

This Notice also lists the following information:

Title of Proposal: Multifamily Coinsurance Claims Package, Section 223(f).

OMB Control Number: 2505-0420.

Description of the need for the information and proposed use: Statute 12 U.S.C. 1715z-9 and Title II, Section 244 of the National Housing Act authorizes the Secretary of HUD to insure eligible multifamily mortgages against default. In the event of a default, the mortgagee is entitled to receive benefits under the coinsurance coverage prescribed in the provisions of 24 CFR Sections 255, 251.3, and 251.6. To receive these benefits the mortgagee must prepare and submit to HUD the appropriate forms. In addition, to comply with statutory requirements, the information collected is used by HUD to determine the claim amount due the mortgagee.

Agency form number: HUD-27008, 27009B, 27009D, 27009F.

Estimation of the total numbers of hours needed to prepare the information collection including number of respondents, frequency of response, and hours of response: The estimated number of respondents is 12, frequency of responses is one per claim submission, the total annual burden hours requested is 12.

Status of the proposed information collection: Reinstatement, with change, of a previously approved collection.

Authority: The Paperwork Reduction Act of 1995, 44 U.S.C. Chapter 35, as amended.

Dated: September 7, 2000.

William C. Apgar,

Assistant Secretary for Housing-Federal Housing Commissioner.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4456-N-12]

Privacy Act of 1974; Establishment of a New System of Records

AGENCY: Office of the Chief Information Officer, HUD.

ACTION: Notification of the Establishment of a New System of Records.

SUMMARY: Pursuant to the provisions of the Privacy Act of 1974 (5 U.S.C. 552a), as amended, the Department of Housing and Urban Development (HUD) is giving notice that it proposes to establish a new system of records entitled Quality

Assurance Files which will be used in performing quality assurance reviews on the audited Financial Data Sheets and Automated Financial Submissions submitted to the Real Estate Assessment Center (REAC) either directly, or by the Independent Public Accountants (IPAs) of certain Public Housing Authorities (PHAs) and FHA-insured, direct loan, HUD-held or assisted multifamily property owners.

DATES: *Effective Date:* This proposal shall become effective without further notice on October 13, 2000, unless comments are received on or before that date which would result in a contrary determination.

Comments Due By: October 13, 2000.

ADDRESSES: Interested persons are invited to submit comments regarding this notice to the Rules Docket Clerk, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 7th Street, SW., Washington, DC 20410-0500. Communications should refer to the above docket number and title. Comments submitted by facsimile (FAX) will not be accepted. A copy of each communication submitted will be available for public inspection and copying between 7:30 a.m. and 5:30 p.m. weekdays at the above address.

FOR FURTHER INFORMATION CONTACT: For Privacy Act information: Jeanette Smith, Departmental Privacy Act Officer, Telephone Number (202) 708-2374. For REAC, Financial Assessment Subsystem Quality Assurance information, Peter Bell, Director, Telephone Number (202) 708-4932, x3135. (These are not toll-free numbers). A telecommunications device for hearing and speech-impaired persons (TTY) is available at 1-800-877-8339 (Federal Information Relay Services). (This is a toll-free number).

SUPPLEMENTARY INFORMATION: Pursuant to the Privacy Act of 1974 (5 U.S.C. 552a), as amended, notice is given that HUD proposes to establish a new system of records identified as HUD/REAC-2, Independent Public Accountant Quality Assurance Files. REAC is responsible for evaluating the physical and financial condition of over 3,000 PHAs and over 30,000 Federal Housing Administration (FHA) multifamily insured, direct loan, HUD-held, and Section 8 project-based subsidized properties. To track the performance of these properties, certain PHAs are required to submit a Financial Data Sheet (FDS) and certain multifamily properties are required to submit an Automated Financial Submission (AFS) to REAC, which contains financial, audit, and compliance data. PHAs and multifamily property owners who are required to

submit an FDS or AFS are also required to have an independent audit performed by an independent public accountant. The IPA is then required to express an opinion as to the accuracy of the data contained on the FDS or AFS.

REAC performs a Quality Assurance Review (QAR) of the audited financial statements submitted by IPAs. This QAR provides HUD with the assurance that the information contained in the audited financial statements is accurate by independently reviewing the work of the IPAs performing the audits. The QAR process will also assure that the audits performed by these IPAs are being conducted in accordance with the auditing standards of the American Institute of Certified Public Accountants (AICPA) and government auditing standards issued by the General Accounting Office.

Title 5 U.S.C 552a(e)(4) and (11) provide that the public be afforded a 30-day period in which to comment on the new record systems. The new system report was submitted to the Office of Management and Budget (OMB), the Senate Committee on Governmental Affairs and the House Committee on Government Reform pursuant to paragraph 4c of Appendix I to OMB Circular No. A-130, "Federal Responsibilities for Maintaining Records About Individuals," July 25, 1994; 59 FR 37914.

Accordingly, this notice establishes a new system of records and accompanying routine uses to be created during the financial quality assurance review process at HUD's Real Estate Assessment Center.

Authority: 5 U.S.C. 552a; 88 Stat. 1896; 342 U.S.C. 3535(d).

Dated: August 23, 2000.

Susan K. Cooch,

Special Assistant, Office of Chief Information Officer.

HUD/REAC-2

SYSTEM NAME:

Independent Public Accountant Quality Assurance Files.

SYSTEM LOCATION:

Headquarters.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

All independent public accountants who have conducted audits of PHAs or FHA-insured, direct loan, HUD-held or assisted multifamily properties under HUD programs. An independent public accountant is defined as (a) a licensed, certified public accountant or a person working for a licensed certified public accounting firm, or (b) a public

accountant licensed on or before December 31, 1970, or a person working for a public accounting firm licensed on or before December 31, 1970. The system also contains information by individual name of the REAC auditors conducting the QAR, and may contain memorandums of the QAR results sent to HUD program officials.

CATEGORIES OF RECORDS IN THE SYSTEM:

The system contains the names and ID numbers of REAC auditors, and of IPAs who perform audits of PHAs or FHA-insured, direct loan, HUD-held, or assisted multifamily properties under HUD programs. Records consist of materials generated in connection with quality assurance reviews of the working papers of IPAs including information from the FDS and the AFS submitted to HUD. These materials include QAR checklists, documentation of work performed by REAC auditors in evaluating the work of the IPA, interviews with IPAs, correspondence between REAC auditors and the IPA, and copies of work papers from IPA files and other documents used in evaluating an IPA's work performance to assure compliance with government and AICPA auditing standards. Other records include information regarding the planning, conduct and results of the QAR, trend analyses, internal legal assistance requests, information requests, responses to such requests, reports of findings, etc.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

OMB Circular A-133 (the Single Audit Act) requires that PHAs and non-profit organizations receiving federal funds obtain an IPA-performed audit. The AICPA has issued Statements of Position (SOP) 98-3 "Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards" to address the additional requirements of government auditing standards. Additional guidance is offered in the HUD Consolidated Audit Guide for Audits of HUD Programs, HUD Handbook 2000.04 REV-2.

PURPOSE(S):

REAC performs a quality assurance review of the audited financial statements submitted by IPAs in order to assure that the information contained in the financial statements is accurate and reliable and that the IPA's work was performed in accordance with government and AICPA auditing standards. In the event that records generated during the QAR process indicate a violation or potential violation of law, the relevant records

may be disclosed to the appropriate federal, state or local disciplinary forum, or the AICPA, for investigation or enforcement of the applicable laws.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

In addition to those disclosures generally permitted under subsection (b) of the Privacy Act of 1974, 5 U.S.C. 552a(b), records may also be disclosed routinely to other users under the following circumstances:

1. In the event that records indicate a violation or potential violation of law, whether criminal, civil or regulatory in nature, the relevant records may be disclosed to the appropriate federal, state, or local agency charged with the responsibility for investigating or prosecuting such violation or enforcing or implementing such statute, rule or regulation.

2. Records may be disclosed to a congressional office in response to an inquiry from that congressional office made at the request of the individual who is the subject of the records.

3. Records may be disclosed to HUD contractors, PHAs or management agents of HUD-assisted housing properties, in order to assist such entities in taking action to recover money or property, where such recovery serves to promote the integrity of the programs or operations of HUD.

4. Records may be disclosed during the course of an administrative proceeding where HUD is a party to the litigation and the disclosure is relevant, reasonable and necessary to adjudicate the matter.

5. Records may be disclosed to appropriate state boards of accountancy, or the AICPA, for possible administrative or disciplinary sanctions such as license revocation. These referrals will be made only after the IPA has been notified that HUD is contemplating disclosure of its findings to an appropriate state board of accountancy, or the AICPA, and the IPA has been provided with an opportunity to respond in writing to HUD's findings.

6. Records may be disclosed to the Department of Justice for litigation purposes associated with the representation of HUD before the courts.

7. Records may be disclosed to any source, either private or governmental, to the extent necessary to elicit information relevant to an Office of Inspector General investigation.

8. Records may be disclosed to the auditee to evaluate the contractual relationship between the IPA and the PHA, owner or management agent of a

FHA-insured, direct loan, HUD-held or assisted multifamily property.

POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING, RETAINING, AND DISPOSING OF RECORDS IN THE SYSTEM:

STORAGE:

Records are stored electronically in office automation equipment and manually in file jackets.

RETRIEVABILITY:

Records may be retrieved by computer search using the AutoAudit software, and/or by reference to a particular file number, or by name, address, tax identification number or social security number of the IPA.

SAFEGUARDS:

Records are maintained in a secure computer network, and in locked file cabinets or in metal file cabinets in rooms with controlled access.

RETENTION AND DISPOSAL:

The records are retained and disposed of in accordance with the General Records Schedule contained in HUD Handbook 2228.2, appendix 14, item 25.

SYSTEM MANAGER AND ADDRESS:

Peter Bell, Real Estate Assessment Center, 1280 Maryland Avenue, S.W., Suite 800, Washington, D.C. 20024.

NOTIFICATION PROCEDURE:

For information, assistance, or inquiry about the existence of records, contact the Privacy Act Officer at HUD, 451 7th Street, SW, Room P8001, Washington, DC 20410, in accordance with the procedures in 24 CFR part 16.

RECORD ACCESS PROCEDURES:

The procedures for requesting access to records appear in 24 CFR parts 16 and 2003.

CONTESTING RECORD PROCEDURES:

The procedures for requesting amendment or correction of records appear in 24 CFR part 16.

RECORD SOURCE CATEGORIES:

Information may be collected from a wide variety of sources, including from HUD, program participants, subject individuals, complainants, witnesses and other non-government sources.

EXEMPTIONS FROM CERTAIN PROVISIONS OF THE ACT:

None.

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