



Commonwealth of Massachusetts
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Chrystal Kornegay, Undersecretary

Public Housing Notice 2015-21

MEMORANDUM

TO: Local Housing Authority Executive Director
FROM: Sarah Glassman, Associate Director,
Division of Public Housing & Rental Assistance
RE: Implementation of Agreed Upon Procedures (AUP): Legislative-Mandate In Accordance
with Chapter 235 “An Act Relative to Local Housing Authorities”
DATE: September 14, 2015

On August 6, 2014, Chapter 235, “An Act Relative to Local Housing Authorities,” was signed. This Act represents the most significant reform to the state public housing system since it began decades ago. The law increases transparency among Local Housing Authorities (LHAs), provides the Department of Housing and Community Development (DHCD) with the tools necessary to monitor LHAs’ operations and hold them accountable, and increases much needed capacity in the field. Included in the new law is a requirement that each LHA must contract with an independent external certified public accounting (CPA) firm annually to perform an “Agreed Upon Procedures (AUP)” review of the LHA’s financial records. The review must be posted on the LHA’s and DHCD’s websites once it has been completed.

On December 15, 2014, DHCD issued Public Housing Notice 2014-26, announcing the program. At that time, DHCD had completed the initial step of identifying qualified independent certified public accounting (CPA) firms that will serve the LHAs’ needs in submitting the legislatively mandated annual financial review. Subsequent to the issuance of that notice, DCHD and the three pre-qualified CPA firms met to discuss the review, the process, and the report; and together identified a number of potential challenges with the process. As a result, DHCD suspended the implementation of the program. (See Public Housing Notice 2015-03).

In order to gather information that would help establish the next steps in implementing a strong workable program that results in the outcomes intended by the AUP, DHCD and the prequalified CPA firms jointly agreed to launch a pilot program with several local housing authorities of various sizes and locations. The results of the pilot proved to be beneficial to the development of the program. The scope of services was revised, as was the process by which the CPAs reviewed the financial records.

As stated in Public Housing Notice 2014-26, the AUP does not require the CPA firms to offer an opinion, rather it will ask them to report based on their findings. By further refining the scope and not requiring

an opinion on findings, the cost and time to the LHAs will be more practical, and the outcome and the report, will provide DHCD with the valuable information needed as part of DHCD's oversight and increase transparency among LHAs.

The AUP will only focus on financial matters. By concentrating on just this subject, the scope of work is reduced to a level that DHCD felt is financially feasible to the LHAs. The AUP will cover the prior 12 month period as of the Authority's fiscal year-end, and must be performed by a certified public accounting firm that has been pre-qualified by DHCD. LHAs will be able to select the firm they wish to work with from the DHCD pre-qualified list without additional procurement. LHAs must choose a different firm every three years. Accounting firms that are not qualified through this process will not be eligible for selection by an LHA. There will be one exception. LHAs that have a federal audit done will be allowed to use for the AUP, the same firm used for their federal audit, whether that firm has been pre-qualified through this process or not.

The following three accounting firms have been pre-qualified by DHCD for the AUP financial review:

J. Thomas Hurley, CPA

Gary L. DePace, CPA

Thomas G. Flaherty, CPA

You may view the Notification of Award by accessing this link:

<https://www.commbuys.com/bs0/external/bidDetail.sdo?docId=BD-14-1076-OCDDE-OCD01-00000000391&external=true&parentUrl=bid>. (Under File Attachments).

Or you may go to the COMMBUYS link: <https://www.commbuys.com> and enter the bid number when searching. The bid number for the AUP Request for Qualifications (RFQ) is **BD-14-1076-OCDDE-OCD01-00000000391**.

Attached, please find the:

- ✓ Prequalified CPA firms contact information (Attachment A)
- ✓ Standard Contract Form—Cover & Contract (Attachment B)
- ✓ AUP Scope of Services (Attachment C)
- ✓ Prescribed Format for AUP Reporting (Attachment D)
- ✓ AUP Financial Review Due Dates & Reporting Deadlines (Attachment E)

Please note that over the next several months, DHCD will submit another RFQ that will allow for a "rolling" admissions process for the prequalification of firms in order to increase the number of prequalified firms to perform AUPs. Also, please be advised that Attachment E is the reporting format that will be used to document AUP findings for each LHA.

Please direct any questions regarding the AUP requirement to the Bureau of Housing Management Finance Manager, Ayo Yakubu-Owolewa at 617-573-1233 or Ayo.Yakubu-Owolewa@State.Ma.Us.