

hud NEWS

**Department of Housing and Urban Development – Mel Martinez, Secretary
Office of Public Affairs, Washington, DC 20410**

HUD No. 02-119
(202) 708-0685
www.hud.gov/news/index.cfm

FOR RELEASE
Friday,
October 18, 2002

HUD MOVES TO DEBAR FLORIDA CPA FIRM FOR INAPPROPRIATE AUDITING PROCEDURES

WASHINGTON – The Department of Housing and Urban Development today announced that it has proposed a five-year debarment of the certified public accounting firm, Malcolm Johnson & Company, P.A. of DeBary, Fla. If finalized, the measure would prohibit the firm from doing new business with the federal government during the debarment period.

HUD has also proposed the debarment of company president, Malcolm P. Johnson and vice president, Jim Barker Jr. The proposed debarments are based on the firm's failure to follow professional auditing standards in the performance of audits for housing authorities in the following cities: Gainesville and Miami Beach, FL; New Orleans, LA; Spartanburg, SC; Royston and Atlanta, GA; Cincinnati, OH; and Washington, D.C.

“Federal funds are a precious resource for public housing residents,” said Assistant Secretary Michael Liu, who heads up the agency's Office of Public and Indian Housing. “In every opportunity, the agency will protect those resources.”

The Single Audit Act Amendments of 1996 requires that housing authorities receiving more than \$300,000 in federal funds conduct annual audits. These audits must be performed in accordance with generally accepted government auditing standards (GAGAS) and generally accepted auditing standards (GAAS). The Office of Management and Budget has implemented the Single Audit Act Amendments through OMB Circular A-133, which contains additional requirements for the annual audits.

HUD alleges that Malcolm Johnson & Co. did not follow these standards and audit requirements and, that the firm failed to properly plan and/or conduct these audits.

This firm and its president and vice president have 30 days in which to oppose their debarment.

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HUD is the nation's housing agency committed to increasing homeownership, particularly among minorities, creating affordable housing opportunities for low-income Americans, supporting the homeless, elderly, people with disabilities, and people living with AIDS. The Department also promotes economic and community development as well as enforces the nation's fair housing laws. More information about HUD and its programs is available on the Internet at www.hud.gov.