



— OFFICE *of* —
INSPECTOR GENERAL

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UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

OFFICE OF INSPECTOR GENERAL

U.S. Department of Housing and Urban Development

SEMIANNUAL REPORT TO CONGRESS

For the period April 1, 2022, to September 30, 2022



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PROFILE *of* PERFORMANCE

For the period April 1, 2022, to
September 30, 2022

¹ Includes employee actions (reprimands, suspensions, demotions, or terminations of the employees of Federal, State or local governments or of Federal contractors and grantees as the result of OIG activities) and limited denials of participation

AUDIT RESULTS

	This Reporting Period	Fiscal Year 2022
Recommended funds put to better use	\$131,396,220	\$7,075,520,237
Questioned costs	\$5,544,208	\$11,969,302
Collections from audits	\$11,295,572	\$18,130,811
Administrative sanctions	1	2
Civil actions	0	0
Subpoenas	0	1
Personnel actions	0	0

INVESTIGATIVE RESULTS

	This Reporting Period	Fiscal Year 2022
Total restitutions and judgments	\$19,687,745	\$40,503,582
Total recoveries and receivables to HUD programs	\$7,578,993	\$10,695,971
Arrests	27	62
Indictments and informations	45	96
Convictions, pleas, and pretrial diversions	47	96
Civil actions	9	23
Total administrative sanctions	11	34
Suspensions	0	7
Debarments	2	7
Program or professional license-certification	3	4
Evictions	2	3
Other ¹	4	13
Search warrants	24	37
Subpoenas	310	665



A MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to submit the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) Semiannual Report to Congress, which covers the period April 1, 2022, through September 30, 2022. My office has continued to focus our independent audits, evaluations, and investigations on the most pressing issues facing HUD. We understand the need to do the right work at the right time and remain steadfast in holding ourselves and the Department accountable for protecting the integrity of taxpayer-funded programs and those who rely on HUD's programs for their critical housing needs.

We have taken a forward leaning approach towards helping HUD achieve its mission of providing housing that is decent, safe, sanitary, and in good repair. During this semiannual reporting period, we have focused our resources on developing high impact oversight projects directed at protecting HUD beneficiaries from health and safety hazards in HUD-assisted housing.

Our Office of Evaluations produced [Risk Indicators of Lead-Based Paint Hazards in Public Housing Agencies](#), identifying nine indicators of potential risk for lead-based paint hazards in HUD-assisted housing, five of which had not been included in HUD's current list of risk indicators. Further, applying these nine risk indicators, the report identified five HUD regions and six states within those regions with the most potential of having PHAs with lead-based paint hazards. We produced this report to HUD as a resource in its efforts to reduce lead hazards for its beneficiaries.

Further, we have initiated and are carrying out multiple oversight projects directed at addressing and improving health and safety conditions for HUD beneficiaries, to include:

- [Philadelphia Housing Authority Management of Lead Based Paint in Public Housing](#)
- [HUD's Oversight of the Physical Conditions of PBRA and FHA-insured PBV Units Converted Under the RAD Program](#)
- [Carbon-Monoxide in HUD-Assisted Housing](#)
- [HUD's Oversight of the Physical Conditions of Public Housing Agencies' Developments](#)
- [HUD's Processes for Addressing Cases of Children Residing in Public Housing with Elevated Blood Lead Levels](#)

Finally, in early October, we issued two more work products aimed at protecting HUD beneficiaries from lead hazards: A [Management Alert](#) to notify HUD of significant gaps in its program that pose a risk to HUD beneficiaries, and an audit report regarding [HUD's Oversight of Lead-Based Paint Hazard Remediation in Public Housing](#). Our goal through this robust oversight is to help HUD ensure that the laws and regulations that are in place to protect HUD beneficiaries are followed so that our vulnerable communities who rely on HUD assistance are afforded safe and decent living conditions.

Recognizing the need to understand these and other challenges, during this reporting period, we have proactively engaged in listening sessions with industry groups, Congress, HUD, and other stakeholders. Our goal was to better understand HUD's capacity and resource limitations, which impact its ability to efficiently administer its programs; barriers HUD stakeholders face in obtaining and administering HUD program funds, including disaster relief; and external factors that impact HUD's goal of identifying a sufficient supply of decent and affordable housing. These listening sessions have been instrumental in helping to inform our upcoming FY 2023 Top Management Challenges report and strengthen our oversight capabilities around emerging issues facing HUD.

In addition, we developed and issued our inaugural Priority Open Recommendations Report, which identifies approximately 25 priority open recommendations directly linked to seven key challenges identified in our FY 2022 Top Management Challenges Report, including eliminating hazards in HUD-assisted housing, administering disaster relief, ensuring access to and availability of affordable housing, and fraud risk management. We issued this product to assist HUD in directing its limited resources towards resolving open recommendations likely to have the highest impact on addressing its most significant challenges. We recognize the progress HUD has made in many of these priority areas.

Notably, after receiving our draft report, HUD closed all three of our open recommendations concerning contaminated sites. We commend HUD for its steadfast commitment towards addressing its top management challenges and look forward to continuing to work with the Department to address its remaining open recommendations.

Our team continues to actively collaborate with the Pandemic Response Accountability Committee (PRAC). We recognize that it is our joint responsibility to help protect the billions of dollars in taxpayer funds appropriated by Congress to support families and communities throughout the country impacted by the pandemic. This semiannual period, our office collaborated with the PRAC to develop a [Fraud Risk Inventory for the Tenant- and Project-Based Rental Assistance, HOME, and Operating Fund Programs' CARES and ARP Act Funds](#). This report identified six overall, and three program-specific, fraud risk factors, and an inventory of 66 potential fraud schemes that HUD had not previously identified for funds appropriated by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and American Rescue Plan (ARP). These fraud schemes could be used to misappropriate emergency funds and divert them from the intended beneficiaries. We recommended that HUD use the identified fraud risk factors and inventory of potential fraud risk schemes to enhance its fraud risk assessments to increase HUD's ability to safeguard its CARES and ARP Act funds from fraud and ensure funds are used as intended by Congress.

Also, in partnership with state, local and Federal law enforcement partners, our Office of Investigation has continued to focus on holding accountable bad actors who seek to exploit HUD programs and its beneficiaries. For example, a joint investigation resulted in \$10 million in restitution, of which over \$6 million is payable to the Federal Housing Administration, and the conviction and incarceration of three real estate professionals for bank fraud involving falsified mortgage loan applications. In a separate HUD OIG

investigation, a landlord and owner of over 90 Housing Choice Voucher Program properties and a management company entered into a \$430,000 False Claims Act settlement with the United States to resolve allegations that they charged HUD-assisted tenants higher rents for Housing Choice Voucher-funded units compared to non-HUD assisted units, in violation of their contract with HUD.

HUD beneficiaries deserve to be protected from fraud, misconduct, and criminal activities that impact their health, safety, and access to affordable housing. My office is working with HUD to protect its program funds and beneficiaries from fraud and provide proactive [Outreach](#) towards fraud prevention, protection of recipients, and education about how to report fraud, waste and abuse, and health and safety violations through our [Hotline](#). We also recognize the critical role that whistleblowers play in our ability to protect HUD programs, stakeholders, and beneficiaries and are seeking ways to enhance our ability to reach those in the best position to help us conduct the most impactful oversight.

In closing, I want to thank our HUD OIG staff for their commitment, engagement, and influential oversight. It is my privilege to work alongside this dedicated group of professionals.



Inspector General
Rae Oliver Davis

SNAPSHOT

In accordance with our 2022-2026 Strategic Plan, OIG seeks to influence positive outcomes for HUD programs and operations through timely and relevant oversight, and optimize HUD's program success by combating fraud, waste, abuse, and mismanagement. During this semiannual reporting period we conducted oversight work intended to protect HUD's most vulnerable beneficiaries from lead hazards, such as Risk Indicators of Lead-Based Paint Hazards in Public Housing Agencies, and protect HUD's emergency funding from fraud, such as Fraud Risk Inventory for the Tenant- and Project-Based Rental Assistance, HOME, and Operating Fund Programs' CARES and ARP Act Funds. Further, to assist HUD with addressing its FY 2022 Top Management Challenges, during this semiannual reporting period, OIG issued a Priority Open Recommendations Report highlighting the most significant open recommendations, which, if implemented, will have the greatest impact on helping HUD achieve its mission to create strong, sustainable, inclusive communities and quality affordable homes for all.

Priority Open Recommendations

OIG issued its inaugural Priority Open Recommendations report to highlight those open recommendations that, if implemented, will have the greatest impact in helping HUD achieve its mission to create strong, sustainable, and inclusive communities and quality affordable homes for all.

The priority open recommendations fall within several categories that OIG identified in its [FY 2022 Top Management Challenges](#), highlighting key outstanding recommendations in the following areas:

- Eliminating hazards in HUD-assisted housing

- Ensuring access to affordable housing
- Administering disaster recovery
- Protecting the mortgage insurance fund
- Managing information technology
- Managing human capital
- Fraud risk management

OIG recognizes the progress HUD has made in many of these areas along with HUD's steadfast commitment to improve its programs and operations. OIG will continue to monitor HUD's progress and assist HUD's leadership as they work to resolve and implement OIG's priority recommendations.

Permanent Authorization of the Community Development Block Grant – Disaster Recovery (CDBG-DR) program

The Community Development Block Grant – Disaster Recovery (CDBG-DR) grant funds are not provided under a program codified in the Code of Federal Regulations (CFR). Instead, HUD must issue Federal Register notices with additional, disaster-specific program requirements and waivers for each supplemental appropriation. With each newly issued Federal Register notice, grantees must navigate the various preceding notices, consider their communities' pressing unmet needs, and develop a program that navigates both. These steps are expected to be completed during a time of great uncertainty, given that personnel, operations, and infrastructure may have been impacted following a disaster.

OIG and GAO have issued multiple oversight reports with recommendations to ensure HUD's disaster recovery funding reaches vulnerable communities quickly. OIG has recommended that HUD codify

the CDBG-DR program through regulations to simplify and standardize the process, and more recently, that HUD pursue codification of the CDBG-DR program through regulations or, if necessary, legislative action. HUD has maintained that it does not have the statutory authority to codify the CDBG-DR program through the regulatory process. However, HUD has taken consistent, meaningful steps to address OIG's recommendations to pursue codification through legislative action. Secretary Fudge and former Secretary Carson have both expressed public support for codification in testimony before Committees of Congress. HUD's Fiscal Year 2023 Congressional Budget Justification expressly supports Congressional authorization of the CDBG-DR program, noting:

“Permanent authorization of CDBG-DR would improve the transparency and predictability of CDBG-DR funds made available to impacted communities. Permanent authorization would also require HUD to establish consistent regulatory requirements for CDBG-DR across all future disasters, eliminating the current practice of establishing new requirements in response to each supplemental appropriation of CDBG-DR funds.”

HUD has maintained that it needs statutory authority to codify the CDBG-DR program, and is seeking that authority from Congress. Bipartisan, bicameral Congressional support for codification has resulted in bills such as the House and Senate versions of The Reforming Disaster Recovery Act, which are responsive to OIG's recommendations.

Legislation codifying the CDBG-DR program would streamline, reform, and inject greater fiscal responsibility into the program, while also mitigating funding lags and duplicative requirements. OIG believes Congressional efforts to codify the CDBG-DR program will help HUD meet its mission of timely serving communities struck by natural disasters with critical housing assistance.

[Risk Indicators of Lead-Based Paint Hazards in Public Housing Agencies](#)

OIG conducted an evaluation of HUD's oversight and monitoring of lead-based paint hazards in public housing due to the significant challenges HUD faces in controlling and addressing lead-related hazards. This year, OIG identified “eliminating hazards in HUD-assisted housing” as a HUD top management challenge. Using the best available data collected from both HUD and external sources, OIG identified nine indicators of potential risk for lead-based paint hazards in public housing. Based on the analysis of these nine risk indicators, OIG identified five HUD regions and six States within those regions that have the greatest potential risk of having public housing agencies (PHA) with lead-based paint hazards. The evaluation found that HUD's Office of Public and Indian Housing (PIH) and Office of Lead Hazard Control and Healthy Homes (OLHCHH) collaborate on lead hazard work, with PIH responsible for oversight of PHA compliance and OLHCHH is responsible for writing policy and providing guidance. As of March 2022, HUD's Real Estate Assessment Center, an office within PIH, was establishing the Environmental Shared Services office (ESS) to improve its risk assessment and inspection capabilities for health and safety hazards, including lead-based paint hazards. ESS will provide insight into potential and existing environmental hazards, compliance issues, and data gaps to improve HUD's decision making, resource allocation, and hazard management strategies. As part of its strategy, ESS will rank risks related to four environmental hazards—carbon monoxide, mold, lead, and radon. ESS identified five indicators for its lead risk ranking. The report did not include any recommendations; however, OIG concluded that the results of the analysis may be helpful to HUD, as the report identifies risk indicators, which could prove useful as ESS continues to identify risk factors and develop its risk-ranking approach.

Fraud Risk Inventory for the Tenant- and Project-Based Rental Assistance, HOME, and Operating Fund Programs' CARES and ARP Act Funds

In coordination with the Pandemic Response Accountability Committee, OIG conducted an audit to identify potential fraud schemes that could affect HUD's pandemic funds. OIG reviewed the funds appropriated by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan (ARP) Act for the Tenant-Based Rental Assistance (TBRA), Project-Based Rental Assistance (PBRA), HOME Investment Partnerships, and Public Housing Operating Fund programs to identify the fraud risks and potential fraud schemes that these programs face when delivering services to the public. OIG's objective was to develop an inventory of fraud risks that HUD had not previously identified for the funds appropriated by the CARES and ARP Acts for the TBRA, PBRA, HOME, and Operating Fund programs. OIG identified six overall and three program-specific fraud risk factors that increase the chance of fraud occurring based on an individual's increased incentive, opportunity, and likelihood to commit fraud. OIG used these fraud risk factors, along with the results of brainstorming sessions; interviews; and reviews of audit reports, investigations, and press releases from OIG and other agencies, to develop an inventory of 66 potential fraud schemes that HUD had not previously identified. OIG recommended that HUD use the identified fraud risk factors and inventory of potential fraud risk schemes to enhance its fraud risk assessments, which will increase HUD's ability to safeguard its CARES and ARP Act funds from fraud and ensure that the funds are used for their intended beneficiaries.

Real Estate Professionals Sentenced to More Than 14 Years Incarceration and More Than \$10 Million in Restitution

Three real estate professionals were collectively sentenced in U.S. District Court to more than 14 years' incarceration and 15 years supervised

release, and ordered to pay jointly and severally more than \$10 million in restitution, of which more than \$6 million is payable to the Federal Housing Administration (FHA). For more than 3 years, the conspirators recruited buyers to purchase multiunit residential properties owned by a business entity controlled by one of the subjects and used false information about the buyers' assets and income to support fraudulent mortgage loan applications to a mortgage company. They falsified the buyers' loan applications by falsely increasing assets. They then transferred cash from the business entity's and others' accounts to the buyers' bank accounts and falsified documents to hide the transfers. After the loans were approved, the conspirators returned the funds to the business entity. When the transactions were closed, the conspirators defrauded the mortgage company by hiding that the business entity and others, not the buyers, had provided the cash to close the transactions. Ultimately, the buyers were not able to repay the loans, which resulted in losses to several financial institutions and FHA.

Housing Choice Voucher Program Landlord Agrees to Pay \$430,000 to Settle False Claims Act Allegations of Collecting Excess Rent

A landlord and owner of more than 90 Housing Choice Voucher (HCV) Program properties and a Management company entered into a \$430,000 settlement agreement with the United States to resolve allegations that they violated the False Claims Act when they charged tenants higher rents for HCV Program-funded units compared to non-HUD-assisted units in violation of their contract with HUD.

SNAPSHOT

The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) oversight work results in recommendations for improvements in HUD's programs and operations. This section highlights the connections between OIG's work and its positive impact on HUD's programs, operations, mission, and beneficiaries. While there are many factors that may cause programmatic change, OIG's reviews and other work often play a significant role. This section draws attention to recommendations that have been closed during this semiannual reporting period which made a positive impact on HUD's mission and operations, as well as OIG's proactive efforts to educate its stakeholders and help prevent and detect fraud, waste, and abuse.

Recommendations Related to Contaminated Sites

During this semiannual reporting period, OIG issued a [Priority Open Recommendations Report](#) to highlight several open recommendations that, if implemented, will have the greatest impact on helping HUD achieve its mission to create strong, sustainable, inclusive communities and quality affordable homes for all. The recommendations were linked to OIG's [FY 2022 Management Challenges Report](#), which identified several key challenges HUD faces with eliminating hazards in HUD-Assisted Housing.

Previously, OIG expressed its concerns around public housing properties located near contaminated sites, including superfund sites, which are areas contaminated by hazardous waste that was dumped, left out in the open,

or at risk of being improperly managed. These sites include manufacturing facilities, processing plants, landfills, and mining sites. A February 2021 OIG report, [Contaminated Sites Pose Potential Health Risks to Residents at HUD-Funded Properties](#), recommended that HUD develop and implement strategies to research properties and to determine whether the proximity to site contamination should be considered in future environmental reviews and then monitor those reviews.

OIG is pleased to share that during this semiannual reporting period, while circulating the draft of its priority open recommendations report, HUD's Office of Public and Indian Housing and Office of Multifamily took action to close three of OIG's recommendations:

Recommendation 1:

Develop and implement a strategy to review Multifamily-funded properties with potential contamination to determine whether site contamination should be considered in future environmental reviews.

Recommendation 3:

Develop and implement a strategy to review PIH-funded properties with potential contamination to determine whether site contamination should be considered in future environmental reviews.

Recommendation 4:

Monitor environmental reviews of PIH-funded properties with potential contamination

Both program offices collaborated with the U.S. Environmental Protection Agency to improve the accuracy of the contaminated sites proximity analysis, allowing them to better identify which HUD-funded properties

had the greatest potential for exposure to site contaminants. Their efforts resulted in the identification of 40 superfund sites that had HUD-funded properties within the site boundaries and did not have human exposure under control. Since that point, HUD has facilitated getting EPA access to those HUD-funded properties to collect samples and, if determined necessary, will collaborate with EPA to facilitate cleanup.

Recommendations Related to Hiring

During the month of July, HUD OIG closed three recommendations from the August 2021 Report, [Opportunities Exist To Improve the U.S. Department of Housing and Urban Development's Hiring Process](#), that pertained to the top management challenge of Human Capital Management. The recommendations closed included, standardize position descriptions and job Analyses for mission-critical occupations, High-Risk Occupations, and Positions with High-Volume Staffing Needs; Develop and Share Best practices with HUD's program offices on how hiring managers can execute hiring process responsibilities to meet timeliness goals; and develop and implement regular training for process owners on the hiring process.

Recommendations to HUD to Include Warnings and Certifications

Pursuant to section 4(a) of the Inspector General Act, as amended, 5 U.S.C. App., OIG is responsible for providing policy direction for HUD's programs and operations, recommending policies to promote economy and efficiency in the administration of, and preventing and detecting fraud and abuse in HUD's programs and operations, to include the identification and prosecution of participants in such fraud or abuse. HUD OIG regularly makes recommendations to HUD to include standard warnings and certifications in its policies and forms to protect HUD's programs from fraud. Clear warnings on HUD documents put fraudsters on notice that there can be serious criminal, civil, and administrative consequences to their actions to help discourage fraud. Certifications of

accuracy and truthfulness under penalty of perjury, as well as warnings, play an important role in promoting accountability and enabling effective prosecution of those who commit fraud.

Based on the above, OIG recommended that HUD include the following language in multiple policies that we reviewed in this semiannual period:

"I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct."

WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802)."

HUD has been receptive to these recommendations and has accepted and incorporated OIG's recommended warning and certification language in several of its policies as set forth in this report, under "Legislation, Regulations, and other Directives."

Fraud Bulletins

As highlighted OIG's [2022-2026 Strategic Plan](#), a key goal for OIG is to optimize HUD's program success by combatting fraud, waste, abuse, and mismanagement with the specific objectives to improve and expand OIG's outreach and keep the public informed about red flags and common fraud schemes.

OIG develops fraud bulletins to protect HUD beneficiaries and the public from criminal schemes that misuse HUD's name and programs to victimize HUD's stakeholders, to encourage the public to report fraud, and to share information about the OIG's hotline and other available resources.

During this semiannual reporting period, OIG issued the following two fraud bulletins:

Section 8 Housing Voucher Fraud Scheme Bulletin

This bulletin advises the public about fraud schemes involving HUD's Section 8 Voucher program, which is the Federal Government's major program for assisting very low-income families, the elderly, and the disabled afford decent, safe, and sanitary housing in the private market. Section 8 vouchers are administered locally by public housing agencies (PHAs) who receive Federal funding from HUD to administer the voucher program.

This fraud bulletin shares red flags for Section 8 fraud schemes in which fraudsters falsely claim to be owners of legitimate participating properties, such as "property owners" who want to communicate only by personal email, require an application fee, or demand payment through third parties, such as a cash app.

Mortgage Loan Modification Fraud Bulletin

This bulletin provides information about scammers who falsely claim to be from a mortgagee's mortgage company and reach out to offer mortgage loan modifications, which are meant to take money by making false promises of saving victims from foreclosure.

Mortgage loan modification scammers target the most vulnerable and struggling homeowners, which are often senior citizens. The fraudsters may offer lower mortgage rates using phony loan modifications, and sometimes threaten foreclosure if the borrower does not agree to the loan modification. Victims then send their mortgage payments to the fraudsters, believing they are paying their actual mortgage companies. In a recent related investigation, over 1,000 victims lost approximately \$3.8 million to this scheme.

This fraud bulletin shares red flags and provides multiple resources for individuals who are facing potential foreclosure or who feel that they have been the victim of a mortgage loan modification scheme.

HUD OIG Outreach

Over the past several years, OIG has successfully partnered with HUD, the Department of Justice, and other entities to provide anti-fraud training to grantees, subrecipients, and contractors, primarily for the Community Development Block Grant – Disaster Recovery program. This ongoing training identifies potential fraud schemes; provides resources for preventing, detecting, and reporting fraud; and outlines the consequences for committing fraud.

During this semiannual reporting period, OIG's Disaster Grantee Fraud Training became a National Association of State Boards of Accountancy certified and sponsored training. Further, HUD OIG, the Department of Justice, and other entities offered Disaster Fraud training to the Virgin Island Housing Finance Authority, Government of Puerto Rico Office of Inspector General, and the State of Alaska.



HOUSING

The Office of Housing plays a vital role for the Nation's home buyers, homeowners, renters, and communities through its nationally administered programs. It includes the Offices of Single Family Housing and Multifamily Housing Programs and the Federal Housing Administration (FHA), the largest mortgage insurer in the world. FHA single-family programs provide mortgage insurance to mortgage lenders that, in turn, provide financing that enables individuals and families to purchase, rehabilitate, or construct homes. The Office of Multifamily Housing Programs' mortgage insurance programs facilitate the construction, substantial rehabilitation, purchase, and refinancing of multifamily properties. The office also administers subsidized housing programs that provide rental assistance to low-income families, the elderly, and those with disabilities, as well as the preservation of assisted affordable housing.

INVESTIGATION



9

**ADMINISTRATIVE-
CIVIL ACTIONS**



24

**CONVICTIONS-PLEAS-
PRETRIAL DIVERSIONS**



\$16,738,137

FINANCIAL RECOVERIES

Office of Investigation

Real Estate Professionals Sentenced to More Than 14 Years Incarceration and More Than \$10 Million in Restitution

Three real estate professionals were collectively sentenced in U.S. District Court to more than 14 years incarceration and 15 years supervised release and ordered to pay jointly and severally more than \$10 million in restitution, of which more than \$6 million is payable to FHA. Subject 1 was ordered to pay more than \$10 million in restitution, of which more than \$981,000 was to be paid jointly and severally with subjects 2 and 3. Subject 1 was sentenced in connection with an earlier guilty plea to bank fraud and securities fraud, and subjects 2 and 3 were sentenced in connection with their earlier guilty pleas to bank fraud. For more than 3 years, the conspirators recruited buyers to purchase multiunit residential properties owned by a business entity controlled by subject 1. The conspirators used false information about the buyers' assets and income to support fraudulent mortgage loan applications to a mortgage company. They falsified the buyers' loan applications by falsely increasing assets. They then transferred cash from the business entity's and others' accounts to the buyers' bank accounts and falsified documents to hide the transfers. After the loans were approved, the conspirators returned the funds to the business entity. When the transactions were closed, the conspirators defrauded the mortgage company by hiding that the business entity and others, not the buyers, had provided the cash to close the transactions. Ultimately, the buyers were not able to repay the loans, which resulted in losses to several financial institutions and FHA. Additionally, for nearly 1 year, subject 1 deceived an individual into investing in subject 1's real estate companies. Subject 1 told the victim that subject 1 would invest money in companies that subject 1 owned and that were in the business of buying foreclosed-on homes, renovating the homes, and then reselling the properties. Subject 1 falsely promised the victim a 12 percent return on investment and \$10,000 each time one

of subject 1's companies sold a property. The U.S. Department of Housing and Urban Development (HUD OIG), FHFA OIG, and the Federal Bureau of Investigation conducted this investigation.

(New Jersey)

Money Mules Ordered To Pay More Than \$1.2 Million in Restitution

Money mules John Fuss, Jeremy Christopher, Tracey Brookshier, Mary Booth, Ronnie Booth, and Perry Crenshaw were collectively sentenced in U.S. District Court to 64 months incarceration, 6 years supervised release, and 13 years probation and ordered to pay more than \$1.2 million in restitution to various victims. Ronnie Booth, Mary Booth, and Brookshier were sentenced in connection with their earlier guilty pleas to aiding and abetting the operation of an unlicensed money-transmitting business. Fuss, Jones, and Crenshaw were sentenced in connection with their earlier guilty pleas to conspiracy to commit money laundering. For more than 7 years, the conspirators participated in a money-laundering operation involving multiple fraud schemes in which victims were instructed to send funds to the conspirators through intimidation or the promise of receiving a service or product in return. Victims of the mortgage modification scheme included FHA-insured borrowers, who were solicited by individuals purporting to be with the victims' mortgage companies and falsely promised lower interest rates and monthly mortgage payments. More than 1,000 victims were impacted by the various schemes. HUD OIG, The U.S. Secret Service, Internal Revenue Service Criminal Investigation, and U.S. Department of the Treasury's Inspector General for Tax Administration conducted this investigation.

(Tyler, TX)

Direct Endorsement Lender Agrees To Pay More Than \$1 Million To Resolve False Claims Act Violations

American Financial Network, an FHA direct endorsement lender, entered into a settlement agreement with the United States to resolve allegations that the company approved mortgages that did not meet FHA requirements. American Financial Network agreed to pay more than \$1 million, of which \$518,572 is payable to FHA. For nearly 8 years, American Financial Network knowingly failed to perform required quality control reviews and approved loans that did not qualify for FHA insurance. HUD OIG conducted this investigation.

(Spokane, WA)

Conspiracy To Undervalue Broker Price Opinions Results in 24 Months Incarceration

Stacy Hall, a real estate agent, and David Litman, a business owner and real estate investor, were collectively sentenced in U.S. District Court in connection with their earlier guilty pleas to conspiracy to commit bank fraud and bank fraud. Hall and Litman were collectively sentenced to 24 months incarceration and 36 months supervised release, and Litman was ordered to pay \$279,900 in restitution to various financial institutions. For nearly 2 years, Hall and Litman caused false broker price opinions undervaluing residential properties to be submitted to financial institutions holding the mortgages of the properties, including FHA-insured mortgages, which Litman intended to purchase via a short sale. Litman submitted additional false documents to the financial institutions to induce them to approve requested short sales, including falsified listing agreements and proof-of-funds letters. The financial institutions, relying on the false broker price options, false real estate commission expenses, false listing agreements, and other false documentation, approved short sales of properties to Litman. HUD OIG, the Federal Bureau of Investigation, and the U.S. Postal Inspection Service conducted this investigation.

(Champaign, IL)



PUBLIC AND INDIAN HOUSING

The U.S. Department of Housing and Urban Development (HUD) provides grants and subsidies to more than 3,100 public housing agencies (PHA) nationwide. Many PHAs administer both public housing and Section 8 programs. HUD also provides direct assistance to PHAs' resident organizations to encourage increased resident management entities and resident skills programs. Programs administered by PHAs are designed to enable low-income families, the elderly, and persons with disabilities to obtain and reside in housing that is safe, decent, sanitary, and in good repair. Some of the highlights from this semiannual period are noted in this chapter.

AUDIT



1
REPORT



\$697,912
RECOMMENDED FUNDS
PUT TO BETTER USE



\$2,598,312
QUESTIONED COSTS

INVESTIGATION



11
ADMINISTRATIVE-
CIVIL ACTIONS



16
CONVICTIONS-PLEAS-
PRETRIAL DIVERSIONS



\$2,051,535
FINANCIAL RECOVERIES

Office of Audit

Long Branch Housing Authority, Long Branch, NJ, Did Not Properly Handle Income and Expenses Related to Agreements With Other Housing Agencies

The Office of Inspector General (OIG) audited the Long Branch Housing Authority to determine whether Long Branch properly handled income and expenses associated with its agreements with the Asbury Park and Red Bank Housing Authorities in accordance with requirements. Long Branch did not properly handle income and expenses related to services provided under agreements with two other PHAs. Additionally, it did not properly allocate and support base payroll expenses and maintain adequate documentation to substantiate incentive payments. As a result, HUD did not have assurance that \$1.5 million in incentives paid from agreement income was eligible and reasonable, and nearly \$700,000 in unspent agreement income that had not been used continued to improperly reside in a Long Branch account. OIG recommended that HUD require Long Branch to (1) provide support to show the reasonableness and eligibility of the \$1.5 million in employee incentives paid from agreement income or reimburse its program for any amount it cannot support, (2) provide support for a reasonable estimate of employee time used to perform services for the two agencies and reimburse its program for any program funds improperly used for those expenses, and (3) implement adequate controls to ensure that it properly classifies income received under any future agreements or activities and to ensure future compliance with applicable cost principle requirements. Additionally, OIG recommended that HUD make a determination regarding nearly \$700,000 in outstanding agreement income, including whether those unspent funds should be returned to the PHAs.

(Long Branch, NJ, Audit Report: 2022-NY-1003)

Office of Investigation

Former Mayor and Public Officials Collectively Sentenced to More Than 7 Years Incarceration

Jose Salinas, the former mayor of the City of La Joya and former president of an economic development corporation; Frances Salinas De Leon, the daughter of Salinas and former interim executive director of a local PHA; Ramiro Alaniz, a former maintenance director of a local PHA; and Mike Alaniz, a former city administrator, were collectively sentenced in U.S. District Court to more than 7 years incarceration and 11 years supervised release and ordered to pay more than \$326,000 in restitution to the City, PHA, and economic development corporation. Sylvia Valdez, a former PHA board member, was sentenced in Hidalgo County State Court in connection with her earlier guilty plea to improper influence. Valdez was sentenced to 24 months community service and ordered to pay \$22,000 in restitution to the City. For more than 1 year, Salinas, De Leon, and Ramiro Alaniz orchestrated a scheme to award a municipal contract worth \$22,000 to Valdez. Valdez then awarded a contract for De Leon to be improperly paid for working as the interim executive director of the PHA. Due to conflict-of-interest rules, De Leon could not receive a salary because of her familial relationship with Salinas. Additionally, De Leon and Ramiro Alaniz conspired to create a nonprofit, for which Ramiro Alaniz served as a general contractor for the sole purpose of providing monetary kickbacks to De Leon with non-HUD funds obtained from the economic development corporation. In 2018, Mike Alaniz overinflated the value of a tract of land he owned and then used his position with the City to cause the City to purchase the land using HUD Community Development Block Grant funds. Salinas, De Leon, and Ramiro Alaniz were sentenced in connection with their earlier guilty pleas to wire fraud, and Mike Alaniz was sentenced in connection with his earlier guilty plea to theft from a program receiving Federal funds. HUD OIG,

the U.S. Department of Agriculture OIG, and the Federal Bureau of Investigation conducted this investigation.

(La Joya, TX)

Housing Choice Voucher Program Landlord Agrees To Pay HUD and the U.S. Department of Justice \$430,000 To Resolve False Claims Act Violations

Christopher Lukacs, a landlord and owner of more than 90 Housing Choice Voucher (HCV) Program properties, and Goodfish Enterprises and Reliant Property Management, companies controlled by Lukacs, entered into a settlement agreement with the United States to resolve allegations that they violated the False Claims Act when they charged tenants higher rents for HCV Program-funded units compared to non-HUD-assisted units in violation of their contract with HUD. Lukacs agreed to pay \$430,000, of which \$215,000 is payable to HUD and \$215,000 in penalties and damages will be paid to the U.S. Department of Justice. HUD OIG conducted this investigation.

(New Castle, DE)



COMMUNITY PLANNING AND DEVELOPMENT

The Office of Community Planning and Development (CPD) works in conjunction with all levels of government and the private sector to develop viable communities by promoting integrated approaches that provide decent housing, suitable living environments, and expanded economic opportunities for low- and moderate-income persons. Some of the highlights from this semiannual period are outlined in this chapter. Additionally, in response to disasters, Congress may appropriate additional funding to Community Development Block Grant Disaster Recovery (CDBG-DR) grants to rebuild the affected areas and provide crucial seed money to start the recovery process. Since fiscal year 2001, the U.S. Department of Housing and Urban Development (HUD) has allocated \$94.8 billion in CDBG-DR and CDBG Mitigation grants to help cities, counties, and States recover from presidentially declared disasters. Of the \$94.8 billion in disaster allocations nationwide, nearly \$87.4 billion has been obligated, and more than \$50.09 billion had been disbursed as of the end of the period.²

AUDIT



4
REPORTS



\$0
RECOMMENDED FUNDS
PUT TO BETTER USE



\$2,588,362
QUESTIONED COSTS

INVESTIGATION



0
ADMINISTRATIVE-
CIVIL ACTIONS



7
CONVICTIONS-PLEAS-
PRETRIAL DIVERSIONS



\$883,047
FINANCIAL RECOVERIES

² In prior SARs the allocated amount of funds was presented as \$95.5 billion however, HUD's Disaster Recovery and Special Issues Division recently underwent financial updates in the Disaster Recovery Grant Reporting system, during which HUD discovered approximately \$730 million in 2020 disaster numbers were overstated between January and April 2022. The current balance of \$94.8 billion reflects the reconciliation.

Office of Audit

Emergency Solutions Grants CARES Act Implementation Challenges

The Office of Inspector General (OIG) audited the HUD Emergency Solutions Grants (ESG) Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (ESG-CV) program. The audit objective was to determine what challenges ESG-CV grant recipients faced in implementing the program and using grant funds. OIG used a survey questionnaire to gather feedback and insight directly from the 362 recipients of ESG-CV grants. The survey questionnaire found that ESG-CV recipients faced challenges in implementing the program and using grant funds. The grant recipients needed an extension beyond the spending deadline of September 30, 2022, to use a majority or all of their ESG-CV funds. HUD later extended the spending deadline to help address this issue. The top challenges identified by the grant recipients included staff capacity and coordinating with other sources of pandemic-related funding. In addition, most of the grant recipients that provided ESG-CV funds to subrecipients stated that the pandemic impacted their ability to effectively monitor their ESG-CV subrecipients. As a result, while HUD has taken action to help address the spending deadline concerns, the grantees' challenges with capacity, multiple funding sources, and monitoring their subgrantees may increase the risk of misuse of the funds. OIG recommended that HUD consider including grant recipients' challenges with capacity, multiple sources of funding, and subgrantee monitoring as part of CPD's risk assessments.

(Agencywide, Audit Report: 2022-LA-0002)

The State of North Carolina Generally Had Capacity and Mostly Followed Disbursement Requirements, but Its Procurement Process Needs Improvement

OIG audited the State of North Carolina's CDBG-DR funds as part of OIG's commitment to helping HUD address its top management challenges and to support HUD's strategic objective to support effectiveness and accountability in long-term disaster recovery. The audit objective was to determine whether the State had sufficient capacity to administer its CDBG-DR funds and followed disbursement and procurement requirements related to those funds. The State generally had capacity. It had staffing capacity, maintained an internal auditor position, and had policies in place for administering CDBG-DR funds. The State also mostly followed disbursement requirements. However, the State's procurement process needs improvement. As a result, the State could not provide reasonable assurance to HUD that more than \$2.5 million of \$5.4 million in CDBG-DR funds reviewed was spent properly. OIG recommended that HUD require the State to (1) provide adequate documentation to support that more than \$2.5 million in CDBG-DR funds was spent for necessary and reasonable costs or repay the funds, (2) update its procurement policy, and (3) provide training to its staff to ensure that it understands and follows requirements to maintain adequate documentation to support program disbursements that are eligible and reasonable and procurement requirements, including completing independent cost estimates and cost analyses.

(The State of North Carolina, Audit Report: 2022-AT-1002)

Community Development Block Grant CARES Act Implementation Challenges

OIG audited HUD's CDBG CARES Act program. OIG's audit objective was to determine what challenges grantees faced in using program funds for activities that prepare for, prevent, or respond to the coronavirus and its impact. OIG used a survey questionnaire to gather feedback and insight directly from 1,047 program grantees. Grantees responding to the survey questionnaire reported facing challenges in (1) managing multiple funding sources, (2) spending program funds within required timeframes, and (3) meeting program objectives and requirements. Grantees attributed these conditions to capacity issues, HUD's program rules and regulations, and other competing CARES Act application and expenditure deadlines. OIG recommended that HUD consider looking into (1) extending the spending deadline and (2) streamlining program requirements.

(Agencywide, Audit Report: 2022-LA-0003)

Fraud Risk Inventory for the Tenant- and Project-Based Rental Assistance, HOME, and Operating Fund Programs' CARES and ARP Act Funds

In coordination with the Pandemic Response Accountability Committee, OIG conducted an audit to identify potential fraud schemes that could affect HUD's pandemic funds. OIG reviewed the funds appropriated by the CARES Act and the American Rescue Plan (ARP) Act for the Tenant-Based Rental Assistance (TBRA), Project-Based Rental Assistance (PBRA), HOME Investment Partnerships, and Public Housing Operating Fund programs to identify the fraud risks and potential fraud schemes that they face while delivering services to the public. OIG's objective was to develop an inventory of fraud risks that HUD had not previously identified for the funds appropriated by the CARES and ARP Acts for the TBRA, PBRA, HOME, and Operating Fund programs. OIG identified six overall


and three program-specific fraud risk factors that increase the chance of fraud occurring by increasing an individual's incentive, opportunity, and likelihood for committing fraud. OIG used these fraud risk factors, along with the results of brainstorming sessions; interviews; and reviews of audit reports, investigations, and press releases from OIG and other agencies, to develop an inventory of 66 potential fraud schemes that HUD had not previously identified. OIG recommended that HUD use the identified fraud risk factors and inventory of potential fraud risk schemes to enhance its fraud risk assessments, which will increase HUD's ability to safeguard its CARES and ARP Act funds from fraud and ensure that the funds are used for their intended beneficiaries.

(Agencywide, Audit Report: 2022-FO-0007)

Office of Investigation

Conspirators Sentenced for Scheme To Defraud Local Housing Programs

Leopoldo Bitte, Jr., housing specialist, and Realene Rodrigues, Gregory Lau, and Kalani Lopez, associates of Bitte, were collectively sentenced in U.S. District Court to 51 months and 1 day incarceration, 8 years supervised release, and 3 years probation. For more than 2 years, Bitte defrauded his employer, a nonprofit corporation funded in part through HUD's HOME Investment Partnerships and ESG programs, by falsely representing that Rodrigues, Lau, and Lopez were landlords eligible to receive funds dedicated to the nonprofit's Homeless Prevention and Rapid Rehousing and Clean and Sober programs. The nonprofit is a human services organization that provides financial assistance to individuals and families at risk of homelessness. Bitte created fake rental agreements by using the names and personal identifying information of other individuals, who had applied legitimately for services with the nonprofit, and falsely identified Rodrigues, Lau, and



Lopez as the landlords. Bitte used these fake rental agreements and other documentation to cause the nonprofit to generate 34 checks payable to Rodrigues, Lau, and Lopez, who then cashed the checks and split the proceeds with Bitte. Bitte was sentenced in connection with his earlier guilty plea to conspiracy to commit wire fraud and aggravated identity theft and was ordered to pay jointly and severally with Rodrigues, Lau, and Lopez \$101,053 in restitution to the nonprofit and an insurance company. Rodrigues, Lau, and Lopez previously pleaded guilty to conspiracy to commit wire fraud, and Rodrigues also pleaded guilty to wire fraud. HUD OIG conducted this investigation.

(Honolulu, HI)

Landlord Sentenced in Disaster-Related Mortgage Fraud Scheme

Theodore Kurz, a CDBG-DR grant recipient, was sentenced in U.S. District Court in connection with his earlier guilty plea to making false statements to a lending institution. Kurz was sentenced to 1 day incarceration and 5 years probation and ordered to pay \$751,900 in restitution, of which \$423,000 will be paid to a State authority and \$328,900 will be paid to a lending institution. In February 2016, Kurz received multiple grants in the form of forgivable loans through a State entity to repair eight damaged rental housing properties for low-income tenants. The forgivable loan is a nonrecourse loan, secured by a mortgage on the property held by the State. Kurz forged mortgage cancellations, which he filed with the local clerk of court office to falsely make it appear that the loans had been satisfied. Kurz then obtained mortgages through a different lender, falsely claiming that there were no outstanding mortgages or liens on the properties, in an effort to obtain additional funds through conventional loans. The State used HUD CDBG-DR funds to administer its rental property repair program to assist small-scale landlords whose rental properties were damaged by Hurricanes Katrina and Rita. HUD OIG and the Federal Bureau of Investigation conducted this investigation.

(New Orleans, LA)



ADDITIONAL REPORTS

The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) additional significant reports are highlighted in this chapter.

Priority Open Recommendations

OIG issued its inaugural Priority Open Recommendations report to highlight those open recommendations that, if implemented, will have the greatest impact on helping HUD achieve its mission to create strong, sustainable, inclusive communities and quality affordable homes for all. These priority open recommendations fall within several areas identified in OIG's FY 2022 Top Management Challenges.

OIG recognizes the forward progress HUD has made in many of these areas and HUD's steadfast commitment to improve its programs and operations. OIG will continue to monitor HUD's progress and provide assistance to HUD's leadership as they work towards resolution and implementation of OIG's priority recommendations.

Office of Audit

HUD Compliance With the Payment Integrity Information Act of 2019

OIG audited HUD's fiscal year (FY) 2021 compliance with the Payment Integrity Information Act of 2019 (PIIA) and implementation of Office of Management and Budget (OMB) guidance. PIIA was enacted to prevent and reduce improper payments and require each agency's inspector

general to perform an annual review of the agency's compliance with PIIA. OIG's objectives were to assess (1) whether HUD had met all requirements of PIIA and OMB Circular A-123, Appendix C-Requirements for Payment Integrity Improvement, and (2) HUD's efforts to prevent and reduce improper and unknown payments. OIG found that HUD was noncompliant with PIIA in FY 2021. While HUD made some progress in FY 2021, significant efforts are needed to bring the Office of Public and Indian Housing's Tenant-Based Rental Assistance (PIH-TBRA) and Office of Multifamily Housing Programs' Rental Subsidy programs into compliance. For HUD's noncompliant programs, OIG recommended that HUD (1) develop and implement a sampling methodology that allows for the timely testing of the full payment cycle and (2) consult with OMB on the appropriate reporting for untested portions of the payment cycle. OIG recommended that HUD develop and implement a plan that ensures adequate internal controls over the PIH-TBRA program to detect and prevent improper payments, which can be implemented in a virtual environment. OIG also recommended that HUD work with grantees to better identify the risks of improper and unknown payments throughout the payment cycle in its Office of Community Planning and Development programs and ensure that its risk assessments and improper and unknown payment estimates fully consider these risks. Finally, OIG recommended that HUD coordinate with OMB to ensure that its data on PaymentAccuracy.gov are accurate.

(Agencywide, Audit Report: 2022-FO-0005)

Corrective Action Verification of Government Purchase Card Program and Government Travel Card Program Audit Recommendations

OIG completed a corrective action verification (CAV) of recommendations from prior audit reports on HUD government purchase cards and government travel cards, both issued January 31, 2020. During the CAV, OIG followed up on all 10 recommendations from OIG audit report 2020-KC-0001 and all 13 recommendations from OIG audit report 2020-KC-0002. OIG's CAV objective was to determine whether HUD implemented adequate corrective actions in response to the recommendations. Corrective actions were not fully implemented or completed for 2 of 10 recommendations from audit report 2020-KC-0001 and 3 of 13 recommendations from audit report 2020-KC-0002. The Office of the Chief Procurement Officer and the Office of the Chief Financial Officer did not fully implement the agreed-upon corrective action plans but closed the recommendations without revising the management decisions or fully implementing or completing the corrective actions. As a result, HUD lacked assurance that the agency used efficient and effective techniques to prevent or detect inappropriate use of government purchase and travel cards. OIG recommended that HUD submit a revised management decision to address the recommendation and fully implement those actions for two recommendations from OIG audit report 2020-KC-0001 (2020-KC-0001-001A and 002A) and three recommendations from OIG audit report 2020-KC-0002 (2020-KC-0002-001A, 001D, and 002C).

(Agencywide, Audit Report: 2022-FO-0006)

Geospatial Data Act of 2018, Fiscal Year 2022

OIG audited HUD's efforts to comply with the Geospatial Data Act of 2018. The Act formalizes governance processes related to geospatial data, provides policy and guidance to empower the use of geospatial data and technology, and facilitates broad cooperation between the

public and private sector. OIG's audit objective was to determine whether HUD met the 13 responsibilities stated in the Act regarding its collection, production, acquisition, maintenance, distribution, use, and preservation of geospatial data. The Act also generally requires covered agencies to provide access to geospatial data and metadata to the public and enhance reporting to Congress. HUD met 11 of the 13 responsibilities stated in the Act but did not meet 2 of the responsibilities. HUD's lapse in its contract for services to manage its Geocode Services Center created challenges in meeting the responsibilities stated in the Act. As a result, HUD risks not having accurate and open access to geospatial data available for use by Federal, State, local, and tribal governments; the public; and other interested stakeholders to make decisions. OIG recommended that HUD provide adequate resources for the further development of geocoding services through the reactivation of the lapsed Geocode Service Center contract. In addition, OIG will reopen recommendation 1A from OIG audit report 2020-LA-0002, issued on September 24, 2020, so that HUD can implement the agreed-upon action to meet the responsibility stated in 43 U.S.C. (United States Code) 2808(a)(5).

(Agencywide, Audit Report: 2022-LA-0004)

Office of Evaluation

Fiscal Year 2022 Federal Information Security Modernization Act (FISMA) Evaluation Report

OIG assessed HUD's information security (IS) program for effectiveness in accordance with the Federal Information Security Modernization Act of 2014 (FISMA), which directs OIGs to conduct an evaluation using the OIG FISMA metrics. The metrics consist of eight domains aligned with the five functional areas (identify, protect, detect, respond, and recover) from the National Institute of Standards and Technology Framework for Improving Critical Infrastructure Cybersecurity.

OMB modified the FISMA evaluation methodology in FY 2022, asking IG's to evaluate 20 core metrics instead of approximately 60 FISMA metric that had been assessed in previous years. While HUD continued to take positive steps to improve its information technology (IT) security posture, based on the FY 2022 FISMA Core IG [Inspector General] Metrics issued by OMB, HUD's IS program was evaluated as not effective. Significant limitations and challenges continue to impact the Office of the Chief Information Officer's ability to establish an effective IS program. The longstanding inability to modernize key IT systems and consistently implement enterprise efforts and budget and resource constraints in FY 2022 affected HUD's ability to mature. This outcome is despite HUD's increasing maturity in 3 of the 20 core metrics, while remaining at the same maturity level for 16 of the 20 core metrics and dropping in maturity for 1 core metric. HUD continued to make significant progress in addressing OIG's prior-years' recommendations. During FY 2022, HUD closed 21 prior FISMA recommendations. In this report, OIG issued five new recommendations and offered opportunities for improvement for the enterprise and the program offices.

(Agencywide, Evaluation Report: 2022-OE-0001)

Risk Indicators of Lead-Based Paint Hazards in Public Housing Agencies

OIG conducted an evaluation of HUD's oversight and monitoring of lead-based paint hazards in public housing, in large part due to the significant challenges HUD faces in controlling and addressing lead-related hazards. OIG identified "eliminating hazards in HUD-assisted housing" in 2022 as a HUD top management challenge. OIG identified nine indicators of potential risk for lead-based paint hazards in public housing using the best available data collected from both HUD and external sources. Based on the analysis of these nine risk indicators, OIG identified five HUD regions and six States within those regions that have the greatest potential risk of having public housing agencies (PHA) with lead-based paint hazards. The

evaluation found that HUD's Office of Public and Indian Housing (PIH) and Office of Lead Hazard Control and Healthy Homes (OLHCHH) collaborate on lead hazard work. PIH is responsible for oversight of PHA compliance, and OLHCHH is responsible for writing policy and providing guidance. As of March 2022, HUD's Real Estate Assessment Center, an office within PIH, was in the process of establishing the Environmental Shared Services office (ESS) to improve its risk assessment and inspection capabilities for health and safety hazards, including lead-based paint hazards. ESS will provide insight into potential and existing environmental hazards, compliance issues, and data gaps to improve HUD's decision making, resource allocation, and hazard management strategies. As part of its strategy, ESS will rank risks related to four environmental hazards—carbon monoxide, mold, lead, and radon. In establishing its risk-ranking model, ESS identified five indicators for its lead risk ranking. The report did not include any recommendations; however, OIG concluded that the results of the analysis may be helpful to HUD, as the report identifies risk indicators, which could prove useful as ESS continues to identify risk factors and develop its risk-ranking approach.

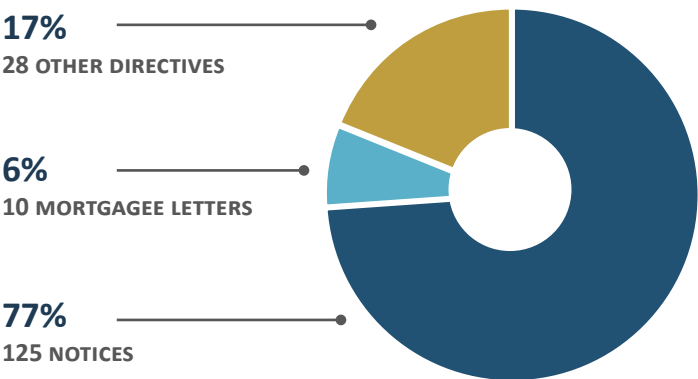
(Agencywide, Evaluation Report: 2021-OE-0011a)



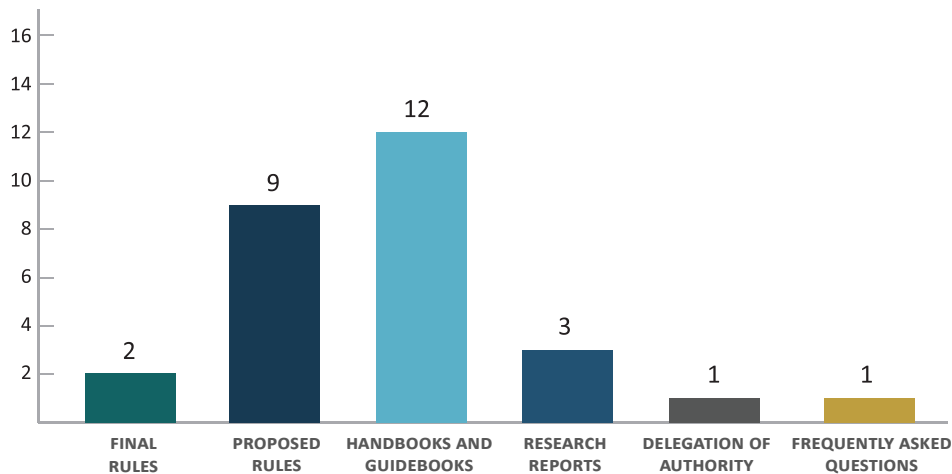
LEGISLATION, REGULATIONS, AND OTHER DIRECTIVES

Reviewing and making recommendations on legislation, regulations, and policy issues is a critical part of the Office of Inspector General’s (OIG) responsibilities under the Inspector General Act. During this 6-month reporting period, OIG has committed more than 460 hours to reviewing 163 issuances. The draft directives consisted of 125 notices, 10 mortgagee letters, and 28 other directives. OIG provided comments on 54 (or 33 percent) of the issuances and nonconcurred on 14 (or 9 percent) but lifted 10 nonconcurrences. Of the 28 other directives, OIG reviewed 2 final rules and 9 proposed rules, took no position on 7, and commented on 4; 12 handbooks-guidebooks; 3 research reports; one notice of Delegation of Authority; and one set of frequently asked questions related to Community Health Worker Placed-based Approach to Health initiative, which was a 3-year pilot project (2019-2022) that assessed the feasibility and effectiveness of hiring and embedding public housing residents within their own communities to address population-level health and social needs. Below is a summary of selected reviews for this 6-month period.

163 TOTAL ISSUANCES



OF THE 28 OTHER DIRECTIVES



Legislative

Permanent Authorization of the Community Development Block Grant – Disaster Recovery (CDBG-DR) program

Community Development Block Grant – Disaster Recovery (CDBG-DR) grant funds are not provided under a program codified in the Code of Federal Regulations (CFR). Although the CDBG program requirements provide a framework, HUD must issue Federal Register (FR) notices with additional, disaster-specific program requirements and waivers for each supplemental appropriation. With each newly issued FR notice, grantees must navigate the various notices, consider their communities' pressing unmet needs, and develop a program that navigates both. These steps are expected to be completed during a time of great uncertainty, given that personnel, operations, and infrastructure may have been impacted following a disaster.

OIG and GAO have issued multiple oversight reports with recommendations to ensure HUD's disaster recovery funding reaches vulnerable communities quickly. HUD OIG has recommended that HUD codify the CDBG-DR program through regulations to simplify and standardize the process, and more recently that HUD pursue codification of the CDBG-DR program through regulations or, if necessary, legislative action. HUD has consistently maintained that it does not have the statutory authority to codify the CDBG-DR program through the regulatory process. However, HUD has taken consistent, meaningful steps to address OIG's recommendations to pursue codification through legislative action. Secretary Fudge and former Secretary Carson have both expressed public support for codification in testimony before Committees of Congress. Importantly, HUD's Fiscal Year 2023 Congressional Budget Justification expressly supports Congressional authorization of the CDBG-DR program, noting:

“Permanent authorization of CDBG-DR would improve the

transparency and predictability of CDBG-DR funds made available to impacted communities. Permanent authorization would also require HUD to establish consistent regulatory requirements for CDBG-DR across all future disasters, eliminating the current practice of establishing new requirements in response to each supplemental appropriation of CDBG-DR funds.”

HUD has maintained that it needs statutory authority to codify the CDBG-DR program and sought that authority from Congress. Bipartisan, bicameral Congressional support for codification has resulted in bills, such as the House and Senate versions of The Reforming Disaster Recovery Act, which are responsive to HUD OIG's recommendations.

Legislation codifying the CDBG-DR program would streamline, reform, and inject greater fiscal responsibility into the program, while also mitigating funding lags and duplicative requirements. HUD OIG believes Congressional efforts to codify the CDBG-DR program will help HUD meet its mission of timely serving communities struck by natural disasters with critical housing assistance.

Notices, Mortgagee Letters, and Other Directives

Single Family Housing

Calculating effective income after a reduction or loss of income for borrowers affected by the presidentially declared COVID-19 national emergency – On July 7, 2022, the U.S. Department of Housing and Urban Development (HUD) issued Mortgagee Letter 2022-09, which instructs lenders on how to calculate effective income for borrowers who were affected by gaps in employment, which led to reductions

in or loss of income due to COVID-19-related economic events. This policy allows industry partners additional opportunities to use flexible underwriting guidance to help borrowers qualify for home ownership. OIG provided a no position response to this mortgagee letter.

Revised appraisal validity periods – On July 12, 2022, HUD issued Mortgagee Letter 2022-11, which increases the Federal Housing Administration (FHA) initial appraisal validity period to 180 days from the effective date of the appraisal. This mortgagee letter also extends the appraisal update validity period to 1 year from the effective date of the initial appraisal report, which is being updated. OIG provided a no position response to this mortgagee letter.

Unique entity identifier for FHA-approved lenders, mortgagees, and institutions seeking FHA approval – On August 23, 2022, HUD issued Mortgagee Letter 2022-14, which requires all FHA-approved lenders, mortgagees, and institutions seeking FHA approval to provide an active unique entity identifier (UEI) as part of their institution data in the Lender Electronic Assessment Portal or application for FHA approval. OIG provided a no position response to this mortgagee letter.

FHA lender approval, annual renewal, periodic updates, and required reports by FHA-approved lenders – On August 29, 2022, HUD issued a notice, Federal Register (FR)-7056-N-28, which seeks approval from the Office of Management and Budget (OMB) for the revised requirements for FHA lenders to follow when providing annual renewals, periodic updates, and reports to HUD. Specifically, the revision incorporates the requirements of 2 C.F.R. §§ 25 and 170, requiring all entities currently conducting or seeking to do business with the Federal Government to have a UEI registered in the General Services Administration's System of Award Management. Collection of the UEI is vital to HUD's compliance with the Federal Funding Accountability and Transparency Act of 2006

and Digital Accountability and Transparency Act of 2014. OIG provided a no position response to this notice.

Update to HECM program requirements for notice of due and payable status – On August 31, 2022, HUD issued Mortgagee Letter 2022-15, which modifies the requirements for lenders to provide notice to a borrower's estate after a HECM becomes due and payable due to the death of the last surviving borrower. OIG provided a no position response regarding this mortgagee letter.

New construction subterranean termite protection for new homes – On August 31, 2022, HUD issued a notice, FR-7056-N-27, which seeks approval from OMB regarding subterranean termite protection for new homes. HUD regulations at 24 CFR 200.926d(b)(3) require that the sites for HUD-insured structures be free of termite hazards. The form HUD-NPMA-99-A requires the builder to certify that all required treatment for termites was performed by an authorized pest control company with the builder's guarantee of the treated area against infestation for 1 year. The form HUD-NPMA-99-B requires a licensed pest control company to provide to the builder a record of specific treatment information for the prevention of termites. When applicable, the form HUD-NPMA-99-B must accompany the form HUD-NPMA-99-A. If the requested data are not collected, HUD risks insuring a mortgage loan for a home that is infested by termites. OIG nonconcurred on this clearance item because form HUD-NPMA-99-A and form HUD-NPMA-99-B both state "Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. [United States Code] 1001, 1010, 1012; 31 U.S.C. 3729, 3802)." HUD does not prosecute. U.S. Department of Justice (DOJ), State, or local prosecutorial offices prosecute these matters. The language should be changed to a statement similar to the following: "I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct."

WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012, 1014; 31 U.S.C. §3729, 3802).” The forms should be modified to include a statement similar to the one suggested above. Including certifications under penalty of perjury and fraud warnings helps to discourage fraud and helps to effectively prosecute those who commit fraud. HUD modified the warning language, and the nonconcurrence was lifted.

Consideration of positive rental payment history for first time homebuyers in forward mortgage purchase transactions –

On September 27, 2022, HUD issued Mortgagee Letter 2022-17, which provides guidance to lenders regarding the introduction of positive rental history for first time home buyers on forward purchase transactions in FHA’s Technology Open To Approved Lenders Mortgage Scorecard. OIG provided a no position response regarding this mortgagee letter.

Public and Indian Housing

Public housing flat rent exception request market analysis – On April 29, 2022, HUD issued a notice, FR-7061-N-06, which seeks approval from OMB for information collection on market analysis. A form will be used to streamline the process and reduce the burden on public housing agencies (PHA) when submitting a market analysis as part of a flat rent exception request in accordance with Office of Public and Indian Housing (PIH) Notice PIH 2015-13(HA), which implements Section 238 of Title II of Public Law 113-235, the Department of Housing and Urban Development Appropriations Act of 2015. Notice PIH 2015-13(HA) allows PHAs to request flat rents that are based on the local rental market conditions, when the PHAs can demonstrate through a market analysis that the fair market rents (FMR) are not reflective of the local market. The current submission process does not stipulate a template for PHA

submissions; therefore, PHAs spend widely varying amounts of time and effort compiling information that may or may not facilitate HUD’s review of their request. OIG provided a no position response on this notice.

Remote video inspection – On April 29, 2022, HUD issued a notice, FR-7061-N-07, which seeks approval from OMB for information collection regarding remote video inspection (RVI). The information collection is required to continuously apply the RVI criteria for Uniform Physical Condition Standards, National Standards for the Physical Inspection of Real Estate, Remote Video Collaborative Quality Assurance, and any other Real Estate Assessment Center inspections. OIG nonconcurred on this clearance item because there was no warning statement listed on a disclosure form in which the individual acknowledges the statement to be true. OIG recommended adding the following statement above the signature section: “I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012, 1014; 31 U.S.C. §3729, 3802).” The form should be modified to include a statement similar to the one suggested above. Including certifications under penalty of perjury and fraud warnings helps to discourage fraud and helps to effectively prosecute those who commit fraud. HUD added the warning statement to the disclosure form, and the nonconcurrence was lifted.

Notice of reallocation of unaccepted Indian Housing Block Grant American Rescue Plan Act funds to the Indian Community Development Block Grant Imminent Threat – American Rescue Plan Act program – On May 6, 2022, HUD issued a notice, PIH-2022-13, which provides Indian tribes and tribally designated housing entities (TDHE) with notice that the deadline to submit their abbreviated Indian housing

plan to receive their Indian Housing Block Grant American Rescue Plan Act (IHBG-ARP) grant funding is July 5, 2022. OIG commented that this notice stated, “On February 18, 2022, the Office of Native American Programs (ONAP) issued a ‘Dear Tribal Leader Letter’ suspending acceptance of applications for Indian Community Development Block Grant Imminent Threat – American Rescue Plan Act (ICDBG-ARP) grants on March 1, 2022.” Since it was anticipated that additional funds were being reallocated to ICDBG-ARP, the proposed notice might be clearer if HUD stated, “it is anticipated that the suspension will be lifted.”

Implementation of the Federal fiscal year funding provisions for the Housing Choice Voucher Program – On May 19, 2022, HUD issued a notice, PIH 2022-14, which implements the Housing Choice Voucher (HCV) Program funding provisions of the Consolidated Appropriations Act, 2022 (Public Law 117-103), referred to hereafter as “the 2022 Act,” enacted on March 15, 2022. The 2022 Act establishes the allocation methodology for calculating housing assistance payments renewal funds, new incremental vouchers, and administrative fees. OIG suggested that “under penalty of perjury” wording be added to the certification-warning statement in appendixes C, F, G, H, I, J, and K of this notice. The sentence in which the signer states that he or she certifies that the information is true and accurate should read as follows: “I hereby certify, under penalty of perjury, that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.” Including certifications under penalty of perjury helps to discourage fraud.

Section 8 housing assistance payments program for FY 2022 inflation factors for public housing agency renewal funding – On May 25, 2022, HUD issued a notice, FR-6329-N-01, which establishes the renewal funding inflation factors (RFIF) to adjust fiscal year (FY) 2022 renewal funding for the HCV Program of each PHA, as required by

the Consolidated Appropriations Act, 2022. The notice apportions the expected percentage change in national per unit cost for the HCV Program, 4.68 percent, to each PHA based on the change in FMRs for their operating area to produce the FY 2022 RFIFs. HUD’s FY 2022 methodology is the same as that used in FY 2021. OIG provided a comment, which was for HUD to correct a weblink error.

Total development cost for affordable housing under NAHASDA – On June 9, 2022, HUD issued a notice, PIH 2022-16, which transmits the updated schedule for the maximum amount of funds that may be used for affordable housing under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.C. § 4101 et seq.), based on Marshall Valuation Service, Marshall & Swift/Boeckh, LLC, and RSMeans Residential Cost Data for 2022. The requirement for the development and implementation of these limits is found at 24 CFR 1000.156 through 1000.162 of IHBG regulations. This notice also preserves previously provided regulatory relief with respect to the total development cost limits for the IHBG Coronavirus Aid, Relief, and Economic Security (CARES) Act and IHBG-ARP programs. This notice supersedes Notice PIH 2010-47, dated November 19, 2010, and all notices extending that notice, up to and including Notice PIH 2019-19, dated July 18, 2019. OIG provided a comment regarding the date error under the “Applicability” section of the notice.

Implementation of Public Housing Operating Fund shortfall funding from Federal FY 2022 appropriations – On June 13, 2022, HUD issued a notice, PIH-2022-17, which implements a provision in the Federal Fiscal Year 2022 Consolidated Appropriations Act (Public Law 117-103), which provides for a \$25 million set-aside in the Public Housing Operating Fund to assist PHAs experiencing or at risk of financial shortfalls. Specifically,

this notice provides guidance regarding eligibility, the process for applying, and other requirements for the set-aside. OIG provided a no position response to this notice.

Use of HCV and mainstream voucher administrative fees for other expenses to assist families to lease units – On June 13, 2022, HUD issued a notice, PIH 2022-18 (HA), which provides guidance on the use of HCV and mainstream voucher ongoing administrative fees for expenses related to assisting HCV and mainstream voucher families to lease units, including the costs of security deposit assistance and landlord incentive and retention payments. Also, this notice supersedes section 3 of Notice PIH 2015-17 with respect to the description of the restricted use of administrative fees. OIG provided a no position response to this notice.

Family Self-Sufficiency Program: establishment of the escrow account and use of forfeited program escrow – On July 27, 2022, HUD issued a notice, PIH-2022-20 (HA), which clarifies a few sections of the new rule (24 CFR part 984) related to the establishment of the Family Self-Sufficiency (FSS) escrow account, the use of forfeited FSS escrow, and the reporting of FSS escrows in the Financial Assessment Sub-System for Public Housing Authorities. OIG commented that there were subsections that were not included in 24 CFR § 984.305(a)(2). OIG recommended revising the sentence; for example, “For convenience, some regulatory language of 24 CFR § 984.305 (a)(1) and (a)(2) is provided below.”

Public Housing Operating Fund program: operating budget and related form – On July 28, 2022, HUD issued a notice, FR-7061-N-10, which seeks approval from OMB for information collection regarding the public housing operating budget and a related form that are required to be submitted by PHAs for the low-income housing program. The operating budget provides a summary of proposed budget receipts and expenditures by major category, as well as blocks for indicating approval

of budget receipts and expenditures by the PHA and HUD. The related form provides a record of PHA board approval of how the amount shown on the operating budget was arrived at, as well as justification of certain specified amounts. The information is reviewed by HUD to determine whether the plan of operation adopted by the PHA and amounts included in it are reasonable for the efficient and economical operation of the development(s) and the PHA follows HUD procedures to ensure that sound management practices will be followed in the operation of the development. PHAs are still required to prepare their operating budgets and submit them to their boards for approval before their Operating Fund grant is approved by HUD. OIG nonconcurred on this clearance item because the warning language on form HUD 52574 indicated that HUD would prosecute. HUD does not prosecute. DOJ, State, or local prosecutorial offices prosecute these matters. The language should be changed to a statement similar to the following: “I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).” The form should be modified to include a statement similar to the one suggested above. Including certifications under penalty of perjury and fraud warnings helps to discourage fraud and helps to effectively prosecute those who commit fraud. HUD modified the warning language, and the nonconcurrence was lifted.

Public-private partnerships for the mixed-finance development of public housing units – On July 28, 2022, HUD issued a notice, FR-7061-N-09, which seeks approval from OMB for information collection regarding public-private partnerships for the mixed-finance development of public housing units. The Quality Housing and Work Responsibility Act of 1998 (Public Law 195-276, approved October 21, 1998), also known as

the Public Housing Reform Act, created Section 35 of the U.S. Housing Act of 1937, 42 U.S.C. 1437z-7.1437. Section 35 allows PHAs to own, operate, assist, or otherwise participate in the development and operation of mixed-finance projects. Mixed-finance development refers to the development or rehabilitation of public housing in which the public housing units are owned in whole or in part by an entity other than a PHA. Before this, all public housing had to be developed and owned by a PHA. However, Section 35 allows PHAs to provide Section 9 capital funds and operating funds to mixed-finance projects, which are also financially assisted by private financing and other resources, including tax credit equity; private mortgages; and other Federal, State, or local funds. Section 35 also allows non-PHA owner entities to own and operate mixed-finance projects that contain only public housing units or both public housing and nonpublic housing units. Mixed-finance real estate development or rehabilitation transactions also help to extend public housing appropriations for housing development and to support the development of mixed-income housing in which public housing residents are anonymously mixed in with affordable and market rate housing residents. OIG nonconcurred on this clearance item because the warning statement on forms HUD 50158, HUD-50160, and HUD-50161 stated that HUD would prosecute. HUD does not prosecute. DOJ, State, or local prosecutorial offices prosecute these matters. The language should be changed to a statement similar to the following: “I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).” The forms should be modified to include a statement similar to the one suggested above. Including certifications under penalty of perjury and fraud warnings helps to discourage fraud and helps to effectively prosecute those who commit fraud. HUD modified the warning statement on the forms, and the nonconcurrence was lifted.

CARES Act funding reconciliation and closeout – On August 3, 2022, HUD issued a notice, PIH 2022-21, which describes the closeout procedures under 2 CFR 200.344 (Closeout) for funds awarded to PHAs under the CARES Act (Public Law 116-136) to prevent, prepare for, and respond to the coronavirus. The CARES Act provided supplemental housing assistance payments and administrative fees to PHAs administering the HCV Program and mainstream vouchers and supplemental housing assistance payments to the Moderate Rehabilitation program. The period of availability (also known as period of performance) for this notice for the CARES Act supplemental funding ended on December 31, 2021; therefore, HUD is providing instructions PHAs must follow to complete and submit the OMB Form SF-425, Federal Financial Report, to HUD. This submission will include all CARES Act financial activity certified by the PHA’s executive director or designee, stating that the information on the SF-425 is true and accurate. OIG provided a no position response regarding this notice.

Revocation and reallocation of emergency housing voucher awards

– On August 11, 2022, HUD issued a notice, PIH 2022-22 (HA), which explains HUD’s process for revocation and reallocation of emergency housing voucher awards. As part of this process, the notice updates the award allocation formula found in section 4 of notice PIH 2021-15 in connection with the reallocation of these awards. OIG provided a no position response regarding this notice.

Administrative requirements for investing IHBG funds – On August 15, 2022, HUD issued a notice, PIH 2022-23, which describes the requirements for investing IHBG funds and establishes the basis upon which HUD will determine whether a recipient of IHBG funds has the administrative capacity to draw down those funds for investment purposes as authorized under section 204(b) of NAHASDA. Also, this notice replaces Notice PIH 2019-16. OIG provided a no position response regarding this notice.

Notice of annual factors for determining administrative fees for the Section 8 HCV, mainstream, and Moderate Rehabilitation programs for calendar year 2021 – On August 15, 2022, HUD issued a notice, FR-6327-N-01, which provides the per unit, monthly fee rates used to determine the ongoing administrative fees for PHAs administering the HCV, mainstream, and Moderate Rehabilitation programs, including the Moderate Rehabilitation Single Room Occupancy program, for calendar year 2021. This is required by section 8(q) of the U.S. Housing Act of 1937. PHAs use administrative fees to cover costs associated with administering the HCV Program. Publishing the calendar year 2021 fees allows PHAs to budget appropriately and is important for PHA record-keeping purposes. Additionally, publishing this notice retroactively allows PHAs to continue portability billing for families that ported in calendar year 2021. This notice follows HUD’s previous publication of the rates on HUD’s website and makes no changes to those rates. OIG provided a no position response regarding this notice.

Stability Voucher program – On August 16, 2022, HUD issued a notice, PIH 2022-24 (HA), which explains HUD’s noncompetitive allocation strategy and program requirements for the new Stability Voucher program. HUD is awarding up to \$43.4 million to support approximately 4,000 new incremental vouchers. This funding opportunity is designed to encourage a communitywide commitment to the goal of ending homelessness. Stability vouchers may assist households that are homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)), or at-risk of homelessness; those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking; and veterans and families that include a veteran family member that meet one of the preceding criteria. Also, HUD clarifies that persons who are fleeing or attempting to flee human trafficking are an eligible category for stability vouchers and adds the definition of “homeless” in section 9 of this notice. OIG provided a no position response to this notice.

Voluntary reallocation or recapture of HUD-Veterans Affairs Supportive Housing vouchers – On August 16, 2022, HUD issued a notice, PIH 2022-25 (HA), which establishes the processes under which a HUD-Veterans Affairs Supportive Housing (HUD-VASH) PHA may be approved to voluntarily (1) reallocate all or a portion of its HUD-VASH vouchers and any associated funding to another HUD-VASH PHA within the same Veterans Affairs Medical Center catchment area or (2) if reallocation is not an option, have all or a portion of its HUD-VASH vouchers and associated funding recaptured and returned to HUD. All HUD-VASH vouchers and associated funding returned to HUD will be awarded as part of a future HUD-VASH national allocation process, based on need and any other congressionally mandated factors. OIG provided a comment for HUD to update the number and date of this notice.

Registration of interest for HUD-VASH vouchers – On August 16, 2022, HUD issued a notice, PIH 2022-26 (HA), which announces the availability of approximately \$79 million in HUD-VASH. Based on average costs, HUD anticipates that this funding will support approximately 8,500 new HUD-VASH vouchers. These vouchers are administered in partnership with the U.S. Department of Veterans Affairs and enable homeless veterans and their families to access affordable housing with an array of supportive services. HUD-VASH vouchers are authorized under section 8(o)(19) of the United States Housing Act of 1937, as modified by the requirements in the Consolidated Appropriations Act, 2022 (Public Law 117-103, approved March 15, 2022). The Act provides \$50 million in funding for the vouchers made available under this notice. The additional \$29 million in funding is available from prior-year appropriations. OIG provided a no position response to this notice.

Determining and using program income under NAHASDA – On August 23, 2022, HUD issued a notice, PIH 2022-28, which provides guidance for determining and using program income generated by the use or

disbursement of IHBG funds under NAHASDA. Also, this notice replaces Notice PIH 2019-07. OIG provided a no position response to this notice.

Notice of annual factors for determining administrative fees for the Section 8 HCV, Mainstream, and Moderate Rehabilitation programs for calendar year 2022 – On August 25, 2022, HUD issued a notice, FR-6328-N-01, which announces the per unit, monthly fee rates to determine the ongoing administrative fees for PHAs administering the HCV, Mainstream, and Moderate Rehabilitation programs, including Single Room Occupancy, during calendar year 2022. PHAs use administrative fees to cover costs associated with administering the HCV Program. Publishing the calendar year 2022 administrative fees allows PHAs to budget appropriately and is important for PHA record-keeping purposes. This notice follows HUD’s previous publication of the rates on HUD’s website and makes no changes to those rates. OIG provided a no position response to this notice.

Public housing waiting list data collection tool – On August 31, 2022, HUD issued a notice, FR-7061-N-11, which seeks approval from OMB for its proposed information collection regarding a public housing waiting list collection tool. This collection of information implements a statutory requirement made by Section 103 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA). HOTMA was signed into law on July 29, 2016 (Public Law 114-201, 130 Stat. 782). Section 103 of HOTMA amends section 16(a) of the United States Housing Act of 1937 (42 U.S.C. 1437n(a)). Section 103 of HOTMA states that after a public housing family has been overincome for 2 consecutive years, a PHA must either: (1) charge the overincome family a monthly rent that is the higher of FMR under section 8(c) for the dwelling unit or the monthly amount of public housing subsidy provided for the dwelling unit or (2) terminate the tenancy of the overincome family no later than 6 months after the end of the 2-year period. Additionally, under section 103 of HOTMA, PHAs

must submit an annual report on two specific data points: (1) the number of overincome families residing in public housing and (2) the number of families on the public housing waiting lists. OIG provided a no position response regarding this notice.

Public Housing Reform Act: changes to admission and occupancy requirements – On August 31, 2022, HUD issued a notice, FR-7061-N-12, which seeks approval from OMB for information collection that will implement changes to the admission and occupancy requirements for the public housing program made by the Quality Housing and Work Responsibility Act of 1998 (Title V of the FY 1999 HUD Appropriations Act, Public Law 105-276, 112 Stat. 2518, approved October 21, 1998) and HOTMA, Section 103, which amends the United States Housing Act of 1937. OIG provided a no position response to this notice.

FMRs for the HCV Program, Moderate Rehabilitation Single Room Occupancy Program, and other programs, FY 2023 – On September 1, 2022, HUD issued a notice, FR-6343-N-01, which announces the availability of FY 2023 FMRs; describes the methods used to calculate the FY 2023 FMRs; responds to comments submitted on the notice, entitled Proposed Changes to the Methodology Used for Calculating Fair Market Rents; and enumerates the procedures for PHAs and other interested parties to request reevaluations of their FMRs as required by HOTMA. OIG provided comments on this clearance item. Specifically, OIG suggested that HUD edit the contradicting sentences on margin of error because the margin of error should be simultaneously less than half but greater than 50 percent. In addition, OIG suggested that HUD reexamine the contradiction regarding whether or not to use the American Community Survey data or a local survey to establish the base rent. Further, the notice did not identify how third parties needing to use the adjusted FMRs would know that the areas have adjusted FMRs; therefore, OIG suggested that HUD consider adding a website or

publication through which third parties (such as PHAs) can easily identify the correct FMRs for the areas or locations.

Extension of certain regulatory waivers for the HCV, including mainstream program and streamlined review process – On September 26, 2022, HUD issued a notice, PIH 2022-30, which provides for the extension of currently approved regulatory waivers for (1) increasing the payment standard during the housing assistance payments contract term and (2) new payment standard amounts through December 31, 2023. This notice includes regulatory waivers specifically related to assisting PHAs in responding to ongoing fluctuations and disruptions in the rental market by providing more flexibility with establishing and applying payment standards. OIG provided a no position response regarding this notice.

Public housing mortgage program and Section 30 – On September 27, 2022, HUD issued a notice, FR-7061-N-14, which seeks approval from OMB for information collection related to public housing mortgage program. Section 516 of the Quality Housing and Work Responsibility Act of 1998 added Section 30, Public Housing Mortgages and Security Interest, to the United States Housing Act of 1937. Section 30 authorizes the Secretary of HUD to approve a PHA's request to mortgage public housing real property or grant a security interest in other tangible forms of personal property if the proceeds of the loan resulting from the mortgage or security interest are used for low-income housing uses. PHAs must provide information to HUD for approval to allow PHAs to grant a mortgage in public housing real estate or a security interest in some tangible form of personal property owned by the PHA for the purposes of securing loans or other financing for modernization or development of low-income housing. OIG provided a no position response regarding this notice.

ONAP training and technical assistance evaluation – On September 28, 2022, HUD issued a notice, FR-7061-N-13, which seeks approval from OMB for information collection regarding its ONAP training and technical assistance. ONAP administers the IHBG program and offers contracted training and technical assistance to IHBG recipients on program requirements. ONAP's Notice of Funding Opportunity for training and technical assistance services includes the requirement for the contractor(s) to use an OMB-approved evaluation form at all ONAP-sponsored events. At the end of each training and technical assistance event, participants are invited to voluntarily complete the Training and Technical Assistance Evaluation Form (form HUD-5879) to assess training and technical assistance effectiveness and solicit ideas for improvement. OIG provided a no position response regarding this notice.

Mainstream Vouchers – noncompetitive opportunity for additional vouchers authorized by the CARES Act and extraordinary administrative funding update – On September 30, 2022, HUD issued a notice, PIH 2022-31, in which HUD increases the available funding for new mainstream vouchers from \$40 million to \$48 million after additional funding has been identified. There will be no new Mainstream vouchers being received through this notice. In a previous notice, PIH 2022-07, HUD used its authority provided by the CARES Act to use Mainstream carryover funding from previous appropriations Acts to noncompetitively award up to \$35 million in new mainstream vouchers. Notice PIH 2022-19 increased the available funding for new mainstream vouchers from \$35 million to \$40 million. OIG provided a no position response regarding this notice.

Multifamily Housing

Personal financial and credit statement – On July 13, 2022, HUD issued a notice, FR-7056-N-25, which seeks approval from OMB for information collection regarding project participants’ personal financial and credit statements. The financial analysis of the project’s principal participants is an integral part of the underwriting process. Thus, HUD, in accordance with regulations cited in 24 CFR 207.1, is legally required to collect information to evaluate the character, ability, and capital of the sponsor, borrower, and general contractor for mortgage insurance. OIG provided a no position response to this notice.

Standards for success reporting – On July 20, 2022, HUD issued a notice, FR-7051-N-01, which seeks approval from OMB for information collection regarding its standards for success reporting. This request is for the continued clearance of data collection and reporting requirements to enable HUD’s Office of the Chief Financial Officer to better assess the effectiveness of discretionary-funded programs included in this information collection request. The discretionary-funded programs included in this information collection request are the Multifamily Housing Service Coordinator Grant program, the Multifamily Housing Budget-Based Service Coordinator program, and the Resident Opportunity and Self Sufficiency Service Coordinator Grant program. OIG provided a no position response regarding this notice.

HUD multifamily energy assessment – On August 30, 2022, HUD issued a notice, FR-7056-N-22, which seeks approval from OMB to extend currently approved information collection with the purpose of assisting owners of multifamily housing projects with assessing energy needs in an effort to reduce energy costs and improve energy conservation. OIG provided a comment regarding this notice. Specifically, the form HUD-9614 states that it takes an average of 4 hours per response, while the

“Supporting Statement A” shows an average of 8 hours per response. OIG recommended that HUD make a correction regarding the conflicting average hours per response.

Increase in frequency of the distribution of surplus cash for nonassisted HUD-insured properties – On September 7, 2022, HUD issued Mortgagee Letter 2022-16, which permits modification of section 13 of the regulatory agreement (form HUD-92466M) to allow distributions from surplus cash as frequently as monthly for eligible borrowers. This policy is limited to FHA-insured multifamily properties not subject to a Section 8 project-based rental assistance payments contract or a HUD-held mortgage note. This policy aligns HUD’s multifamily insurance for unassisted projects with industry standards and increases its competitive standing in the lending industry. OIG provided a no position response to this mortgagee letter.

Multifamily Accelerated Processing – On September 12, 2022, HUD issued a notice, FR-7056-N-35, which seeks approval from OMB for information collection regarding the Multifamily Accelerated Processing (MAP) Guide 4430.G, which applies only to FHA multifamily mortgage insurance programs. The MAP Guide is designed to establish uniform national standards for FHA-approved lenders to prepare, process, and submit loan applications for multifamily mortgage insurance. The MAP Guide has been updated to reflect various organizational, policy, and processing changes implemented since the last edition was published in 2016. Two new chapters have been added to this edition of the Guide: The “Water and Energy Conservation” chapter and the “Closing Guide.” All MAP-eligible projects must be submitted using MAP processing unless a waiver is granted to process under traditional application processing. OIG provided a no position response to this notice.

Multifamily coinsurance claims package, section 223(f) – On September 16, 2022, HUD issued a notice, FR-7056-N-39, which seeks approval from OMB for information collection regarding multifamily coinsurance claims. The request is about the reinstatement, with change, of a previously approved collection for which approval has expired. A lender with an insured multifamily mortgage pays an annual insurance premium to HUD. When and if the mortgage goes into default, the lender may elect to file a claim for FHA multifamily insurance benefits with HUD. HUD needs this information to determine whether FHA multifamily insurance claims submitted to HUD are accurate and valid and support payment of an FHA multifamily insurance claim. OIG nonconcurred on this clearance item because both forms HUD-27008 and HUD-27009-F state, “HUD will prosecute...” and do not give warnings of penalties for violating the referenced criminal and civil violations. HUD does not prosecute. DOJ, State, or local prosecutorial offices prosecute these matters. The language should be changed to a statement similar to the following: “I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).” The forms should be modified to include a statement similar to the one suggested above. Including certifications under penalty of perjury and fraud warnings helps to discourage fraud and helps to effectively prosecute those who commit fraud. Additionally, form HUD-27009-F does not require a signature. If it has warning statements, as it currently does, consideration should be given to requiring a signature like form HUD-27008, if applicable. Requiring a signature ensures that the authorizer of the report on proceeds can and should be held responsible for any criminal or civil violations. Acknowledging the responsibility aids in protecting HUD funds and allows for reclamation through administrative, civil, or criminal

recovery. HUD modified the warning language on both forms, and the nonconcurrence was lifted.

Green and Resilient Retrofit Program – On September 27, 2022, HUD issued a notice, FR-6350-N-01, which was a request for information (RFI). The purpose of this RFI is to solicit information regarding the design and implementation of the Green and Resilient Retrofit Program to support the improvement of energy and water efficiency retrofits and climate resilience of HUD-assisted multifamily properties. HUD expects to make multiple rounds of funding available to support energy and water efficiency retrofits and climate resilience of HUD-assisted multifamily properties. OIG provided a no position response regarding this notice.

Renewal of expiring project rental assistance contracts for projects under the Section 202 program of Supportive Housing for the Elderly and the Section 811 program of Supportive Housing for Persons with Disabilities – On September 29, 2022, HUD issued Notice H 2022-05, which updates the contract renewal procedures and standard renewal contract language for project rental assistance contracts (PRAC) under the Section 202 program of Supportive Housing for the Elderly and Section 811 program of Supportive Housing for Persons With Disabilities. The notice also establishes a process to move all Section 202 PRAC properties into contracts with a 5-year term. This change will reduce paperwork associated with annual renewals and streamline the annual funding process. To assist in balancing HUD’s workload and improve the timely completion of all renewals going forward, the conversion from annual to 5-year terms will be phased in over the next 3 years. OIG provided the following comments regarding this notice.

In section III.D, the proposed notice states, “The calculation of new funding increments will consider undisbursed balances from prior year allocations to the contract.” The notice does not say how HUD would

consider the undisbursed balances. When undisbursed funds are tied to a specific contract, HUD does not have the opportunity to resource those funds for another contract. Instead, HUD should consider spelling out in this notice that HUD will use up any undisbursed balances before allocating additional funds.

In section III.E, the proposed notice states, “Any rent adjustments for either Section 202 PRACs or Section 811 PRACs proposed to be effective at a point-in-time other than renewal or in the month of the renewal contract anniversary date will be subject to secondary funding reviews by HUD.” It does not describe the secondary funding review process. HUD should consider adding a statement about the secondary funding review process that either spells out the process or links to the criteria in which it spelled out this process.

In section IV.A, the proposed notice states, “No more than 40 percent of renewals administered within an individual Regional or Satellite office that expire within each month may be approved for a 5-year term during this initial opt-in period.” This sentence is confusing as it contains multiple ideas. It appears to mean that HUD is limiting the number of properties eligible to change to 5-year renewals to maintain operating efficiency. It may mean that HUD is limiting the number of properties to 40 percent of an individual regional or satellite office’s monthly workload of renewals. Maintaining operating efficiency while ensuring that renewals are accurate is important. HUD could split these ideas to limit confusion on the part of stakeholders (owners, management agents, operators, etc.). This procedure may create challenges at certain times of the year when there are large numbers of renewals coming due at the same time. Renewals are not evenly distributed across all 12 months. The notice does not explain what happens when HUD says no to an owner because of its workload considerations. For example, when would the PRAC be eligible to convert to 5-year renewals? HUD should consider identifying the next steps when it

says no to a PRAC due to its workload considerations.

In section IV.B, the proposed notice assigns PRACs to cohorts by the last digit of their project number. The project number can be the FHA insurance number (for example, 063-EExxx) or the Real Estate Management System (REMS) project ID (for example, 8000xxxxx). Most PRACs have both an FHA insurance number and a REMS project ID. The examples used in the proposed notice identify that HUD is using the FHA insurance number. To avoid potential confusion, HUD could replace the term “project number” with “FHA insurance number” and keep its examples. This change could avoid confusion on the part of its stakeholders.

In section IV.B, the proposed notice authorizes the multifamily regional directors to approve requests for cohort changes. A cohort change will affect multiple years of a PRAC’s operations and how HUD employees monitor an operation. The proposed notice does not identify how and where the directors should document that they authorized a change. HUD should consider adding statements to the notice identifying how the directors should document that they authorized a change. HUD should also consider adding statements to the notice to identify a consistent location in its computer systems (for example, specific screens in its Integrated Real Estate Management System) where the directors should document that they authorized a change. Having a consistent location for this information could help HUD employees better understand that PRAC and better monitor its operations.

Community Planning and Development

Small Cities program performance assessment report – On May 6, 2022, HUD issued a notice, FR-7052-N-04, which seeks an extension without change of a currently OMB-approved collection regarding the annual performance assessment reports that are submitted by the

grantees under the Small Cities program. Such information will enable HUD to track the progress of the program. Section 104(e) of the Housing and Community Development Act of 1974 requires that each grantee submit a performance and evaluation report to HUD. OIG provided a no position response regarding this notice.

Procedural guidance for FY 2022 Housing Opportunities for Persons With AIDS permanent supportive housing renewal and replacement grant applications – On June 13, 2022, HUD’s Office of Community Planning and Development (CPD) issued a notice, CPD-22-08, which announces the renewal grant application and replacement grant application requirements for eligible expiring Housing Opportunities for Persons With AIDS (HOPWA) Permanent Supportive Housing (PSH) grants. Under the renewal authority provided by the Consolidated Appropriations Act, 2020 (Public Law 116-94), and the renewal or replacement authority provided by both the Consolidated Appropriations Act, 2022 (Public Law 117-103), and the Consolidated Appropriations Act, 2021 (Public Law 116-260), HUD will renew or replace all eligible expiring HOPWA PSH grants that meet all program requirements and were initially funded under a HUD competition for FY 2010 or earlier FY funds. HUD’s mission is to create strong, sustainable, inclusive communities and quality, affordable homes for all. HUD’s FYs 2022-2026 Strategic Plan establishes strategic goals in line with the work supported through the notice of funding for HOPWA PSH grants. OIG recommended that HUD change the citations of the Federal regulations for specificity and accuracy.

Clarification of rent standard requirement for the HOPWA program – On June 29, 2022, HUD issued a notice, CPD-22-10, which clarifies HUD’s guidance on applying the program rent standard requirements at 24 CFR 574.320(a)(2), while HUD considers potential rulemaking to update HOPWA rental assistance requirements. Under 24 CFR 574.320(a)(2), HOPWA grantees are required to establish rent standards for their

rental assistance programs. The rent standard is used in conjunction with “rent reasonableness” and the “resident rent payment” to determine the maximum subsidy for a family receiving HOPWA rental assistance. Under 24 CFR 574.320(a)(2), the rent standard may be no more than the published Section 8 FMR or the HUD-approved communitywide exception rent for the unit size. In addition, on a unit-by-unit basis, the grantee may increase that amount by up to 10 percent for up to 20 percent of the units assisted. OIG suggested that HUD cite the appropriate subpart of 24 CFR 574.320 regarding maximum subsidy and rent reasonableness. In addition, regarding the two standards (comparable units in the private market and not-in-excess-of rents charged of other comparable unassisted units by the same landlord), OIG recommended that HUD make a clarification at the front of the section and include the specific CFR citation.

Housing Trust Fund – On July 13, 2022, HUD issued a notice, FR-7050-N-33, which seeks approval from OMB regarding information collection on the Housing Trust Fund (HTF). The information collected through the Integrated Disbursement and Information System (IDIS) (24 CFR 93.402) is used by HUD field offices, HUD headquarters, and HTF grantees. Specifically, the information on program funds committed and disbursed is used by HUD to track grantee performance and determine compliance with the statutory 24-month commitment deadline and the regulatory 5-year expenditure deadline (section 93.400(d)). In addition, the project-specific property, tenant, owner, and financial data are used to make program management decisions about how well program participants are achieving the statutory objectives of the HTF program. Program management reports are generated by IDIS to provide data on the status of program participants’ commitment and disbursement of HTF funds. These reports are provided to HUD staff as well as to HTF grantees. OIG provided comments regarding this notice by recommending that HUD review 24 CFR 93.404 to determine whether it

should also cite 24 CFR 93.405 regarding program cost limits; expand the range of 24 CFR 93.201 (d)(1) by including 24 CFR 93.201 (d)(2) through (d)(5); and add 24 CFR 93.302(e)(1), 24 CFR 93.302 (e)(2), 24 CFR 93.350(b)(1), and 24 CFR 93.350(b)(2).

Section 108 Loan Guarantee Program: announcement of fee to cover credit subsidy costs for FY 2023

– On September 1, 2022, HUD issued a notice, FR-6341-N-01, which announces the fee that HUD will collect from borrowers of loans guaranteed under HUD’s Section 108 Loan Guarantee Program to offset the credit subsidy costs of the guaranteed loans under commitments awarded in FY 2023 in the event that HUD is required or authorized by statute to do so, despite subsection (m) of Section 108 of the Housing and Community Development Act of 1974. OIG provided a no position response regarding this notice.

Changes to Home Investment Partnerships program commitment requirement

– On September 22, 2022, HUD issued a final rule, FR 5792-F-03, which finalizes the December 2, 2016, interim rule without change. The interim rule changed the method by which HUD determines participating jurisdictions’ compliance with the statutory 24-month commitment requirements on the use of Home Investment Partnerships program funds, including the set-aside for community housing development organizations, under the Cranston-Gonzalez National Affordable Housing Act of 1990. Specifically, it implemented a grant-specific method for determining compliance with such requirements. In addition, the interim rule revised the method of administering program income to prevent participating jurisdictions from losing allocated HOME funds when they spend program income. OIG provided a no position response regarding this final rule.

Waivers and alternative requirements for Community Development Block Grant Disaster Recovery grantees

– On September 28, 2022, HUD

issued a Federal Register notice, FR-6349-N-01, which governs Community Development Block Grant Disaster Recovery (CDBG-DR) funds awarded under the appropriations acts identified in the table of contents of this notice. Specifically, this notice provides waivers and establishes alternative requirements for certain CDBG-DR grantees that have submitted waiver requests for grants provided under the public laws cited in this notice. OIG provided a no position response regarding this notice.

Disaster Funding

Allocations for Community Development Block Grant Disaster Recovery and implementation of the consolidated waivers and alternative requirements

– On May 24, 2022, HUD issued a notice, FR-6326-N-01, which identifies grant requirements for the nearly \$3 billion allocated CDBG-DR funds, including requirements in HUD’s CDBG-DR Consolidated Notice and some amendments to the Consolidated Notice that apply to CDBG-DR grants for disasters occurring in 2020 and 2021. The Consolidated Notice, as amended by this allocation announcement notice, includes waivers and alternative requirements, relevant regulatory requirements, the grant award process, criteria for action plan approval, and eligible disaster recovery activities. This notice also includes a modification to the February 3, 2022, notice (87 FR 6364) that announced CDBG-DR grants for disasters occurring in 2020. OIG recommended that HUD replace the warning language to “WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012, 1014; 31 U.S.C. §3729, 3802).” In addition, OIG recommended that HUD modify the certification statement; make a correction to the uniform guidance citation and the HUD OIG hotline information; and make clarifications regarding (1) whether an amended action plan is required for the smaller grantees, (2) the difference

between evaluation of the cost (for example, before issuing for proposals) and price analysis (for example, after receiving proposals), and (3) whether the grantees that can rely on their prior financial certifications still have to submit an action plan for program administrative costs if they want to access funds for such use. Further, OIG suggested that HUD consider inserting a sentence, under the “Timely Distribution and Expenditure of Funds” section that expressly recognizes that HUD has a reversionary interest in any unused and improperly applied funds.

Healthcare Programs

Additional operator and FHA lender notice requirement for accounts receivable availability reduction – On July 11, 2022, HUD issued Housing Notice 22-03, which implements an additional notice requirement for FHA lenders and operators of Section 232 projects that receive accounts receivable financing from an accounts receivable lender. The requirement will allow FHA lenders and HUD to better monitor the financial health of such projects and position FHA lenders and HUD to take timely action when necessary. OIG provided a no position response regarding this notice.

Green Mortgage Insurance Premium program guidance for the Office of Residential Care Facilities – On August 18, 2022, HUD issued Mortgagee Letter 2022-13, which provides program guidance and reporting requirements for Office of Residential Care Facilities’ (ORCF) Green Mortgages as announced in ORCF’s Green Mortgage Insurance Premium (MIP) Notice (FR-6302-N-01). This mortgagee letter is effective upon publication, and it applies to firm commitments issued or reissued on or after October 1, 2022. Applications with firm commitments issued or reissued on or before September 30, 2022, are not eligible for the Green MIP rate. OIG provided a comment on this clearance item, correcting the name of the program office so it would match with the acronym.

Administrative and Other Program Areas

General applicability waiver of Build America, Buy America provisions as applied to recipients of HUD Federal financial assistance – On May 3, 2022, HUD issued a notice, FR-6331-N-01, which, in accordance with the Build America, Buy America Act, advises that it is proposing a general applicability waiver for 6 months to the Buy America Domestic Content Procurement Preference (BAP) to provide the agency with sufficient time to solicit information from the public relating to the agency’s potential information collection needs and the associated burdens that would be placed on recipients arising from compliance and monitoring with the BAP in connection with Federal financial assistance awards made by HUD. In accordance with the Act, HUD has found that this proposed general applicability waiver is in the public interest as HUD must complete the required public comment process under the Paperwork Reduction Act to establish an approved collection for the information identified. The information collection is necessary to establish compliance with the BAP. OIG provided a no position response to this notice.

General applicability waiver of Build America, Buy America provisions as applied to tribal recipients of HUD Federal financial assistance – On May 3, 2022, HUD issued a notice, FR-6331-N-02, which, in accordance with the Build America, Buy America Act, advises that HUD is proposing a general applicability waiver for 1 year to the BAP as applied to Federal financial assistance provided to tribes, TDHEs, and other tribal entities. In accordance with the Act, HUD has found that this general applicability waiver is in the public interest. Such a waiver provides HUD with the opportunity to first engage in consultation as described in HUD’s Tribal Government-to-Government Consultation Policy, consistent with President Biden’s Tribal Consultation and Strengthening Nation-to-Nation Relationships memorandum, regarding the potential application of the BAP to such entities. OIG provided a no position response to this notice.

Request for information related to the implementation of the Build America, Buy America Act

– On June 1, 2022, HUD issued a notice, FR-6331-N-03, which seeks public input on the implementation of the Build America, Buy America Act as it applies to HUD’s Federal financial assistance. In this request for information, HUD is seeking input on several topics relating to the potential information collection burden on recipients, including existing mechanisms for demonstrating compliance with the Act’s BAP, potential costs of compliance for recipients and contractors, and the potential impact on projects funded by HUD Federal financial assistance. OIG provided comments for HUD to consider, such as a brief description of what “de minimis” is and revising the document number or updating the applicable portal to match the document number. The e-Rulemaking portal listed only FR-6331-N-01 and did not list FR-6331-N-03.

Standardization of form for race and other demographic data reporting

– On September 27, 2022, HUD issued a notice, FR-7051-N-03, which seeks approval from OMB for information collection using form HUD-27061. HUD program offices use this form when collecting information concerning the race, ethnicity, and other protected class data of the populations intended to benefit from HUD funding as required by Title VI of the Civil Rights Act of 1964, the Fair Housing Act, and HUD’s regulations. OIG provided a comment regarding this notice. Specifically, OIG suggested that HUD revise the incomplete statement under the Members of Affected Public section. For example, the incomplete sentence can be revised to “Members of the affected public include applicants for HUD’s competitively funded financial assistance programs that are subject to Title VI of the Civil Rights Act of 1964.”

Multiple Program Areas

Proposed changes to the methodology used for calculating FMRs

– On July 13, 2022, HUD issued a notice, FR-6334-N-01, which states that section 8(c)(1) of the United States Housing Act of 1937 requires the HUD Secretary to publish FMRs periodically but not less than annually, adjusted to be effective on October 1 of each year. The primary uses of FMRs are to determine (1) payment standards for the HCV Program, (2) initial renewal rents for some expiring project-based Section 8 contracts, and (3) initial rents for housing assistance payments contracts in the Moderate Rehabilitation Single Room Occupancy Program and to serve as rent ceilings for rental units in both the HOME Investment Partnerships program and the ESG Program and a primary rent standard option for the HOPWA program. HUD also uses FMRs in the calculation of maximum award amounts for Continuum of Care grantees and in the calculation of flat rents for public housing units. In furtherance of that effort, HUD proposes changes in how FMRs are calculated in this notice and seeks public comment on the proposed changes. OIG provided a comment regarding a missing web link in the first paragraph of section III of the notice.

Adjustment of civil monetary penalty amounts: request for comments

– On September 21, 2022, HUD issued a notice, FR-6346-N-01, which seeks public input on the impact of applying inflation-adjusted penalty amounts on the date the penalty is assessed rather than the date of the violation. Consistent with the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (2015 Act), HUD annually publishes a final rule adjusting its civil money penalty amounts for inflation according to the formula provided by the 2015 Act. In these

rules, HUD does not apply the adjustments retroactively and provides that the inflation-adjusted penalty amounts apply to violations occurring on or after the rule's effective date. HUD is considering revising this approach, however, and annually applying inflation-adjusted penalty amounts to violations assessed after the date of inflation, if the violation occurred after the enactment of the 2015 Act. OIG provided a no position response regarding this notice.





REPORT RESOLUTION

In the report resolution process, Office of Inspector General (OIG) and U.S. Department of Housing and Urban Development (HUD) management agree upon needed actions and timeframes for resolving recommendations. Through this process, OIG strives to achieve measurable improvements in HUD programs and operations. The overall responsibility for ensuring that the agreed-upon changes are implemented rests with HUD managers. This chapter describes audit and evaluation reports issued before the start of the period that do not have management decisions, have significantly revised management decisions, or have significant management decisions with which OIG disagrees. It also has a status report on HUD's implementation of the Federal Financial Management Improvement Act of 1996 (FFMIA). In addition to this chapter on report resolution, see appendix 3, table B, "Significant Reports for Which Final Action Had Not Been Completed Within 12 Months After the Date of the Inspector General's Report."

Audit Reports Issued Before Start of Period With No Management Decision as of September 30, 2022

HUD Did Not Always Provide Adequate Oversight of Property Acquisition and Disposition Activities | Issue Date: June 30, 2016

OIG audited HUD's Community Development Block Grant (CDBG) program's property acquisition and disposition activities. OIG's objective was to determine whether HUD had adequate oversight of property acquisition and disposition activities under its CDBG program.

OIG found that HUD did not always provide adequate oversight of property acquisition and disposition activities. Specifically, of the 14

activities reviewed, 7 field offices did not provide adequate oversight of 8 property acquisition and disposition activities totaling more than \$26.2 million.

The OIG report included a recommendation that the Deputy Assistant Secretary for Grant Programs direct field offices to include property acquisition and disposition activities as an area of special emphasis when assessing grantee risk and establishing their monitoring plans and grantee monitoring strategies. The Deputy Assistant Secretary for Grant Programs proposed a management decision in December 2016. OIG rejected the proposed management decision because it did not specifically address directing field offices to include property acquisition and disposition activities as an area of special emphasis when assessing grantee risk and establishing its monitoring plans and grantee monitoring strategies as recommended. OIG requested clarification

and documentation from HUD; however, HUD had not provided the requested information and documentation, and OIG referred this recommendation to the Assistant Secretary for Community Planning and Development on March 30, 2017. HUD proposed another management decision in April 2017; however, OIG rejected it because it also did not directly address the intent of the recommendation. OIG referred this recommendation to the Deputy Secretary on August 23, 2017, and as of September 30, 2022, had not received a decision.

(Audit Report: 2016-PH-0001)

HUD Did Not Always Provide Accurate and Supported Certifications of State Disaster Grantee Procurement Processes | Issue Date: September 29, 2016

OIG audited HUD's controls over its certifications of State disaster recovery grantee procurement processes to determine whether HUD's certifications were accurate and supported. OIG found that HUD did not always provide accurate and supported certifications of State disaster grantee procurement processes and did not have adequate controls over the certification process. Due to the weaknesses identified, HUD did not have assurance that State grantees had proficient procurement processes in place, and the HUD Secretary's certifications did not meet the intent of the Disaster Relief Appropriations Act of 2013.³

The report included five recommendations for the Deputy Assistant Secretary for Grant Programs, who in turn proposed corrective actions on January 11, 2017. OIG rejected the proposed actions on January 27, 2017. OIG referred the recommendations to the General Deputy Assistant Secretary for Community Planning and Development on February 6, 2017. The General Deputy Assistant Secretary responded

to the referral on February 21, 2017. For all of the recommendations, the General Deputy Assistant Secretary stated that OIG's disagreement was closed by the Deputy Secretary in her decision regarding resolution of recommendations from OIG's audit of New Jersey's Sandy Integrated Recovery Operations and Management System.⁴ The General Deputy Assistant Secretary asserted that the legal opinion for the New Jersey audit applied to this audit. Based on this information, the General Deputy Assistant Secretary believed it was appropriate to close all of the recommendations. OIG disagreed with the General Deputy Assistant Secretary's request to close the recommendations in this audit based on the Deputy Secretary's decision to resolve recommendations from OIG's audit of New Jersey's Sandy Integrated Recovery Operations and Management System. OIG disagreed with the Deputy Secretary's decision to resolve the recommendations from that audit. Further, the Deputy Secretary's decision did not address all of the issues with HUD's process for certifying State disaster grantee procurement processes that were identified in the subject audit report. OIG referred these recommendations to the Deputy Secretary on March 31, 2017, and as of September 30, 2022, had not received a decision

(Audit Report: 2016-PH-0005)

HUD Needs To Clarify Whether Illegal-Undocumented Aliens Are Eligible for Assistance Under the Housing Opportunities for Persons With AIDS Program | Issue Date: August 21, 2017

OIG assisted the U.S. Attorney's Office, Southern District of New York, in a civil investigation related to illegal-undocumented aliens receiving Housing Opportunities for Persons With AIDS (HOPWA) assistance. Noncitizen or alien ineligibility for federally funded programs is a recurring issue in Congress. Two laws primarily govern noncitizen or alien

³ Public Law 113-2, dated January 29, 2013

⁴ 2015-PH-1003, dated June 4, 2015

eligibility for housing programs: Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 - 8 U.S.C. (United States Code) 1611 (PRWORA) and Section 214 of the Housing and Community Development Act of 1980, as amended. PRWORA states that illegal aliens do not meet the definition of qualified aliens and as a result, are ineligible for Federal public benefits. However, PRWORA exempted certain Federal public benefits from the alien eligibility restrictions, and the issue of nonqualified aliens receiving assistance under HOPWA or other homeless assistance programs has not been clearly addressed in HUD regulations and guidance. There is a conflict as to whether “housing assistance” and “homeless assistance” are synonymous. OIG recommended that HUD’s Office of Community Planning and Development (CPD) (1) clarify whether assistance provided under its community development programs, such as HOPWA, are considered “Federal public benefits” and are, therefore, subject to PRWORA’s noncitizen eligibility restrictions and (2) consult with the Office of the Attorney General to establish whether HOPWA and other homeless assistance programs are a Federal public benefit that meets the definition of “providing assistance for the protection of life or safety” and are, therefore, exempt from PRWORA noncitizen eligibility restrictions.

CPD submitted management decisions for both recommendations on December 18, 2017, but the management decisions stated that CPD was not able to act on the recommendations, and OIG rejected them. This issue was referred to the Assistant Secretary for Community Planning and Development on December 19, 2017. In January 2018, OIG attempted to meet with HUD regarding the recommendations but was unsuccessful. The issue was referred to the Deputy Secretary on February 27, 2018. As of September 30, 2022, OIG was awaiting a decision from the Deputy Secretary.

(Audit Memorandum: 2017-CF-0801)

HUD Did Not Provide Sufficient Guidance and Oversight To Ensure That State Disaster Grantees Followed Proficient Procurement Processes | Issue Date: September 22, 2017

OIG audited HUD’s oversight of disaster grantee procurement processes to determine whether HUD provided sufficient guidance and oversight to ensure that disaster grantees followed proficient procurement processes when purchasing products and services. OIG found that HUD did not provide sufficient guidance and oversight to ensure that State disaster grantees followed proficient procurement processes. Since HUD agreed to correct procurement issues from a previous audit,⁵ OIG has issued 17 audit reports on disaster grantees with questioned costs totaling nearly \$391.7 million related to procurement.

In this audit, OIG made four recommendations to the Deputy Assistant Secretary for Grant Programs, who in turn proposed corrective actions on November 24, 2017. For two of the recommendations, the Deputy Assistant Secretary stated that the matter of the applicability of the Federal procurement standards at 2 CFR (Code of Federal Regulations) 200.318 through 200.326⁶ (or 24 CFR 85.36(b) through (i)) and the requirements of the Federal Register notices on procurement was closed by the Deputy Secretary in her decision regarding resolution of recommendations from OIG’s audit of New Jersey’s Sandy Integrated Recovery Operations and Management System.⁷ In the January 10, 2017,

⁵ Audit Report 2013-FW-0001, Generally, HUD’s Hurricane Disaster Recovery Program Assisted the Gulf Coast States’ Recovery; However, Some Program Improvements Are Needed, issued March 28, 2013

⁶ Before December 26, 2014, the relevant procurement requirements were found at 24 CFR 85.36. HUD has since moved its uniform administrative requirements, cost principles, and audit requirements for Federal awards to 2 CFR part 200.

⁷ 2015-PH-1003, dated June 4, 2015

decision, the Deputy Secretary wrote that the State had certified that its procurement standards were equivalent to the standards at 24 CFR 85.36 and HUD had also certified to the proficiency of the State's policies and procedures.

The Deputy Assistant Secretary also noted that the Senate Appropriations Committee report on fiscal year 2018 U.S. Department of Transportation-HUD appropriations legislation⁸ addressed this issue. In addition, the Deputy Assistant Secretary stated that HUD clarified its definition of proficient procurement processes and policies in Federal Register notices that it published for later disasters. Based on this information, the Deputy Assistant Secretary believed it was appropriate to close these two recommendations. OIG disagreed with the Deputy Assistant Secretary's request to close these two recommendations based on the Deputy Secretary's decision to resolve recommendations from OIG's audit of New Jersey's Sandy Integrated Recovery Operations and Management System and rejected the Deputy Assistant Secretary's request to close the recommendations.

OIG also rejected the proposed management decisions for the other two recommendations because the proposed actions did not address States that chose to certify that their procurement processes and standards were equivalent to the Federal procurement standards at 2 CFR 200.318 through 200.326. OIG referred the recommendations to the Assistant Secretary for Community Planning and Development on January 25, 2018. The Assistant Secretary did not respond. OIG referred these recommendations to the Deputy Secretary on March 16, 2018, and as of September 30, 2022, had not received a decision.

(Audit Report: 2017-PH-0002)

⁸ Senate Report 1115-138, dated July 27, 2017

HUD Could Improve Its Controls Over the Disposition of Real Properties Assisted With CDBG Funds | Issue Date: September 29, 2017

OIG audited HUD's oversight of the disposition of real properties assisted with CDBG funds. OIG's objective was to determine whether HUD had adequate controls over the disposition of real properties assisted with CDBG funds. OIG found that HUD could improve its oversight of the disposition of real properties assisted with CDBG funds. Although HUD's drawdown and reporting system allowed grantees to enter identifying information for assisted properties and its field offices performed risk-based monitoring of grantees, HUD's controls were not always sufficient, and HUD did not fully implement guidance related to the applicability of change of use requirements after voluntary grant reductions. As a result, HUD could not track and monitor its interest in the properties and did not have assurance that grantees properly handled changes in use and properly reported program income. OIG recommended that the Deputy Assistant Secretary for Grant Programs develop a process to ensure that grantees properly report the addresses of assisted properties in HUD's Integrated Disbursement and Information System and properly calculate and report program income from the disposition of these properties regularly.

The Deputy Assistant Secretary proposed a management decision in January 2018, which OIG rejected. OIG referred this recommendation to the Assistant Secretary for Community Planning and Development on February 6, 2018, and to the Deputy Secretary on March 26, 2018. To reach agreement, OIG held discussions with CPD officials on February 13 and March 8, 2018. On March 28, 2018, the Deputy Assistant Secretary submitted a revised proposal; however, OIG rejected HUD's proposal. In January 2021, OIG met with HUD to discuss a possible management decision. On March 8, 2021, CPD indicated that it was working on an updated proposal that would address the concerns discussed. As of September 30, 2022, OIG continues to work with CPD while awaiting an updated proposal.

(Audit Report: 2017-NY-0002)

HUD's Office of Block Grant Assistance Had Not Codified the Community Development Block Grant Disaster Recovery Program | Issue Date: July 23, 2018

OIG audited the HUD Office of Block Grant Assistance's (OBGA) CDBG Disaster Recovery (CDBG-DR) program and found that although OBGA had managed billions in CDBG-DR funds since 2002, it had not codified the program, because it did not believe it had the authority to do so. However, OBGA's use of multiple Federal Register notices to operate the program presented challenges to the grantees. For example, 59 grantees with 112 active CDBG-DR grants, which totaled more than \$47.4 billion as of September 2017, had to follow requirements contained in 61 different Federal Register notices to manage the program.

In April 2019, OBGA acknowledged that the issuance of multiple Federal Register notices created a compliance burden for CDBG-DR grantees, but it disagreed that codification was necessary. OBGA made the following statements to support why it will not implement the recommendation: (1) codification is not necessary, (2) Federal Register notices are required, and (3) codification has limited or no applicability for future disasters. On September 30, 2019, OIG referred the disagreement and recommendation to the Deputy Secretary for resolution and, as of September 30, 2022, was awaiting a decision. While the recommendation is awaiting a decision, HUD has sought statutory codification of the CDBG-DR program. For more information, see page 7 of this report.

(Audit Report: 2018-FW-0002)

The State of New York Did Not Ensure That Properties Purchased Under the Acquisition Component of Its Program Were Eligible | Issue Date: March 29, 2019

OIG audited the State of New York's CDBG-DR-funded New York Rising Buyout and Acquisition program. OIG's objective was to determine

whether the State ensured that properties purchased under the acquisition component of the program met applicable HUD, Federal, and State requirements.

OIG found that the State did not ensure that properties purchased under the acquisition component of its program met eligibility requirements. Specifically, it did not ensure that properties (1) were substantially damaged and (2) complied with flood hazard requirements. Further, it may have improperly purchased properties that did not comply with flood insurance requirements. As a result, the State disbursed more than \$3.5 million for ineligible properties and incentives and more than \$5.9 million for properties that it could not show met applicable requirements, and HUD did not have assurance that CDBG-DR funds were used for their intended purpose. OIG recommended that HUD require the State to (1) reimburse more than \$3.5 million in settlement costs and incentives paid for properties that did not meet eligibility requirements or should not have received incentives; (2) provide documentation showing that 15 properties met requirements related to substantial damage, flood hazards, and flood insurance or reimburse more than \$5.9 million paid to purchase the properties; and (3) conduct a review of the other properties purchased under its program to ensure that properties were eligible and reimburse the amount paid for any additional properties found to be ineligible.

The Principal Deputy Assistant Secretary for Community Planning and Development proposed management decisions on October 8, 2019. OIG rejected the proposed actions and referred the recommendations to the Assistant Secretary for Community Planning and Development on September 30, 2020. As of September 30, 2022, CPD was working to update its proposed management decisions in conjunction with its work related to audit report 2019-NY-1002. OIG will continue to communicate with CPD to attempt to reach an agreement.

(Audit Report: 2019-NY-1001)

The State of New York Did Not Ensure That Appraised Values Used by Its Program Were Supported and Appraisal Costs and Services Complied With Requirements | Issue Date: May 29, 2019

OIG audited the State of New York's CDBG-DR-funded New York Rising Buyout and Acquisition Program. OIG's objectives were to determine whether the State ensured that (1) the appraised fair market values used to determine award amounts under its program were supported and (2) appraisal costs for its program complied with applicable requirements and were for services performed in accordance with Federal, State, and industry standards. OIG found that HUD and the State did not have assurance that (1) more than \$367.3 million paid to purchase properties was supported; (2) more than \$3.4 million disbursed for appraisal services was for costs that were reasonable, necessary, and adequately documented; and (3) appraisal services were properly procured and performed. OIG provided 10 recommendations to the State to provide support for appraised fair market values, appraisal prices, and other expenses related to more than \$370 million in unsupported costs and to improve controls over its program, which can ensure that up to \$93.4 million not yet disbursed is put to better use.

The Deputy Assistant Secretary for Grant Programs did not propose management decisions to address the 10 recommendations contained in the audit report. OIG held discussions with CPD officials on June 17, 2019, September 10, 2019, and September 24, 2019, but did not reach an agreement. As a result, OIG referred the 10 recommendations to the Assistant Secretary for Community Planning and Development on October 3, 2019, and held a discussion with CPD officials on November 21, 2019, but when an agreement was not reached, OIG referred the recommendations to the Deputy Secretary on February 20, 2020. In June 2021, OIG provided CPD with requested documentation to assist with preparation of the management decisions. As of September 30,

2022, OIG was awaiting a decision while continuing to work with CPD.
(Audit Report: 2019-NY-1002)

HUD Paid Rental Subsidies To Benefit Public Housing and Voucher Tenants Reported as Excluded From Federal Programs or Deceased | Issue Date: June 25, 2019

OIG audited HUD to determine whether HUD provided public housing agencies (PHA) with access to the information contained in the Do Not Pay system. Do Not Pay is a collection of data sources, one of which is the General Services Administration's System for Award Management (SAM) database of excluded parties. OIG found that HUD paid potentially improper rental subsidies to benefit 1,550 tenants who were reported as excluded from Federal programs.

OIG recommended that HUD issue guidance to PHAs to ensure that any applicant for or tenant of public or assisted housing whose name appears on the SAM excluded parties list is reviewed by PHAs to determine eligibility, according to the requirements of 2 CFR parts 180 and 2424. By doing so, ineligible applicants or tenants would not be admitted or recertified, which could result in \$13.7 million in annual rental subsidies being put to better use. In its October 8, 2019, management decision, the Office of Public and Indian Housing (PIH) disagreed with this recommendation and submitted a legal opinion from HUD's Office of General Counsel (OGC) in support of its position. OIG rejected this management decision because it does not resolve the recommendation. OIG continues to recommend that HUD issue guidance to PHAs to ensure that any applicant for or tenant of public or assisted housing whose name appears on the SAM excluded parties list is reviewed by PHAs to determine eligibility. Because OIG did not reach agreement with the Deputy Assistant Secretary for Public Housing and Voucher Programs, on February 19, 2020, OIG referred its disagreement

to the Assistant Secretary for Public and Indian Housing. However, OIG did not reach agreement with the Assistant Secretary on the corrective actions identified in the report. Therefore, OIG referred the recommendation to the official serving as Deputy Secretary on March 31, 2020, for his final decision as the Departmental Audit Resolution Official. HUD began scheduling regular meetings with OIG during 2021 to attempt to reach a resolution. As of September 30, 2022, OIG had not received a decision from the Deputy Secretary.

(Audit Report: 2019-KC-0002)

Independent Public Accountant's Audit Report on the U.S. Department of Housing and Urban Development's Fiscal Years 2021 and 2022 Consolidated Financial Statements | Issue Date: December 09, 2021

OIG contracted with CliftonLarsonAllen LLP (CLA) to audit the financial statements of HUD as of and for the fiscal years ended September 30, 2021 and 2020,¹ and to provide reports on HUD's 1) internal control over financial reporting; and 2) compliance with laws, regulations, contracts, and grant agreements and other matters. During the audit, CLA found that HUD did not comply with the Single Audit Act and the implementing guidance issued by OMB in CFR Title 2 Grants and Agreements, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200).

CLA recommended that HUD establish controls to fulfill the responsibilities outlined for federal agencies in 2 CFR 200. However, OIG has not been able to reach management decision on two of the five recommendations. OIG referred these recommendations to the CFO on August 15, 2022. Since then, the OCFO has provided a second version of proposed management decisions, but OIG still does not agree. Based on conversations with HUD, it seems that HUD is trying to implement a

Single Audit Act Analytics Dashboard that could be used to implement the controls required by 2 CFR 200. However, because HUD's operations are decentralized, fully implementing this dashboard at the enterprise-wide level is difficult and will take considerable time. Consequently, HUD has entered interim solutions as management decisions that are not comprehensive and do not explain how HUD will implement an enterprise-wide solution that allows the Single Audit Accountable Official to perform the duties outlined in 2 CFR 200. Although OIG can appreciate the challenges that HUD faces in implementing this enterprise-wide solution, OIG cannot accept management decisions that do not fully address the recommendations. OIG will continue to work with HUD to reach an agreeable decision.

(Audit Report: 2022-FO-0004)

Opportunities Exist To Improve CPD's Oversight of and Monitoring Tools for Slow-Spending Grantees | Issue Date: January 5, 2022

OIG audited HUD CPD's oversight and monitoring of its CDBG-DR slow-spending grantees. OIG's objective was to assess CPD's monitoring and oversight tools related to the progress of grant expenditures and determine the status of the grants and impacts of COVID-19 on grantee spending.

OIG found that, although CPD has tools available for the oversight and monitoring of its grantees, opportunities exist to improve its oversight and monitoring, specifically for slow-spending CDBG-DR grantees. OIG identified opportunities for CPD to enhance its (1) monthly CDBG-DR grant financial report, (2) use of Disaster Recovery Grant Reporting system flags, (3) use of grantee expenditure projections, (4) documentation for quarterly performance report reviews, and (5) documentation for monitoring reviews and updating the related exhibit (questionnaire). Enhancing these tools may allow CPD to provide more

effective oversight of grant expenditures, better assist its grantees with the progress of their spending, and assist in preventing the recapture of funds from communities with needs that can benefit from these funds. OIG recommended that CPD update its policies and procedures (1B) for tracking expenditures related to slow-spending grantees, including steps for assisting the grantees to expedite spending; identifying the reasons for the delays with the grant; documenting the outcome of its efforts; and (1F) requiring grantees to identify the reason for variances between the actual and projected expenditures to enhance CPD's oversight.

The Deputy Assistant Secretary proposed a management decision on March 16, 2022, which OIG rejected. On April 14, 2022, OIG held a meeting with CPD to discuss the disagreements but was unable to reach a resolution. OIG will continue to work with CPD to reach an agreeable decision.

(Audit Report: 2022-AT-0001)

Evaluation Reports Issued Before Start of Period with No Management Decision as of September 30, 2022

HUD Web Application Security Evaluation | Issue Date: June 6, 2018

OIG completed a targeted web application security evaluation of HUD in support of a Counsel of the Inspectors General on Integrity and Efficiency (CIGIE) Federal cross-cutting project, making nine recommendations for improvement to HUD. OIG assessed HUD's capability to identify and mitigate critical IT vulnerabilities in its publicly accessible web applications. OIG identified key deficiencies in HUD's practices that put HUD's extensive collection of sensitive data, including personal information of private citizens, at increased risk of unauthorized

access and compromise. Of particular concern was the discovery of multiple operating web applications unknown to the Office of the Chief Information Officer (OCIO).

On June 2, 2017, HUD concurred with all recommendations and agreed to work with OIG to assign responsibility and complete resolution. OIG concurred to close five recommendations based on HUD OCIO closure requests and associated evidence during the previous semiannual reporting period, leaving four open recommendations. OIG had not received management decisions for these four recommendations. OIG obtained a recommendation status update on August 30, 2022, and one of the open recommendations has been identified by HUD OIG as a priority recommendation.

(Evaluation Report: 2016-OE-0002)

HUD IT System Management and Oversight of the Section 184 Program | Issue Date: August 13, 2018

OIG evaluated the IT systems supporting the Office of Native American Programs (ONAP), Indian Home Loan Guarantee Program (Section 184 program), following concerns that HUD did not use its resources to address shortcomings in internal controls and lacked the ability to deploy a reliable IT system. OIG observed that (1) a newly developed IT system, called the Loan Origination System (LOS), had significant limitations, requiring lenders and program officials to continue to use a HUD legacy IT system and manual processes for maintaining files, servicing loans, and managing claims; (2) only 1 of 38 lenders was able to access and use LOS due to HUD's inability to resolve and implement a user access solution; (3) LOS had no capability to conduct loan servicing and claims, which were still conducted using Excel spreadsheets; and (4) LOS lacked critical management reporting capabilities. Despite HUD's investing \$4 million into the development of LOS, the system did

not satisfy all management and oversight objectives.

OIG made five recommendations. HUD and ONAP concurred with all five recommendations in August 2018 with a suspense of November 26, 2018, to provide OIG with management decisions. In addition, two recommendations were closed during the previous semiannual reporting period due to the progress of OCIO's implementing electronic document capabilities and resolving the lender access issue using the FHA Catalyst IT system. Three recommendations remained open, with HUD providing closure requests for all three. As of September 21, 2021, three recommendations remain open and HUD had closure requests for those. Despite the closure requests, OIG determined additional evidence was needed to support the closure.

(Evaluation Report: 2018-OE-0004)

Significantly Revised Management Decisions

Section 5(a)(11) of the Inspector General Act, as amended, requires that OIG report information concerning the reasons for any significantly revised management decisions made during the reporting period. During the current reporting period, there were three significantly revised management decisions.

The City of San Diego, California, Did Not Administer Its Community Development Block Grant Program in Accordance with HUD Requirements When Funding the City's Redevelopment Agency Projects | Issue Date: December 30, 2008

OIG audited the City of San Diego's CDBG program to determine whether the City administered CDBG loans issued to the City's Redevelopment Agency in accordance with HUD rules and regulations. OIG found that the City did not properly administer its CDBG funds, including the

identification of questioned costs and the City's not executing loan agreements and repayment schedules for loans issued to the Agency. OIG, therefore, recommended that HUD require the City to support or repay almost \$13 million in questioned costs and execute loan agreements with the Agency for more than \$139 million in principal and interest, including terms of repayment.

HUD's March 2009 management decisions required the City to support or repay the questioned costs and execute loan agreements with specific loan terms for repayment. HUD reached an agreement with the City in 2010 to have the Agency repay the CDBG program more than \$78.7 million under a 10-year repayment plan. Final action on this decision was delayed by the State of California's 2012 dissolution of redevelopment agencies and the subsequent establishment of the City of San Diego's Successor Agency, to manage and complete the contractual obligations of the City's former Redevelopment Agency. Effective September 28, 2022, HUD revised the open management decision to recognize additional returns to the CDBG program, thereby increasing the amounts recovered to more than \$145.4 million.

(Audit Report: 2009-LA-1005)

HUD Did Not Have Effective Controls To Ensure That Lenders Reported Defaults Accurately and in a Timely Manner | Issue Date: September 10, 2013

OIG audited HUD's Office of Single Family Housing to determine whether it had effective controls in place to ensure that lenders reported default information on FHA-insured loans accurately and in a timely manner. Lenders report default information to HUD's Single Family Default Monitoring System (SFDMS). This system collects and tracks the key significant events that occur during a default episode.

OIG determined that HUD did not have effective controls to ensure that lenders reported default information accurately and in a timely manner. HUD's controls included only minimal system error codes; basic monitoring of error code rates, nonreporting, and underreporting; and lender servicing reviews examining a sample of default information at selected lenders. HUD also did not have an adequate penalty process to deter future issues. As a result, the default data were not always accurate and timely.

OIG recommended that HUD develop and implement a data management policy; resume reviews of SFDMS reporting; and implement a progressive penalty process for pursuing administrative action against lenders that fail to report, underreport, and submit inaccurate or unsupported data. HUD agreed with these recommendations and completed the corresponding actions in July 2014 and July 2015.

OIG also recommended that HUD implement additional system error checks to identify potential reporting issues. In its original management decision, HUD agreed to modify SFDMS to create additional system error checks, subject to budgetary constraints. In August 2018, HUD submitted a revised management decision, stating that due to funding constraints, it had not been able to enhance the system. Instead, HUD planned to implement its 4-year roadmap plan, which included retiring SFDMS and replacing it with a more modern and robust system. HUD planned to submit a subsequent revised management decision upon budget approval. Accordingly, in May 2022, HUD submitted the subsequent revised management decision, which showed that FHA had moved to the new default reporting system in FHA Catalyst in March 2022 and expanded the list of fatal error codes.

On May 25, 2022, OIG agreed with the significantly revised management decision.

(Audit Report: 2013-KC-0003)

Fiscal Year 2019 Review of Information Systems Controls in Support of the Financial Statements Audit | Issue Date: December 17, 2020

OIG audited the information systems controls over HUD's computing environment as part of its audit of HUD's financial statements for fiscal year 2019 under the Chief Financial Officer's Act of 1990. OIG's objective was to assess general controls over HUD's computing environment for compliance with departmental IT policies and Federal information system security and financial management requirements. OIG focused its assessment on the general controls over HUD's IBM mainframe general support system.

OIG reported 4 findings and 11 recommendations. One of the findings was that OCIO allowed the use of two outdated software products on the IBM mainframe. OIG recommended that the Chief Information Officer establish and implement a policy specific to upgrading software that requires OCIO to (1) establish a timeframe for completion of upgrades, (2) document the specific reasons why fully upgrading software or upgrading software in a timely manner is not feasible, and (3) require that a waiver be obtained accepting the risks associated with using the outdated software. OIG specified that the policy should require that the waiver be approved by the Chief Information Officer or his or her designee.

In its original management decision, OCIO planned to provide an updated Software Configuration Management Policy Handbook to include enterprise software configuration management requirements, defined roles and responsibilities, and a formal waiver process. On July 18, 2022, OCIO submitted a revised management decision with additional actions, to include (1) issuing a memorandum to the program offices on the new policy, waiver template, and process; (2) providing training to the program offices on the new requirements; and (3) initiating meetings with the appropriate program offices. On July 20, 2022, OIG concurred with the revised management decision.

Audit Report: 2021-DP-0001

Significant Management Decision With Which OIG Disagrees

Section 5(a)(12) of the Inspector General Act, as amended, requires that OIG report information concerning any significant management decision with which OIG disagrees.

During the reporting period, there were no reports in which OIG disagreed with the significant management decisions.

Federal Financial Management Improvement Act of 1996

Section 803(a) of FFMIA requires that each agency establish and maintain financial management systems that comply with (1) Federal financial management system requirements, (2) Federal accounting standards, and (3) the United States Standard General Ledger at the transaction level. Section 803(c) of FFMIA requires an agency to establish a remediation plan if it is determined that the agency's financial management systems do not comply with the requirements of section 803(a). Section 804(b) of FFMIA requires OIG to report in its semiannual reports to Congress instances and reasons when an agency has not met the intermediate target dates established in its remediation plans.

As of September 30, 2022, OIG and HUD had identified noncompliance with the three section 803(a) elements of FFMIA. Specifically, there was one financial system, the Tenant Rental Assistance Certification System (TRACS), that was noncompliant with the three section 803(a) requirements. While the Office of Housing expected to complete TRACS remediation activities in fiscal year 2022 (March 21, 2021), the timeline to address TRACS' FFMIA noncompliance was pushed back to fiscal year 2023 (first December 31, 2022, and most recently July 2023). This delay is because the new TRACS release needs to address the Office of Asset Management and Portfolio Oversight's Housing Opportunity Through

Modernization Act of 2016 Final Rule and Requirements, and there have been delays in this process.



WHISTLEBLOWER PROTECTION COORDINATOR

Whistleblowers play a critical role in keeping Government programs honest, efficient, and accountable. The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG), continues to ensure that HUD and OIG employees are aware of their rights to disclose misconduct, waste, or abuse in HUD programs without reprisal and to assist HUD and OIG employees in seeking redress when employees believe that they have been subject to retaliation for whistleblowing. OIG also investigates complaints of whistleblower retaliation by HUD contractors and grantees.

OIG's Whistleblower Protection Coordinator works with HUD and OIG employees to provide information on

- options for disclosing misconduct, waste, or abuse in HUD programs;
- statutory protections for Federal employees who make such disclosures; and
- how to file a complaint when an employee believes he or she has been retaliated against for making protected disclosures.

The OIG Whistleblower Protection Coordinator may meet with HUD employees individually, upon request. Generally, OIG will refer HUD employees with whistleblower retaliation complaints to the U.S. Office of Special Counsel.

The Whistleblower Protection Coordinator also provides training to OIG personnel on whistleblower-related issues. OIG's mandatory whistleblower training for OIG personnel is an interactive, virtual training experience about whistleblower rights and protections, making protected disclosures, and making disclosures about investigative agencies, such as OIGs.

OIG received several complaints filed under 41 U.S.C. (United States Code) 4712, which extends whistleblower protection to employees of Federal contractors, subcontractors, grantees, and subgrantees. If the employee of a HUD grantee or contractor believes he or she has been retaliated against for whistleblowing, he or she may file a complaint with OIG, which will review the complaint and, if necessary, investigate the matter and provide a report of findings to the HUD Secretary for a determination as to whether unlawful reprisal occurred.

The chart below provides further information on whistleblower retaliation complaints received by OIG.

Number of complainants alleging whistleblower retaliation	54
Complaints meeting threshold requirements for investigation	3
Reports of finding transmitted to HUD for determination (pertaining to matters opened during previous reporting periods)	2



PEER REVIEW

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law No. 111-203), section 989C, requires inspectors general to report the latest peer review results in their semiannual reports to Congress. The purpose in doing so is to enhance transparency within the Government. Both the Office of Audit and Office of Investigation are required to undergo a peer review of their individual organizations every 3 years. The purpose of the review is to ensure that the work completed by the respective organizations meets the applicable requirements and standards. The following is a summary of the status of the latest round of peer reviews:

Table 1. Peer Reviews Conducted of HUD OIG

Type of Review	Date of Peer Review	OIG Reviewed	Rating	Outstanding Recommendations
Audits	December 17, 2021	USAID OIG	Pass	None
Evaluation	May 12, 2020	CIGIE	In Compliance	None
Investigation	July 3, 2017 ⁹	DHS OIG	Pass	None

Table 2. Peer Reviews Conducted by HUD OIG

Type of Review	Date of Peer Review	OIG Reviewed	Rating	Outstanding Recommendations
Audits	June 24, 2022	DOE OIG	Pass	None
Evaluation	September 10, 2019	FHFA OIG	In Compliance	None
Investigation	June 5, 2020	DHS OIG	Pass	None

⁹ The scheduled peer review for the Office of Investigation was delayed due to the pandemic. SSA OIG began a peer review during this semiannual period and the results will be reported out in the next semiannual report.



APPENDIXES

- APPENDIX 1:** Reports Issued
- APPENDIX 2:** Tables
- APPENDIX 3:** Inspector General Empowerment Act
- APPENDIX 4:** Reporting Requirements
- APPENDIX 5:** Acronyms and Abbreviations
- APPENDIX 6:** OIG Directory

Appendix 1 - Reports Issued

Internal Audit Reports Issued

Chief Financial Officer

2022-FO-0005	HUD Did Not Comply With the Payment Integrity Information Act of 2019, 06/27/2022.
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Chief Procurement Officer

2022-FO-0006	Corrective Action Verification Government Purchase Card Program and Government Travel Card Program Audit Recommendations, 08/24/2022.
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Community Planning and Development

2022-FO-0007	Potential Fraud Schemes That Could Affect Tenant- and Project-Based Rental Assistance, HOME, and Operating Fund Programs' CARES and ARP Act Funds, 09/29/2022.
2022-LA-0002	Emergency Solutions Grants CARES Act Implementation Challenges, 08/17/2022.
2022-LA-0003	Community Planning and Development, Washington, DC, Community Development Block Grant CARES Act Grantees Faced Challenges Using Program Funds, 09/28/2022.

Policy Development and Research

2022-LA-0004	Office of Policy Development and Research, Washington, DC, HUD Met 11 of 13 Responsibilities Stated in the Geospatial Data Act of 2018 for Fiscal Year 2022, 09/30/2022.
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External Audit Reports

Community Planning and Development

2022-AT-1002 The State of North Carolina Generally Had Capacity and Mostly Followed Disbursement Requirements, but Its Procurement Process Needs Improvement, 09/16/2022. Questioned: \$2,588,362. Unsupported: \$2,588,362.

Public and Indian Housing

2022-NY-1003 Long Branch Housing Authority, Long Branch, NJ, Did Not Properly Handle Income and Expenses Related to Agreements With Other Housing Agencies, 08/24/2022. Questioned: \$2,598,312. Unsupported: \$2,598,312. Better use: \$697,912.

Internal Evaluation Reports Issued

Information Technology

2022-OE-0001 Fiscal Year 2022 Federal Information Security Modernization Act (FISMA) Evaluation, 09/30/2022.

Public and Indian Housing

2021-OE-0011a Risk Indicators of Lead-Based Paint Hazards in Public Housing Agencies, 09/28/2022.

Appendix 2 - Tables

Table A

Audit Reports Issued Before Start of Period With No Management Decision as of 09/30/2022

*Significant Audit Reports Described in Previous Semiannual Reports

Report number	Report title	Issue date
* 2016-PH-0001	HUD Did Not Always Provide Adequate Oversight of Property Acquisition and Disposition Activities	06/30/2016
* 2016-PH-0005	HUD Did Not Always Provide Accurate and Supported Certifications of State Disaster Grantee Procurement Processes	09/29/2016
2017-CF-0801	HUD Needs To Clarify Whether Illegal-Undocumented Aliens Are Eligible for Assistance Under the Housing Opportunities for Persons With AIDS Program	08/21/2017
* 2017-PH-0002	HUD Did Not Provide Sufficient Guidance and Oversight To Ensure That State Disaster Grantees Followed Proficient Procurement Processes	09/22/2017
* 2017-NY-0002	HUD Could Improve Its Controls Over the Disposition of Real Properties Assisted With Community Development Block Grant Funds	09/29/2017
* 2018-FW-0002	HUD's Office of Block Grant Assistance Had Not Codified the Community Development Block Grant Disaster Recovery Program	07/23/2018
* 2019-NY-1001	The State of New York Did Not Ensure That Properties Purchased Under the Acquisition Component of Its Program Were Eligible	03/29/2019

Report number	Report title	Issue date
* 2019-NY-1002	The State of New York Did Not Ensure That Appraised Values Used by Its Program Were Supported and Appraisal Costs and Services Complied With Requirements	05/29/2019
* 2019-KC-0002	HUD Paid Rental Subsidies To Benefit Public Housing and Voucher Tenants Reported as Excluded From Federal Programs or Deceased	06/25/2019
* 2022-FO-0004	Independent Public Accountant’s Audit Report on the U.S. Department of Housing and Urban Development’s Fiscal Years 2021 and 2020 Consolidated Financial Statements	12/09/2021
* 2022-AT-0001	Opportunities Exist To Improve CPD’s Oversight of and Monitoring Tools for Slow-Spending Grantees	01/05/2022

Evaluation Reports Issued Before Start of Period With No Management Decision as of 09/30/2022

Report number	Report title	Issue date
2016-OE-0002	HUD Web Application Security Evaluation	06/06/2018
2018-OE-0004	HUD IT System Management and Oversight of the Section 184 Program	08/13/2018

Table B

Significant Audit Reports for Which Final Action Had Not Been Completed Within 12 Months After the Date of the Inspector General's Report

Report number	Report title	Issue date	Decision date	Final action target date
2005-AT-1013	Corporacion para el Fomento Economico de la Ciudad Capital, San Juan, Puerto Rico, Did Not Administer Its Independent Capital Fund in Accordance with HUD Requirements	09/15/2005	01/11/2006	Note 2
2006-CH-1021	Housing Authority of the County of Cook, Chicago, Illinois, Had Weak Controls over Its Section 8 Housing Choice Voucher Program	09/30/2006	01/26/2007	09/30/2037
2010-AT-1003	The Housing Authority of Whitesburg Mismanaged Its Operations, Whitesburg, KY	04/28/2010	08/26/2010	11/29/2035
2011-PH-1005	The District of Columbia Did Not Administer Its HOME Program in Accordance With Federal Requirements, Washington, DC	12/23/2010	04/22/2011	Note 2
2011-NY-1010	The City of Buffalo Did Not Always Administer Its CDBG Program in Accordance With HUD Requirements, Buffalo, NY	04/15/2011	01/25/2012	Note 2
2011-AT-1018	The Municipality of San Juan, PR, Did Not Properly Manage Its HOME Investment Partnerships Program	09/28/2011	01/12/2012	Note 2
2012-NY-1002	The City of New York Charged Questionable Expenditures to Its HPRP, New York, NY	10/18/2011	02/16/2012	Note 2

Report number	Report title	Issue date	Decision date	Final action target date
2012-PH-0001	HUD Needed To Improve Its Use of Its Integrated Disbursement and Information System To Oversee Its CDBG Program	10/31/2011	02/28/2012	Note 1
2012-LA-0001	HUD Did Not Adequately Support the Reasonableness of the Fee-for-Service Amounts or Monitor the Amounts Charged	11/16/2011	03/27/2012	Note 2
2013-PH-1001	Luzerne County Did Not Properly Evaluate, Underwrite, and Monitor a High-Risk Loan, Wilkes-Barre, PA	10/31/2012	01/31/2013	Note 1
2013-PH-0002	HUD Policies Did Not Always Ensure That Borrowers Complied With Program Residency Requirements	12/20/2012	04/19/2013	02/28/2023
2013-NY-1006	Nassau County Did Not Administer Its HOME Investment Partnerships Program in Accordance With HUD Requirements, Nassau County, NY	05/13/2013	09/06/2013	Note 2
2013-LA-1009	The City of Hawthorne Inappropriately Used Nearly \$1.6 Million in HOME Funds for Section 8 Tenants, Hawthorne, CA	09/13/2013	01/06/2014	Note 1
2013-LA-1010	The City of Hawthorne Did Not Administer Its CDBG Program Cost Allocations in Accordance With HUD Rules and Requirements, Hawthorne, CA	09/20/2013	01/06/2014	Note 1
2013-NY-1010	The City of Auburn Did Not Always Administer Its CDBG Program in Accordance With HUD Requirements, Auburn, NY	09/26/2013	01/24/2014	Note 2
2013-CH-1011	The Michigan State Housing Development Authority Did Not Follow HUD's Requirements Regarding the Administration of Its Program, Lansing, MI	09/30/2013	01/15/2014	02/23/2023
2014-AT-1001	The Municipality of Arecibo Did Not Properly Administer Its HOME Program	12/03/2013	01/24/2014	Note 2

Report number	Report title	Issue date	Decision date	Final action target date
2014-FO-0003	Additional Details To Supplement Our Report on HUD's Fiscal Years 2013 and 2012 (Restated) Financial Statements	12/16/2013	07/09/2014	Note 2
2014-AT-1004	The State of Mississippi Did Not Ensure That Its Subrecipient and Appraisers Complied With Requirements, and It Did Not Fully Implement Adequate Procedures for Its Disaster Infrastructure Program, Jackson, MS	12/30/2013	04/15/2014	Note 2
2014-NY-0001	HUD Did Not Provide Effective Oversight of Section 202 Multifamily Project Refinances	02/19/2014	06/10/2014	Note 2
2014-LA-0004	HUD Could Not Support the Reasonableness of the Operating and Capital Fund Programs' Fees and Did Not Adequately Monitor Central Office Cost Centers	06/30/2014	10/20/2014	Note 2
2014-KC-0002	The Data in CAIVRS Did Not Agree With the Data in FHA's Default and Claims Systems	07/02/2014	10/27/2014	Note 1
2014-NY-1008	Palladia, Inc., Did Not Administer Its Supportive Housing Program in Accordance With HUD Requirements, New York, NY	07/25/2014	11/21/2014	Note 2
2014-PH-1008	The State of New Jersey Did Not Fully Comply With Federal Procurement and Cost Principle Requirements in Implementing Its Tourism Marketing Program	08/29/2014	09/02/2015	Note 1
2014-PH-0001	HUD Policies Did Not Always Ensure That HECM Borrowers Complied With Residency Requirements	09/30/2014	01/28/2015	02/28/2023

Report number	Report title	Issue date	Decision date	Final action target date
2015-NY-1001	The City of New York Did Not Always Disburse CDBG Disaster Recovery Assistance Funds to Its Subrecipient in Accordance With Federal Regulations, New York, NY	11/24/2014	03/23/2015	Note 2
2015-AT-0001	HUD's Office of Community Planning and Development Did Not Always Pursue Remedial Actions but Generally Implemented Sufficient Controls for Administering Its Neighborhood Stabilization Program	03/31/2015	08/28/2015	Note 2
2015-LA-1004	The Housing Authority of the County of San Bernardino, San Bernardino, CA, Used Shelter Plus Care Program Funds for Ineligible and Unsupported Participants	05/29/2015	09/16/2015	Note 2
2015-PH-1003	The State of New Jersey Did Not Comply With Federal Procurement and Cost Principle Requirements in Implementing Its Disaster Management System	06/04/2015	10/02/2015	Note 1
2015-FW-0001	HUD Did Not Adequately Implement or Provide Adequate Oversight To Ensure Compliance With Environmental Requirements	06/16/2015	10/07/2015	Note 2
2015-LA-1005	NOVA Financial & Investment Corporation's FHA-Insured Loans With Downpayment Assistance Gifts Did Not Always Meet HUD Requirements	07/09/2015	09/11/2015	Note 1
2015-CH-0001	HUD Did Not Always Provide Adequate Oversight of Its Section 203(k) Rehabilitation Loan Mortgage Insurance Program	07/31/2015	11/27/2015	Note 2
2015-KC-0002	The Office of Community Planning and Development's Reviews of Matching Contributions Were Ineffective, and Its Application of Match Reductions Was Not Always Correct	08/11/2015	12/09/2015	Note 1

Report number	Report title	Issue date	Decision date	Final action target date
2015-AT-0002	HUD's Office of Multifamily Asset Management and Portfolio Oversight Did Not Comply With Its Requirements for Monitoring Management Agents' Costs	08/21/2015	12/16/2015	Note 2
2015-PH-0004	HUD Policies Did Not Always Ensure That HECM Borrowers Complied With Residency Requirements	08/21/2015	12/18/2015	02/28/2023
2015-NY-1010	New York State Did Not Always Administer Its Rising Home Enhanced Buyout Program in Accordance With Federal and State Regulations	09/17/2015	03/01/2016	Note 2
2015-NY-1011	Program Control Weaknesses Lessened Assurance That New York Rising Housing Recovery Program Funds Were Always Disbursed for Eligible Costs	09/17/2015	03/18/2016	Note 2
2015-LA-1009	loanDepot's FHA-Insured Loans With Downpayment Assistance Funds Did Not Always Meet HUD Requirements	09/30/2015	01/12/2016	Note 1
2015-LA-1010	loanDepot's FHA-Insured Loans With Golden State Finance Authority Downpayment Assistance Gifts Did Not Always Meet HUD Requirements	09/30/2015	01/12/2016	Note 1
2016-FO-0001	Audit of Fiscal Years 2015 and 2014 (Restated) Financial Statements	11/13/2015	03/24/2016	Note 2
2016-FO-0003	Additional Details To Supplement Our Fiscal Years 2015 and 2014 (Restated) U.S. Department of Housing and Urban Development Financial Statement Audit	11/18/2015	03/22/2016	Note 2
2016-DP-0801	Review of Information System Controls Over the Government National Mortgage Association	11/30/2015	03/30/2016	Note 2
2016-NY-1003	The City of Rochester, NY, Did Not Always Administer Its Community Development Block Grant Program in Accordance With HUD Requirements	02/05/2016	06/17/2016	Note 2

Report number	Report title	Issue date	Decision date	Final action target date
2016-NY-1006	New York State Did Not Always Disburse Community Development Block Grant Disaster Recovery Funds in Accordance With Federal and State Regulations	03/29/2016	07/27/2016	Note 2
2016-NY-1007	The City of Jersey City, NJ's Community Development Block Grant Program Had Administrative and Financial Control Weaknesses	03/30/2016	06/08/2016	Note 2
2016-PH-0001	HUD Did Not Always Provide Adequate Oversight of Property Acquisition and Disposition Activities	06/30/2016	02/16/2017	Note 3
2016-NY-0001	Operating Fund Calculations Were Not Always Adequately Verified	09/12/2016	12/22/2016	04/01/2025
2016-FW-1010	The State of Oklahoma Did Not Obligate and Spend Its Community Development Block Grant Disaster Recovery Funds in Accordance With Requirements	09/30/2016	01/17/2017	Note 2
2016-PH-1009	The State of New Jersey Did Not Disburse Disaster Funds to Its Contractor in Accordance With HUD, Federal, and Other Applicable Requirements	09/30/2016	01/27/2017	Note 1
2017-KC-0001	FHA Paid Claims for an Estimated 239,000 Properties That Servicers Did Not Foreclose Upon or Convey on Time	10/14/2016	02/28/2017	Note 2
2017-NY-1001	The City of New York, NY, Implemented Policies That Did Not Always Ensure That CDBG Disaster Recovery Funds Were Disbursed in Accordance With Its Action Plan and Federal Requirements	11/02/2016	05/08/2017	Note 1
2017-FO-0003	Additional Details To Supplement Our Fiscal Years 2016 and 2015 (Restated) U.S. Department of Housing and Urban Development Financial Statement Audit	11/15/2016	09/13/2017	Note 2

Report number	Report title	Issue date	Decision date	Final action target date
2017-NY-1004	The City of New York, NY, Lacked Adequate Controls To Ensure That the Use of CDBG-DR Funds Was Always Consistent With the Action Plan and Applicable Federal and State Requirements	12/21/2016	04/17/2017	Note 1
2017-NY-1005	Union County, NJ'S HOME Investment Partnerships Program Was Not Always Administered in Compliance With Program Requirements	01/13/2017	05/11/2017	Note 2
2017-LA-0002	HUD Failed To Follow Departmental Clearance Protocols for FHA Programs, Policies, and Operations	01/25/2017	09/22/2017	Note 2
2017-KC-1801	Final Action Memorandum: Purchaser of HUD-Insured Single-Family Property Settled Allegations of Causing the Submission of a False Claim	02/23/2017	02/23/2017	Note 2
2017-LA-0003	HUD Failed To Adequately Oversee FHA-Insured Loans With Borrower-Financed Downpayment Assistance	03/03/2017	06/22/2017	Note 1
2017-PH-1001	The City of Pittsburgh, PA, Did Not Always Administer Its CDBG Program in Accordance With HUD and Federal Requirements	03/22/2017	07/19/2017	Note 2
2017-CF-1803	United Shore Financial Services, LLC, Settled Allegations of Failing To Comply With HUD's Federal Housing Administration Loan Requirements	03/29/2017	03/29/2017	Note 2
2017-NY-0001	HUD PIH's Required Conversion Program Was Not Adequately Implemented	05/18/2017	09/15/2017	12/31/2023
2017-PH-1003	The Yorkville Cooperative, Fairfax, VA, Did Not Administer Its HUD-Insured Property and Housing Assistance Contract According to Applicable Requirements	05/22/2017	09/19/2017	Note 2
2017-KC-0005	Owners of Cooperative Housing Properties Generally Charged More for Their Section 8 Units Than for Their Non-Section 8 Units	06/12/2017	10/06/2017	Note 2

Report number	Report title	Issue date	Decision date	Final action target date
2017-LA-1005	The City of Huntington Park, CA, Did Not Administer Its Community Development Block Grant Program in Accordance With Requirements	06/16/2017	10/17/2017	Note 2
2017-KC-0006	HUD Did Not Conduct Rulemaking or Develop Formal Procedures for Its Single-Family Note Sales Program	07/14/2017	10/19/2017	Note 2
2017-FW-1011	BLM Companies LLC Failed To Ensure That It Protected and Preserved HUD Properties Under Its Field Service Manager Contract for Area 1D	08/29/2017	12/26/2017	11/18/2022
2017-LA-0004	HUD Did Not Have Adequate Controls To Ensure That Servicers Properly Engaged in Loss Mitigation	09/14/2017	01/11/2018	Note 2
2017-NY-1010	The State of New York Did Not Show That Disaster Recovery Funds Under Its Non-Federal Share Match Program Were Used for Eligible and Supported Costs	09/15/2017	01/12/2018	Note 2
2017-PH-1006	The Owner of Schwenckfeld Manor, Lansdale, PA, Did Not Always Manage Its HUD-Insured Property in Accordance With Applicable HUD Requirements	09/25/2017	01/23/2018	02/01/2030
2017-CF-1807	Residential Home Funding Corp. Settled Allegations of Failing To Comply With HUD's Federal Housing Administration Loan Requirements	09/28/2017	09/28/2017	Note 2
2017-NY-0002	HUD Could Improve Its Controls Over the Disposition of Real Properties Assisted With Community Development Block Grant Funds	09/29/2017	01/26/2018	Note 3
2018-FO-0003	Fiscal Years 2017 and 2016 (Restated) Financial Statements Audit	11/15/2017	04/03/2018	Note 1
2018-FO-0004	Additional Details To Supplement Our Fiscal Years 2017 and 2016 (Restated) U.S. Department of Housing and Urban Development Financial Statement Audit	11/15/2017	07/02/2018	Note 1

Report number	Report title	Issue date	Decision date	Final action target date
2018-AT-1802	Yabucoa Housing Project, Yabucoa Volunteers of America Elderly Housing, Inc., Yabucoa, PR, Section 202 Supportive Housing for the Elderly Program	12/29/2017	04/20/2018	Note 2
2018-FW-1001	Jefferson Parish, Jefferson, LA, Did Not Always Properly Administer Its Rehabilitation Program	01/29/2018	05/22/2018	12/31/2022
2018-NY-1003	The Housing Authority of the City of Asbury Park, NJ, Did Not Always Administer Its Operating and Capital Funds in Accordance With Requirements	02/08/2018	06/07/2018	01/28/2050
2018-CF-1801	MetLife Home Loans, LLC, and a Borrower's Son Settled Allegations of Failing To Comply With HUD's Federal Housing Administration HECM Loan Requirements	03/23/2018	08/09/2018	Note 2
2018-KC-0001	FHA Insured \$1.9 Billion in Loans to Borrowers Barred by Federal Requirements	03/26/2018	07/11/2018	Note 2
2018-LA-1003	The City of South Gate, CA, Did Not Administer Its Community Development Block Grant Program in Accordance With HUD Requirements	03/29/2018	07/25/2018	Note 2
2018-LA-0801	The Office of Native American Programs Section 184 Program Continues To Operate Without Adequate Oversight 3 Years After the Prior OIG Audit	08/27/2018	12/21/2018	Note 2
2018-BO-0001	HUD's Office of Residential Care Facilities Did Not Always Have and Use Financial Information to Adequately Assess and Monitor Nursing Homes	09/17/2018	03/07/2019	Note 2
2018-KC-0004	HUD Did Not Always Identify and Collect Partial Claims Out of Surplus Foreclosure Proceeds	09/20/2018	04/18/2019	Note 2
2018-LA-0005	HUD Did Not Have Adequate Controls To Ensure That Partial Claim Notes for FHA Loans Were Properly Tracked for Future Collection	09/21/2018	03/08/2019	Note 2

Report number	Report title	Issue date	Decision date	Final action target date
2018-NY-0001	HUD Did Not Adequately Administer Its Housing Counseling Program	09/24/2018	02/26/2019	04/01/2023
2018-PH-1007	The Crisfield Housing Authority, Crisfield, MD, Did Not Properly Administer Its Public Housing Program Operating and Capital Funds	09/25/2018	03/01/2019	03/31/2023
2018-PH-1008	The City of Erie, PA, Did Not Always Administer Its Code Enforcement and Community Policing Activities in Accordance With HUD and Federal Requirements	09/26/2018	03/07/2019	Note 2
2018-LA-0007	HUD Paid an Estimated \$413 Million for Unnecessary Preforeclosure Claim Interest and Other Costs Due to Lender Servicing Delays	09/27/2018	04/03/2019	Note 2
2018-NY-1007	The City of New York, NY, Did Not Always Use Disaster Recovery Funds Under Its Program for Eligible and Supported Costs	09/27/2018	02/28/2019	Note 2
2018-FW-1007	The State of Louisiana, Baton Rouge, LA, Did Not Always Maintain Adequate Documentation or Comply With Website Reporting Requirements	09/28/2018	03/29/2019	Note 2
2019-FO-0002	Audit of the Federal Housing Administration's Financial Statements for Fiscal Years 2018 and 2017 (Restated)	11/14/2018	05/30/2019	Note 1
2019-FO-0003	Additional Details To Supplement Our Fiscal Years 2018 and 2017 (Restated) U.S. Department of Housing and Urban Development Financial Statement Audit	11/15/2018	07/11/2019	Note 1
2019-AT-1002	Louisville Metro, Louisville, KY, Did Not Always Administer the TBRA Activity in Its HOME and CoC Programs in Accordance With Program Requirements	03/18/2019	07/16/2019	Note 2
2019-KC-0001	FHA Improperly Paid Partial Claims That Did Not Reinstate Their Related Loans	04/11/2019	08/02/2019	Note 2

Report number	Report title	Issue date	Decision date	Final action target date
2019-FW-1001	The Little Rock Housing Authority, Little Rock, AR, Did Not Fully Meet Rental Assistance Demonstration Program Requirements	04/23/2019	09/20/2019	10/31/2022
2019-BO-1001	The City of Bridgeport, CT, Did Not Properly Administer Its HOME Program	04/25/2019	08/07/2019	10/05/2022
2019-AT-1004	The North Carolina Department of Commerce Did Not Administer Its Neighborhood Stabilization Program Grants as Required by HUD	06/14/2019	01/14/2020	Note 2
2019-LA-0801	HUD Completed the Agreed-Upon Corrective Actions for One of the Two Recommendations Reviewed From Prior OIG Audit Report 2015-LA-0001 on FHA-HAMP Partial Claims	07/15/2019	10/08/2019	Note 2
2019-CH-1003	The Management Agent for Lake View Towers Apartments, Chicago, IL, Did Not Always Comply With HUD's Section 8 HAP Program Requirements	09/03/2019	12/18/2019	01/31/2023
2019-KC-0003	FHA Insured at Least \$13 Billion in Loans to Ineligible Borrowers With Delinquent Federal Tax Debt	09/30/2019	01/15/2020	Note 2
2020-KC-0001	HUD's Purchase Card Program Had Inaccurate Records, Untimely Training, and Improper Purchases	01/31/2020	05/18/2020	10/24/2022
2020-KC-0002	HUD's Travel Cards Were Used for Illegal, Improper, or Erroneous Purchases and Were Not Always Used When Required	01/31/2020	05/29/2020	10/24/2022
2020-AT-0801	HUD Had Not Established Deadlines for Reporting FHA-HAMP Nonincentivized Loan Modifications and Filing Nonincentivized Partial Claims	02/04/2020	06/01/2020	Note 2
2020-FO-0003	Additional Details To Supplement Our Fiscal Year 2019 U.S. Department of Housing and Urban Development Financial Statements Audit	02/07/2020	09/08/2020	Note 2

Report number	Report title	Issue date	Decision date	Final action target date
2020-AT-1002	The Puerto Rico Department of Housing, San Juan, PR, Should Strengthen Its Capacity To Administer Its Disaster Grants	03/16/2020	07/13/2020	12/30/2022
2020-CH-0003	HUD Lacked Adequate Oversight of Public Housing Agencies' Compliance With the Lead Safe Housing Rule	03/18/2020	09/03/2020	04/15/2022
2020-CH-0005	HUD Needs To Improve Its Oversight of Lead in the Water of Multifamily Housing Units	08/21/2020	01/26/2021	Note 2
2020-LA-1005	Mid America Mortgage, dba 1st Tribal Lending, Pinole, CA, Did Not Always Follow HUD's Section 184 Program Requirements	09/03/2020	12/14/2020	12/31/2022
2020-LA-0002	HUD Had Implemented Most of the Required Responsibilities Stated in the Geospatial Data Act of 2018	09/24/2020	01/11/2021	11/29/2022
2021-LA-1001	The City of Compton, Compton, CA, Did Not Always Administer Neighborhood Stabilization Program Funds in Compliance With Procedures and Regulations	10/27/2020	01/26/2021	Note 2
2021-LA-1002	Neighborhood Housing Services of Los Angeles County, Los Angeles, CA, Did Not Always Follow Program Requirements in Administering Its NSP2	01/05/2021	04/29/2021	Note 2
2021-PH-0002	HUD Improperly Accounted for and Managed Reimbursements It Received Through Rent Credits From the General Services Administration	03/29/2021	05/28/2021	05/26/2022
2021-AT-0002	HUD Did Not Fully Comply With the Payment Integrity Information Act of 2019	05/17/2021	06/17/2021	Note 2
2021-FW-1001	Harris County Community Services Department, Houston, TX, Was Inefficient and Ineffective in Operating Its Hurricane Harvey Program	06/02/2021	09/14/2021	Note 2

Report number	Report title	Issue date	Decision date	Final action target date
2021-FW-1002	The City of Houston's Housing and Community Development Department, Houston, TX, Did Not Always Ensure That Its Program Followed Procurement Requirements	06/21/2021	10/06/2021	10/05/2022
2021-KC-0003	HUD's Major Program Offices Can Improve Their Preparedness To Respond to Upcoming Natural Disasters	07/26/2021	11/05/2021	12/31/2022
2021-KC-0004	HUD's Office of Multifamily Housing Programs' Complaint Process Did Not Ensure That Health and Safety Complaints Were Resolved in a Timely Manner	07/28/2021	09/28/2021	10/01/2024
2021-CH-0001	HUD Remains Challenged To Serve the Maximum Number of Eligible Families Due to Decreasing Utilization in the Housing Choice Voucher Program	09/15/2021	01/14/2022	01/13/2023
2021-FW-1003	The Bay City Housing Authority, Bay City, TX, Did Not Follow Requirements for Its Legal Services Contract, Administrative Costs, and Board Meetings	09/29/2021	01/26/2022	12/31/2022

Significant Audit Reports Issued Within the Past 12 Months That Were Described in Previous Semiannual Reports for Which Final Action Had Not Been Completed as of 09/30/2022

Report number	Report title	Issue date	Decision date	Final action
2022-FO-0801	Fraud Risk Inventory for the CDBG and ESG CARES Act Funds	10/12/2021	08/02/2022	09/01/2024
2022-FO-0004	Independent Public Accountant's Audit Report on the U.S. Department of Housing and Urban Development's Fiscal Years 2021 and 2020 Consolidated Financial Statements	12/09/2021	09/13/2022	Note 3
2022-PH-0801	HUD Did Not Always Implement Corrective Actions To Further Ensure That HECM Borrowers Complied With Principal Residency Requirements	12/10/2021	02/22/2022	02/28/2023
2022-KC-0001	FHA Borrowers Did Not Always Properly Receive COVID-19 Forbearances From Their Loan Servicers	12/15/2021	04/01/2022	03/15/2023
2022-FW-1001	The City of Houston, Houston, TX, Faced Challenges in Administering Its Hurricane Harvey Program and Risked Losing Its Funding	01/04/2022	04/19/2022	12/31/2022
2022-AT-0001	Opportunities Exist To Improve CPD's Oversight of and Monitoring Tools for Slow-Spending Grantees	01/05/2022	04/22/2022	Note 3
2022-LA-0001	HUD Did Not Have Adequate Controls in Place To Track, Monitor, and Issue FHA Refunds Owed to Homeowners	01/07/2022	04/26/2022	04/26/2023
2022-NY-1001	The Buffalo Municipal Housing Authority, Buffalo, NY, Needs To Improve Its Management of the Commodore Perry Homes Development To Address Longstanding Concerns	01/11/2022	05/11/2022	10/01/2023

2022-LA-1001	The Los Angeles Homeless Services Authority, Los Angeles, CA, Did Not Always Administer Its Continuum of Care Program in Accordance With HUD Requirements	01/20/2022	04/28/2022	04/27/2023
2022-BO-0001	HUD Did Not Have Adequate Policies and Procedures for Ensuring That Public Housing Agencies Properly Processed Requests for Reasonable Accommodation	02/07/2022	05/26/2022	05/15/2023
2022-NY-0001	HUD Did Not Implement Adequate Grant Closeout and Reporting Processes To Ensure Consistent Application of GONE Act Requirements	03/09/2022	07/07/2022	12/30/2023
2022-KC-0002	Approximately 31,500 FHA-Insured Loans Did Not Maintain the Required Flood Insurance Coverage in 2020	03/22/2022	06/29/2022	06/20/2023
2022-AT-1001	The State of Florida Administered Its Housing Repair and Replacement Program Effectively but Not Always in a Cost-Efficient and Prudent Manner for the Projects and Activity Delivery Costs Reviewed	03/30/2022	09/14/2022	03/31/2023
2022-NY-1002	The Housing Authority of Plainfield, NJ, Did Not Always Comply With Requirements When Administering Its Public Housing Programs	03/30/2022	07/28/2022	10/31/2023

Audits Excluded:

70 audits under repayment plans

30 audits under debt claims collection processing, formal judicial review, investigation, or legislative solution

Notes:

1 Management did not meet the target date. Target date is more than 1 year old.

2 Management did not meet the target date. Target date is less than 1 year old.

3 No management decision

Significant Evaluation Reports for Which Final Action Had Not Been Completed Within 12 Months After the Date of the Inspector General's Report

Report number	Report title	Issue date	Decision date	Final action
2014-ITED-0001	HUD Privacy Program Evaluation Report	04/30/2014	04/30/2014	Note 1
2015-OE-0001	Federal Information Security Modernization Act (FISMA) Fiscal Year 2015 Evaluation Report	11/15/2015	11/15/2015	Note 1
2015-OE-0001	Federal Information Security Modernization Act (FISMA) Fiscal Year 2015 Evaluation Report	11/15/2015	11/15/2015	Note 1
2015-OE-0002	HUD IT Modernization Evaluation Report	09/29/2015	09/29/2015	Note 1
2016-OE-0002	HUD Web Application Security Evaluation Report	06/07/2017	n/a	Note 2
2017-OE-0007	HUD Fiscal Year 2017 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report	10/31/2017	08/16/2018	Note 1
2018-OE-0001	HUD Privacy Program Evaluation Report	09/13/2018	11/27/2019	Note 1
2018-OE-0003	HUD Fiscal Year 2018 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report	10/31/2018	05/27/2019	Note 1
2018-OE-0004	HUD IT System Management and Oversight of the Section 184 Program	08/13/2018	n/a	Note 2
2019-OE-0002	HUD Fiscal Year 2019 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report	06/24/2020	01/19/2021	Note 1

Report number	Report title	Issue date	Decision date	Final action
2019-OE-0002a	HUD Personally Identifiable Information (PII) Records Protection and Management	06/25/2020	12/21/2020	Note 1
2020-OE-0001	HUD Fiscal Year 2020 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report	11/30/2020	03/30/2021	Note 1
2021-OE-0003	HUD IT Modernization Roadmap Evaluation Report	06/29/2021	09/28/2021	Note 1

Significant Evaluation Reports Issued Within the Past 12 Months That Were Described in Previous Semiannual Reports for Which Final Action Had Not Been Completed as of 09/30/2022

Report number	Report title	Issue date	Decision date	Final action
2020-OE-0004	HUD's Processes for Managing IT Acquisitions	11/17/2021	05/17/2022	Note 3
2021-OE-0001	Fiscal Year 2021 Federal Information Security Modernization Act (FISMA) Evaluation Report	02/15/2022	09/20/2022	Note 3

Notes:

- 1 Management did not meet the target date. Target date is more than 1 year old.
- 2 No management decision (for one or more recommendations)
- 3 Management is working to meet the target date. Target date is less than 1 year old.

Table C

Inspector General-Issued Reports With Questioned and Unsupported Costs as of 09/30/2022 (Dollars in Thousands)

Audit reports		Number of audit reports	Questioned costs	Unsupported costs
A1	For which no management decision had been made by the beginning of the reporting period	7	\$397,477	\$393,911
A2	For which litigation, legislation, or investigation was pending at the beginning of the reporting period	0	0	0
A3	For which additional costs were added to reports in beginning inventory	-	357	86
A4	For which costs were added to noncost reports	0	0	0
B1	Which were issued during the reporting period	2	5,187	5,187
B2	Which were reopened during the reporting period	0	0	0
Subtotals (A+B)		9	403,021	399,184
C	For which a management decision was made during the reporting period	3 ¹⁰	4,215	3,944
	(1) Dollar value of disallowed costs:			
	Due HUD	0	87	87
	Due program participants	3	4,128	3,857
	(2) Dollar value of costs not disallowed	0	0	0
D	For which a management decision had been made not to determine costs until completion of litigation, legislation, or investigation	0	0	0
E	For which no management decision had been made by the end of the reporting period	6 <15> ¹¹	398,806 <385,535> ⁹	395,240 <381,973> ⁹

¹⁰ Two audit reports also contain recommendations with funds to be put to better use.

¹¹ The figures in brackets represent data at the recommendation level as compared to the report level. See Explanations of Tables C and D.

Table D

Inspector General-Issued Reports With Recommendations That Funds Be Put to Better Use as of 09/30/2022 (Dollars in Thousands)

Audit reports		Number of audit reports	Dollar value
A1	For which no management decision had been made by the beginning of the reporting period	7	\$11,929,164
A2	For which litigation, legislation, or investigation was pending at the beginning of the reporting period	0	0
A3	For which additional costs were added to reports in beginning inventory	-	130,698
A4	For which costs were added to noncost reports	0	0
B1	Which were issued during the reporting period	1	698
B2	Which were reopened during the reporting period	0	0
Subtotals (A+B)		8	12,060,560
C	For which a management decision was made during the reporting period	4 ¹²	7,074,692
	(1) Dollar value of recommendations that were agreed to by management:		
	Due HUD	2	6,937,979
	Due program participants	2	136,713
	(2) Dollar value of recommendations that were not agreed to by management	0	0
D	For which a management decision had been made not to determine costs until completion of litigation, legislation, or investigation	0	0
E	For which no management decision had made by the end of the reporting period	4 <4> ¹³	4,985,868 <4,979,774> ¹¹

¹² Two audit reports also contain recommendations with questioned costs.

¹³ The figures in brackets represent data at the recommendation level as compared to the report level. See Explanations of Tables C and D.

Explanations of Tables C and D

The Inspector General Act Amendments of 1988 require inspectors general and agency heads to report cost data on management decisions and final actions on audit reports. The current method of reporting at the “report” level rather than at the individual audit “recommendation” level results in misleading reporting of cost data. Under the Act, an audit “report” does not have a management decision or final action until all questioned cost items or other recommendations have a management decision or final action. Under these circumstances, the use of the “report” based rather than the “recommendation” based method of reporting distorts the actual agency efforts to resolve and complete action on audit recommendations. For example, certain cost items or recommendations could have a management decision and repayment (final action) in a short period of time. Other cost items or nonmonetary recommendation issues in the same audit report may be more complex, requiring a longer period of time for management’s decision or final action. Although management may have taken timely action on all but one of many recommendations in an audit report, the current “all or nothing” reporting format does not recognize its efforts.

The closing inventory for items with no management decision in tables C and D (line E) reflects figures at the report level as well as the recommendation level.

Appendix 3 - Inspector General Empowerment Act

The Inspector General Empowerment Act (Public Law 114-317) (IGEA), enacted in December 2016, contains several reporting requirements regarding offices of inspectors general's (OIG) semiannual reports to Congress (SAR). Below are the U.S. Department of Housing and Urban Development, Office of Inspector General's (HUD OIG) statutory requirements as stated in the IGEA, with hyperlinks to the detailed information located on its website at www.hudoig.gov.

Summary of Reports With No Establishment Comment

IGEA requires OIG to report on each audit and evaluation report for which HUD did not return comments within 60 days of OIG's providing the report to the Department.

There are no instances of reports with no establishment comment this semiannual reporting period.

Summary of Reports With Open Recommendations

The IGEA requires OIGs to report on each audit and evaluation report for which there are any outstanding unimplemented recommendations, including the combined potential cost savings of these recommendations. Summaries for the Office of Audit and Office of Evaluation (OE) are presented below.

Office of Audit

The Department currently has 879 outstanding (open) unimplemented recommendations with a combined potential cost savings of nearly \$20 billion. The following table and charts reflect the reasons why they remain unimplemented:

1. 819 recommendations have active corrective action plans in place or valid repayment plans, but HUD has not finished implementing the recommendation.
2. 60 recommendations are currently without management decisions (agreement between the Department and OIG), 37 of which are beyond the 180-day statutory requirement due to disagreement and were reported in table A of OIG's SAR. The remainder are within the 180-day limit, during which time management and OIG can arrive at an agreed-upon corrective action plan.
3. 324 open recommendations have management decisions in place but are currently under investigative, legislative, or judicial action or under a valid repayment plan and are, therefore, suspended pending resolution

Office of Audit Summary

Calendar year	Number of open recommendations	Cumulative estimated cost savings from open recommendations
Pre-2001	2	\$1,688,555
2001	1	120,000
2002	3	83,604
2003	12	1,746,990
2004	6	8,044,077
2005	5	2,999,361
2006	12	8,829,704
2007	14	4,899,125
2008	26	7,001,295
2009	18	4,822,283
2010	13	15,796,445
2011	32	95,551,824

Calendar year	Number of open recommendations	Cumulative estimated cost savings from open recommendations
2012	12	10,318,051
2013	42	51,846,583
2014	65	240,556,432
2015	66	318,755,612
2016	102	7,271,889,327
2017	126	629,189,007
2018	86	2,834,220,235
2019	63	6,660,743,216
2020	35	1,296,315
2021	52	18,720,503
2022 ¹⁴	86	1,523,734,945
Total	879	19,712,853,489

¹⁴ Data as of 9/30/2022 for the calendar year.

Office of Evaluation

OE conducts evaluations focused on improving departmental operations and programs. OE's recommendations do not focus on direct cost savings but, rather, on improving program effectiveness, reducing the likelihood of negative outcomes, and addressing HUD's top management challenges.

Calendar year	Number of open recommendations
2013	0
2014	3
2015	3
2016	0
2017	5
2018	19
2019	0
2020	29
2021	15
2022	27
Total	101

Statistical Table Showing Investigative Report Metrics

The data used in this statistical table were extracted from OIG's Case Management System. The Case Management System and its underlying infrastructure allow for data input and maintain data integrity during the complete investigative case cycle, while ensuring data privacy and confidentiality. The system was developed in .Net 4.7.2, and the database is SQL 2017. OIG develops queries to extract data from the Case Management System to meet business requirements, such as the information used to create this statistical table. The footnotes provide additional guidance pertaining to each requested category of information.

Reporting Period: Fiscal Year (FY) 2022, Period 2 (SAR 88), April 2021 Through September 30, 2022

Measure	Total
A. Total number of investigative reports issued during the reporting period ¹⁵	89
B. Total number of persons referred to the U.S. Department of Justice for criminal prosecution during the reporting period	104
C. Total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period	31
D. Total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities ¹⁶	45

¹⁵ Includes approved reports of investigation

¹⁶ Includes all charging documents reported: criminal complaints, indictments, informations, and superseding indictments

Investigations of Senior Government Employees

The IGEA requires OIG to summarize in the SAR each investigation involving a senior government employee when allegations of misconduct were substantiated. Listed below are the cases for this reporting period.

- HUD OIG initiated an investigation based on allegations that a GS-15 program analyst formerly employed within HUD's Office of the Chief Information Officer may have provided nonpublic HUD information to representatives of a private firm. The investigation found that the employee provided a HUD budget portfolio document not authorized for public release to a senior official of a private firm in violation of 5 CFR (Code of Federal Regulations) 2635.702 and 2635.703, which prohibit the use of public office and nonpublic information for private gain. HUD OIG referred these findings to the appropriate U.S. Attorney's Office for prosecutorial consideration and no prosecution resulted. HUD OIG also referred its findings in this matter to HUD for any administrative action it deems appropriate.
- HUD OIG initiated an investigation based on allegations that Lynne Patton, then HUD Regional Administrator, may have violated various Federal ethics laws by participating in the production of a video that aired at a national political convention. The investigation found that Patton used or allowed the use of her government position to solicit participation in the video by tenants from a housing authority she oversaw and created the appearance that she was participating in the production of the video on behalf of HUD in violation of 5 CFR 2635.702 and 2635.101(b)(14), which prohibit the use of public office for private gain and creating the appearance of unlawful conduct. The investigation found further that Patton used the official time of her subordinates in a questionable manner, used

her personal phone to conduct official HUD business, and did not meet her obligation to cooperate fully with HUD OIG's investigation. HUD OIG referred these findings to the appropriate U.S. Attorney's Office for prosecutorial consideration, and no prosecution resulted. HUD OIG also referred its findings in this matter to HUD for any administrative action it deems appropriate.

Instances of Whistleblower Retaliation

The IGEA requires OIG to include in the SAR a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation and what, if any, consequences the establishment imposed to hold that official accountable.

- HUD OIG has no instances of whistleblower retaliation to report for this period. OSI made two referrals to the Department during this reporting period finding that complainants had established a prima facie case of retaliation under Section 4712 but, consistent with HUD OIG's practice during the last reporting period, OSI is not including summaries of those referrals because Section 4712 requires the Department to determine whether retaliation took place and the Department has made no such determination in these matters.

OIG Independence

The IGEA requires OIG to include in the SAR a detailed description of any attempt by the establishment to interfere with the independence of OIG, including incidents in which the establishment has resisted or objected to oversight activities or restricted or significantly delayed access to information.

OIG has no instances of attempts to interfere with OIG independence to report in this SAR period.

Reports That Were Closed During the Period That Were Not Disclosed to the Public

Section 5(a)(22) of the IGEA, as amended, requires that OIG report on each audit, evaluation, and investigation conducted by the office that is closed during the reporting period and was not disclosed to the public.

Office of Investigation

- HUD OIG conducted an investigation relating to another OIG at that OIG's request.
- HUD OIG conducted an investigation relating to another OIG in support of the Council of the Inspectors General on Integrity and Efficiency's Integrity Committee.
- HUD OIG initiated an investigation based on allegations that a former senior HUD official published a book containing nonpublic HUD information in violation of regulations regarding the use of departmental records. The investigation did not substantiate the allegations, and the matter was neither presented for prosecution nor referred to HUD.
- HUD OIG initiated an investigation based on allegations referred from the Office of Special Counsel that (1) a senior official's former ownership of a HUD subcontractor created the appearance of a conflict of interest and (2) three other senior officials may have engaged in gross mismanagement by underfunding and mishandling certain HUD contracts or activities. The HUD OIG investigation did not substantiate either allegation, and HUD OIG provided its findings in this matter to HUD for transmittal to the Office of Special Counsel.

Office of Evaluation

Fiscal Year 2022 Federal Information Security Modernization Act (FISMA) Evaluation Report: September 30, 2022

OIG assessed HUD's information security (IS) program for effectiveness in accordance with FISMA, which directs OIGs to conduct an evaluation using the OIG FISMA metrics. The metrics consist of eight domains aligned with the five functional areas (identify, protect, detect, respond, and recover) from the National Institute of Standards and Technology Framework for Improving Critical Infrastructure Cybersecurity.

HUD continued to take positive steps to improve its information technology (IT) security posture. However, OMB modified the FISMA evaluation methodology in FY 2022, asking IG's to evaluate 20 core metrics instead of approximately 60 FISMA metric that had been assessed in previous years. Based on the FY 2022 FISMA Core IG [Inspector General] Metrics issued by the Office of Management and Budget, HUD's IS program was evaluated as not effective. Significant limitations and challenges continue to impact the Office of the Chief Information Officer's ability to establish an effective IS program. The longstanding inability to modernize key IT systems and consistently implement enterprise efforts, as well as budget and resource constraints in FY 2022, affected HUD's ability to mature. This outcome is despite HUD's increasing maturity in 3 of the 20 core metrics, remaining at the same maturity level for 16 of the 20 core metrics, and dropping in maturity for 1 core metric.

HUD continued to make significant progress in addressing OIG's prior years' recommendations. During FY 2022, HUD closed 21 prior FISMA recommendations. In this report, OIG issued five new recommendations and offered opportunities for improvement for the enterprise and the program offices.

(Agencywide, Evaluation Report: 2022-OE-0001)

Appendix 4 - Reporting Requirements

The specific reporting requirements as prescribed by the Inspector General Act of 1978, as amended by the Inspector General Act of 1988, are listed below.

Source requirement	Pages
Section 4(a)(2)- review of existing and proposed legislation and regulations.	26-43
Section 5(a)(1) – description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of the Department.	13-22, 55-56
Section 5(a)(2) – description of recommendations for corrective action with respect to significant problems, abuses, and deficiencies.	44-54
Section 5(a)(3) – identification of each significant recommendation described in previous Semiannual Reports on which corrective action has not been completed.	Appendix 2, Table B, 63
Section 5(a)(4) – summary of matters referred to prosecutive authorities and the prosecutions and convictions that have resulted.	13-22
Section 5(a)(5) – summary of reports made on instances where information or assistance was unreasonably refused or not provided, as required by Section 6(b)(2) of the Act.	no instances
Section 5(a)(6) – listing of each audit report completed during the reporting period, and for each report, where applicable, the total dollar value of questioned and unsupported costs and dollar value of recommendations that funds be put to better use.	Appendix 1, 59
Section 5(a)(7) – summary of each particularly significant report.	13-22

Source requirement	Pages
Section 5(a)(8) – statistical tables showing the total number of adult reports and the total dollar value of questioned and unsupported costs.	Appendix 2, Table C, 81
Section 5(a)(9) – statistical tables showing the total number of audit reports and the dollar value of recommendations that funds be put to better use by management.	Appendix 2, Table D, 82
Section 5(a)(10) – summary of each audit report issued before the commencement of the reporting period for which no management decision had been made by the end of the period.	Appendix Table A, 59
Section 5(a)(11) – a description and explanation of the reasons for any significant revised management decisions made during the reporting period.	52-53
Section 5(a)(12) – information concerning any significant management decision with which the Inspector General is in disagreement.	No instances
Section 5(a)(13) – the information described under section 05(b) of the Federal Financial Management Improvement Act of 1996.	54

Appendix 5 - Acronyms and Abbreviations

BAP	Buy America Domestic Content Procurement Preference
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CAV	corrective action verification
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant Disaster Recovery
CFR	Code of Federal Regulations
CLA	CliftonLarsonAllen LLP
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CPD	Office of Community Planning and Development
DHS	U.S. Department of Homeland Security
DOE	U.S. Department of Energy
DOJ	U.S. Department of Justice
ESG	Emergency Solutions Grant
ESG-CV	Emergency Solutions Grant CARES Act
ESS	Environmental Shared Services office
FFMIA	Federal Financial Management Improvement Act
FHA	Federal Housing Administration
FHFA	Federal Housing Finance Agency
FISMA	Federal Information Security Modernization Act of 2014
FMR	fair market rent
FR	Federal Register
FSS	Family Self-Sufficiency
FY	fiscal year
HCV	Housing Choice Voucher
HOPWA	Housing Opportunities for Persons With AIDS
HOTMA	Housing Opportunity Through Modernization Act of 2016

HTF	Housing Trust Fund
HUD	U.S. Department of Housing and Urban Development
HUD-VASH	HUD-Veterans Affairs Supportive Housing
IDIS	Integrated Disbursement and Information System
IG	Inspector General
IGEA	Inspector General Empowerment Act
ICDBG	Indian Community Development Block Grant
IHBG	Indian Housing Block Grant
IHBG-ARP	Indian Housing Block Grant American Rescue Plan Act
IS	information security
IT	information technology
LOS	Loan Origination System
MAP	multifamily accelerated processing
MIP	mortgage insurance premium
NAHASDA	Native American Housing Assistance and Self-Determination Act of 1996
OBGA	Office of Block Grant Assistance
OCIO	Office of the Chief Information Officer
OE	Office of Evaluation
OIG	Office of Inspector General
OLHCHH	Office of Lead Hazard Control and Healthy Homes
OMB	Office of Management and Budget
ONAP	Office of Native American Programs
ORCF	Office of Residential Care Facilities
PBRA	project-based rental assistance
PHA	public housing agency
PIH	Office of Public and Indian Housing
PIH-TBRA	Office of Public and Indian Housing, Tenant-Based Rental Assistance
PIIA	Payment Integrity Information Act of 2019
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act

PSH	Permanent Supportive Housing
RFIF	renewal funding inflation factor
RVI	remote video inspection
SAM	System for Award Management
SAR	Semiannual Report to Congress
SFDMS	Single Family Default Monitoring System
TBRA	tenant-based rental assistance
TDHE	tribally designated housing entity
TRACS	Tenant Rental Assistance Certification System
UEI	unique entity identifier
USAID	U.S. Agency for International Development
U.S.C.	United States Code
VASH	Veterans Affairs Supportive Housing

Appendix 6 - OIG Directory

Office of Audit

Headquarters	Washington, DC	202-708-0364
Fair Housing Audit Division	Boston, MA	617-994-8380
	Hartford, CT	860-240-9739
	Philadelphia, PA	215-656-0500
	Baltimore, MD	410-962-2520
	Pittsburgh, PA	412-644-6428
	Richmond, VA	800-842-2610
Single Family Housing (Originations)-Multifamily Insurance Audit Division	New York, NY	212-264-4174
	Buffalo, NY	716-551-5755
	Newark, NJ	973-622-7900
Disaster Recovery Audit Division (East)	Atlanta, GA	404-331-3369
	Greensboro, NC	336-547-4001
	Miami, FL	305-536-5387
	San Juan, PR	787-766-5540
Rental Assistance-Safe and Affordable Housing Audit Division	Chicago, IL	312-913-8499
	Columbus, OH	614-280-6138
	Detroit, MI	313-226-6190

Disaster Recovery Audit Division (West)	Fort Worth, TX	817-978-9309
	Baton Rouge, LA	225-448-3975
	Houston, TX	713-718-3199
	New Orleans, LA	504-671-3000
	Oklahoma City, OK	405-609-8606
	San Antonio, TX	210-475-6800

Ginnie Mae-Single Family Housing (Servicing) Audit Division	Kansas City, KS	913-551-5870
	Denver, CO	303-672-5471

Grants Management	Los Angeles, CA	213-894-8016
	Phoenix, AZ	602-379-7250
	San Francisco, CA	415-489-6400

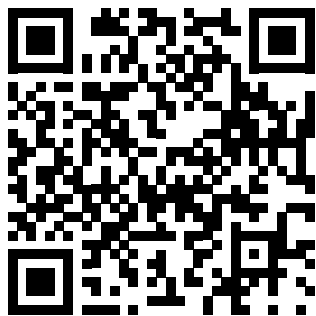
Office of Evaluation

Headquarters	Washington, DC	evaluations@hudoig.gov
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Office of Investigation

Headquarters	Washington, DC	(202) 708-0390
Northeast Region	Boston, MA	(617) 994-8450
	Buffalo, NY	(716) 646-7105
	Hartford, CT	(860) 240-4800
	Newark, NJ	(973) 776-7342
	New York, NY	(212) 542-7294
MidAtlantic Region	Alexandria, VA	(206) 498-6461
	Baltimore, MD	(410) 962-2520
	Cleveland, OH	(216) 357-7800
	Columbus, OH	(614) 280-6137
	Indianapolis, IN	(317) 226-6303
	Philadelphia, PA	(215) 430-6758
	Pittsburgh, PA	(412) 644-6598
	Richmond, VA	(804) 771-2100
Southeast Region	Atlanta, GA	(404) 331-5001
	Birmingham, AL	(205) 731-2630
	Greensboro, NC	(336) 547-4000
	Miami, FL	(305) 536-3087
	San Juan, PR	(787) 766-5872
	Tampa, FL	(813) 596-5764

Midwest Region	Chicago, IL	(312) 353-4196
	Detroit, MI	(313) 226-7900
	Kansas City, KS	(913) 551-5866
	St. Louis, MO	(314) 539-6278
South Central Region	Baton Rouge, LA	(225) 448-3941
	Fort Worth, TX	(817) 978-5440
	Houston, TX	(713) 718-3097
	New Orleans, LA	(504) 671-3700
Western Region	Denver, CO	(303) 672-5350
	Los Angeles, CA	(213) 894-8000
	Phoenix, AZ	(602) 379-7251
	San Francisco, CA	(415) 489-6400



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