CHAPTER 2 REPORTING REQUIREMENTS AND SAMPLE REPORTS

2-1 Background. This chapter discusses the reporting requirements that result from the performance of the financial statement and compliance audit conducted in accordance with the U.S. Department of Housing and Urban Development (HUD) Consolidated Audit Guide (referred to as “audit guide” throughout this chapter). First, such audits should be conducted in accordance with generally accepted auditing standards (GAAS), issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA), and generally accepted government auditing standards, issued by the U.S. Government Accountability Office (GAO) (also referred to as the Yellow Book or GAGAS). Second, a compliance audit should be conducted in accordance with this audit guide of the entity’s compliance with applicable laws and regulations that could have a direct and material effect on a major HUD-assisted program. As part of this compliance audit, the auditor opines on compliance with requirements that could have a direct and material effect on each major program and reports on internal control over compliance.

Certain entities subject to this audit guide are also required to have their financial statement audits conducted in accordance with the standards established by the Public Company Accounting Oversight Board (PCAOB). For those entities, certain reports illustrated in this chapter should be modified. For a notice on the use of PCAOB standards with GAGAS, refer to the GAO Web site (http://www.gao.gov).

2-2 Report Issuance. Items A-E of the audit report package described in paragraph 2-4 below are to be prepared and issued by the auditor to the auditee’s management and those charged with governance as appropriate. The report cover should clearly indicate the HUD program activities and period(s) audited. The auditor may issue the required reports separately or simultaneously to the auditee (refer to section 2-4 for additional information on the report package).

2-3 Report Distribution.

A. HUD Management. The auditee is to file the audit report package (or portions thereof) with the applicable HUD management office electronically or by hardcopy according to the particular program requirements. Normally, the management office that should receive the report package is the office responsible for monitoring the auditee’s performance.

1. Hardcopy Submission. Some program offices do not have the capability of receiving electronically submitted reports so a hardcopy is required to be submitted. Auditors should refer to the relevant program office guidance for current report submission capabilities and requirements. In a hardcopy submission, all parts of the audit report package must be included in the initial transmission to the HUD management office. In addition, an accompanying transmittal letter is to include the name, office address, and telephone number of the lead person conducting the
audit, usually the engagement partner, and the auditor’s Federal employer identification number.

2. **Electronic Submission.** Under the provisions of the Uniform Financial Reporting Standards regulation (24 CFR (Code of Federal Regulations) Part 5, Subpart H), some of the HUD program offices require that certain financial information derived from the auditee’s annual audit be submitted electronically to HUD via the Internet. At the time this chapter was published, audit reports for programs covered under chapters 3 and 7 of this audit guide required electronic submissions. Responsibilities for report submission rest with the auditee, but the auditor is required to attest that the electronic submission agrees with the report issued to the auditee. Auditors should refer to the relevant program office guidance for specific electronic report submission requirements.

B. **HUD Office of Inspector General.** The report package is not to be submitted to the Office of Inspector General (OIG) unless it is specifically requested by OIG. However, if applicable and if the auditor is required by GAGAS or this audit guide to report fraud directly, the report on fraud is to be sent to OIG’s single audit coordinator at the following Email address:

   HUDOIGSingleAuditCoordinator@hudoig.gov

   Please refer to paragraph 2-5 for more information.

2-4 **Required Report Package.** The following reports and schedules are required to be included in the report package.

A. **Independent Auditor’s Report on Financial Statements and Supplementary Information (See Section 2-6, Example A).** This is the auditor’s report on the financial statements of the entity administering the HUD program and any supplementary information specified by the particular HUD program requirements. In addition to the auditor’s report on the financial statements, the auditor’s reporting on the supplementary information should be in accordance with AICPA AU-C section 725, Supplementary Information in Relation to the Financial Statements as a Whole, and state whether that supplementary information is fairly stated in all material respects in relation to the financial statements as a whole (example A, paragraph 2-6). The reporting on supplementary information may be presented either in the report on the financial statements or in a separate stand-alone report.

B. **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards (See Section 2-6, Example B).** GAGAS states that when providing an opinion or disclaimer of an opinion on the financial statements, the auditor should also report on internal control.
over financial reporting and on compliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the financial statements. It also states that auditors should include a description of the scope of the auditor’s testing of internal control over financial reporting and of compliance with provisions of laws, regulations, contracts, or grant agreements. Auditors should also state in the reports whether the tests they performed provided sufficient, appropriate evidence to support opinions on the effectiveness of internal control and on compliance with provisions of laws, regulations, contracts, or grant agreements. GAGAS also states that the auditor should report, as applicable to the objectives of the audit:

- Significant deficiencies and material weaknesses in internal control over financial reporting.
- Instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance.
- Noncompliance with provisions of contracts or grant agreements that has a material effect on the audit.
- Abuse that has a material effect on the audit.

C. Independent Auditor’s Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major HUD Program and on Internal Control Over Compliance Based on an Audit in Accordance With the HUD Consolidated Audit Guide (See Section 2-6, Example C). ¹ For HUD programs meeting the dollar thresholds for major programs established in chapter 1 of this audit guide, the auditor is required to express an opinion or disclaim an opinion on compliance with laws, regulations, and the provisions of contracts or grant agreements applicable to major HUD programs. ² The report on compliance with requirements applicable to major HUD programs expresses the auditor’s opinion (or disclaimer of opinion) on whether the auditee complied with the requirements that if noncompliance occurred, could have a direct and material effect on a major program. Additionally, the auditor should report any significant deficiencies and material weaknesses in internal control over compliance that were noted. AICPA AU-C section 935, Compliance Audits, provides requirements and guidance when reporting on compliance and internal control over compliance.

GAAS and GAGAS set forth the minimum requirements for reporting noncompliance. To the extent that HUD requires additional reporting (for example, reporting immaterial

¹ This report is not required for entities having no major programs.
² Consistent with requirements for audits of entities subject to Office of Management and Budget Circular A-133, separate reporting on compliance with respect to nonmajor HUD programs has been eliminated. Also, separate reporting on compliance with specific requirements applicable to fair housing and nondiscrimination has been eliminated. Auditors are reminded that under GAGAS, auditors continue to be responsible for reporting instances of noncompliance that could have a material effect on the audit.
findings and including any management letter in the submission), subsequent chapters in this audit guide describe the materiality thresholds required for reporting noncompliance, and the auditor should refer to each relevant chapter for guidance.

Significant deficiencies, material weaknesses, and material instances of noncompliance are required to be identified in the body of the report on compliance and internal control over compliance (which can be accomplished by a brief description and a reference to related finding numbers) and detailed in a separate schedule of findings, questioned costs, and recommendations, using the elements of a finding as outlined in GAGAS and the additional requirements set forth in this audit guide (see subsection D below and example D in paragraph 2-6). The auditee should provide its response to each finding, as outlined in subsection D below, which the auditor includes in the schedule of findings, questioned costs, and recommendations. It is the auditee’s responsibility to include the action taken or to be taken in a corrective action plan issued apart from and outside the audit report (see paragraph 2-4.G below and example F in paragraph 2-6). The corrective action plan is not to be included in or as a part of the schedule of findings, questioned costs, and recommendations.

D. Schedule of Findings, Questioned Costs, and Recommendations (See Section 2-6, Example D). This schedule, prepared by the auditor, is to be included in the audit report package when findings are presented. It is to be arranged in two parts: “Corrective Action Not Started or in Process” or “Corrective Action Completed.” This distinction is based on management’s representation included in the management representation letter. If the audit resulted in no findings, the schedule of findings, questioned costs, and recommendations should still be included in the audit report package and should include only the following statement:

Our audit disclosed no findings that are required to be reported herein under the HUD Consolidated Audit Guide.

Regardless of whether the auditee has started correcting the deficient condition stated in the finding, is in the process of correcting it, or has corrected it, the auditor is to include the finding in the report with all required elements, and the auditee is to include the information in the corrective action plan. The auditor should not delay the issuance of the report so that the auditee can correct the deficient conditions.

1. Corrective Action Not Started or in Process. Many times when the auditee is presented with draft findings, management will start to take action to correct the deficient condition. When this action is underway before the report’s issuance, the auditee should include a description of the actions completed and the actions remaining to be taken in management’s response section of the finding.

2. Corrective Action Completed. Many times when the auditee is presented with draft findings, management will start to take action and complete that action,
correcting the deficient condition before the issuance of the auditor’s report. When this occurs, the auditee should include a description of the action taken and completed in the management’s response section of the finding. The auditor’s recommendation section should follow the auditee’s comment section, and in it, the auditor should state whether he or she confirmed that the auditee completed the corrective action as stated in the response. If the auditor has validated the corrective action, the auditor may include any additional recommendations he or she believes necessary based on the validation of that action.

3. **Reporting When Using the “Group Project-Based Sample” Method.** As outlined in chapter 3, the auditor may use the “group project-based sample” method when the owner or management agent owns several projects. When the auditor elects to use this sampling method, if a condition is noted that is to be reported in a finding in the report or a comment in the management letter or other written auditor communication, it must be reported in all audit reports for all projects that were in the population from which the sample was drawn.

4. **Content of Finding.** Each finding must include all of the following information as appropriate:

   a. **Numbering the Findings.** Each finding is to be numbered using the year followed by a consecutive number (201X-1, 201X-2, 201X-3, etc.).

   b. **Questioned Costs.** Each finding must identify known questioned costs of items resulting from errors or noncompliance that are quantifiable. Identification of these costs should not be limited to only those costs that potentially are to be repaid. If costs are not quantifiable or are unknown, the auditor should so state and indicate the reasons for that determination.

   c. **Information on Universe and Population Size.** Each finding must include the description and size of the universe and population and information to provide a proper perspective for judging the prevalence and consequences of the audit findings (for example, whether the audit findings represent an isolated instance or a systemic problem). When appropriate, the instances identified should be related to the universe and the number of cases examined and quantified in terms of dollar value.

   d. **Sample Size Information.** If the error was discovered as a result of a sampling procedure, the size and dollar amount of the sample selected and tested must be included.

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3 All elements may not be relevant for findings that are internal control deficiencies only.
e. **Noncompliance Information.** The number of instances of noncompliance in the sample and the dollar amount of the noncompliance must be included.

f. **Condition.** The condition is the situation that exists. It is determined and documented during the audit.

g. **Criteria.** Criteria are the laws, regulations, contracts, grant agreements, standards, measures, expected performance, defined business practices, and benchmarks against which performance is compared or evaluated. Criteria identify the required or desired state or expectation with respect to the program or operation. Criteria provide a context for evaluating evidence and understanding the findings.

h. **Cause.** The cause identifies the reason or explanation for the condition or the factor or factors responsible for the difference between the situation that exists (condition) and the required or desired state (criteria), which may also serve as a basis for recommendations for corrective action(s). Common factors include poorly designed policies, procedures, or criteria; inconsistent, incomplete, or incorrect implementation; or factors beyond the control of program management. Auditors may assess whether the evidence provides a reasonable and convincing argument for why the stated cause is the key factor or factors contributing to the difference between the condition and the criteria.

i. **Effect or Potential Effect.** The effect is a clear, logical link to establish the impact or potential impact of the difference between the situation that exists (condition) and the required or desired state (criteria). The effect or potential effect identifies the outcomes or consequences of the condition. When the audit objectives include identifying the actual or potential consequences of a condition that varies (either positively or negatively) from the criteria identified in the audit, “effect” is a measure of those consequences. Effect or potential effect may be used to demonstrate the need for corrective action in response to identified problems or relevant risks.

j. **Recommendations.** Recommendations are the auditor’s written suggestions for specific auditee action to correct a deficient condition, prevent recurrence of the condition, or alleviate the adverse effects of a condition. Each recommendation for each finding is to be consecutively lettered (a, b, c, etc.) and prefixed with the finding number. For example, two recommendations to finding 1 would be

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4 The definitions of condition, criteria, cause, and effect or potential effect are taken from the December 2011 revision of the Yellow Book. Additional information on the content of a finding is set forth in the Yellow Book and can be obtained at the GAO Web site ([http://www.gao.gov](http://www.gao.gov)).
201X-1-a, 201X-1-b, and two recommendations to finding 2 would be 201X-2-a, 201X-2-b.

k. **Reporting Views of Responsible Officials.** Auditors should obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, which should include the auditee’s planned corrective action(s). GAGAS provide additional guidance on this finding element. This element of a finding reported in the schedule of findings, questioned costs, and recommendations is different from the separate corrective action plan the auditee is required to prepare, which is described further in paragraph 2-4.G.

E. **Management Letter.** Certain chapters in this audit guide require the auditor to communicate all nonmaterial noncompliance to management in writing. A management letter or other type of written auditor communication to management may be used to report such noncompliance. If auditors issued or intend to issue a management letter (or other similar written communication) for this purpose, their report is to refer to that communication by name and the actual or planned date of issuance. Note that a management letter should not be used to report material findings that were resolved before the audit report was issued. Such findings are to be reported as findings in the auditor’s report (by reference to finding numbers) and on the schedule of findings, questioned costs, and recommendations under the category “Corrective Actions Completed.”

F. **Schedule of the Status of Prior Audit Findings, Questioned Costs, and Recommendations.** This schedule is to be prepared by the auditee and is to be included in the audit report package. This schedule must be prepared by the auditee in connection with the audit for the year following the year that an audit report package was issued with audit findings. The schedule should address all findings that were in the prior year report, including whether any questioned costs were paid or otherwise resolved by HUD. A description of the prior audit finding, along with the current status, should be included for each finding. If a finding is no longer relevant, the schedule should note the reason(s). See example E in paragraph 2-6 for an illustrative schedule of the status of prior audit findings.

The auditor should inquire about any audits, attestations, studies, or reviews conducted by HUD OIG, HUD management, a contract administrator, or any other Federal agency that directly relate to the current year audit of the entity’s financial statements. Any findings from such reviews should also be included by the auditee in this schedule even if corrective action has already occurred. A description of the prior audit finding, along with the current status, should be included for each finding. The auditor may rely on management’s representation as to reports issued during the audit period. The auditor does not have to independently confirm the completeness of all reports listed by the auditee with outside sources.
The auditor should follow up on prior audit findings reported by the auditee, perform procedures to assess the reasonableness of the schedule, and report as a current year finding when the auditor concludes that the schedule materially misrepresents the status of any prior audit finding. If uncorrected, the finding should be repeated as a current finding and so stated on the schedule of the status of prior audit findings with the finding referenced to the current finding number.

G. **Corrective Action Plan.** A corrective action plan (CAP) is to be prepared by the auditee, and it should be transmitted to HUD as a separate part of the audit report package. The CAP is to be a separate and distinct document from the views of responsible officials included in each finding in the schedule of findings, questioned costs, and recommendations. Using the format in example F, paragraph 2-6, the auditee official is to describe the corrective action(s) taken or planned in response to the current year finding(s) identified by the auditor. It should include task(s), subtask(s), and date(s) for the completion of the action. If funds need to be returned to the program from non-Federal sources, the plan should include information on the method of reimbursement, source of funds, and repayment schedule.

When the schedule of the status of prior audit findings identifies prior findings as unresolved or “open,” the CAP should include comments on the corrective action taken and the action that will be taken on the open prior findings (see example E, paragraph 2-6, for an illustrative schedule of the status of prior audit findings).

The auditee is to express its agreement or disagreement with the content of the finding, and if the auditee disagrees with the finding, it is to fully explain the points of that disagreement with specific information to support its position. If the information is voluminous, an appendix may be attached to the audit report package.

Also, the auditee is to express its agreement or disagreement with each recommendation. If there is disagreement with the recommended course of action, the auditee should explain the points of that disagreement and propose an alternative action that would accomplish the same goal.

In addition to the above CAP requirements related to reported findings, the Office of Lender Activities requires the submission of a CAP as a separate part of the audit report package for all issues included in a management letter when such a letter is issued for audits that are performed under chapter 7 of this audit guide.

2-5 **Reporting on Fraud or Equity Skimming.** On occasion during the course of an audit performed in accordance with this audit guide, the auditor may conclude that fraud either has occurred or is likely to have occurred. In the case of an audit performed under chapter 3 or 4 of this audit guide, fraud could include equity skimming, which is the willful misuse of any part of the rent, assets, proceeds, income, or other funds derived from the project covered by the mortgage, business agreement, regulatory agreement, or other type of
agreement for any purpose other than to meet actual or necessary expenses of the project. For a common understanding of what equity skimming is, please refer to appendix B of chapter 3.

When such acts are noted, the auditor should follow the requirements of GAGAS in considering what to report and the extent to which information should be included in publically available reports. In circumstances in which GAGAS requires the auditor to report directly to HUD, the auditor should direct such reporting to the HUD OIG single audit coordinator.

GAGAS specifies that when entity management fails to satisfy legal or regulatory requirements to report fraud to external parties specified in law or regulation, the auditor should first communicate the failure to report such information to those charged with governance. If the audited entity still does not report this information to the specified external parties as soon as practicable after the auditor’s communication with those charged with governance, the auditor should report the information directly to the specified external parties.

However, many entities subject to audit under this audit guide lack an appropriate governance structure, and the auditor may, in effect, be reporting management’s failure to the same individuals responsible for the fraud. In such cases, the auditor is required to report the matter directly to HUD by contacting the single audit coordinator, preferably before the auditor leaves the audit site.

Auditors are encouraged to initially communicate with the single audit coordinator to facilitate resolution as to the information to be included in the audit reporting package, report format, documentation requested to be transmitted to the single audit coordinator outside the report, and the distribution of the report.

2-6 **Illustrative Reporting Examples.** Included below are illustrations of the auditor’s reports issued in connection with audits conducted in accordance with this audit guide. The illustrations also present examples of the other items typically issued in connection with an audit conducted in accordance with this audit guide and submitted as part of or along with the audit report package as stated in this chapter, including a schedule of findings, questioned costs, and recommendations; a schedule of the status of prior audit findings; and a CAP. These illustrations are not meant to be all inclusive. Auditors should exercise professional judgment in tailoring their reports to the circumstances of individual audits.

The letters A-F below correspond to the letters of the examples that follow.

A. Independent auditor’s report on financial statements and supplementary information.
B. Independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government auditing standards.

C. Independent auditor’s report on compliance with requirements that could have a direct and material effect on each major HUD program and on internal control over compliance based on an audit in accordance with the HUD Consolidated Audit Guide.

D. Schedule of findings, questioned costs, and recommendations.

E. Schedule of the status of prior audit findings, questioned costs, and recommendations (an auditee responsibility).

F. Corrective action plan (an auditee responsibility and, as noted in paragraph 2-4.D, transmitted as a separate part of the audit report package).
Example A

Independent Auditor’s Report on Audited Financial Statements and Supplementary Information

This page is intentionally left blank. Reporting examples will be provided in a subsequent revision to this chapter.
Example B

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

This page is intentionally left blank. Reporting examples will be provided in a subsequent revision to this chapter.
Example C

Independent Auditor’s Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major HUD Program and on Internal Control Over Compliance Based on an Audit in Accordance With the HUD Consolidated Audit Guide

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Reporting examples will be provided in a subsequent revision to this chapter.
Example D

Schedule of Findings, Questioned Costs, and Recommendations

**Option 1:** If the audit resulted in no findings, the schedule should still be included in the audit report package and should include only the following statement:

Our audit disclosed no findings that are required to be reported herein under the HUD Consolidated Audit Guide.

**Option 2:** If the audit resulted in findings to be reported, the following is the format that is to be used. See paragraph 2-4.D for the content and categorization of findings.

1. **Corrective Actions Not Started or in Process.**

Finding 201X-1.

Each finding is to be listed and must contain the required information contained in paragraph 2-4.D.4, Content of Finding. The numbering of the findings and recommendations related to each finding is to follow the requirements in paragraphs 2-4.D.4.a and j.

Recommendations:

- 201X-1-a.
- 201X-1-b.

Management comments:

2. **Corrective Action Completed.**

Finding 201X-2.

Each finding is to be listed and contain the required information contained in paragraph 2-4.D.4, Content of Finding. The numbering of the findings and recommendations related to each finding is to follow the requirements in paragraphs 2-4.D.4.a and j.

Recommendations:

- 201X-2-a.
- 201X-2-b.

Management comments:
Example E

Schedule of the Status of Prior Audit Findings, Questioned Costs, and Recommendations

The auditee is to list all findings from the prior period audit reporting package in which corrective action was in process or not started. In addition, this schedule is to contain findings that were contained in reports issued by HUD OIG, other Federal agencies, HUD management, or a contract administrator from the beginning of the period covered by the audit to the date of the auditor’s fieldwork completion. Only findings that are relevant to the current year’s audit should be included.

With respect to items included in the prior period audit reporting package, the auditor is to perform procedures to assess the reasonableness of the schedule and report as a current year finding when the auditor concludes that the schedule materially misrepresents the status of any prior audit finding.

1. The auditee is to identify the prior audited fiscal period of this entity.

Audit Report, dated [insert date of report], for the period ended [insert date], issued by [insert name of independent auditor]

If there were no open findings from the prior audit report, so state, and if there were, the following format is to be used:

Finding 201X-1. Nonproject Costs Were Charged to the Project (Questioned Costs $125,000)

Status: The $125,000 has been returned to the project, and the entity’s system of distributing costs has been corrected. The entity reviewed all cost accounts up to the time that the system was changed and refunded the project an additional $55,250. The finding was closed by HUD management on July 9, 2011.

Finding 201X-2. The Required Documentation With Regard to Eligibility Was Not Obtained for Tenants Receiving Rent Supplements

Status: The project has not obtained the required documentation from third-party sources, nor has the project reimbursed the appropriate programs. The amount of the rent supplements received for these tenants for the prior audit period was $15,350. The finding remains open.

Finding 201X-3. Separate Security Deposit Bank Accounts Were Not Established for Each of the Five Projects and Interest Earned Was Not Included in the Project’s Income and Not Distributed to the Tenant in Accordance with State Law
Status: The owner established the five separate bank accounts but continued to take the interest earned on security deposit investments into the project income account. The owner did not take any action to credit the tenants for the interest earned as required by State law. The interest portion of this finding remains open and is repeated as current finding 201X-2.

2. The auditee should identify findings from audit, attestation, or other studies (source document) performed by HUD, another Federal agency, or a contract administrator during the period described above that directly relate to the subject matter of the current year audit and include them in this section of the schedule of the status of prior audit findings.

Audit Report issued on [insert date of report], by HUD OIG [or name of report issuer], titled [insert title of report]

Finding 1 -

Status -

OR

There were no reports issued by HUD OIG or other Federal agencies or contract administrators during the period covered by this audit.

3. The auditee is to list any deficiency listed in letters or reports (source documents) issued by HUD management as a result of any reviews of the entity’s activity that relates to the audit objectives and during the period described above.

HUD management report was issued on [insert date of report], and is titled [list title of report].

Finding 1 -

Status -

OR

There were no letters or reports issued by HUD management during the period covered by this audit.

Note: The finding or recommendation numbers and the format of those numbers that are to be displayed on this schedule are the ones used in the source documents.

The auditor may rely on management’s representation as to reports issued during the audit period. The auditor does not have to independently confirm the completeness of all the reports listed by the auditee with outside sources.
Example F

Corrective Action Plan

The corrective action plan is an important document with which the auditee can demonstrate its willingness to correct the deficient condition noted in the audit findings. This plan will form the basis for HUD to work with the auditee to reach agreement on the actions to be taken to address the audit recommendations and timeframes for implementation.

The auditor should determine whether the auditee agrees or disagrees with the content of the findings, and if there is a disagreement, the auditor should request that the auditee fully explain the points of that disagreement with specific information to support its position. If the information is voluminous, an appendix may be attached to the audit report package.

The auditor should also determine whether the auditee agrees or disagrees with each recommendation. If there is disagreement with the recommended course of action, the auditee should explain the basis for that disagreement and propose an alternative action that would accomplish the same goal.

The following is a recommended format to be followed by the auditee for preparing a corrective action plan:

**********************************************************
Corrective Action Plan
Name of auditee: ____________________________
HUD auditee identification number: ______________
Name of audit firm: ____________________________
Period covered by the audit: ____________________________
CAP prepared by
   Name: ____________________________
   Position: ____________________________
   Telephone number: ____________________________
A. Current Findings on the Schedule of Findings, Questioned Costs, and Recommendations.

1. Finding 201X-1.
   a. Comments on the Finding and Each Recommendation
      The auditee is to provide a statement of concurrence or nonconcurrency with each finding. The auditee is also to provide a statement of agreement or disagreement with each recommendation in the finding.
   b. Action(s) Taken or Planned on the Finding
      The auditee should detail actions taken or planned to correct each finding identified in the report. Appropriate documentation should be submitted for actions taken. For planned actions, the auditee should provide the projected date for completion of all required action. The auditee should provide information on the task(s), subtask(s) and projected completion date(s) for the correction of the deficient condition and repayment of funds if appropriate. The names of the auditee officials or supervisor responsible for completing the proposed task(s) and subtask(s) should also be identified. If the auditee believes a corrective action is not required, a statement describing the reasons should be included.

2. Finding 201X-2 through X.
   a. Comments on the Finding and Each Recommendation
   b. Action(s) Taken or Planned on Each Finding

B. Status of Corrective Actions on Findings Reported in the Prior Audit Schedule of Findings, Questioned Costs, and Recommendations.
The auditee should comment on the status of corrective actions taken on all prior findings that were reported as open or action not completed on the auditor’s prior schedule of findings, questioned costs, and recommendations and remain open. The auditee should also update the planned date(s) for completion of task(s) and subtask(s) and the responsible entity supervisor or official(s) to complete the task(s) or subtask(s). In addition, documentation should be submitted in support of any portions of the action plan that the auditee considers completed.