

# **APPENDIX A**

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## **Public Law 113-2 Guide for Review of Financial Management for CDBG-NDR Grantees”**

**State of Louisiana**

**Certification Checklist**

Prepared by  
Louisiana Office of Community Development/Disaster Recovery Unit

PUBLIC LAW 113-2 Guide for Review of Financial Management for CDBG-NDR Grantees	
<b>Grantee</b>	Name of Grantee: State of Louisiana
	Staff Consulted: Edwin K Legnon, CPA Audit Manager and Robert Bizot Finance Manager
	Name and Title of Grantee Staff Completing Form: Jay Dardenne, Commissioner, Louisiana Division of Administration
	Signature: _____ Date: _____

<b>HUD</b>	HUD Staff Consulted:
	Name and Title of HUD Staff Completing Form:
	Signature: _____ Date: _____

**Instructions:**

**P.L. 113-2 Certifications:** Public Law 113-2 (the Appropriations Act) requires that HUD certify, **in advance of signing a grant agreement**, that the following requirements are met before Grantee may receive a Community Development Block Grant – National Disaster Resilience Competition (CDBG-NDR) grant: that the Grantee has in place proficient financial controls; proficient procurement processes; has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42U.S.C. 5155); that the Grantee has established adequate procedures to ensure timely expenditure of funds; that the Grantee has established adequate procedures to maintain comprehensive websites regarding all disaster recovery activities assisted with these funds; and that the Grantee has established adequate procedures to detect and prevent fraud, waste, and abuse of funds.

In order for HUD to certify that the Grantee has in place proficient financial controls, each Grantee must complete this Public Law 113-2 Guide for Review of Financial Management (the Financial Management Guide) as part of completing Part B. Financial Controls of the P.L. 113-2 Certification Checklist and submit the required information to the Grantee’s designated HUD representative. A designated HUD representative from Headquarters or the Field Office (FO) must review the Grantee’s submission and complete this Financial Management Guide. When HUD CPD Specialists or Financial Analysts are not available, the CPD FO Director will designate an alternate HUD representative for the FO representative. The Headquarter representative will be assigned by the Director of the Disaster Recovery and Special Issues Division.

The Grantee’s documentation must be submitted within 30 days of the effective date of the *Federal Register* Notice which publishes the National Disaster Resilience Competition Awardees and the NDR grant requirements (the Notice). Failure to submit documentation within 30 days of the effective date of the Notice may result in the cancellation of the award selection. **Grant agreements will not be executed until HUD has issued a certification in response to the Grantee’s submission.**

**P.L. 113-2 Guide for Review of Financial Management:** This Financial Management Guide is designed to assess the proficiency of a CDBG-NDR Grantee’s financial processes based on the financial requirements in Subparts D and F of 2 CFR part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Where the question pertains to a CDBG-NDR Grantee, the term Grantee is used.

This Financial Management Guide is a modified exhibit typically used to monitor Grantees following grant execution. To satisfy the requirements for review of financial processes pertaining to the HUD-award, Grantees should consider the processes of existing HUD or other Federal funding awards and refer to documentation of those awards, where applicable. This Financial Management Guide is divided into sections A through K: Financial Management; Internal Controls; Bonds; Payment and Financial Reporting; Improper Payments; Cost Sharing or Matching; Program Income;

Revision of Budget and Program Plans; Period of Performance; Record Retention and Access; and Audit Requirements. Additionally, in completing the Financial Management Guide, Grantees must demonstrate that its financial standards are complete and conform to these requirements. The Grantee must identify which sections of its financial standards address each of the questions in the Financial Management Guide and which personnel or unit are responsible for each Financial Management Guide item. As used in this Exhibit, the term “standards” is synonymous with “procedures.”

For convenience, certain questions that address financial requirements contain citations to sources that served as the basis for the development of these questions (statute, regulation, NOFA, or grant agreement).

Grantees must identify the type of recipient receiving CDBG-NDR grant funds:

	Grantee
State Grantee	<input checked="" type="checkbox"/>
Unit of Local Government (UGLG) Grantee	<input type="checkbox"/>

**PART A. FINANCIAL MANAGEMENT:**

1.

The Grantee must have a system for accounting records to identify adequately the source and application of funds for CDBG-NDR-funded activities. The Grantee can facilitate compliance with this requirement if it accounts for a HUD program in a separate accounting fund (e.g., Special Revenue Fund). Note, however, that HUD will not impose specific accounting requirements (such as requiring the Grantee to utilize an accrual basis of accounting).

	Grantee	HUD
a) Does the Grantee have standards to ensure that accounting records contain information on the CDBG-NDR grant award, authorizations, obligations, unobligated balances, assets, liabilities, expenditures, program income (as defined by the Notice), and interest?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Provide Cross-Reference to Standards:** See **Appendix B**, Financial and Administrative Manual section 4.2. and Exhibits IV, V, and VI. The responsible party is the Finance Manager.

b) Does the Grantee have standards to maintain adequate source documentation for the information identified in question 1(a)? (To determine compliance, a grantee may select a sample of accounting entries and determine whether they are supported by invoices, contracts, or purchase orders, etc.) [2 CFR 200.302(b)(3)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
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**Provide Cross-Reference to Standards:** Accounting records must be supported by such source documentation as paid bills, invoices, purchase vouchers, payrolls, deposit slips, time and attendance records, CEA and sub-grant award documents, etc. See **Appendix B**. Financial and Administrative Manual Section 4.4. The responsible party is the Finance Manager.

c) Does the Grantee have standards established to provide a comparison of expenditures to the budget amounts for the CDBG-NDR award? (NOTE: Grantees will usually demonstrate compliance with this requirement by making entries in its accounting records of the amounts budgeted/allocated for activities to be undertaken with the assistance provided under the HUD award which in turn facilitates preparation of financial statements that provide for such comparison.) [2 CFR 200.302(b)(5)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
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**Provide Cross-Reference to Standards:**  
AFS is the financial component to the all-inclusive mainframe system known as ISIS. The AFS database has fields labeled organizational unit, reporting category and sub object, which are associated with each transaction processed in ISIS. See **Appendix B**, Financial and Administrative Manual Section 4.0 and ISIS overview at <http://www.doa.louisiana.gov/OSRAP/library/Publications/revisedandrereleasedppm/CHAP01.pdf>. The Responsible Party is the Finance Manager.

	Grantee	HUD
d) Does the Grantee have standards requiring it to enter in its accounting records an encumbrance/obligation when contracts are executed, purchase orders issued, etc.? [2 CFR 200.302(b)(3)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Provide Cross-Reference to Standards:</b> See <b>Appendix B</b>, Finance and Administration Manual Section 17, titled Contract Obligations and Encumbrances.</p>		
e) Does the Grantee have standards to identify expenditures in its accounting records according to eligible activity classifications specified in the statute, regulations, or grant agreement that clearly identify the use of CDBG-NDR funds for eligible activities? [2 CFR 200.302(b)(3)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Provide Cross-Reference to Standards:</b> AFS is the financial component to the all-inclusive mainframe system known as ISIS. The AFS database has fields labeled organizational unit, reporting category and sub object, which are associated with each transaction processed in ISIS. See <b>Appendix B</b>, Financial and Administrative Manual Section 4.0 and ISIS overview at <a href="http://www.doa.louisiana.gov/OSRAP/library/Publications/revisedandreleasedppm/CHAP01.pdf">http://www.doa.louisiana.gov/OSRAP/library/Publications/revisedandreleasedppm/CHAP01.pdf</a>. The ISIS system also allows for the use of vendor invoice numbers. DRU has historically used this field to indicate the DRGR activity number. By using this method the financial transaction can be tied in ISIS to the DRGR activity being paid. Which in effect allows for the identification of the eligible activity being paid. The responsible party is the Finance Manager.</p>		
f) Does the Grantee have standards to ensure information on obligations, expenditures, and program income (as defined by the Notice) submitted to HUD in the Disaster Recovery and Grant Reporting System (DRGR), Quarterly Performance Reports (QPR), or other applicable report(s), reconciled with the Grantee's accounting records for time periods reviewed? NOTE: If the Grantee maintains its records on other than an accrual basis, it must be able to support accrual data for its reports on the basis of the documentation on hand. [2 CFR 200.302(b)(2)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Provide Cross-Reference to Standards:</b> See <b>Appendix L</b>, Gustav/Ike-Isaac-NDR Grants Reconciliation Process. The responsible party is the Finance Manager.</p>		

2.

	Grantee	HUD
Does the Grantee have standards to maintain adequate control over all funds, property, and other assets to ensure they are used solely for authorized purposes? See questions below that are related to internal controls. [2 CFR 200.302(b)(4)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Provide Cross-Reference to Standards:**  
See **Appendix B**, Finance and Administration Manual Section 12, titled Property Management. The responsible party is the Finance Manager.

**PART B. INTERNAL CONTS:**

The Grantee must establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the Grantee is able to manage the Federal award in compliance with this part. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States (known as the "Green Book") or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The definitions of internal control in these documents are intentionally broad. The evaluation of the effectiveness of the Grantee's internal control system likewise must cover a broad range of considerations (e.g., procurement, cost principles,). Further, the audit requirements in 2 CFR part 200, Subpart F include procedures to evaluate the auditee's internal control system. Therefore, the questions below are limited in scope. However, the HUD reviewer should take these considerations into account, together with the questions below, in making an overall assessment of the adequacy of the Grantee’s internal controls.

3.

	Grantee	HUD
a) Does the Grantee have standards to perform a self-assessment of its internal control system? [2 CFR 200.303(a)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> The State’s Division of Administration, Internal Auditor Section conducts an annual Risk Assessment of all sections including OCD-DRU. See <b>Appendix K</b> , the Risk Assessment Questionnaire for Fiscal Year Ending June 30, 2016. The responsible party is the DOA Internal Auditor Section.		
b) Does the Grantee have standards to take reasonable measures to safeguard protected personally identifiable information (PII) and other information that HUD or a pass-through entity designates as sensitive, or the Grantee considers sensitive, consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality? (HUD shall verify that the Grantee has a written policy for protecting PII and other safeguard measures.) [2 CFR 200.303(e)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> The State’s Office of Technology Services identifies PII as Restricted Data and is covered under its information Security Policy which can be located at <a href="http://www.doa.la.gov/OTS/InformationSecurity/InformationSecurityPolicy-LA-v.1.0.pdf">http://www.doa.la.gov/OTS/InformationSecurity/InformationSecurityPolicy-LA-v.1.0.pdf</a> . See Page 18 under section titled “Data Classification and Handling, Restricted Data”. The responsible party is the Office of Technology Services (OTS).		
c) Does the Grantee have the ability to submit an organization chart that sets forth the actual lines of responsibility for the CDBG-NDR award?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Describe Basis for Conclusion:** OCD-DRU prepares an Organizational Chart which is periodically reviewed and updated. See **Appendix B**, Financial and Administrative Manual Section 2, Exhibit I. The responsible Party is the Administrative Liaison.

d) Does the Grantee have standards to ensure duties and responsibilities are segregated (to the extent practicable) so that no one individual has complete authority over a financial transaction? (For example, the Grantee's procedures preclude one person from issuing purchase orders, receiving merchandise, and approving payment vouchers.)

Yes  No

Yes  No

**Provide Cross-Reference to Standards:** See **Appendix B**, Financial and Administrative Manual Section 5, labeled Internal Controls. The responsible party is the Administrative Liaison.

**PART C. BONDS**

4.

	Grantee	HUD
a) Does the Grantee have standards to ensure fidelity bond coverage will be obtained for the responsible officials? [2 CFR 200.304(b)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Provide Cross-Reference to Standards:** The State of Louisiana is self-insured for liability. As per R.S. 39:1527 and R.S. 39:1533, the State through its agency, the Office of Risk Management (ORM) provides coverage for all employee bonds and crime insurance. See attached Insurance Certification (**Appendix C**). The responsible party is the Office of Risk Management. See their web site at <http://www.doa.la.gov/Pages/orm/Index.aspx> . Also see **Appendix B** Financial and Administrative Manual Section 5.5.

	Grantee	HUD
b) If the answer to 5(a) above is yes, does the Grantee's standards ensure the bond will be from a company holding a certificate of authority as an acceptable surety, as prescribed in 31 CFR Part 223, <i>Surety Companies Doing Business with the United States</i> ? [2 CFR 200.304(c)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<b>Provide Cross-Reference to Standards:</b> See response to 4A. The State of Louisiana is self-insured.		

**PART D. PAYMENT AND FINANCIAL REPORTING:**

5.

	Grantee	HUD
<p>a) If the Grantee is a State, payments under awards that are not governed by a Treasury-State Cash Management Improvement Act (CMIA) agreement, or are not otherwise covered by subpart A of 31 CFR Part 205, must comply with subpart B of that part. If the CDBG-NDR award is subject to subpart B, does the Grantee have standards to ensure the timing and amount of funds transfers as close as is administratively feasible to the State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs? [2 CFR 200.305(a); 31 CFR 205.33(a)]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<p><b>Provide Cross-Reference to Standards:</b> The State payments are under awards governed by a CMIA agreement. See <a href="http://www.doa.la.gov/osrap/library/Publications/reviseandreleasedppm/CHAP05.pdf">http://www.doa.la.gov/osrap/library/Publications/reviseandreleasedppm/CHAP05.pdf</a>. The responsible party is the Office of Statewide Reporting and Accounting Policy (OSRAP).</p>		
<p>b) If the State transfers grant funds to subrecipients, does the State have a system to minimize the time elapsing between the receipt of funds from the Federal government and the transfer of funds to the subrecipients? [2 CFR 200.305(a); 31 CFR Part 205, Subpart B]</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<p><b>Describe Basis for Conclusion:</b> See section 5.3.3, Check Clearance Pattern Policy at <a href="http://www.doa.la.gov/osrap/library/Publications/reviseandreleasedppm/CHAP05.pdf">http://www.doa.la.gov/osrap/library/Publications/reviseandreleasedppm/CHAP05.pdf</a>. The responsible party is the Office of Statewide Reporting and Accounting Policy (OSRAP).</p>		

6.

	Grantee	HUD
<p>a) If the Grantee is <b>not a State</b> and transfers grant funds to subrecipients, does the Grantee have standards to ensure the time elapsing is minimized between the receipt of funds from the Federal government and the transfer of funds to the subrecipients? [2 CFR 200.305(b)]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<p><b>Provide Cross-Reference to Standards:</b></p>		
<p>b) If the Grantee is <b>not a State</b>, and requests funds in advance, do the Grantee's standards allow the Grantee to minimize the</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

<p>time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the Grantee for direct program or project costs and the proportionate share of any allowable indirect costs; and are the advance payments limited to the minimum amounts needed and timed to be in accordance with the actual, immediate cash requirements of the Grantee in carrying out the purpose of the approved project or program? (NOTE: The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the Grantee.) [2 CFR 200.305(b)(1)]</p>		
<p><b>Provide Cross-Reference to Standards:</b></p>		

7.

	Grantee	HUD
<p>If a Grantee holds cash advances in excess of three business days, including cash advances provided to subrecipients, does the Grantee have standards to provide a sufficient justification? (NOTE: Holding cash advances for a period longer than three business days is not a violation <i>per se</i>; it may become a preliminary screening measure to determine whether further explanations are required).</p>	<p><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input checked="" type="checkbox"/> N/A</p>	<p><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</p>
<p><b>Provide Cross-Reference to Standards:</b> There will be no request for cash advances</p>		

8.

	Grantee	HUD
<p>a) Does the Grantee have standards to disburse funds available from program income (as defined by the Notice), including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds <u>before</u> requesting additional cash payments? [2 CFR 200.305(b)(5)]</p>	<p><input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes   <input type="checkbox"/> No</p>
<p><b>Provide Cross-Reference to Standards:</b> See Appendix B, Finance Procedures Manual Section 15 for Program Income procedures. The responsible party is the Finance Manager.</p>		
<p>b) Does the Grantee have standards to ensure advance payments of HUD funds will be deposited and maintained in insured accounts whenever possible? [2 CFR 200.305(b)(7)(ii)]</p>	<p><input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes   <input type="checkbox"/> No</p>

**Provide Cross-Reference to Standards:**

Advance Payments will not be requested, however Louisiana Legislation 49§321, titled, Security for deposit of funds; checks and drafts of departments requires collateral for deposits of state funds. See link at <http://www.legis.la.gov/Legis/Law.aspx?d=103720>. The responsible party is the State Treasurer.

<p>c) If the Grantee receives grant advances, does the Grantee have standards to maintain the advance payments in an interest-bearing account <u>or</u> meet one of the following exceptions?</p> <ul style="list-style-type: none"> <li>i. The Grantee receives less than \$120,000 in Federal awards per year.</li> <li>ii. The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.</li> <li>iii. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.</li> </ul> <p>[2 CFR 200.305(b)(8)]</p>	<p><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input checked="" type="checkbox"/> N/A</p>	<p><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</p>
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**Provide Cross-Reference to Standards:**

9.

	Grantee	HUD
<p>If grant advances will be deposited into an interest-bearing account, does the Grantee have standards for remitting interest income in excess of \$500 annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either the Automated Clearing House (ACH) network or a Fedwire Funds Service payment? [2 CFR 200.305(b)(9)]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<p><b>Provide Cross-Reference to Standards:</b></p>		

**PART E. IMPROPER PAYMENTS**

10.

	Grantee	HUD
<p>a) Does the Grantee have standards to ensure program expenditures will <i>not</i> result in improper payments? (NOTE: Improper payments means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements and includes payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Provide Cross-Reference to Standards:</b> See <b>Appendix B</b>, Financial and Administrative Manual Section 9 labeled “Rules of Expenditures”. The responsible party is the Finance Manager.</p>		
<p>b) If the Grantee were to discover that an improper payment was made, does the Grantee have a system to take appropriate corrective action(s)? [2 CFR 200.302(b)(4) and 2 CFR 200.303(d)]</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

**Describe Basis for Conclusion:**  
 See Appendix B, the Financial and Administrative Manual, Section 9.5 labeled Improper Payments. The responsible party is the Finance Manager.

**PART F. LEVERAGE**

11.

	Grantee	HUD
Do the Grantee’s financial standards require leverage reporting that meets the following criteria: a. Are verifiable from the Grantee's records; b. Includes only funding necessary and reasonable for accomplishment of project or program objectives; and c. Are provided for in the approved budget, when required by HUD	<input checked="" type="checkbox"/> <input type="checkbox"/> Yes No	<input type="checkbox"/> <input type="checkbox"/> Yes No
<p><b>Provide Cross-Reference to Standards:</b> See Leverage Reporting Policy, <b>Appendix M</b>. The responsible party is the Finance Manager.</p>		

**PART G. PROGRAM INCOME**

12.

	Grantee	HUD
If revenue-generating activities will be undertaken (e.g., rehabilitation loans, economic development loans), does the Grantee have a system to establish revenue accounts in its accounting records to record program income (as defined by the Notice)? [2 CFR 200.302(b)(3)]	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
<p><b>Describe Basis for Conclusion:</b> All Program Income is either deposited in a Revolving Loan Fund or used to reduce the next program draw. See <b>Appendix B</b>, Financial and Administrative Policies and Procedures Manual, Section 15 titled “Program Income”. The responsible party is the Finance Manager.</p>		

13.

	Grantee	HUD
a) Does the Grantee have a system to track program income (as defined by the Notice) generated by subrecipients? [2 CFR 200.302(b)(4)]	<input checked="" type="checkbox"/> <input type="checkbox"/> Yes No	<input type="checkbox"/> <input type="checkbox"/> Yes No
<b>Describe Basis for Conclusion:</b> Any program income received by a grantee must be returned to the OCD/DRU. Program Income earned, received, and redistributed is reported to HUD on a quarterly basis through the DRGR system. See <b>Appendix B</b> , Financial and Administrative Policies and Procedures Manual, Section 15 titled "Program Income". The responsible party is the Finance Manager.		
b) Does the Grantee have a system to track program income (as defined by the Notice) retained by the subrecipient for ensuring that such income is reported in a timely and accurate manner? [2 CFR 200.302(b)(2)]	<input checked="" type="checkbox"/> <input type="checkbox"/> Yes No	<input type="checkbox"/> <input type="checkbox"/> Yes No
<b>Describe Basis for Conclusion:</b> A clause is written into each subrecipient agreement that requires all program income generated to be returned to the OCD/DRU in order to accurately track and receipt program income. See <b>Appendix B</b> , Financial and Administrative Policies and Procedures Manual, Section 15 titled "Program Income". The responsible party is the Finance Manager.		
c) Upon expiration of any agreements between the Grantee and its subrecipients, does the Grantee have a system to ensure the timely transfer of any funds required to be returned to the Grantee; and/or the timely transfer of outstanding loans or accounts receivable? [2 CFR 200.302(b)(4)]	<input checked="" type="checkbox"/> <input type="checkbox"/> Yes No	<input type="checkbox"/> <input type="checkbox"/> Yes No
<b>Describe Basis for Conclusion:</b> Program income disposition can be found in the Finance and Administrative Policies and Procedures Manual, section 15 titled "Program Income". See <b>Appendix B</b> . The responsible party is the Finance Manager.		

14.

	Grantee	HUD
Does the Grantee have standards to ensure that it will comply with the requirements governing the reporting on receipt and use of program income in the Disaster Recovery Grant Reporting System (DRGR)? [2 CFR 200.302(b)(2)]	<input checked="" type="checkbox"/> <input type="checkbox"/> Yes No	<input type="checkbox"/> <input type="checkbox"/> Yes No
<b>Provide Cross-Reference to Standards:</b> Program Income will be either deposited into the Revolving Loan Fund or used to reduce the new program draw. See <b>Appendix B</b> , Financial and Administrative Policies and Procedures Manual, Section 15 titled "Program Income". The responsible party is the Finance Manager.		

**PART H. REVISION OF BUDGET AND PROGRAM PLANS**

15.

	Grantee	HUD
a) Does the Grantee have standards to ensure that any changes made to the approved project’s budget, scope, or objectives will be identified to HUD?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<b>Provide Cross-Reference to Standards:</b> See Appendix S, labeled Policy and Procedures to Amend Scope of Work. The responsible party is the Finance Manager.		

	Grantee	HUD
b) Does the Grantee have standards to require HUD approval before making any of the following changes to a non-construction award?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
i. Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).		
ii. Change in a key person specified in the application or the Federal award.		
iii. The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.		
iv. The inclusion, unless waived by HUD, of costs that require prior approval in accordance with Subpart E— Cost Principles of 2 CFR part 200, or 45 CFR part 75 Appendix IX, <i>Principles for Determining Costs Applicable to Research and Development under Awards and Contracts with Hospitals</i> , or 48 CFR part 31, <i>Contract Cost Principles and Procedures</i> , as applicable.		
v. The transfer of funds budgeted for participant support costs as defined in §200.75, <i>Participant support costs</i> , to other categories of expense.		
vi. Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award, including fixed amount subawards as described in §200.332, <i>Fixed amount subawards</i> (this provision does not apply to the acquisition of supplies, material, equipment or general support services).		
vii. Changes in the approved cost sharing or matching provided by the Grantee.		

viii. The need arises for additional Federal funds to complete the project. [2 CFR 200.308(c)(1)]		
<b>Provide Cross-Reference to Standards:</b> See <b>Appendix N</b> , labeled Procedures for Substantial Action Plan Amendments. The responsible party is the Finance Manager.		

16.

	Grantee	HUD
Does the Grantee have standards to require HUD approval before making any of the following budget revisions whenever (a), (b), or (c) below applies to a construction award?  a. The revision results from changes in the scope or the objective of the project or program. b. The need arises for additional Federal funds to complete the project. c. A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in 2 CFR part 200, Subpart E—Cost Principles. [2 CFR 200.308(g)]	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
<b>Provide Cross-Reference to Standards:</b> See <b>Appendix N</b> , labeled Procedures for Substantial Action Plan Amendments. The responsible party is the Finance Manager.		

**PART I. PERIOD OF PERFORMANCE**

17.

	Grantee	HUD
Does the Grantee have standards to ensure it will charge to the HUD award only allowable costs (except as described in §200.461, <i>Publication and printing costs</i> ) incurred during the period of performance and authorized pre-award costs? [2 CFR 200.309]	<input checked="" type="checkbox"/> <input type="checkbox"/> Yes No	<input type="checkbox"/> <input type="checkbox"/> Yes No
<b>Provide Cross-Reference to Standards:</b> See <b>Appendix B</b> , Financial and Administrative Policies and Procedures Manual, Section 9.1 titled “Allowable Costs”. In addition, all “Request for Payment” are prepared by grantees who attest to the accuracy of the request. All Request for Payment are reviewed by OCD-DRU Financial analyst/Specialist for accuracy and supporting documentation before forwarding to the Finance Manager for approval. The responsible party is the Finance Manager.		

**PART J. RECORD RETENTION AND ACCESS**

18.

Grantee	HUD	Grantee
Does the Grantee have standards to comply with applicable record retention and access requirements? [24 CFR 570.502; or 24 CFR 570.490]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Provide Cross-Reference to Standards:</b> See Admin Manual, Chapter 4 at <a href="http://www.doa.la.gov/OCDDRU/Administration%20Manual/Section_4/Section4_v3.65.pdf">http://www.doa.la.gov/OCDDRU/Administration%20Manual/Section_4/Section4_v3.65.pdf</a>. The responsible party is the Director of Reporting and Performance Management.</p>		

**PART K. AUDIT REQUIREMENTS**

Instructions: A Grantee that expends \$750,000 or more during the Grantee’s fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of 2 CFR part 200, Subpart F, *Audit Requirements*. Grantees that provide Federal awards to subrecipients are referred to as “pass-through entities.” A subrecipient must also have a single or program-specific audit if it meets the \$750,000 expenditure threshold. Pass-through entities are required by 2 CFR 200.331 to ensure compliance with Subpart F. A Grantee that expends less than \$750,000 in Federal awards during the entity's fiscal year is exempt from audit requirements for that year, except as noted in 2 CFR 200.503. This section of questions is designed to assist the HUD reviewer in determining whether the Grantee is able to comply with the required elements of an audits management system.

19.

	Grantee	HUD
Does the Grantee have standards to meet the annual expenditure threshold (\$750,000) for having a single or program-specific audit conducted? If “no,” skip questions 22 through 27.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Provide Cross-Reference to Standards:</b> The Louisiana Legislative Auditor is required by statute (RS 24.513) to audit the financial statements of individual state agencies, departments, boards, and commissions that are included within the state’s Comprehensive Annual Financial Report (CAFR). This would include preparation of the Single Audit and determining the annual expenditure threshold for having a single or program-specific audit conducted. See RS 24.513 at <a href="http://www.legis.la.gov/Legis/Law.aspx?d=84127">http://www.legis.la.gov/Legis/Law.aspx?d=84127</a>. The responsible party is the Louisiana Legislative Auditor.</p>		

20.

	Grantee	HUD
a) Does the Grantee have standards to procure or arrange for the audit services in accordance with the procurement standards at 2 CFR 200.317 – 200.326? [2 CFR 200.508(a) and 2 CFR 200.509]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Provide Cross-Reference to Standards:</b> The Louisiana Legislative Auditor is required by statute (RS 24.513) to audit the financial statements of individual state agencies, departments, boards, and commissions that are included within the state's Comprehensive Annual Financial Report (CAFR). See RS 24.513 at <a href="http://www.legis.la.gov/Legis/Law.aspx?d=84127">http://www.legis.la.gov/Legis/Law.aspx?d=84127</a>. The responsible party is the Louisiana Legislative Auditor.</p> <p>The State does not procure an auditor because the Louisiana Legislative Auditors (LLA) is required to conduct the audit by law as noted in the response. However, independence is maintained and thereby reducing the chance for conflict since the powers of government of the state are divided into three separate branches: legislative, executive, and judicial. While OCD-DRU comes under the Executive Branch of the government, the LLA comes under the Legislative Branch. See the explanation and government organization charts at <a href="http://louisiana.gov/Government/">http://louisiana.gov/Government/</a> and <a href="http://louisiana.gov/">http://louisiana.gov/</a></p>		
b) Does the Grantee have standards to request for proposal audit services that clearly state the objectives and scope of the audit? NOTE: the Grantee requests a copy of the audit organization's peer review report which the auditor is required to provide under Generally Accepted Government Auditing Standards (GAGAS)? [2 CFR 200.509(a)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Provide Cross-Reference to Standards:</b> The Louisiana Legislative Auditor conducts an Entrance Conference each year prior to starting the audit which clearly state the objectives and scope of the audit. Also, the Louisiana Legislative Auditor is the subject of a Peer Review which is posted to their website located at <a href="https://www.lla.la.gov/reports_data/ExternalPeerReview/">https://www.lla.la.gov/reports_data/ExternalPeerReview/</a>. The responsible party is the Louisiana Legislative Auditor.</p>		
c) Does the Grantee have standards to apply the factors, to be considered in evaluating the proposal for audit services which include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price? [2 CFR 200.509(a)]	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Provide Cross-Reference to Standards:</b> The Louisiana Legislative Auditor is required by statute (RS 24.513) to audit the financial statements of individual state agencies, departments, boards, and commissions that are included within the state's Comprehensive Annual Financial Report (CAFR).</p>		

<p>See RS 24.513 at <a href="http://www.legis.la.gov/Legis/Law.aspx?d=84127">http://www.legis.la.gov/Legis/Law.aspx?d=84127</a>. The responsible party is the Louisiana Legislative Auditor.</p> <p>The State does not procure an auditor because the Louisiana Legislative Auditors (LLA) is required to conduct the audit by law as noted in the response. However, independence is maintained and thereby reducing the chance for conflict since the powers of government of the state are divided into three separate branches: legislative, executive, and judicial. While OCD-DRU comes under the Executive Branch of the government, the LLA comes under the Legislative Branch. See the explanation and government organization charts at <a href="http://louisiana.gov/Government/">http://louisiana.gov/Government/</a> and <a href="http://louisiana.gov/">http://louisiana.gov/</a></p>		
<p>d) Does the Grantee have standards to make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services as stated in §200.321, <i>Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms?</i> [2 CFR 200.509(a)]</p>	<p><input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p><b>Provide Cross-Reference to Standards:</b> The Louisiana Legislative Auditor is required by statute (RS 24.513) to audit the financial statements of individual state agencies, departments, boards, and commissions that are included within the state's Comprehensive Annual Financial Report (CAFR). See RS 24.513 at <a href="http://www.legis.la.gov/Legis/Law.aspx?d=84127">http://www.legis.la.gov/Legis/Law.aspx?d=84127</a>. The responsible party is the Louisiana Legislative Auditor.</p> <p>The State does not procure an auditor because the Louisiana Legislative Auditors (LLA) is required to conduct the audit by law as noted in the response. However, independence is maintained and thereby reducing the chance for conflict since the powers of government of the state are divided into three separate branches: legislative, executive, and judicial. While OCD-DRU comes under the Executive Branch of the government, the LLA comes under the Legislative Branch. See the explanation and government organization charts at <a href="http://louisiana.gov/Government/">http://louisiana.gov/Government/</a> and <a href="http://louisiana.gov/">http://louisiana.gov/</a></p>		

21.

	Grantee	HUD
<p>Does the Grantee have standards for the auditee prepare financial statements, including the schedule of expenditures of Federal awards, required by 2 CFR 200.510? [2 CFR 200.508(b)]</p>	<p><input checked="" type="checkbox"/> Yes    <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p><b>Provide Cross-Reference to Standards:</b> This Office of Finance and Support Services (OFSS) prepares the Annual Financial Report (AFR) using the instructions outlined by the Office of State Reporting and Accounting Policy (OSRAP) who is responsible for producing the Consolidated Annual Financial Report (CAFR). See OSRAP website for instructions for completing the AFR at <a href="http://www.doa.la.gov/Pages/OSRAP/afrpackets.aspx">http://www.doa.la.gov/Pages/OSRAP/afrpackets.aspx</a>. The responsible party is OSRAP.</p>		

22.

	Grantee	HUD
Does the Grantee have standards to promptly follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with 2 CFR 200.511(b) and 2 CFR 200.511(c), respectively? [2 CFR 200.303(d) and 2 CFR 200.508(c)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Provide Cross-Reference to Standards:</b> The Office of State Reporting and Accounting Policy (OSRAP) is responsible for producing the Consolidated Annual Financial Report (CAFR). Their procedures include implementation of corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan. See SEFA Instructions at <a href="http://www.doa.la.gov/Pages/OSRAP/afrpackets.aspx">http://www.doa.la.gov/Pages/OSRAP/afrpackets.aspx</a>. The responsible party is OSRAP.</p>		

23.

	Grantee	HUD
Does the Grantee have a system to electronically submit to the Federal Audit Clearinghouse the data collection form described in 2 CFR 200.512(b) and reporting package described in 2 CFR 200.512(c) within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period? [2 CFR 200.512(a) and (d)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Describe Basis for Conclusion:</b> The Office of State Reporting and Accounting Policy (OSRAP) is responsible for producing the Consolidated Annual Financial Report (CAFR). The Louisiana Legislative Auditors (LLA) is responsible for producing the Single Audit. Both OSRAP and the LLA in conjunction with the Commissioner's office will electronically submit to the Federal Audit Clearinghouse the data collection form. The responsible parity is both the LLA and OSRAP.</p> <p>See Appendix O, labeled the "Office of Statewide Reporting and Accounting Policy (OSRAP) Policy of Annual Submission of Single Audit Data Collection Form to the Federal Audit Clearinghouse". This is a draft policy and upon completion will be forwarded to HUD.</p>		

24.

	Grantee	HUD
a) Does the Grantee have standards to inform subrecipients of the 2 CFR part 200, Subpart F audit requirements at the time of the subaward? [2 CFR 200.331(a)(2)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

<p><b>Provide Cross-Reference to Standards:</b> Each subrecipient is provided a copy of the Admin Manual at or before the subaward, which list the audit requirements in section 5.11 which can be found at the link <a href="http://www.doa.la.gov/Pages/ocd-dru/DRAdminManual.aspx">http://www.doa.la.gov/Pages/ocd-dru/DRAdminManual.aspx</a>. Also, OCD-DRU sends out a notification letter to each subrecipient thirty days prior to their fiscal year-end notifying them of their responsibility to comply with 2 CFR 200. See <b>Appendix D</b>, OCD-DRU Subrecipient Monitoring Procedures Audit Requirements, Section 8 titled “Metastorm” subsection “Notification Letters”. The responsible party is the Audit Manager.</p>		
<p>b) Does the Grantee have standards to verify that every subrecipient is audited, as required by Subpart F, when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the \$750,000 expenditure threshold? [2 CFR 200.331(f)]</p>	<p><input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes   <input type="checkbox"/> No</p>
<p><b>Provide Cross-Reference to Standards:</b> OCD-DRU sends out a notification letter to each subrecipient thirty days prior to their fiscal year-end notifying them of their responsibility to comply with 2 CFR 200. In addition, OCD-DRU send out delinquent letters to those subrecipients that have not submitted their audits timely. See <b>Appendix D</b>, OCD-DRU Subrecipient Monitoring Procedures Audit Requirements, Section 8 titled “Metastorm” subsection “Notification Letters”. The responsible party is the Audit Manager.</p> <p>In addition, the Louisiana Legislative Auditors maintains a database of all audits received and reviewed by them. If the audit has not been received within six months of its fiscal yearend, the LLA notifies the sub-recipient that they are placed on the non-compliant list which automatically triggers a stop of all payments to that entity until such time as the sub-recipient is removed from the non-compliant list by the LLA. See the LLA website at <a href="https://www.la.gov/reports_data/NonCompliance/">https://www.la.gov/reports_data/NonCompliance/</a>. The responsible party is the Louisiana Legislative Auditor.</p>		
<p>c) Does the Grantee have standards to ensure that the subrecipients take timely and appropriate action on all deficiencies pertaining to HUD awards it provided to subrecipients that were detected through audits, on-site reviews and other means? [2 CFR 200.331(d)(2)]</p>	<p><input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes   <input type="checkbox"/> No</p>
<p><b>Provide Cross-Reference to Standards:</b> The subrecipient must send a written Corrective Action Plan (CAP) to the Audit Section within 30 days, indicating how the findings(s) will be addressed (if a copy of the CAP was not included with the submission of the audit). See <b>Appendix D</b>, OCD-DRU Subrecipient Monitoring Procedures Audit Requirements, Section 6 titled “Oversight Responsibilities”. The responsible party is the Audit Manager.</p> <p>The Compliance Section also produces Monitoring Reports which require each subrecipient to submit a written response to clear and Findings and/or Concerns within 30 days of the receipt of the report. The responsible party is the Compliance Manager.</p>		
<p>d) Does the Grantee have standards to issue a management decision for audit findings that relate to HUD awards that it makes to subrecipients?</p>	<p><input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes   <input type="checkbox"/> No</p>

[2 CFR 200.331(d)(3)]		
<p><b>Provide Cross-Reference to Standards:</b> Within six months of the date that the Single Audit is received, a Management Decision must be issued to the audited entity for all deficiencies pertaining to HUD awards it provided to subrecipients that were detected through the audit. See <b>Appendix D</b>, OCD-DRU Subrecipient Monitoring Procedures Audit Requirements, Section 6 titled “Oversight Responsibilities”. The responsible party is the Audit Manager.</p>		

25.

	Grantee	HUD
<p>Does the Grantee have standards to ensure that the HUD award is charged no more than a reasonably proportionate share of the costs of audits required by, and performed in accordance with 2 CFR part 200, Subpart F? [2 CFR 200.425(a)]</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Provide Cross-Reference to Standards:</b> OCD-DRU has standards to ensure the portion of the total Single Audit cost which can be charged to the Disaster Recovery CDBG program. The standards can be found in the Disaster Recovery CDBG Grantee Administrative Manual, Section 5 titled Financial Management, subsection 11.3 “Audit Costs”. See the Admin Manual at <a href="http://www.doa.la.gov/OCDDRU/Administration%20Manual/Section_5/Section5_v3.65.pdf">http://www.doa.la.gov/OCDDRU/Administration%20Manual/Section_5/Section5_v3.65.pdf</a>. The responsible party is the Finance Manager.</p>		

26.

<p>When a auditee expends Federal awards under only one Federal program and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with §200.507, <i>Program-specific audits</i>. When a program-specific audit is elected for a HUD program, the auditee and auditor must have basically the same responsibilities for the Federal program as they would have for an audit of a major program in a single audit. Answer the following questions only if the Grantee has elected to have a previous program-specific audit performed.</p>		
	Grantee	HUD
<p>a) Does the Grantee have standards to ensure the auditee prepared the financial statement(s) for the HUD program that includes, at a minimum, a schedule of expenditures of Federal awards for the program and notes that describe the significant accounting policies used in preparing the schedule, a summary schedule of prior audit findings consistent with the requirements of 2 CFR 200.511(b), and a corrective action plan consistent with the requirements of 2 CFR 200.511(c)? [2 CFR 200.507(b)]</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

<b>Provide Cross-Reference to Standards:</b> OCD-DRU does not anticipate conducting a Program Specific Audit.				
b) Does the Grantee have a system to electronically submit to the Federal Audit Clearinghouse the reporting package required by 2 CFR 200.507(c)(3) and the data collection form prepared in accordance with 2 CFR 200.512(b) within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period? [2 CFR 200.507(c)]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	Yes	No
<b>Describe Basis for Conclusion:</b> OCD-DRU does not anticipate conducting a Program Specific Audit.				