



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

Charles D. Baker, Governor ♦ Karyn E. Polito, Lieutenant Governor ♦ Jennifer D. Maddox, Undersecretary

PHN 2021-12

To: Local Housing Authority (LHA) Executive Directors
 From: Ben Stone, Director, Division of Public Housing
 Date: June 24, 2021
 Re: **Agreed Upon Procedures (AUP) Program Updates**

Need to Know

1. Starting with June 30, 2021 FYE, DHCD is reversing the temporary AUP changes that were made due to COVID-19.
2. LHAs are required to change CPA firms after five years. Many LHAs will need to change firms starting with the 12/31/2021 cohort.
3. DHCD has extended the term for all currently pre-qualified firms from June 30, 2021 for an additional year until June 30, 2022.
4. AUP Deadlines Reminder and Update for Web-Based Application

1. COVID Changes Reversal

Starting with the June 30, 2021 FYE AUPs (due February 2022), LHAs and auditors may resume in-person AUPs. DHCD is reversing temporary changes made to AUP, originally announced in [PHN 2020-26 \(p2\)](#). The temporary changes being reversed are:

- Turning off AUP procedure in inventory section that requires auditors to verify existence of assets.
- Reducing the scope of the procurement section– only LHA led procurements will be examined; not RCAT or DHCD assisted procurements. Rather than looking at the entire procurement file, auditors will only be requesting a limited number of documents.
- MRVP section – certain procedures asking for documentation will be turned off.

2. 5-Year Limits on CPA Firm Engagement

LHAs are required to change the CPA firm used to conduct their AUP after five (5) years (see [PHN 2018-19](#) and [PHN 2018-20](#)). Many LHAs will need to change firms soon.

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

| LHA Fiscal Year End | 1 st Year (1 st Publishing Year) | 2 nd Year | 3 rd Year | 4 th Year | 5 th Year | Change in Auditor Required* |
|---------------------|--|----------------------|----------------------|----------------------|----------------------|-----------------------------|
| 12/31 | 12/31/2016 | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 |
| 3/31 | 3/31/2017 | 3/31/2018 | 3/31/2019 | 3/31/2020 | 3/31/2021 | 3/21/2022 |
| 6/30 | 6/30/2017 | 6/30/2018 | 6/30/2019 | 6/30/2020 | 6/30/2021 | 6/30/2022 |
| 9/30 | 9/30/2017 | 9/30/2018 | 9/30/2019 | 9/30/2020 | 9/30/2021 | 9/30/2022 |

*Unless an LHA has changed firms in the previous 5 years.

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. DHCD recommends that you commence the process to contract with a new CPA firm at least 90 days prior to your fiscal year end. See below for pre-qualified firms contact information.

3. Prequalified Auditors Extended

DHCD is extending the term for all currently pre-qualified firms from June 30, 2021 for an additional year (until June 30, 2022) (see [PHN 2018-19](#)). 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>

4. AUP Deadlines Reminder and Update for Web-Based Application

AUP reports are due to DHCD eight months after an LHA’s FYE (see table below; see also [PHN 2017-14](#)).

| LHA FYE | AUP to LHA (for Response) | AUP Report Due to DHCD & LHA |
|---------|---------------------------|------------------------------|
| 12/31 | 7/31 | 8/31 |
| 3/31 | 10/31 | 11/30 |
| 6/30 | 1/31 | 2/28 |
| 9/30 | 4/30 | 5/31 |

Due to moving to the [web-based application](#), DHCD will follow the below process starting with the June 30, 2021 FYE AUPs (due February 28, 2022).

- CPA firms should send all AUPs by the deadline, regardless of whether a response from the LHA has been received.
- AUPs will be published on **both** the LHA’s website (or if an LHA does not have a website, the town or city’s website) and DHCD’s website.
- AUPs will be immediately uploaded to the DHCD website after being submitted to DHCD.
- If DHCD does not receive an LHA’s AUP by the deadline, the AUP year will appear on the DHCD website with a rating of “Corrective Action – Out of Compliance with the Law.” This rating will remain unless an LHA submits the AUP.
- Late AUPs will be uploaded to the DHCD website with the following statuses, depending on when the AUP is submitted.
 - *If DHCD receives an AUP up to 30 days after the deadline:* DHCD will upload the submitted AUP to the website, replacing the previous overall rating of “Corrective Action – Out of Compliance with the Law” with the newly received AUP, along with an indication of its lateness.
 - *If DHCD receives an AUP more than 30 days after the deadline:* DHCD will upload the submitted AUP to the website, replacing the previous overall rating of “Corrective Action – Out of Compliance with the Law” with the newly received AUP with the overall rating of “Corrective Action – Late.”

| When AUP is Submitted | Note on DHCD Website |
|--|--|
| Submitted on time | No note |
| Submitted up to 30 days after deadline | Submitted late |
| Submitted more than 30 days after the deadline | Corrective Action – Late |
| Not submitted | Corrective Action – Out of Compliance with the Law |

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