



Commonwealth of Massachusetts
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

Deval L. Patrick, Governor ♦ Aaron Gornstein, Undersecretary

Public Housing Notice 2014-26

MEMORANDUM

TO: Local Housing Authority Executive Director
FROM: Steven Carvalho, Associate Director,
Division of Public Housing & Rental Assistance
RE: Agreed Upon Procedures (AUP): Legislative-Mandate In Accordance with Chapter 235
‘‘An Act Relative to Local Housing Authorities’’
DATE: December 15, 2014

On August 6, 2014, Governor Deval Patrick signed Chapter 235, ‘‘An Act Relative to Local Housing Authorities.’’ This Act represents the most significant reform to the state public housing system since it began decades ago, and embraces most of the Governor’s primary goals in public housing reform. The law significantly 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, increases efficiencies and economies of scale for delivery of services to tenants, increases much needed capacity in the field and incentivizes LHAs to innovate. It includes, several provisions, and among them is the requirement that each LHA must contract with an independent external certified public accounting 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.

I am pleased to announce that DHCD has completed the initial step of identifying qualified independent certified public accounting firms that will serve the LHAs needs in submitting the legislatively mandated annual financial review, referred to as Agreed Upon Procedures or AUP.

After DHCD consulted with national housing and auditing experts to determine the appropriate scope of the review, including a number of factors, such as the small scale of many LHAs, a restricted budget and the desired outcome, AUP criteria was developed. AUP does not require these individual firms to offer an opinion, rather it will ask them to report based on their findings. By limiting 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 was 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/bsso/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 in 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. DHCD staff and financial consultants are developing a tool that will be used on site during the AUP review. Once development of this tool is finalized, notification will be sent via a separate PHN.

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.