



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
 COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ♦ Karyn E. Polito, Lieutenant Governor ♦ Janelle L. Chan, Undersecretary

Public Housing Notice 2018-20

To: Local Housing Authority Executive Directors
 From: Amy Stitely, Associate Director, Division of Public Housing
 Subject: Clarification Regarding Agreed Upon Procedures (AUP) Program and Requirement to Change CPA Firm After 5 Years
 Date: October 25, 2018

On October 12, 2018, the Massachusetts Department of Housing and Community Development (DHCD) issued Public Housing Notice (PHN) 2018-19 that announced the pre-qualification of nine (9) Certified Public Accounting (CPA) firms to contract with Local Housing Authorities (LHAs) to perform the annual Agreed Upon Procedures (AUP) review of housing authority financial records for state-aided public housing programs. DHCD also provided an exception to the pre-qualification of CPA firms, where an LHA who already has a federal audit (A133) firm to use that same firm for the state AUP, whether that firm has been pre-qualified by DHCD or not.

In PHN 2018-19 DHCD stated that, “LHAs are required to change the CPA firm used to conduct their AUP after five (5) years, so some LHAs will need to change firms in the coming year.” In order to clarify when LHAs need to consider such a change, DHCD is issuing this PHN to announce that the official **commencement of the first AUP 5-year period begins with the first “publishing year” of the AUPs.** (See chart below.)

LHA FISCAL YEAR END	1 ST YEAR (PUBLISHING YEAR)	2 ND YEAR	3 RD YEAR	4 TH YEAR	5 TH YEAR
12/31	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
3/31	3/31/2017	3/31/2018	3/31/2019	3/31/2020	3/31/2021
6/30	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
9/30	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021

After the 5th consecutive year that a CPA firm has performed an AUP, the LHA **must** change firms **for at least one (1) year.**

As a reminder, the name and contact information of the pre-qualified firms are available to all local housing authorities on the DHCD website at the following link:

<https://www.mass.gov/service-details/agreed-upon-procedures-aup-program>

For your reference, below is the language from Massachusetts General Law, Chapter 121B, Section 29 that details this requirement.

Each housing authority shall contract with an independent external auditor to prepare the agreed upon procedures for review of housing authority financial records. An external compliance auditor shall perform not more than 5 consecutive agreed upon procedures for review of housing authority financial records for a housing authority; provided, however, that the department may grant a waiver of this requirement to a housing authority that proves unsuccessful in procuring bids from multiple external auditors qualified to perform the housing authority's state compliance audit.

Please be advised that DHCD cannot provide a waiver to this required change for those LHAs that currently utilize their federal audit (A133) firm for the AUP. In these situations, the LHA will also be required to change the CPA firm used to conduct their AUP after five consecutive (5) years. The only waivers that will be considered are for the situation where an LHA is unable to procure alternative bids to perform their AUP.

If you have any questions or need additional information, please contact Ayo Yakubu-Owolewa at ayo.yakubu-owolewa@mass.gov or (617) 573-1233.