

AUDITOR'S MANAGEMENT LETTER OR SCHEDULE OF FINDINGS
AND QUESTIONED COSTS
(Should be Attached to Auditor's Report on Compliance)

When the auditor identifies a finding, this schedule must include the following information for each finding, where applicable (a) the size and corresponding dollar value of the population; (b) the size and dollar value of the sample tested; and (c) the size and dollar value of the instances of noncompliance.

The Government Auditing Standards state that well-developed findings generally consist of the following attributes:

- o Statement of condition - the nature of the deficiencies, e.g., a regulation not being followed, a control procedure not followed or one which is inadequate.
- o Criteria - what the auditee should be doing, e.g., the specific regulation, a prudent management practice, or an internal control procedure.
- o Effect - what happened as a result of the condition; this should be monetized in all possible instances and described as thoroughly as possible.
- o Cause - why the condition exists, e.g., the auditee was unaware of the regulation or internal control was not a high priority of the auditee.
- o Recommendation - what the auditee should do to correct the condition, normally address the cause, e.g., develop procedures to implement regulation or follow established procedures.

The auditor should attempt to identify the condition, criteria, effect, and cause to provide sufficient information to HUD officials to permit timely and proper corrective action. These findings may also serve as a basis for HUD to conduct additional work. In addition, as part of the finding, the auditor is required to make a recommendation for corrective action to the auditee. As part of this report, the auditor is required to include the auditee's summary comments on the findings and recommendations in the report. In addition, the auditee is responsible for developing a separate corrective action plan based on the auditor's findings and

recommendations and including the plan when submitting the auditor's report. If corrective action is not necessary, a statement by the auditor describing the reason it is not should accompany the audit report.

6/92

2

4370.3

APPENDIX 13

AUDITOR'S COMMENTS ON AUDIT RESOLUTION MATTERS

The Project has not taken corrective action on findings from prior audit report, number and title:

Finding No. 1 The required documentation with regard to eligibility was not obtained for tenants receiving rent supplements.

Status The Project has not obtained the required documentation from third-party sources nor has the Project reimbursed the appropriate programs for the amount of the recommended disallowance, \$15,350.

Finding No. 2

Status

-- This includes all prior audits, program review reports and state agency reports.

3

6/92

4370.3

APPENDIX 13

AUDITEE'S RESPONSE OR CORRECTIVE ACTION PLAN

Name and Number of Project

Auditor/Audit Firm

Audit Period

The following is a recommended format to be followed by auditees for

submitting a corrective action plan:

Section I - Internal Control Structure Review

A. Comments on Findings and Recommendations

The auditee should provide a statement of concurrence or nonconcurrence with the findings and recommendations. If the auditee does not agree with a finding, specific information should be provided by the auditee to support its position. If the information is voluminous, an appendix may be attached to the submission.

B. Actions Taken or Planned

The auditee should detail actions taken or planned to correct deficiencies identified in the report. Appropriate documentation should be submitted for actions taken. For planned actions, auditees should provide projected dates for completion of major tasks. Officials responsible for completing the proposed actions should also be identified. If the auditee believes a corrective action is not required, a statement describing the reasons should be included.

C. Status of Corrective Action or Prior Findings

The auditee must comment on all prior findings whether or not corrective action has been completed. The auditee should provide a report on the status of corrective actions taken on prior findings that remain open. An update should be included on dates for completion of major tasks and responsible officials for any actions not completed. In addition, documentation should be submitted for any actions the auditee considers completed.

6/92

4

4370.3

APPENDIX 13

Section 11 - Compliance Review

A. Comments on Findings and Recommendations

(See Section I.A. above.)

B. Actions Taken or Planned

5

6/92