

Public Housing Agencies;
Indian Housing Authorities;
Secretary's Representatives;
State/Area Coordinators;
Directors, Public Housing
Divisions; Administrators,
Offices of Native American
Programs; Resident Management
Corporations (RMCs); Independent
Auditors

Notice PIH 96-53 (HA)
Issued: 7/26/96
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Reference: PIH 96-32

Subject: Public and Indian Housing (PIH) Compliance Supplement for Annual Audits of Public Housing Agencies and Indian Housing Authorities by Independent Auditors, Attachment I, Example A: "Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major HUD Programs"

1. **PURPOSE**

This Notice transmits Attachment I, Example A, to the PIH Compliance Supplement (PIH Notice 96-32, dated May 29, 1996). Attachment I, Example A, "Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major HUD Programs," is an illustration of an auditor's report on program compliance. The report illustration is issued to assist the independent auditor (IA) performing a Single Audit of a Public Housing Agency or Indian Housing Authority (HA), in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-128, and the PIH Compliance Supplement.

2. **BACKGROUND**

HA audit reports are a primary tool used by PIH program managers to meet their monitoring responsibilities to oversee HUD programs and to assure the integrity of the funds provided to HAs. The areas of noncompliance and internal control weaknesses must be acted upon by program managers. The PIH Compliance Supplement contains the OMB Circular A-128 Specific Requirements identified by PIH program officials and the OIG, and approved by OMB, as being the minimum compliance requirements to be tested for PIH programs.

3. **AUDITOR'S COMPLIANCE REPORT.**

Among the reports required to be issued by the independent auditors (IAs) who perform Single Audits of Public Housing Agencies or Indian Housing Authorities (HAs) in accordance with OMB Circular A-128, is a report on the HA compliance with laws and regulations.

The attached example is an illustration of an auditor's report on HA compliance with specific requirements. The example includes a reference to the requirements tested, and to OMB Circular A-128 and the PIH Compliance Supplement. Auditors should exercise professional judgement in tailoring their report to the circumstances of individual HA audits; however, reference to the areas tested and to the PIH Compliance Supplement will assure HAs and HUD that the auditor was aware of the minimum PIH compliance requirements to be tested for PIH programs.

4. **HA RESPONSIBILITY.**

- A. The HA shall provide a copy of the PIH Compliance Supplement and a copy of Attachment I, Example A: "Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major HUD Programs," to the IA performing the HA Single Audit.
- B. The HA shall provide one copy of the completed audit issued by the IA to the Federal Audit Clearinghouse, and two copies of the audit to the local HUD Office having jurisdiction over the HA. The HA will submit copies of the audit to the local HUD Office even if the audit contains no findings. In addition to the audit report, the HA will submit to the local HUD Office any other written communications from the IA, such as a Management Letter, that are referred to in the audit report and issued separately to the HA.

/s/

Kevin Emanuel Marchman
Acting Assistant Secretary
for Public and Indian Housing

Attachment

EXAMPLE AINDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO MAJOR HUD PROGRAMS

To the Board of Commissioners
Anytown Housing Authority
Anytown, U.S.A.

We have audited the financial statement of Anytown Housing Authority as of and for the year ended June 30, 199X and have issued our report thereon dated [date of report].

We have also audited Anytown Housing Authority's compliance with the specific program requirements governing [list those requirements tested] that are applicable to each of its major HUD-assisted programs for the year ended June 30, 199X. The management of Anytown Housing Authority is responsible for the compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller of the United States; Office of Management and Budget Circular A-128, "Audits of State and Local Governments" and the provisions of the *Public and Indian Housing Compliance Supplement* dated [date of supplement]. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Anytown Housing Authority complied, in all material respects, with the requirements described above that are applicable to each of its HUD-assisted programs for the year ended June 30, 199X.

This report is intended for the information of the Board of Commissioners, management, the U.S. Department of Housing and Urban Development, and other Federal audit agencies. However,

this report is a matter of public record and its distribution is not limited.

[Signature]

[Date]