



U.S. Department of Housing and Urban Development

**Office of the Chief Financial Officer
Policy Development Framework
(2018.1 REV 1)**

May 31, 2022

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I. Policy: The Department of Housing and Urban Development’s (HUD) Policy Development Framework details significant financial accounting, reporting, and management requirements the Department must follow as provided by: statutes; the Federal Register; the Office of Management and Budget (OMB); professional financial standards boards, including the Federal Accounting Standards Advisory Board (FASAB); and other regulations (Notices). All OCFO policies require Departmental Clearance consistent with HUD Handbook No. 000.2, HUD Directives System. The Departmental Clearance process requires, at a minimum, the following offices to review and approve new or updated policies: Office of Chief Human Capital Officer (OCHCO), Office of Administration, Office of General Counsel (OGC), Office of Inspector General (OIG), Office of Chief Financial Officer (OCFO), Chief Information Office (OCIO), and Policy Development & Research (PD&R). Additionally, review and approval are requested of all offices which are impacted or party to the proposed policy document.

OCFO policies approved through the Departmental Clearance process are posted to the HUD Client and Information Policy System (HUDCLIPS) and become the official, publicly published policy of HUD. OCFO Policies include Handbooks (e.g., HUD Accounting Policies Handbook) or new and updated chapters to handbooks.

II. Purpose: The purpose of this document is to establish a policy development framework for creating and updating the HUD Office of the Chief Financial Officer (OCFO) policies. These policies impact all aspects of OCFO’s business, including: accounting, budgeting, financial management, financial systems and most financial management aspects of HUD’s business performed by other HUD Principal Offices. OCFO uses a consistent process for developing and updating policy. This policy document outlines, formalizes, and expands upon the existing recommended process for developing and updating OCFO policies.

III. Scope: This policy applies to OCFO staff with responsibility for developing, updating, reviewing, and approving OCFO policies.

IV. Background: As a Federal agency, HUD’s financial policy is subject to numerous laws and regulations [e.g. Improper Payment Elimination and Recovery Improvements Act of 2012] and the guidelines set forth by OMB and multiple accounting standards organizations (FASAB, etc.). Any updates to these laws, guidance, or standards may necessitate the revision or creation of HUD OCFO policies. New or updated policies could mitigate audit findings, material weaknesses, or significant deficiencies identified through HUD’s Annual Financial Report (AFR) audit performed by the Government Accountability Office (GAO) or other routine OIG audits.

Other changes impacting the financial policies of HUD, including financial systems changes or updates, may also require new or updated OCFO policies. This policy has been developed to formalize the policy development process by:

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- Identifying and prioritizing circumstances that require policy development or updates (policy triggers).
- Identifying procedures that do not require Departmental Clearance.
- Establishing a planning and governance structure for policy development and update efforts.
- Formalizing the OCFO process for initiating, developing, and submitting policy documents for Departmental Clearance.
- Implementing a process to ensure that policies are up to date and being followed, consistent with both risk assessment reviews performed under OMB A-123, Appendix A, and the annual policy review process by OCFO.
- Obtaining internal OCFO approval for draft policies and external approval through the Departmental Clearance process.

V. **Effective Date of this Policy:** May 31, 2022. The policy will be reviewed annually and updated as needed.

VI. **Responsibilities:** OCFO-Financial Management’s (FM) Financial Policy and Procedure Division (FPPD) is responsible for assisting OCFO offices develop, update, and maintain their financial policy as requested. OCFO offices are responsible for notifying and working with FPPD when updating or creating new policies governed by OCFO (e.g., HUD Accounting Policies Handbook). Offices of Assistant CFOs (OACFOs), Appropriations Law Staff (ALS), and OCFO Management Staff (MS) may also choose to develop policies without utilizing FPPD services during initial development (see **IX**).

The OACFOs are responsible for prioritizing the development of draft policy documents and reviewing for compliance with appropriate financial management requirements and existing policies prior to the OCFO or Departmental Clearance process. The CFO or DCFO may prioritize the development of specific guidance as needed. The following is a summary of the responsibilities of OCFO offices at different stages of the policy development process.

A. Chief Financial Officer/Deputy Chief Financial Officer (CFO/DCFO):

1. Initiate policy development and assign responsibility for developing or updating a policy to the appropriate Assistant Chief Financial Officer.
2. Complete Form HUD-22 Departmental Clearance & Approval Record (See Appendix 1).
3. Submit final proposed policy and signed HUD-22 for Departmental Clearance through OCFO’s Directives Management Officer (DMO).

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B. Assistant CFO (ACFO)/Deputy Assistant CFO (DACFO) for FM:

1. Direct the FPPD to assist ACFOs or Directors with policy development and updates (if the ACFO or Director requests assistance).
2. Assist the FPPD with internal OCFO communication and external communication with Program Offices when necessary or appropriate.

C. ACFOs (ACFO-Accounting, ACFO-Budget, ACFO-Systems) and Directors of ALS and MS (Directors):

1. Identify any circumstances (policy triggers) requiring policy development or updates and notify the ACFO-FM and FPPD of identified update need.
2. Request policy development or update assistance from the ACFO-FM.
3. Assign subject matter expert to draft the new or updated policy working with the FPPD (if applicable).
4. Submit draft policy through internal OCFO clearance process.
5. Review draft policies circulated by other ACFOs and Directors.
6. Assure that all applicable policies are up to date and followed as part of HUD's OMB A-123, Appendix A review process.

D. OCFO- FM/FPPD:

1. Monitor circumstances that require policy development or updates and advise as to which may be resolved through development of procedures that do not require Departmental Clearance.
2. Contact the ACFO or Director initiating policy development or update to offer policy creation assistance.
3. Convene policy kick-off meeting with the OACFO or OCFO staff to formally begin the policy development or update process (optional).
4. Assist the ACFO or Director with policy development or update, including policy guidance (optional).
5. Develop annual and quarterly status reports on policy development, and post the results on the [FPPD HUD@Work page](#).
6. Notify the OCFO, ACFOs, and Directors when new or updated policies are finalized through the Departmental Clearance process and posted to HUDCLIPS.

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VII. Policy Prioritization: The ACFOs are responsible for review and prioritization of OCFO policies that fall within their purview. ACFOs will consider the following factors in determining which policy development or update efforts address the most acute risk to HUD and OCFO:

- Type of circumstance (policy trigger) – The categories of events that require the creation or updating of policies (e.g., statutory change). See **1-7** for a list of identified types of policy triggers. [Note: some policy triggers may ultimately require a procedure as opposed to developing or updating a policy.]
- Urgency – The level and type of impact to the organization of developing or updating the policy. For example, a statutory requirement for a policy to be implemented by a certain date could present legal implications for HUD.
- Immediacy – The time by which the policy must be developed and implemented.
- Complexity – The technical nature of the policy and time required to draft the policy given the policy’s content.
- Organizational capacity – The resources available to support the policy effort.

Under HUD OMB A-123, Appendix A review, ACFOs will provide management assurance that policies are up to date and followed by management and staff required to adhere to the policy.

VIII. Annual Review and Tracking of Policies and Procedures: On an annual basis, the FPPD will request assessment of policy and procedure documents from all ACFOs to identify planned establishment and update for the FY. The FPPD will also request quarterly re-assessment of policy and procedure documents to record progress toward ACFO-identified update plans. Results of this assessment will be posted on the [FPPD HUD@Work page](#), updated quarterly, and available to HUD Employees and Contractors. The OCFO-FM and the FPPD will identify the requested data elements for report. The FPPD will maintain and regularly update the list of policies in need of development or update based on monitoring of policy triggers as part of the policy planning process.

A. Definitions

1. **Policy.** Departmentally cleared OCFO Handbooks that detail significant financial accounting, reporting, and management requirements the agency must follow as provided by: statutes and regulation, the Office of Management and Budget (OMB), and professional financial standards boards including FASAB. HUD Handbook No. 000.2, HUD Directives System defines Handbooks as follows: The objective of a handbook is to serve as a comprehensive document of current and applicable information on a specific HUD program and may include clarification of policies, instructions, guidance, procedures, forms, and reports. Handbooks are directed to HUD staff and/or program participants, are

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generally divided into chapters, and are issued in a format that allows for the insertion of changes over time.

2. **Procedure.** Guidance developed solely for OCFO offices and staff for performing job functions not specified by policies approved through Departmental Clearance. These can include: standard operating procedures (SOPs) that do not constitute policy, help guides (e.g. checklists), desk manuals, and internal OCFO communications clarifying office responsibilities. See **XI** for more information.
3. **Supporting Documentation.** Checklists or technical guidance primarily communicating OCFO procedural steps or systems information.
4. **Policy Development.** The process for creating new OCFO policy. Responsibility for policy development can be shared between the ACFO/OCFO staff and FPPD or maintained independently by the ACFO or Director to develop or update the policy. All Directors and ACFOs participate in the policy development process through the OCFO's internal policy clearance process.
5. **Policy Update (Changes or Revisions).** Updates to Departmentally cleared Handbooks that detail significant financial accounting, reporting, and management requirements the agency must follow.

HUD Handbook No. 000.2 REV-3, HUD Directives System defines updates to Handbooks as either changes or revisions.

- a. **Handbook Changes** are defined as changes to an existing handbook when the changes appear on less than half of the existing number of pages of the handbook and only these select pages are updated. Once more than half of a handbook's pages are new or revised, the entire handbook is replaced as a revision. That said, even if less than half the pages are impacted, a revision of the entire handbook may be cleared.
 - b. **Handbook Revisions** are defined as complete replacement of a handbook that cancels and supersedes the previously issued version. A revision is required when more than half of the handbook pages are new or contain revisions, regardless of the time passed during the various changes.
6. **Draft Policy.** A completed draft of a policy or policy update not approved through Departmental Clearance. Following the creation of OCFO Draft Policy, the ACFO or Director responsible submits the draft policy document for internal OCFO review and approval by other ACFOs, Director, and CFO/DCFO. Once approved by other ACFOs, Director, and CFO/DCFO, the Draft Policy document is submitted for approval through the Departmental Clearance process.

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7. **Policy Trigger:** An internal or external circumstance necessitating creation or update of an OCFO policy.

IX. **Policy Development Approaches:** An ACFO or Director may elect to develop or update policies using one of two approaches depicted in the OCFO Policy Development Framework Diagram (see Appendix 2):

Approach 1 – FPPD Collaboration	Approach 2 – OACFO/Staff Internal
<ul style="list-style-type: none">• FPPD helps plan and organize policy update or creation effort.• OACFO works with the FPPD to collaboratively develop or update OCFO policy.	<ul style="list-style-type: none">• OACFO develops or updates OCFO policy internally with FPPD available for guidance/assistance as requested.

The ACFO or Director should consider the policy prioritization factors used by the FPPD in the creation of the Annual Policy Plan when selecting an approach, including: the type of circumstance necessitating a policy effort; urgency; complexity; and organizational capacity. In most cases, the ACFO or Director should select the FPPD Collaboration Approach unless the required policy development or update is extremely urgent or limited in scope. If an ACFO or Director chooses the internal approach, the FPPD should still be consulted as needed and the draft policy will require both internal OCFO review and Departmental Clearance to become final policy.

A. **Policy Development Process:** Each ACFO or Director responsible for developing or updating policy will begin policy efforts as soon as reasonably possible from recognition of the policy trigger. It is particularly important for the ACFO or Director to initiate these efforts when the policy trigger also specifies a required compliance date or timeframe. The two approaches to policy development and update share many process steps and result in the same draft policy output for internal OCFO clearance. These combined steps are detailed below in the Shared Policy Development Process section following the description of each policy development or update approach.

1. Policy Development Processes:

a. Approach 1- FPPD Collaboration

- 1) **Request Assistance from the FPPD:** The ACFO or Director requests assistance from the ACFO-FM, who directs the FPPD to collaborate with the ACFO or Director and that office’s staff to develop or update the policy.
- 2) **The FPPD Initiates Policy Kick-Off Meeting:** The FPPD contacts the ACFO or Director to request support in the policy development

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effort and schedule a policy kick-off meeting with the ACFO or Director and assigned OACFO or OCFO staff.

- 3) **Policy Kick-Off Meeting:** The ACFO or Director and staff meet with the FPPD to formally begin the policy development or update effort. Key discussion topics and outputs of the Policy Kick-Off Meeting include:
 - a) Define the Policy Output – The ACFO or Director and FPPD agree on the output of the policy development or update effort. Outputs may include: updated chapter(s) for an existing OCFO handbook; new chapter(s) for an existing OCFO handbook; or a new handbook.
 - b) Provide Policy Template – The FPPD will provide a preferred template (style and content format) for the type of document that will be created through the policy development process. The FPPD will work with the ACFO or Director to customize the format of the policy document to best communicate the document’s requirements and contents to policy stakeholders.
 - c) Estimated Resource Requirements and Timeline – The FPPD will provide the ACFO or Director its estimates for the resources required as developed for the Annual Policy Plan and the timeline needed to complete the desired output to assist the ACFO or Director in committing staff to the policy effort.
 - d) Key Decision Points – The FPPD will identify key decision points for the ACFO or Director in the policy development or update process. These decision points will require input from the ACFO or Director to advance the policy development or update effort.
 - e) Assign Subject Matter Experts –The ACFO or Director designates one or more subject matter experts (SMEs) to complete policy development or update efforts working with the FPPD. The ACFO or Director should designate SME(s) with the appropriate level of technical knowledge to draft the policy. The ACFO or Director should also factor in the estimated resource requirements and timeline provided by FPPD in designating the SME(s).

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- 4) **Policy Development or Update:** The OACFO/OCFO SME drafts the policy and consults with the FPPD for policy guidance and assistance as needed. The FPPD will assist the OACFO/OCFO SME with questions related to: applicable laws, regulations, and financial standards; content; organization and format; and compliance with Departmental Clearance requirements. The FPPD will also assist in the policy development or update editing process.

b. Approach 2 – OACFO/Staff Internal

- 1) **Policy Development or Update:** The ACFO or Director and respective staff draft the policy for OCFO internal review and clearance. The ACFO or Director should consider the topics and outputs that would be discussed during the Policy Kick-Off Meeting under **Approach 1 – FPPD Collaboration**, including: the policy output, estimated resources and timeline, key decision points, and designating the appropriate SME(s) to support the effort.
- 2) **Consult with the FPPD:** The ACFO or Director and designated SME(s) may consult with the FPPD at any time during the OACFO/Staff Internal policy development or update process. The FPPD will receive status updates of any policy development effort undertaken through **Approach 2**.
- 3) **Transition to Approach 1 – FPPD Collaboration:** The ACFO or Director may elect to transition to **Approach 1 – FPPD Collaboration** at any time. The ACFO or Director should follow the required steps in Approach 1 regardless of the policy development or update stage in which the transition decision occurs.

2. Combined Policy Development Process (Approaches 1 and 2):

- a. **Draft Policy:** Both policy development or update approaches result in a draft policy that will enter the OCFO internal review and clearance process before advancing to Departmental Clearance. At a minimum, the draft policy must address changes in policy resulting from the policy trigger.
- b. **Internal Clearance Process.** After finalizing a draft policy, the ACFO or Director submits the document through OCFO's internal policy clearance process, which requires affected ACFOs and Directors to review the new or updated policy. If the affected ACFOs and Directors approve the draft policy, the ACFO or Director submits the draft policy for CFO/DCFO review prior to Departmental Clearance. If the draft policy is not approved by identified ACFOs and Directors, the document is returned to

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either **Approach 1 – FPPD Collaboration** or **Approach 2 – OACFO/Staff Internal** for additional drafting and eventual re-submission through the OCFO internal policy clearance process.

- c. **CFO/DCFO Review.** CFO/DCFO receives draft policies approved through the OCFO internal policy clearance process for further review. If CFO/DCFO approves the draft policy, CFO/DCFO signs the completed Form HUD-22 (see Appendix 1) to initiate the Departmental Clearance process. If the draft policy is not approved by CFO/DCFO, the document is returned to either **Approach 1 – FPPD Collaboration** or **Approach 2 – OACFO/Staff Internal** for additional drafting and eventual re-submission through the OCFO internal policy clearance process.
- d. **Form HUD-22 Departmental Clearance & Approval Record (see Appendix 1) Completed.** CFO/DCFO signs the completed Form HUD-22 to begin the Departmental Clearance process. CFO/DCFO specifies the type of document requested for Departmental Clearance review (e.g. Handbook), indicates the completion or applicability of front-end reviews, and identifies the HUD offices that must review the document.
- e. **Final Draft Policy Submitted for Departmental Clearance.** CFO/DCFO submits the final draft policy to the Office of Administration for routing through the Departmental Clearance process and placement on HUD’s Clearance Calendar. If there is no “non-concurrence” during the Departmental Clearance, the final draft policy is finalized and posted to HUDCLIPS. If the final draft policy is not completely approved through the Departmental Clearance process, the document is returned to either **Approach 1 – FPPD Collaboration** or **Approach 2 – OACFO/Staff Internal** for additional drafting and eventual re-submission through the OCFO internal policy clearance process.

X. Departmental Clearance: OCFO adheres to all requirements from the Office of Administration as currently expressed under HUD Handbook No. 000.2, HUD Directives System and all applicable Departmental Clearance process steps are incorporated into this policy.

XI. Procedure Documents: OCFO procedure documents provide guidance solely to OCFO offices and staff for performing job functions not specified by policies approved through Departmental Clearance. Some OCFO procedures require Departmental Clearance, including all procedures included as part of handbooks described above in **Section I**. Procedures may include standard operating procedures (SOPs), desk procedures, and other internal OCFO supporting documentation clarifying office responsibilities.

A. SOPs can apply to the entirety of a business function and may extend beyond a single program office or may only apply to the processes of a specific division or

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workgroup. Typically, SOPs are kept internally by division or program offices, are not included as directives (see HUD Handbook No. 000.2, HUD Directives System), and do not need to go through Departmental Clearance, but may be referenced or included as appendices within policy handbooks.

- B. Desk procedures** apply to specific employment positions or duties and enumerate requirements, goals, timelines, step-by-step processes, and lessons learned for an employee fulfilling that specific role.
- C. OCFO supporting documentation** does not typically require Departmental Clearance, except when included as part of OCFO policies (see I.) and may include checklists or technical guidance. Checklists ensure procedural steps and/or milestones are completed during business processes. Technical guidance is typically for internal use only and is comprised of information provided by a system provider or technical process expert for use of a financial system or process.

XII. Appendix: Form HUD-22 Departmental Clearance & Approval Record.