

CHAPTER 6. VERIFICATION REVIEWS

6-1. **Purpose.** This chapter provides guidance on the policies, standards and procedures for conducting independent verification reviews under the management control program. At HUD this procedure is called Corrective Action Verification Review (CAV).

6-2. **Policy.** The completion and adequacy of all corrective actions pertaining to material control weaknesses must be verified by parties independent of those responsible for the corrective actions. The closing of an audit recommendation does not constitute a verification review. In order to insure independence, CAVs shall be conducted under the auspices of one of the following:

- A. The Office of the Chief Financial Officer;
- B. The Office of Inspector General;
- C. Independent teams of program and CFO staff under the direction of the CFO; or
- D. An independent contractor under the auspices of the Office of the CFO.

Plans for CAVs must be approved by the CFO in advance.

6-3. **Scope.** The scope of a CAV shall be limited to confirming that the management control weakness, identified as material, has been corrected or reduced below the material level. Within the scope of the review, additional recommendations for increased integrity and efficiency can be made. Any potential new material weaknesses discovered during the course of the verification review must be immediately brought to the attention of the CFO.

6-4. **Scheduling.** Scheduling of CAVs shall be based on management control and audit plans. Verification of a material control weakness shall be conducted within two years of completed final actions; however, the review should not be undertaken until sufficient transactions have taken place to render the evaluation meaningful.

6-5. **Review and Approval.** The results of all CAVs shall be subject to review and comment by the MCC and Assistant Secretary of the applicable program. The CFO provides final approval for all CAVs.

- A. The POH must provide the CFO with a written certification that the material weakness has been sufficiently corrected to reduce risk below the material weakness level and that the CAV can proceed. This certification should be based on testing by program managers and a review by the MCC to insure that corrective actions are in place and working as intended.
- B. Upon receipt of the POH certification, the CFO will review the request, conduct a survey or test if necessary, and if adequate, schedule a CAV.

6-6. **Responsibilities.**

- A. CFO has overall responsibility for the CAV process throughout the Department.

- B. POHs are responsible for identifying the material weaknesses due for a CAV, providing needed support resources for accomplishing the review, and for providing adequate certification to the CFO that corrective actions are adequately completed.
- C. MCCs are responsible for testing (in conjunction with CFO staff) the adequacy of completed corrective actions before recommending to the POH that a CAV be conducted and for providing input to the Department's Accountability Report. Slippages and inappropriate corrective actions should be referred to appropriate Office Directors and reported to higher management as necessary.
- D. Managers are responsible for ensuring that corrective actions are in place and working before a CAV is conducted and for ensuring that there is appropriate follow-up and implementation of any correction identified as a result of CAVs.