



Handbook 1840.1 Rev-3

U.S. Department of Housing and Urban Development
Office of the Chief Financial Officer

Departmental Staff

February 1999

Departmental Management Control Program

1. This Transmits:

Handbook 1840.1 REV-3, Departmental Management Control Program Handbook.

2. Explanation of Material Transmitted:

This Handbook is a revision of the Departmental Management Control Handbook, 1840.1 REV-2, dated September 30, 1992. The previous Handbook has been updated to reflect current OMB terminology and guidance regarding implementation of the Federal Managers' Financial Integrity Act of 1982 and its implementing Circulars, A-123 and A-127. It is not intended to provide hands-on procedures. The purpose of this handbook is to provide policy and general guidance for this program's implementation within the Department.

3. Significant Changes:

- Revisions reflect HUD's current organization and related management responsibilities.
- Reinforces a mandatory requirement that a Front-End Risk Assessment (FERA) be performed on any new program with a funding level totaling \$10 million or more and on any substantially revised program or administrative function where the revision results in an increase or loss that is greater than \$10 million and is equal to a change of 5 percent in the budget line item. Also, reinforces that certain exhibits and a certification be submitted to the Chief Financial Officer documenting the results of the FERA review process.
- Provides a risk assessment form that field and headquarters managers and supervisors will complete to provide reasonable assurance certification for the annual Federal Managers' Financial Integrity Act (FMFIA) process.

4. Cancellations:

This Handbook cancels Handbook 1840.1 REV-2, Departmental Management Control Program Handbook dated September, 1992.

5. Filing Instructions:

Remove:
Handbook 1840.1 REV-2
dated April 1992

Insert:
Handbook 1840.1 REV-3
dated February 1999

FOREWORD

SCOPE

This manual provides policies, procedures and guidance for carrying out an effective management control process within the Department. It is organized in three parts:

- Chapters 1 through 6 provide guidance for operation of the Department's Management Control Program. Under this program, managers will implement policies, procedures and controls to manage risks for existing programs and activities.
- Chapter 7 provides an overview of risk based monitoring concepts for carrying out program oversight responsibilities.
- Chapter 8 describes the process for conducting Front End Risk Assessments (FERAs) on new or substantially revised programs or administrative functions. FERAs are reviews by program management that document actions required to reduce potential risks.

POLICY

Management control is an on-going process requiring managers to evaluate their programs and establish appropriate controls to ensure that HUD programs and activities are efficiently and effectively managed; protect against fraud, waste and abuse; and follow applicable laws and regulations. The Department will maximize its use of available resources by incorporating risk management concepts and strategies in the conduct of all programs and activities.

RESPONSIBILITY

Implementation of the provisions contained in this handbook requires involvement by managers at all levels of the Department. In managing programs and activities, managers will:

- Identify all risks that may prevent accomplishing program goals and objectives;
- Assess the severity of the risks;
- Implement policies and procedures for controlling the risks;
- Allocate available program resources to effectively manage the risks in a timely manner; and
- Provide objective and timely reporting on the status of the risks.

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