinate GAO reviews on their behalf. The ALO will:

1. Notify the ALD regarding any inquiries from GAO that are not a part of a known on-going GAO review or appear to be potential review scope violations, and pending a response from ALD, advise program staff not to provide information to GAO until clearance to proceed is provided;
2. Arrange for needed pre-entrance, entrance, and exit conferences where they are assigned as the Primary PO;
3. Arrange meetings between GAO and PO staff during the review period;
4. Coordinate and forward the response to GAO regarding Statement of Facts (SOF), draft, and final reports with recommendations;
5. Maintain the status of open recommendations by ensuring that all documentation regarding GAO reviews and status comments are kept up to date in the audit tracking system; and
6. Obtain CIR and OGC concurrence on responses to final reports.

E. **Program Office Contact**

The POC is designated by the POH or the POH's designee and should be a subject matter expert for the GAO review topic. POCs will obtain and provide needed documentation and prepare needed responses during the review process and during the recommendation resolution process.

F. **Office of General Counsel**

For GAO reviews, the OGC is assigned as a Secondary PO for all reviews that are or may be sensitive in nature. This determination is established by OGC at the pre-entrance conference and reaffirmed at the entrance conference. OGC may change the sensitivity designation as each ongoing review evolves. OGC will:

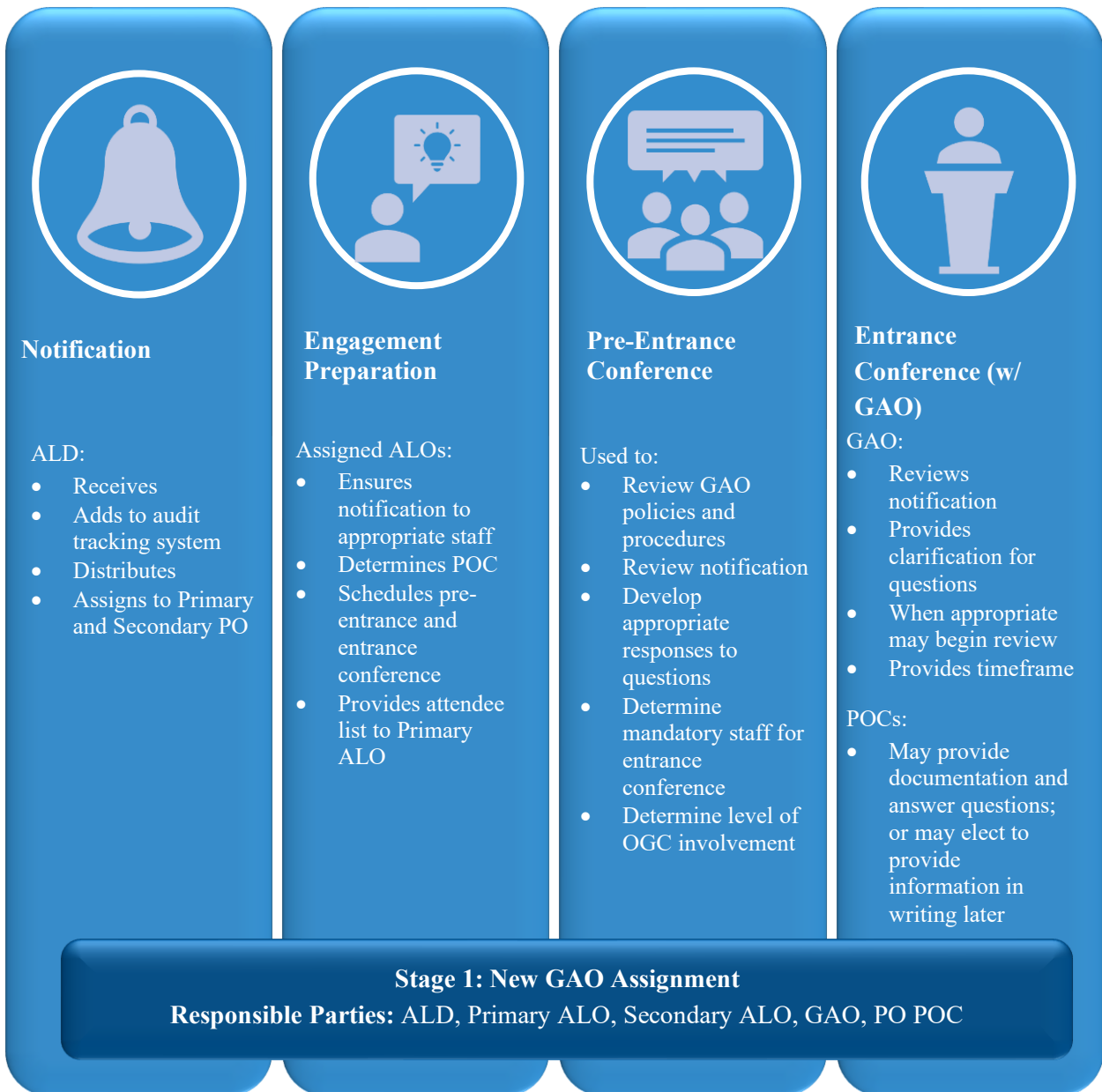
1. Attend all pre-entrance, entrance, and exit conferences;
2. When necessary, assist the POs and GAO with developing the scope of the engagement;
3. When necessary, provide legal guidance and direction to POs, that may include the types of documentation requested by GAO; and
4. Review for legal sufficiency HUD responses to GAO, OMB, and Congress on final reports with recommendations.

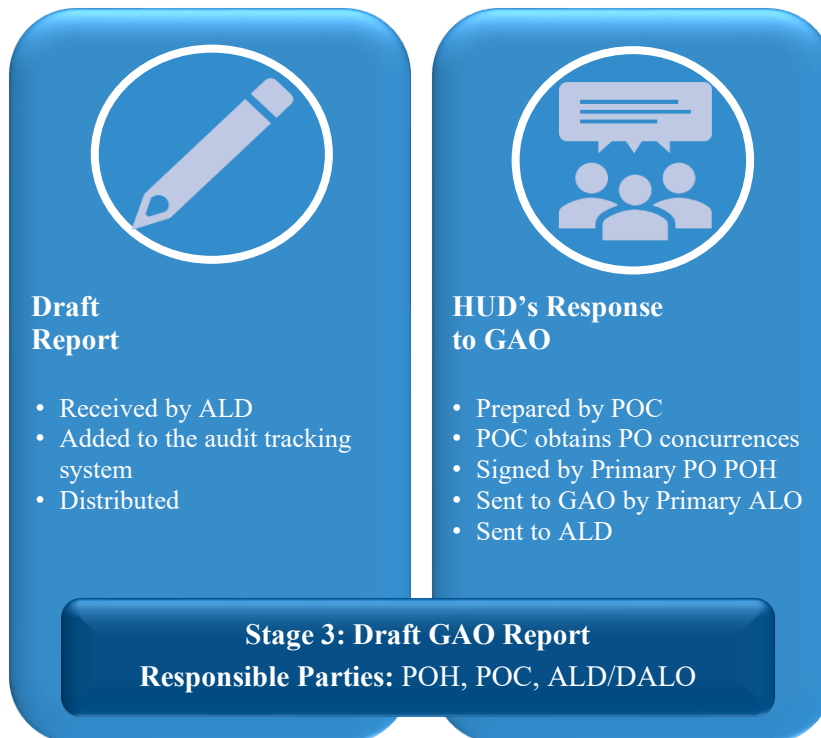
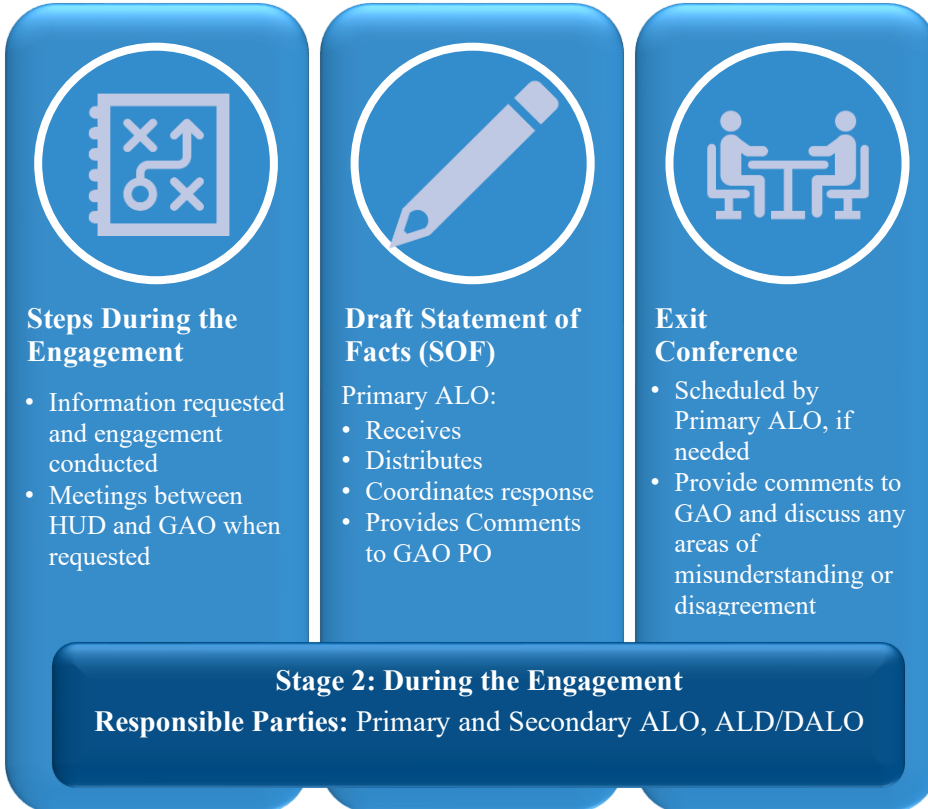
G. Congressional and Intergovernmental Relations

CIR is required to concur on HUD responses to GAO, OMB, and Congress final reports with recommendations. Additionally, CIR assists ALD with maintaining a list of current Committee Chairs and Ranking Members for each of the committees and their respective contact information.

10. Overall GAO Engagement Process

The below graphics break down the GAO review process into five stages: (1) New GAO Assignment, (2) During the Engagement, (3) Draft GAO Report, (4) Final GAO Report, and (5) Recommendations. The graphics provide a high-level view of the process steps, the responsible offices, and individuals involved in each of the process steps.







Final Report without Recommendations

- ALD forwards final report to POs through audit tracking system
- ALOs forward report to interested/affected staff
- No further action needed



Final Report with Recommendations

- Per OMB A-50 Primary PO:
- POC prepares response to Congress, OMB, and GAO
 - Ensures response sent to addressees with cc to ALD

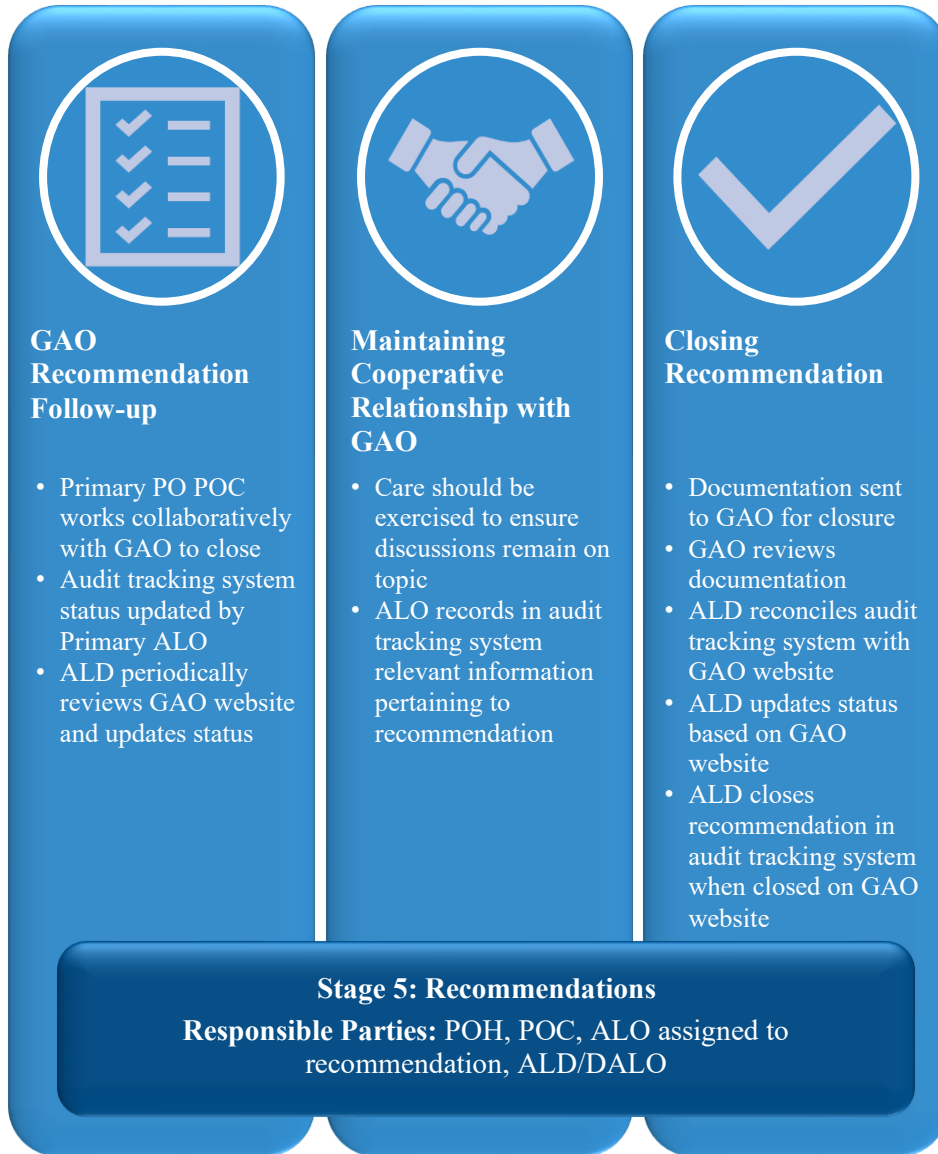
Response to Congress, OMB, and GAO

Response should include:

- HUD agreement or disagreement with recommendations
- Planned Corrective Actions
- Estimated completion date
- Concurrence of effected POs
- Concurrence of OGC and CIR

Stage 4: Final GAO Report

Responsible Parties: Primary ALO, ALD/DALO, OGC, CIR



Note: Refer to HUD’s GAO review procedures located in ARP Handbook for a detailed description of responsibilities and actions performed at each stage of a GAO engagement.

11. GAO Review Timelines

There are due dates related to agency responses to the SOF, draft, and data requests for ongoing reviews. Final reports issued by GAO may contain GAO recommendations. If the final GAO report contains recommendations the Primary PO has 60 days to respond with a corrective action plan letter to GAO, OMB, and Congress as required by OMB A-50.

12. Maintaining a Relationship with GAO

HUD staff involved in the review process will achieve cooperation with GAO if they follow the established protocols and promptly communicate information to the DALO, ALD, and their appropriate HUD ALOs regarding the GAO review or questions about the GAO review. Good internal communications will assist HUD in being responsive to GAO.

During the review, full cooperation shall be provided from HUD officials. Program officials interviewed by GAO will only speak to areas within their span of control and should refer any questions or requests for data outside their span of control to their ALO and the DALO.

Appendix A: Acronyms

ACFO	Assistant Chief Financial Officer
ALD	Audit Liaison Division
ALO	Audit Liaison Officer
ARP	Audit Resolution Procedures
CIR	Congressional and Intergovernmental Relations
DALO	Departmental Audit Liaison Officer
FM	Office of Financial Management
GAO	Government Accountability Office
POH	Primary Organization Head
HUD	United States Department of Housing and Urban Development
OGC	Office of General Counsel
OMB	Office of Management and Budget
PO	Program Office
POC	Program Office Contact
SOF	Statement of Facts

Appendix B: Definitions

- A. Draft Report. After completion of its review, GAO issues a preliminary report that is open for technical and official comment.
- B. Entrance Conference. A kick-off meeting between HUD and GAO, where GAO will provide: (1) background including the reason for the review, (2) detail on its scope, (3) insight into the types of data needed, (4) the time frames for the review, (5) where GAO will be conducting the review, (6) and responds to program office questions about the review.
- C. Exit Conference. A closeout meeting for GAO to formally discuss the report results, i.e., the draft findings, the preliminary conclusions, and the possible recommendations with auditee management. The conference provides auditee management an opportunity to influence the fair presentation of issues and conditions, to have any errors corrected and to note any disagreements prior to issuance of the final GAO report.
- D. Final Report. The GAO issues its formal report after receiving the Department's formal comments to the draft report and makes it publicly available on their website.
- E. Priority Recommendations. Open GAO recommendations identified by GAO that require increased emphasis to close as soon as possible to ensure programs are operating as intended.
- F. Recommendation. GAO's written suggestions for specific action to correct a deficient condition, prevent a recurrence of the condition, or alleviate the adverse effects of a condition. Recommendations are directed to specific Program Offices for response and resolution.
- G. Final Report Response. A formal letter to the GAO Comptroller General that is transmitted to Congress and OMB, that indicates HUD's agreement or disagreement on reported recommendations, planned corrective actions if any and dates for achieving actions should be included. For comments indicating disagreement, the full explanation for disagreement should be specified. (Addressee list will be provided by ALD to the primary ALO.)
- H. Draft Report Response. An emailed response to the GAO Analyst in Charge regarding any technical comments or minor change requests or a formal letter addressed to the GAO reviewer that includes comments HUD wants to be printed in the Final Report.
- I. Statement of Facts (SOF). GAO's summary of its completed review provided to HUD for comments prior to issuance of the draft report.