



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

Single Audit Act
Audit Resolution Policy
HUD Policy 2400.1

March 8, 2024

Transmittal Notes

Single Audit Act Audit Resolution Policy 2400.1: Effective March 8, 2024,

Policy Guidance Number: 2400.1		Date: 2024
SUBJECT:	Single Audit Act Audit Resolution Policy	
STATUS:	DRAFT	
APPLICABILITY:	Single Audit Act	
PROCEDURES REFERENCE:	Audits Management System (AMS) Handbook 2000.06 REV-4 – Note – Once released, the Audit Resolution Procedure (ARP) Handbook will replace the AMS Handbook’s procedures.	
RELATED POLICIES:		
APPROVED BY:		
COMMENTS:		

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Acronyms

AICPA	American Institute of Certified Public Accountants
ALN	Assistance Listing Number (formerly CFDA)
ALO	Audit Liaison Officer
AOC	Accounting Office Center
CFDA	Catalog of Federal Domestic Assistance (now known as ALN)
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CSLO	Compliance Supplement Liaison Officer
F/PO POC	Field or Program Office Point of Contact
FAC	Federal Audit Clearinghouse
FM-ALD	Office of Financial Management's Audit Liaison Division
GAGAS	Generally Accepted Government Auditing Standards
HPOH	HUD Primary Organization Head
IMS	Image Management System
IPA	Independent Public Accountant
NSAC	National Single Audit Coordinator
OCFO	Office of the Chief Financial Officer
OCFO-FM	Office of the Chief Financial Officer for Financial Management
OGC	Office of General Counsel
OIG-OA	Office of Inspector General's Office of Audit
OMB	Office of Management and Budget
ONAP	Office of Native American Programs
PIH	Public and Indian Housing
PO	Program Office
POMPOC	Program Office Management Point of Contact
QASS	Quality Assurance Subsystem
QCR	Quality Control Review
REAC	Real Estate Assessment Center
SA	Single Audit
SAA	Single Audit Act
SAAO	Single Audit Accountable Official
SALO	Single Audit Liaison Officer
SAS	Single Audit Solution
SOP	Standard Operating Procedure
UG	Uniform Guidance

1. Objective/Purpose and Scope of the Policy

The primary purpose of this document is to define HUD's role and responsibility in ensuring Single Audit Act (SAA) compliance with mandated requirements and responsibilities outlined in the Office of Management and Budget's (OMB) Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly called "Uniform Guidance" or "UG"). This policy applies to grants and assistance provided to non-profit and some for-profit entities.

Actions taken under this policy shall be in accordance with applicable laws, regulations, and other relevant policies. This policy shall apply to all HUD Program Offices (POs). A PO is an overarching office such as Public and Indian Housing (PIH) that oversees various program areas such as the Office of Native American Programs (ONAP). This policy replaces those in the Audits Management System (AMS) Handbook 2000.06 REV-4. Refer to the AMS Handbook for audit resolution procedures until the new Audit Resolution Procedure (ARP) Handbook is released.

2. SAA Background

The single audit (SA) of an entity is required by the Single Audit Act of 1984 (as amended in 1996) and implemented by OMB Circular A-133: Audits of State, Local Governments, and Non-Profit Organizations. SAA and OMB Circular A-133 have been included in the UG. The UG, a government-wide framework, is an authoritative set of rules and requirements for federal awards that synthesizes and supersedes guidance from earlier OMB circulars. Under the UG, non-federal entities, such as states, local governments, tribal entities, other non-profit organizations, and certain for-profit entities, that meet, or exceed the identified federal expenditures threshold during the entity's fiscal year are required to have an SA or program-specific audit conducted by an independent public accountant (IPA).

An IPA is an auditor who is a public accountant or a federal, state, local government, or Indian tribe audit organization, which meets the general standards specified for external auditors in generally accepted government auditing standards (GAGAS). The term auditor does not include internal auditors of nonprofit organizations. For the purposes of this policy, an IPA is an auditor that is authorized to perform SAs.

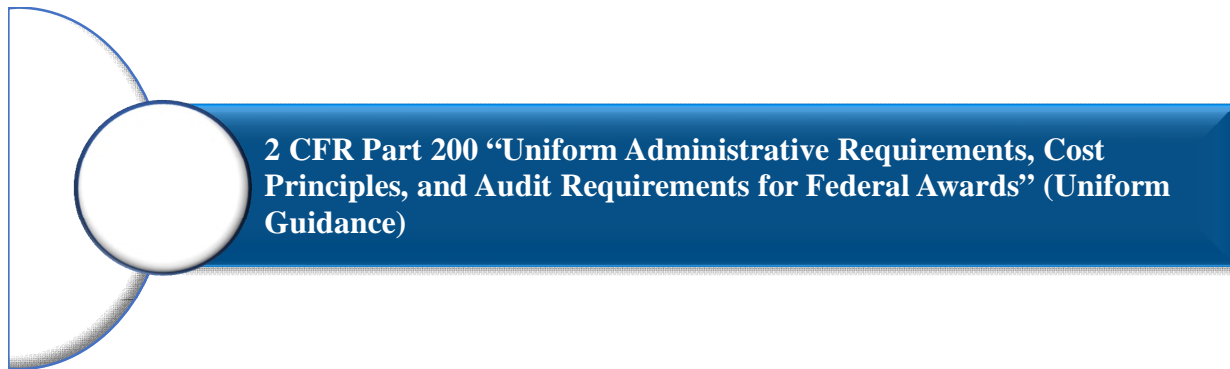
An SA is an independent audit of a non-federal entity's financial operations and their compliance with certain provisions of federal law and regulations. The objective of an SA is to assess whether federally awarded funds are administered properly. SAs are conducted at the entity level rather than at the individual grant or project level.

The Compliance Supplement is an essential component of conducting an SA. The Compliance Supplement is based on the requirements of the SAA 1996 Amendments and Subpart F of the UG. It identifies the important existing compliance requirements that the federal government expects to be considered as part of an SA. The Compliance Supplement provides auditors with a source of information to understand federal program objectives, procedures, and compliance requirements. Additionally, it includes audit objectives and suggested audit procedures for

determining compliance with the noted requirements. OMB publishes the Compliance Supplement annually, and it's each federal agency's responsibility to ensure that program objectives, procedures, and compliance requirements that are subject to the audit (including statutory and regulatory citations) are submitted to OMB for inclusion in the Compliance Supplement.

3. Governing Legislation, Regulations, and Guidance

HUD's SAA Audit Resolution Policy is based on the UG. See Appendix A for a short description and link to the regulation:



4. Overview of Cognizant Agency, Oversight Agency & Federal Awarding Agency

OMB has established 3 federal agency roles as it relates to SAs: Cognizant Agency for Audit, Oversight Agency for Audit, and federal awarding agency. Non-federal entities that expend more than \$50 million a year in federal awards must have a Cognizant Agency for Audit. Refer to the UG for additional details regarding determining the Cognizant Agency for Audit and applicable responsibilities.

An agency is the Oversight Agency for Audit when it provides the predominant amount of direct funding to a non-federal entity unless OMB designates a specific Cognizant Agency for Audit. In instances where there is no direct funding, the agency that provides the predominant source of pass-through funding must assume the oversight responsibilities. Refer to the UG for additional details regarding determining the Oversight Agency for Audit and applicable responsibilities.

An agency is the federal awarding agency when it provides a federal award directly to a non-federal entity. Refer to the UG for additional details regarding determining the federal awarding agency and applicable responsibilities.

5. HUD's SAA Metrics

The Office of the Chief Financial Officer's (CFO) Office of Financial Management (OCFO-FM) will collect data from the POs. Data collection will be done through the POs' use of the audit tracking system. The data will support the analysis of a standardized set of metrics. These


metrics will reflect HUD’s performance across four SAA criteria: Audit Requirements, Audit Responsibilities, Audit Management Decisions, and Audit Findings/Follow-up (see table on the following page). After it has been entered into the Single Audit Solution (SAS) module in the audit tracking system it will feed into the Single Audit Analytic Tool and gauge HUD’s progress in meeting SAA compliance requirements. OCFO-FM and POs will collaborate to ensure that all the data required to develop these metrics is collected.


HUD Standardized Metric Categories			
Audit Requirements	Audit Responsibilities	Audit Management Decisions	Audit Findings/Follow-Up
Identify and validate expenditure threshold	Assign Cognizant and Oversight responsibilities	Assign management decision responsibilities	Address prior year findings
Perform program-specific audits, when applicable ¹	Provide technical audit advice and liaison assistance		Identify and manage recurring SA findings
Track SA entities	Conduct quality control reviews	Track and manage management decisions	Utilize a risk-based approach to identify and manage high-risk auditees
Identify pass-through entities	Advise appropriate stakeholders of any changes, results, deficiencies, or concerns		Determine whether corrective action is implemented

HUD Standardized Metric Categories

¹ It is HUD’s current practice, that program-specific audits are not performed in lieu of SAs.

6. HUD’s Roles and Responsibilities

<h3 style="margin: 0;">Office of Inspector General’s Office of Audits</h3>	
	<p>Role: Serves as the National Single Audit Coordinator (NSAC) for SAs within their area.</p>
<p>In an effective audit resolution process, the Office of Inspector General’s Office of Audit’s (OIG-OA) role and function includes:</p> <p>Stakeholder Communication: OIG-OA communicates with stakeholders and provides guidance and clarification to IPAs.</p>	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> ➤ Developing policies and procedures for OIG-OA that conform to the NSAC role outlined in the UG.

<h3 style="margin: 0;">Single Audit Accountable Official</h3>	
	<p>Role: The Single Audit Accountable Official (SAAO) drives the effective resolution of audit findings and costs, coordinates accountability and compliance, and enhances transparency within HUD. The SAAO also serves as the Deputy CFO.</p>
<p>In an effective audit resolution process, the SAAO’s role and function includes:</p> <p>Driving Resolution Excellence: SAAO strengthens accountability in SAs.</p>	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> ➤ Attending Steering Committee meetings. ➤ Ensuring the agency fulfills all the requirements as identified in the UG and effectively uses the SA process to reduce improper payments and improve federal program outcomes. ➤ Improving the effectiveness of the SA process based on collected metrics described in the UG. ➤ Designating HUD’s Single Audit Liaison Officer (SALO).



HUD Single Audit Liaison Officer

Role:

The SALO serves as HUD's point of contact for the SA process and promotes interagency coordination. The SALO also serves as the CFO's Assistant CFO for Financial Management.

In an effective audit resolution process, the SALO's role and function includes:







Collaboration for Excellence:



SALO promotes interagency coordination, sharing insights, and leveraging collective expertise to achieve stronger accountability and best practices in the SA process.

Key responsibilities include:

- Attending Steering Committee meetings.
- Serving as HUD management's point of contact for the SA process both within and outside the federal government.
- Promoting interagency coordination, consistency, and sharing in areas such as coordinating audit follow-up; identifying higher-risk non-federal entities; providing input on SA follow-up policy; enhancing the utility of the Federal Audit Clearinghouse (FAC); and studying ways to use SA results to improve federal award accountability and best practices.
- Providing oversight for the Compliance Supplement Liaison Officer (CSLO).

<h2 style="margin: 0;">Compliance Supplement Liaison Officer</h2>	
	<p>Role: The CSLO enhances interagency coordination and promotes accountability in SAs by facilitating collaboration, providing expertise, and overseeing training to support effective audit resolution and the utilization of best practices. The CSLO also serves as the Director of OCFO-FM’s Audit Liaison Division (FM-ALD).</p>
<p>In an effective audit resolution process, the CSLO’s role and function includes:</p> <p> Collaboration Catalyst: CSLO facilitates interagency coordination, sharing best practices, and promoting accountability for stronger SAs.</p> <p> Knowledge Management: CSLO provides training, oversight, and support to equip program management personnel with skills for effective audit resolution.</p> <p>→ Streamlining Audit Processes: CSLO organizes cross-cutting audit findings, enhancing the utility of the FAC, and deploying cooperative resolution mechanisms for efficient and cooperative audit resolution.</p> <p> Enhancing Compliance Standards: CSLO maintains the Compliance Supplement, archiving documentation, and coordinating with OMB for regular updates on audit requirements.</p>	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> ➤ Developing agenda and ballots for Steering Committee meetings and decisions. ➤ Ensuring proper HUD designation as Cognizant or Oversight agency for audit based on OMB’s designation every 5 years. ➤ Delegating responsibility for coordinating SA compliance to Primary and Secondary POs when more than one PO is involved. ➤ Promoting interagency coordination, consistency, and sharing in areas such as coordinating audit follow-up; identifying higher-risk non-federal entities; providing input on SA and follow-up policy; enhancing the utility of the FAC; and studying ways to use SA results to improve federal award accountability and best practices. ➤ Supporting the SAAO’s mission. ➤ Overseeing training for program management personnel on the SA process. ➤ Promoting the use of cooperative audit resolution mechanisms by the federal awarding agency. ➤ Coordinating HUD’s activities to ensure appropriate and timely follow-up and corrective action on audit findings. ➤ Organizing follow-up on cross-cutting audit findings that impact multiple federal awarding agencies when HUD is the Cognizant Agency for Audit. ➤ Ensuring annual updates of the Compliance Supplement are provided to OMB. ➤ Maintaining the SAS module within the audit tracking system. ➤ Collecting and archiving PO documentation regarding collecting, reviewing, and resolving SA reports.

<div style="display: flex; justify-content: space-between; align-items: center;">  <div> <h2 style="margin: 0;">HUD Primary Organization Head</h2> <p>Role: An official responsible for an organizational component that reports directly to the Secretary or Deputy Secretary. Typically, this is the Assistant Secretary for the PO. HUD Primary Organization Heads (HPOHs) are accountable for managing the audit program of their organizational component, field offices, and their recipients.</p> </div> </div>	
<p>In an effective audit resolution process, the HPOH’s role and function includes:</p> <p> Governance and Oversight: HPOH ensures effective management and supervision by designating representatives, overseeing compliance, facilitating cross-cutting resolutions, evaluating effectiveness, and ensuring accurate data management, ensuring a comprehensive and accountable audit process.</p>	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> ➤ Designating a voting member to represent their PO at the SAA Steering Committee. ➤ Designating their primary and secondary Program Office Management Point of Contact (POMPOC). ➤ Designating their primary and secondary Audit Liaison Officer (ALO). ➤ Ensuring PO provides annual updates for the OMB Compliance Supplement to the CSLO. ➤ Providing oversight of PO and field office SAA compliance activities. ➤ Ensuring effective intra- and inter-agency communication and coordination of management decisions for cross-cutting findings. ➤ Evaluating metrics and targets to track the effectiveness of PO’s process to follow-up receipts, findings, and submissions. ➤ Ensuring that when a new grant is provided, a list of grantees is given to FM-ALD or entered into the audit tracking system.

<div style="display: flex; justify-content: space-between; align-items: center;">  <div> <h2 style="margin: 0;">Chief Financial Officer</h2> <p>Role: The CFO is responsible for providing strategic oversight and guidance in implementing SAA requirements. The CFO ensures compliance with SAA requirements and facilitates adherence to the audit resolution process.</p> </div> </div>	
<p>In an effective audit resolution process, the CFO’s role and function includes:</p> <p> Strategic Oversight: Provides strategic oversight and guidance in implementing SAA requirements, ensuring audit resolution aligns with regulatory standards and best practices.</p>	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> ➤ Funding OMB’s annual “audit tax” to support the FAC’s operations and serves as HUD’s password control point for access to the FAC’s Image Management System (IMS), where the SA reports are stored. ➤ Assisting with the implementation of the Omni Circular at HUD, including SAA requirements. ➤ Chairing the SAA Steering Committee. ➤ Providing oversight for the SAAO and SALO.

Primary Program Office



Role:

The Primary PO will be identified by the HUD CSLO based on the funding provided. The HUD PO that provides the most funding will be the Primary PO. PO will be identified using SA reporting by Assistance Listing Number (ALN) (formerly known as Catalog of Federal Domestic Assistance (CFDA)).

In an effective audit resolution process, the Primary PO's role and function includes:



Timely Notification:

Primary PO ensures timely awareness of new grants and grantees ensuring their inclusion in the forecast list.








Risk Assessments:

Primary PO conducts risk assessments to help identify and prioritize areas of higher risk, allowing for targeted audit resolution efforts and proactive management of potential issues.

Key responsibilities include:

- Notifying FM-ALD when new grants have been issued.
- Providing POMPOC with list of new grantees.
- Developing a risk assessment framework for evaluating the risks posed by non-federal entities.
- Conducting risk assessments of non-profit entity federal award recipients.

<h2 style="margin: 0;">Secondary Program Office</h2>	
	<p>Role: The Secondary PO will be identified by the HUD CSLO based on SA reporting history of findings by ALN and program-related risk patterns.</p>
<p>In an effective audit resolution process, the Secondary PO’s role and function includes:</p> <p> Cooperative Collaboration: Collaboration between Primary and Secondary POs fosters open communication, shared insights, and coordinated actions in the audit resolution process.</p> <p> Timely Resolution: Secondary PO’s active participation in the management decision process ensures timely resolution of audit findings related to their programs.</p>	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> ➤ Working cooperatively with the HUD Primary PO to develop a management decision letter when needed. ➤ Developing management decision related to their office for findings related to their program(s). ➤ Entering SA compliance activities and follow-up data into the audit tracking system for findings directed to their office.

<h2 style="margin: 0;">Program Office Management Point of Contact</h2>	
	<p>Role: The POMPOC, is assigned by the HPOH to facilitate the SA process within their PO.</p>
<p>In an effective audit resolution process, the POMPOC’s role and function includes:</p> <p> Audit Forecast Specialist: POMPOC strategically analyzes data, collaborates with stakeholders, and applies risk-based approaches to reasonably anticipate entities requiring SAs.</p>	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> ➤ Provides a forecast list based on funding awarded or insured. ➤ Verifies forecast list in the audit tracking system. ➤ Appoints the Field or Program Office Point of Contact (F/PO POC).

Field or Program Office Point of Contact



Role:

The F/PO POC is assigned by the POMPOC to ensure SA compliance and effective communication with auditees, across other agencies, and within HUD.

In an effective audit resolution process, the F/PO POC's role and function includes:



Timely Audit Submission:

F/PO POC ensures auditees requiring SAs submit reports timely to the FAC.



Timely Resolution:

F/PO POC ensures auditees implement timely corrective action to resolve audit findings.



Communication and Cooperation:

F/PO POC ensures effective communication and exchange of key audit-related information, promoting collaboration and clarity in the resolution process.





Comprehensive Data Entry and Tracking:




F/PO POC helps maintain accurate and up-to-date compliance and follow-up data in the audit tracking system, contributing to effective tracking and monitoring of audit resolution.

Key responsibilities include:

- Ensuring that auditees that meet or exceed the expenditure threshold obtain SAs and submit them in a timely manner in accordance with SAA requirements.
- Providing technical assistance to auditees and auditors.
- Following up on prior year audit findings to ensure auditees implement corrective actions to resolve audit findings.
- Obtaining closure documentation and validating audit findings closures.
- Ensuring improper payments identified are repaid.
- Ensuring forecast list is updated to identify entities that do not need to submit an audit.
- Preparing and submitting management decision letters.
- Following up with auditee on open findings.
- Coordinating correspondence with HUD Secondary PO to auditee to include:
 - Management decisions
 - Finding follow-up
 - Etc.
- Coordinating audit resolution when HUD is the Cognizant or Oversight Agency for audit.
- Performing Cognizant or Oversight Agency duties as outlined in the UG for example:
 - Coordinating with external federal entities when they request it when HUD is the Cognizant Agency for Audit.
 - Developing and issuing management decision letters to auditees to include interagency findings when HUD is the Cognizant Agency for Audit.
- Entering SA compliance activities and follow-up data into the audit tracking system.

<h3 style="color: white;">Audit Liaison Officer</h3>	
	<p>Role: The ALO is appointed by HPOH to contribute to the integrity and effectiveness of the audit resolution process by ensuring proper review, documentation, and closure of SA findings.</p>
<p>In an effective audit resolution process, the Primary / Secondary ALO's role and function includes:</p> <p>★★★Quality Assurance: ALO reviews supporting documentation to ensure compliance with the management decision.</p>	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> ➤ Reviews closure documentation attached in the audit tracking system by the F/PO POC and closes findings as appropriate to provide separation of duties. ➤ Closes findings when subsequent audit indicates they are closed.

<h3 style="color: white;">Quality Control Review Auditor</h3>	
	<p>Role: HUD will rely upon the experienced staff of the Real Estate Assessment Center (REAC) Auditor team to complete the quality control review (QCR) sampling and review of independent auditors to meet SAA requirements every 6 years.</p>
<p>In an effective audit resolution process, the QCR Auditor's role and function includes:</p> <p>↗ Enhancing Audit Quality: The QCR Auditor conducts QCRs to promote continuous improvement efforts that enhance the overall effectiveness of audits and the resolution process.</p>	<p>Key responsibilities include:</p> <ul style="list-style-type: none"> ➤ Conducting QCRs of audits and providing the results to other interested organizations. ➤ Advising the auditor, HUD, and, where appropriate, the recipient of any deficiencies found in the audits when the deficiencies require corrective action by the auditor. ➤ Advising IPAs of any important factual trends related to the quality of audits stemming from QCRs.

Real Estate Assessment Center	
 Role: REAC conducts QCRs, as well as facilitates trainings around SAA regulation requirements.	
<p>In an effective audit resolution process, REAC's role and function includes:</p> <p> Knowledge Management: REAC offers technical assistance to provide auditees with the necessary knowledge and support to meet audit requirements effectively.</p> <p> Enhancing Audit Quality: REAC conducts QCRs to promote continuous improvement efforts that enhance the overall effectiveness of audits and the resolution process.</p>	<p>Key responsibilities include:</p> <ul style="list-style-type: none">➤ Providing technical assistance to HUD-assisted and insured property owners and managers to help them understand and comply with HUD regulations and policies.➤ Providing a quarterly report to POs.➤ Conducting QCRs according to the American Institute Certified Public American (AICPA) peer review checklist guidelines.➤ Advising the auditor, HUD, and, where appropriate, the recipient of any deficiencies found in the audits when the deficiencies require corrective action by the auditor.➤ Advising IPAs of any important factual trends related to the quality of audits stemming from QCRs.➤ Referring auditors to relevant organizations when problems are noted with SAs.➤ Ensuring QCR results are entered into the audit tracking system in a timely manner.

7. HUD’s Policy Requirements Outline

The following table lists the policy requirements that must be followed throughout the SAA audit resolution process. For specific roles and responsibilities, please refer to Section 6. *HUD’s Roles and Responsibilities*.

Policy Requirement	Description
<p>A. Ensuring Entities Obtain and Submit an SA</p>	<p>Under the UG, non-federal entities that meet or exceed the identified federal expenditure threshold during their fiscal year are required to have an SA or program specific audit conducted by an IPA and submitted to the FAC.</p>
<p>B. Following Required Governing Legislation, Regulations, and Guidance</p>	<p>Non-federal entities shall obtain SAs, and HUD shall perform its SA responsibilities in accordance with the established legislation, regulations, and guidance provided in section 3 of this policy.</p>
<p>C. Identifying Pass-through Entities and Subrecipients</p>	<p>Pass-through entities are non-federal entities that provide subawards to subrecipients to carry out part of a program. HUD will identify pass-through entities and subrecipients by reviewing FAC data, award terms, and recipient-subrecipient relationships. Pass-through entities have the responsibility to ensure that subrecipients, including for-profits, are adhering to applicable program compliance requirements. Subrecipients are required to include the pass-through entity name and assigned number in their federal award details to allow for easier monitoring. HUD is responsible for ensuring that pass-through entities and subrecipients comply with federal regulations and program requirements, as well as ensuring that subrecipient activities are monitored by the pass-through entity, and appropriate action is taken when instances of noncompliance occur.</p>

D. Determining Cognizant/Oversight /Awarding Agency Status

HUD's SA responsibilities are dependent on whether HUD is designated the Cognizant or Oversight Agency for Audit. HUD is responsible for determining whether it is the Cognizant Agency or Oversight Agency for Audit for each non-federal entity. HUD is the Cognizant Agency for Audit when it provides the predominant amount of direct funding to a non-federal agency unless OMB designates a specific Cognizant Agency for Audit.

HUD is the Oversight Agency for Audit when the non-federal entity does not have a designated Cognizant Agency for Audit and HUD provides the predominant amount of direct funding to the non-federal entity.

HUD is the federal awarding agency when it provides a federal award directly to a non-federal entity. When HUD is a federal awarding agency, it may assume all or some of the responsibilities normally performed by a Cognizant Agency for Audit. Refer to the UG for additional details regarding determining the federal awarding agency and applicable responsibilities.

E. Collecting SA Standardized Metrics Data

POs are responsible for collecting the required SAA follow-up activity data required to generate HUD's SAA standardized compliance metrics. POs will enter their data into the audit tracking system using the required data fields.

F. Tracking SA Resolution

All SA reports and documentation will be tracked in HUD's audit tracking system, including final reports, audit findings, correspondence, proposed management decisions, and corrective actions. Findings will be addressed and tracked in the audit tracking system.

G. Coordinating with Stakeholders

When HUD is the Cognizant or Oversight Agency for Audit, POs will coordinate management decisions for cross-cutting audit findings that affect the federal programs of more than one agency when requested by any federal awarding agency whose awards are included in the audit finding of the auditee.

H. Conducting Audit Follow-up

POs are responsible for following up on audit findings to ensure the auditee takes appropriate and timely corrective action. POs will follow up on and track the resolution of prior year, repeat, and current findings in the audit tracking system.

When a non-federal entity receives SA findings, the HUD Primary PO is required to issue a management decision letter to the non-federal entity within 6 months of the FAC's acceptance date of the audit report. The auditee must initiate and proceed with corrective action as rapidly as possible, and corrective action should begin no later than upon receipt of the audit report.

I. Issuing a Management Decision Letter

The HUD Primary PO will coordinate with any HUD Secondary POs when preparing the required management decision letter if findings are cross-cutting or addressed to the Secondary PO. This will ensure that auditees receive one management decision letter from HUD that addresses all of HUD's findings.

When HUD is the Cognizant or Oversight Agency for Audit, the HUD Primary PO will coordinate a management decision for cross-cutting audit findings that affect other federal agencies when requested by the other involved agency.

J. Resolving Questioned Costs/Improper Payments

When the IPA has indicated in their audit report that there have been costs that are questioned or improper, the PO will follow up with the auditee to ensure these funds are properly supported or repaid. If funds need to be repaid back to HUD, PO will coordinate with HUD's Accounting Operations Center (AOC).

K. Conducting Quality Control Reviews

When HUD is the Cognizant Agency for Audit, HUD is required to conduct QCRs on IPAs. Results will be made public, and HUD is required to advise the IPA community on noteworthy or important trends and report significant problems or quality issues with the appropriate state licensing agencies and professional bodies.

L. Conducting Risk Assessments

HUD POs are required to develop a risk assessment framework for evaluating the risks posed by non-federal entities. Risk assessments will be conducted by POs on non-federal entities receiving discretionary or mandated awards, and results of the risk assessment will be documented and stored in the audit tracking system.

M. PO-specific Guidance

HUD OCFO-FM will collect all related program specific documentation that is used to guide HUD staff in collecting, reviewing, and resolving SA reporting. HUD OCFO-FM will collect and save all related documents and support PO review and updates of the documents on behalf of HUD Single Audit Official responsibilities. These documents will be made available on the HUD @ Work Single Audit Support Web Page. All documents must be electronic.

Y. Staff Transitions

To help ensure a smooth transition of assignments, when a POMPOC, F/PO POC, ALO, or QCR Auditor leaves their current position, they will assist in transitioning their SA assignments to their successor. Please see the ARP Handbook for the procedures involved in this process.

8. SAA Steering Committee

OCFO-FM has established an SAA Steering Committee whose purpose is to provide a formal structure for collaborative and timely decision making, issue resolution, and initiative coordination to define the “One HUD Solution” for SA requirements and achieve SAA excellence.

The Steering Committee is tasked with enhancing program delivery and recipient results, promoting effective collection of SA standardization metrics, informing SAA standardized metric collection, and addressing challenging data collection scenarios in collaboration with program stakeholders. Steering Committee membership is open to all HUD staff, with one voting member per PO.

Open office hours will be hosted by the Steering Committee as necessary to address SAA regulation criteria interpretations, SA issues that affect programs’ and field offices’ data collection, and to provide technical assistance. Additionally, open office hours will be used to introduce formal voting topics ahead of the official vote.

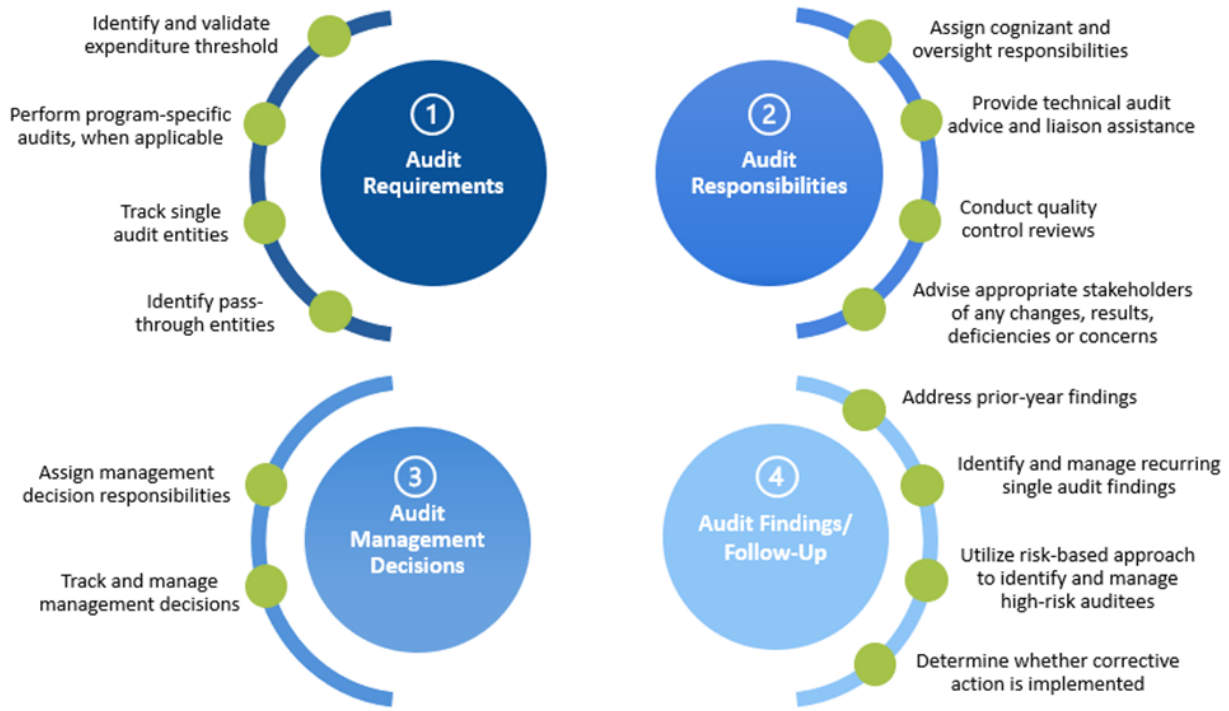
9. Reporting and Tracking

Each HUD PO is responsible for reporting and tracking SA requirement compliance for non-federal entities that receive program funding. Each PO will design a standard operating procedure (SOP) to reasonably ensure the identification and validation of non-federal entities that meet the SAA identified expenditure threshold.

All SA reports and documentation will be tracked in HUD’s audit tracking system. Final reports, audit findings, correspondence, proposed management decisions, and corrective actions will be submitted and tracked through the audit tracking system until finding closure. Review HUD’s ARP Handbook for procedures and the audit tracking system user guide for detailed entry instructions: [FM-ALD intranet site](#).

HUD’s SAAO will be provided reports and dashboards from data collected in the audit tracking system. These reports will be used to demonstrate HUD’s compliance with the UG requirements. The data collected in the audit tracking system will also be used to populate the Single Audit Analytic Tool.

The Single Audit Analytic Tool is a dashboard designed to provide a user-friendly snapshot of HUD grantees’ historical performance across SA reporting requirements. These requirements can be used to focus on program monitoring, evaluate internal controls, and track regulatory compliance to enhance HUD’s mission execution. The dashboard displays SA results in a more actionable way to assist with identifying risk scores for POs.



HUD Standardized Metrics Flow

10. Audit Tracking System Requirements

SA resolution progress will be tracked in the audit tracking system from final report issuance through finding closure. Initial SA data will be imported from the FAC. POs will be responsible for entering SA compliance activities and follow-up data into the audit tracking system using the required data fields. PO data will be used to generate HUD SA compliance metrics and feed the Single Audit Analytics Tool. Correspondence with the auditee, including audit follow-up, will be processed through the audit tracking system. POs will attach all significant documentation, to include correspondence, proposed management decisions, corrective action plans, and finding closure evidence, in the audit tracking system. Findings will be addressed and closed through the audit tracking system.

REAC will be tracking the auditor QCRs that they perform in the Quality Assurance Subsystem (QASS). REAC will be responsible for entering the required QCR results into the audit tracking system for the reviews that they conduct.

11.Data Validation and Certification

POs are solely responsible for the accuracy and validity of the data they enter into the audit tracking system. OCFO-FM is only responsible for collecting the data from the FAC and generating the metrics from the audit tracking system to inform the Single Audit Analytic Tool and demonstrate HUD's overall compliance with SAA requirements.

12.Departmental Oversight

To strengthen departmental oversight and ensure compliance with the requirements outlined in the UG, HUD undertakes various responsibilities as a federal agency that provides federal awards. In order to effectively fulfill these obligations, HUD is committed to implementing the following actions:

Single Audit Timeliness / Forecasting

To ensure timely submission of required SAs by entities that meet the expenditure threshold, HUD will establish an SA forecast list. This list will be developed annually and will include entities that HUD reasonably expects to be required to submit an SA report.

An audit is considered late when it is not submitted to the FAC within the earlier of 30 calendar days after the auditee receives the report from the IPA, or 9 months after the auditee's fiscal year end. When HUD staff identifies an entity that is overdue to submit their audit to the FAC, the F/PO POC will work with the entity to ensure an audit is submitted, if required. Programs should give entities that fail to submit their SAs in a timely manner the opportunity to submit their audit to the FAC. If an entity fails to submit or is repeatedly late to submit their report to the FAC programs should consider, for example, attaching special conditions to their awards, flagging the entity as high-risk, and eligibility status for additional awards. If special conditions are sought, they should be presented to the Office of General Counsel (OGC) for review of applicable notice and appeal rights prior to imposing special conditions.

Managing Single Audit Results:

Managing SA results involves HUD's responsibility to review submitted SA reports for auditees receiving HUD federal awards and ensure auditees address SA findings. It is crucial for HUD programs to take appropriate actions to ensure regulatory compliance and risk management in audited programs, as well as improve the effectiveness and use of SA reports.

Regulatory Compliance

Regulatory compliance ensures IPAs adhere to relevant standards and regulations during SAs. HUD acknowledges the importance of high-quality audit practices, emphasizing the use of QCRs to enforce regulatory compliance. Furthermore, HUD POs conducts comprehensive risk assessments on non-federal entity award recipients and takes steps to reduce improper payments, fostering productive use of awarded funds towards its mission

execution. These measures uphold HUD's financial transaction integrity and guarantee the efficient and purposeful utilization of funds.

Auditor Compliance QCRs

When HUD is the Cognizant Agency for Audit, HUD is required to conduct QCRs on IPAs and provide the results to other interested organizations. The objective of the QCR is to determine if SAs conform to the Compliance Supplement, applicable requirements, standards, and procedures and to make recommendations to address noted audit quality issues, including any changes to applicable requirements, standards, and procedures indicated by the QCR results. QCRs are required to be performed once every 6 years (or at another interval determined by OMB), and the results must be made public. HUD is required to advise the IPA community of any noteworthy or important factual trends related to QCRs and report significant problems or quality issues to the appropriate state licensing agencies and professional bodies. Refer to the UG for additional details on QCRs.

HUD will rely upon the experienced staff of the REAC Auditor team to complete the QCR sampling and review of independent auditors to meet SAA requirements every 6 years. If at any time in the future the REAC team would no longer be able to support these activities based on resources of time or experienced auditors available, REAC will notify the SAAO, in writing that a change of assignment of duties must be made. The SAAO will be responsible for identifying an alternative assignment within HUD to transfer these duties to.

HUD also cooperates with the federal agency designated by OMB to assess the quality of audits in a governmentwide project. The objective of the project is to determine if SAs conform to applicable requirements, standards, and procedures, and make recommendations for improvement. This project happens every 6 years or as determined by OMB, and the results are made public. The project can rely on existing QCR work performed by federal agencies, state auditors, and professional associations to gather comprehensive and reliable data. REAC will be HUD's contact for this project.

Risk Management

Risk management involves identifying and mitigating risks associated with SAs and the programs being audited. HUD recognizes the importance of effective risk management to ensure program integrity and mitigate the potential for improper payments. HUD will use risk assessments to identify programs, activities, or entities that may be susceptible to risks, such as improper payments.

HUD POs are required to develop a risk assessment framework for evaluating the risks posed by non-federal entities before awarding them discretionary federal awards. This evaluation may incorporate the results of the evaluation of the applicant's eligibility or the quality of its application, and a risk-based approach may be utilized. The results of the risk assessment will be considered when determining whether a non-federal entity will receive an award and if special conditions and/or pre- or post-award requirements should be applied. Refer to the UG for details on risk-based criteria. Additionally, HUD

must comply with governmentwide suspension and debarment guidelines outlined in the UG and ensure that discretionary federal awards, sub-awards, and contacts are restricted to only those non-federal entities that are eligible to participate in federal programs or activities. The risk assessment results must be included in the audit tracking system.

HUD POs are also required to conduct risk assessments on non-federal entities that are mandated award recipients. The results of the risk assessment will be used to determine what special conditions, if any, correspond to the degree of risk assessed and will be applied to the federal award. Riskier non-federal entities may require an increased level of monitoring to ensure compliance with regulatory requirements. Refer to the UG for examples of conditions HUD may choose to impose on a federal award recipient. If special conditions are sought, they should be presented to OGC for review of applicable notice and appeal rights prior to imposing special conditions.

Improper Payments

Some SA report findings may include indications that improper payments were made. The F/PO POC will follow up with the auditee to ensure that these costs are addressed by the auditee by either presenting supporting documentation or repaying costs improperly paid by using a non-federal source of funds.

Improve Effectiveness and Use of Single Audit Reports

To enhance the quality and utilization of SA reports HUD has established benchmarks, measurable metrics, and specific targets to monitor and improve the agency's response to audit findings. To ensure that the data points for the metrics are available, HUD will be using the audit tracking system as the system of record for SAs. Based on the metrics from the audit tracking system, HUD will evaluate entities' use of grant funding to help inform award decisions. By setting clear metrics and targets, HUD aims to strengthen the impact of SAs and foster greater accountability and informed decision-making in the management of grants.

13. Management Decisions

Within 6 months of the FAC acceptance date of the SA report, the F/PO POC is required to issue a final management decision on each audit finding directed to HUD in a single management decision letter coordinated by the HUD Primary PO. The management decision letter is a written evaluation of the finding that specifies the corrective actions to be taken by HUD and/or the auditee. The management decision should include a final action target date. The office assigned to the finding should review any management decision proposed by the auditee. The office may work with the auditee to develop a better management decision or approve it as is. The respective HPOH acts as the appeal authority in the event the auditee disagrees with the decision.

For reference, auditees have a responsibility to take corrective action on SA findings and report the status of corrective actions in subsequent reports. The audit findings may include questioned program costs. If any of the questioned costs are disallowed by the management decision, the auditee may have to repay the disallowed amount.

The Management Decision Letter will be entered and tracked in the audit tracking system within the SAS module.

14.SAA Audit Process Overview

The graphics below provide a high-level overview of the process steps, the responsible offices, and the individuals involved in each of the process steps. See the ARP Handbook for detailed procedures regarding each stage shown below.





Cognizant Agency for Audit Responsibilities

When HUD is the Cognizant Agency for Audit, HUD will:

- Provide technical audit advice and liaison assistance to auditees and IPAs
- For QCRs:
 - Conduct QCRs on selected audits and share results
 - Collaborate with federal agencies when requested on SA quality project:
 - Make recommendations to address issues and propose changes to requirements and standards
 - Leverage existing QCRs performed by agencies, state auditors, and professional associations
 - Publicize the results of the government-wide project
 - Communicate noteworthy audit quality trends to IPA community after QCRs and refer issues to licensing agencies and professional bodies
 - Notify IPAs, federal awarding agencies, and auditee of identified deficiencies requiring corrective action
 - Auditee should collaborate with the IPA to address these issues
 - If corrective action is not taken, the agency must notify the IPA, auditee, and relevant federal awarding agencies and pass-through entities, recommending subsequent steps
 - Report severe deficiencies or recurrent underperformance by IPAs to applicable state licensing agencies and professional bodies for disciplinary measures
- Coordinate audits or reviews to help avoid duplication and ensure cost-effective audits
- Coordinate management decision process for cross-cutting audit findings between federal agencies upon request
- Provide advice to auditees on how to handle changes in their fiscal years
- Promptly inform affected federal agencies and appropriate federal law enforcement officials of any required reporting by auditee or IPA



Oversight Agency for Audit Responsibilities

When HUD is the Oversight Agency for Audit, HUD will:

- Provide technical advice to auditees and IPAs as requested
- Assume all or some of the responsibilities normally performed by a Cognizant Agency for Audit



Receipt of Audit Report

- SA report and documentation will be entered into the audit tracking system by the audit tracking system contractor by obtaining from FAC
- When more than one HUD office is involved in an audit the office that provides the most funding will be the Primary PO, all others will be Secondary
- The Primary PO will coordinate with the Secondary Offices on responses to auditee and finding resolution
- F/PO POC will:
 - Contact auditee to develop a management decision for findings contained in the audit report
 - Follow-up on audit findings to ensure the auditee takes appropriate and timely corrective action
 - Follow-up and track the resolution of prior year, repeat, and current findings in the audit tracking system



Missing Audit Report

- F/PO POC will:
- Periodically review the forecast list in the audit tracking system
 - Follow-up with auditees who were expected to submit an audit report, but none were received



Prior Year Finding

- F/PO POC will:
- Review submitted audits to determine if prior year findings remain open
 - Contact and work with auditee to ensure open prior year findings are being addressed
 - Notify ALO when new audit indicated findings are resolved

ALO will close prior year findings after receiving notification from the F/PO POC



Tracking Questioned Costs

- If the IPA identifies questioned or improper costs in the audit report, the F/PO POC will follow up with the auditee to ensure these funds are properly supported or repaid
- Questioned costs will be documented and tracked in the audit tracking system



Management Decision Process

- If the auditee receives SA findings, F/PO POC will issue management decisions to the auditee within 6 months of FAC acceptance of the SA report
- If multiple POs are involved, the Primary PO will coordinate with Secondary PO to submit a joint management decision letter to the auditee addressing all HUD findings
- Management decisions will be entered and tracked in the audit tracking system by the F/PO POC



Closing Findings

- Auditee implements corrective action described in management decision letter
- F/PO POC verifies the corrective action has been implemented
- F/PO POC attaches closure documentation and submits closure request to the ALO through the audit tracking system
- Once closure request is received, the ALO closes the finding in the audit tracking system, if appropriate
- If subsequent audits include the closure of a finding, the ALO will close the finding based on that audit once notified by the F/PO POC



Quality Control Review (QCR)

- QCR Auditor will conduct QCRs on IPAs when it is the Cognizant Agency for Audit
- The results of the QCR will be entered into the audit tracking system
- QCR Auditor Reviewer will advise the IPA community of noteworthy or important trends and report significant problems or quality issues to state licensing agencies



Risk Assessment/Risk Score

- PO will develop a risk assessment framework for evaluating the risks
- A risk assessment will be conducted on entities receiving discretionary and mandated awards
- A risk score will be developed based on the results of the risk assessment
- F/PO POC will enter risk score in the audit tracking system

Appendix A: Governing Legislation, Regulations, and Guidance

A. 2 CFR Part 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance)

2 CFR Part 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,” commonly called “UG,” establishes uniform administrative cost principles and audit requirements for federal awards. 2 CFR Part 200 includes SAA and OMB A-133 government requirements for receiving and using federal awards to reduce administrative burden and improve grant outcomes.

Link²: [Uniform Guidance](#)

² 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 the most up to date version.