

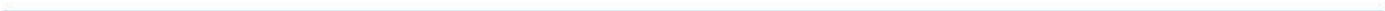


Office of Native American Programs, Washington, DC

Indian Housing Block Grant Program

**Office of Audit, Region 9
Los Angeles, CA**

**Audit Report Number: 2018-LA-0002
May 7, 2018**





To: Heidi J. Frechette, Deputy Assistant Secretary, Office of Native American Programs, PN

//SIGNED//

From: Tanya E. Schulze, Regional Inspector General for Audit, 9DGA

Subject: HUD Did Not Have Adequate Controls To Ensure That Grantees Submitted Accurate Tribal Enrollment Numbers for Program Funding

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of HUD's Office of Native American Programs' Indian Housing Block Grant program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG website. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 213-534-2471.



Audit Report Number: 2018-LA-0002

Date: May 7, 2018

HUD Did Not Have Adequate Controls To Ensure That Grantees Submitted Accurate Tribal Enrollment Numbers for Program Funding

Highlights

What We Audited and Why

We audited the U.S. Department of Housing and Urban Development's (HUD) Office of Native American Programs' Indian Housing Block Grant program. We selected the program based on the results of a previous audit (audit report 2017-LA-1007) and concerns about the accuracy and completeness of tribal enrollment numbers that HUD used to allocate program funds to eligible Native American grantees. Our audit objective was to determine whether HUD ensured the accuracy of tribal enrollment numbers submitted by registered Native American tribes or their tribally designated housing entities.

What We Found

HUD did not ensure that grantees submitted accurate tribal enrollment numbers to support their allocated portion of program funding for fiscal years 2015, 2016, and 2017. We attributed this condition to weaknesses in HUD's internal control environment, which included the lack of written policies and procedures and inadequate reporting requirements. As a result, there was an increased overall risk that more than \$1.9 billion in program funding awarded to 377 grantees may not have been properly allocated. Additionally, the increased risk could result in grantees' receiving more or fewer program funds than they are entitled to receive to address the housing needs within the Native American community.

What We Recommend

We recommend that the Deputy Assistant Secretary of the Office of Native American Programs (1) update the program's information collection requirements on form HUD-4117 to ensure that grantees report annually, (2) revise form HUD-4117 to include certification and false claim statements to hold grantees responsible for the accurate reporting of tribal enrollment numbers, (3) develop and implement policies and procedures that would assist in the formal challenging of grantees' reporting of tribal enrollment numbers, and (4) issue guidance to grantees on procedures to ensure the accurate reporting of tribal enrollment numbers.

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Background and Objective

The U.S. Department of Housing and Urban Development's (HUD) Office of Native American Programs administers housing and community development programs, including the Indian Housing Block Grant program, for the benefit of American Indians and Alaska Native governments, tribal members, the Department of Hawaiian Home Lands, and Native Hawaiian and other Native American organizations. HUD's mission is to increase the supply of safe, decent, and affordable housing to Native American families; strengthen communities by improving living conditions and creating economic opportunities for tribes and Indian housing residents; and ensure fiscal integrity in the operation of the program it administers. For fiscal years 2015, 2016, and 2017, HUD awarded 377 grantees more than \$1.9 billion in program funding.

The program is a formula grant that provides a range of affordable housing activities on Native American reservations and areas. The program Formula Service Center (Formula Center) administers the formula. The Formula Center's work includes the review and verification of information used in computing the annual program formula allocations, running and maintaining the formula in accordance with applicable requirements, and providing information related to the annual allocations to program grantees.

The Formula Center uses tribal enrollment numbers to determine tribal population and then calculate and formulate the allocation of program funds; therefore, variances in tribal enrollment numbers can impact grantees' allocated program funds. Due to the structure of the formula, changes in tribal enrollment numbers only impact program funding when changes are significant. The formula relies on Census data to determine the American Indian and Alaska Native population in a tribe's formula area. Tribal enrollment data is used to verify the Census population data, as grantees may not be providing extensive services to non-tribal members who reside in their formula areas. Under the formula, if the Census population data is more than two times the tribal enrollment, the population data is capped at twice the tribal enrollment as stated in HUD regulations at 24 CFR 1000.302 *Formula Area* (5). The audit universe included 79 grantees that were population capped and awarded more than \$270 million in program funding during fiscal years beginning October 1, 2014, and ending September 30, 2017.

Annually, on June 1 of each year, using form HUD-4117, the Formula Center notifies grantees of their annual program estimated monetary allocation and the data used to compute the estimated monetary allocation, including the grantee's tribal enrollment number. To correct a grantee's tribal enrollment number, appendix D of form HUD-4117 specifies that the grantee must submit a letter stating the tribe's enrollment data, which is dated and certified by the tribe's enrollment officer. Grantees have until August 1 of each year to submit corrections to the data in consideration for the upcoming fiscal year. The Formula Center makes adjustments to grantees' data or funding allocations only if grantees submit data changes.

Before this audit, we completed an audit of the Chukchansi Indian Housing Authority's program (audit report 2017-LA-1007). That audit determined that the Authority reported inaccurate tribal enrollment numbers used to determine its 2015 and 2016 program funding.

Our audit objective was to determine whether HUD's Office of Native American Programs ensured the accuracy of tribal enrollment numbers submitted by registered Native American tribes or their tribally designated housing entities.

Results of Audit

Finding: HUD Did Not Have Adequate Controls To Ensure That Grantees Submitted Accurate Tribal Enrollment Numbers for Program Funding

HUD did not ensure that grantees submitted accurate tribal enrollment numbers to support their allocated portion of program funding for fiscal years 2015, 2016, and 2017. We attributed this condition to weaknesses in HUD's internal control environment, which included the Formula Center's lack of written policies and procedures related to its process for challenging tribal enrollment data and inadequate reporting requirements. As a result, there was an increased risk that \$270,053,924 awarded to 79 population cap grantees may not have been properly allocated. Additionally, the overall risk could affect how HUD allocates more than \$1.9 billion in program funds among 377 grantees. Specifically, there could be instances of grantees receiving more or fewer program funds than they are entitled to receive to address the housing needs within the Native American community.

Sampled Grantees Did Not Always Report Corrections in Tribal Enrollment Numbers

The sampled grantees did not always report changes and corrections to their tribal enrollment numbers for 2015, 2016, and 2017. Form HUD-4117, appendix D, requires grantees to correct their tribal enrollment numbers by submitting a letter stating the tribe's enrollment data, which is dated and certified by the tribe's enrollment officer.

Of the 12 sampled program grantees, six grantees did not report changes or corrections related to their tribal enrollment numbers to HUD for the fiscal years in question. Of these six grantees, one grantee was nonresponsive to our requests for information about how it reported its tribal enrollment numbers to HUD. Next, four grantees that included one population capped grantee did not provide us information to verify the accuracy of the tribal enrollment numbers maintained by HUD. Specifically, HUD had documentation showing that these grantees had tribal enrollment numbers in each of the program years, which concerned us because the enrollment numbers would change from year to year, rather than remaining the same. However, the grantees did not provide us information to verify the accuracy of the tribal enrollment numbers maintained by HUD. Lastly, one grantee provided us three documents called "Age" reports from its enrollment department, which showed changes or corrections to its tribal enrollment numbers that HUD reported. Within those documents, the grantee had documented

- 3,801 in 2015,
- 3,848 in 2016, and
- 3,884 in 2017.

None of these numbers matched the 3,388 listed on the grantee's form HUD-4117 formula response forms for those program years and resulted in differences ranging from 413 to 496

tribal members. Although the differences were not significant, the grantees' failure to report changes to HUD raised concerns that tribal enrollment numbers for these six sampled grantees were inaccurate.

The remaining six grantees, which included two population capped grantee, reported accurate tribal enrollment numbers to HUD and provided the respective supporting documentation.

Neither HUD or the Formula Center Routinely Challenged Grantees to Verify Tribal Enrollment Numbers

HUD or the Formula Center did not challenge grantees' submitted tribal enrollment numbers to ensure accurate reporting. During discussions, HUD stated that it did not challenge tribal enrollment numbers. In addition, HUD did not have documentation to support challenges related to the accuracy of submitted tribal enrollment numbers. However, HUD clarified that it is responsible for overseeing the Formula Center's work as stated in the executed agreement. As part of the agreement and HUD regulations 24 CFR 1000.336, the Formula Center is responsible for challenging the formula data submitted by the grantees. However, the executed agreement did not include language that required the Formula Center to challenge the grantees' submitted tribal enrollment numbers for accuracy.

The Formula Center Lacked Written Policies and Procedures for Challenging Tribal Enrollment Numbers

HUD did not have written policies and procedures establishing minimum requirements for the Formula Center's oversight of tribal enrollment numbers for accuracy. HUD Handbook 1840.1, REV-3, section 1-2, requires that HUD establish and maintain a cost-effective system of management controls to provide reasonable assurance that programs and activities are effectively and efficiently managed and to protect against fraud, waste, abuse, and mismanagement. Further, HUD Handbook 1840.1, REV-3, section 1-3(A), states that management controls are policies and procedures adopted by managers to ensure that program objectives are efficiently and effectively accomplished within planned timeframes, within budgetary limitations, and with the intended quality and quantity of output. Instead, HUD used the following as part of its review for the accuracy of tribal enrollment numbers:

- 24 CFR (Code of Federal Regulations) 1000.302;
- form HUD-4117, formula response form;
- form HUD-4119, Challenging U.S. Decennial Census Data: Guidelines for the Indian Housing Block Grant Formula; and
- Indian Housing Block Grant, Formula Customer Service Center, Policies and Procedures Handbook.

HUD regulations at 24 CFR 1000.302 provide definitions that apply to the program formula. The Formula Center used form HUD-4117 to notify grantees of their upcoming program year funding and to require grantees to correct their tribal enrollment numbers, if needed, by submitting a letter stating the tribe's enrollment data, which is dated and certified by the tribe's enrollment officer. Form HUD-4119 provides information and instructions to the program grantees on how to challenge census numbers used in their program funding allocation. The

handbook summarizes the policies and procedures used by the Formula Center for maintaining the program formula data, calculating the allocations, and distributing formula and funding information semiannually to all grantees and HUD field offices. However, this document does not include policies and procedures related to the process for challenging tribal enrollment numbers, which would help ensure accuracy. As a result, HUD lacked written policies and procedures related to challenging the grantees' submitted tribal enrollment numbers. Without written policies and procedures, there was a lack of assurance that grantees submitted accurate tribal enrollment numbers for use in determining annual allocated program funding.

Reporting Requirements for Tribal Enrollment Numbers Were Inadequate

HUD did not have adequate requirements to ensure that grantees reported accurate tribal enrollment numbers. Form HUD-4117 states that grantees are responsible for reporting changes and corrections related to their tribal enrollment numbers. The form further states that grantees should use this form to report changes and corrections to their tribal enrollment numbers.

Please carefully review your Tribe's data and report any changes and corrections to the IHBG Formula Customer Service Center as described below. **All tribes/TDHEs are responsible for reporting data changes and corrections.** According to 24 CFR 1000.315(b), the Formula Response Form is the only mechanism that a recipient shall use to report changes to the number of FCAS. **In addition, tribes/TDHEs should use the Formula Response Form to report changes and corrections to the following:**

- ❖ Formula Area.
- ❖ Overlapping Formula Areas.
- ❖ **Tribal Enrollment and Formula Area Population Cap.**

The form goes on to state that grantees should follow the instructions in appendix D of the form to correct their tribal enrollment numbers.

If your Tribe's enrollment is different than what is listed above, please follow the instructions in Appendix D for correcting your Tribe's enrollment.

Appendix D allows the grantees to submit a letter with the correct tribal enrollment number for the program year in question if they wish to do so.

If you wish to correct your Tribe's enrollment, you must submit a letter stating your Tribe's enrollment that is dated and certified by your Tribe's Enrollment Officer*

However, the form does not include language requiring grantees to submit the form and report tribal enrollment numbers annually, regardless of whether there was a change. Doing so would provide better assurance of accurate reporting to HUD.

In addition, the Failure to Report section of the form (shown below) does not state what administrative or enforcement actions HUD can take if grantees fail to report accurate tribal

enrollment numbers. This section addresses only grantees' failure to report information other than accurate tribal enrollment numbers.

Failure to Report

Please note that pursuant to §1000.315 and §1000.319, recipients are responsible for verifying and reporting changes to their FCAS on the Formula Response Form to ensure that data used for the IHBG Formula are accurate. Reporting shall be completed in accordance with requirements in subpart D and the FRF. If a recipient receives an overpayment of funds because it failed to report such changes on the FRF in a timely manner, the recipient shall be required to repay the funds within five fiscal years. HUD shall subsequently distribute the funds to all Indian tribes in accordance with the next IHBG Formula allocation. A recipient will not be provided back funding for any units that the recipient failed to report on the FRF in a timely manner. HUD shall have three years from the date a FRF is sent out to take action against any recipient that fails to correct or make appropriate changes on that FRF. Review of FCAS will be accomplished by HUD as a component of A-133 audits, routine monitoring, FCAS target monitoring or other reviews.

Inclusion of language to prevent false statements and claims regarding the submission of tribal enrollment numbers would assist HUD in holding grantees responsible for ensuring the accuracy of this information. Without language that holds grantees accountable for submitting accurate tribal enrollment numbers, grantees could defraud the agency or abuse the program and HUD could have no recourse to hold the grantees accountable and lacks assurance that grantees are providing accurate data, which affects the proper allocation of program funds.

Grantee Received Excess Program Funds Due to Inaccurate Reporting

As previously mentioned, we conducted an audit of the Chukchansi Indian Housing Authority to determine whether the Authority accurately reported and supported its tribal enrollment numbers as required by HUD. We determined that the Authority reported inaccurate tribal enrollment numbers used to determine its 2015 and 2016 program funding. Based on the numbers submitted to HUD, it received \$248,222 in excess program funds (audit report 2017-LA-1007). We recommended that HUD recapture the \$248,222 in excess program funds for reallocation among other program grantees to meet program objectives. HUD was working with the Authority to correct the issues identified in the report.

Conclusion

HUD did not ensure that grantees submitted accurate tribal enrollment numbers to support their allocated portion of program funding for fiscal years 2015, 2016, and 2017. We attributed this condition to weaknesses in HUD's internal control environment, which included the lack of written policies and procedures on oversight of tribal enrollment numbers for accuracy and inadequate reporting requirements to ensure the accurate submission of tribal enrollment numbers. As a result, there was an increased risk that the \$270,053,924 awarded to 79 population cap grantees may not have been properly allocated. Additionally, there is an overall risk that more than \$1.9 billion in program funding may not have been properly allocated among its 377 grantees. Specifically, the lack of written policies and procedures on oversight of tribal enrollment numbers for accuracy and inadequate reporting requirements could result in overstating or understating tribal enrollment numbers that affect the annual allocation of program

funds among the grantees. Additionally, the increased risk could result in grantees receiving more or fewer program funds than they are entitled to receive to address the housing needs within the Native American community.

Recommendations

We recommend that the Deputy Assistant Secretary of the Office of Native American Programs

- 1A. Update the program's information reporting requirements on form HUD-4117 to ensure that grantees report tribal enrollment numbers annually regardless of whether there are changes or corrections.
- 1B. Revise form HUD-4117 to include certification and false claim statements that hold grantees responsible for reporting accurate tribal enrollment numbers to HUD annually.
- 1C. Develop and implement policies and procedures to assist in formal challenging of grantees' reporting tribal enrollment numbers in accordance with applicable requirements.
- 1D. Issue guidance to grantees on procedures to ensure accurate reporting of tribal enrollment numbers.

Scope and Methodology

We performed our audit work from our office in Los Angeles, CA, between October 2017 and January 2018. Our audit covered the period October 1, 2014, through September 30, 2017.

To accomplish our objective, we

- Reviewed applicable laws and regulations, including Federal regulations and HUD handbooks and forms.
- Reviewed HUD's program policies and procedures related to tribal enrollment numbers submitted by program grantees.
- Conducted interviews with relevant HUD officials and Formula Center management and staff.
- Reviewed the tribal enrollment numbers submitted by a sample of program grantees.

The universe consisted of 377 grantees, which included 570 tribes that were awarded more than \$1.9 billion in program funding during fiscal years beginning October 1, 2014, and ending September 30, 2017. This universe included 79 grantees that were population capped and awarded more than \$270 million in program funding. We nonstatistically selected a random sample of 12 grantees that included 3 population capped grantees. The sample grantees received more than \$142.8 million in program funding for the period under review. The program funding awarded to these 12 sampled program grantees represented 7 percent (\$142,845,705 divided by \$1,947,107,988) of the total program funding to all grantees for fiscal years 2015 through 2017. This sampling method did not allow us to make a projection to the universe, but it was sufficient to meet the audit objective.

We evaluated the reliability of computer-processed data to identify potential weaknesses related to our audit objective. We relied in part on computer-processed data provided by HUD in the form of Microsoft Excel funding logs primarily for determining the audit universe and selecting a sample of grantees for testing. We performed a minimal level of testing and found the data to be sufficiently reliable to meet the audit objective and for the intended use of the data.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- effectiveness and efficiency of operations,
- reliability of financial reporting, and
- compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objective:

- Effectiveness and efficiency of operations – Implementation of policies and procedures to reasonably ensure that program objectives are met.
- Reliability of financial information – Implementation of policies and procedures to reasonably ensure that relevant and accurate information is obtained to adequately support the allocation of program funds.
- Compliance with applicable laws and regulations – Implementation of policies and procedures to ensure that management's controls and the allocation of program funds comply with applicable HUD rules and requirements.

We assessed the relevant control identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

Significant Deficiency

Based on our review, we believe that the following item is a significant deficiency:

- HUD did not have adequate monitoring and reporting controls in place to ensure that grantees submitted accurate tribal enrollment numbers (finding).

Appendixes

Appendix A

Auditee Comments and OIG's Evaluation

Auditee Comments

Ref to OIG Evaluation

Comment 1

Comment 2

Comment 3

Comment 4


U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000
OFFICE OF PUBLIC AND INDIAN HOUSING

MEMORANDUM FOR: Tanya Schulze, Regional Inspector General for Audit

FROM: Heidi J. Frechette, Deputy Assistant Secretary for Native American Programs, PN 

SUBJECT: Office of Native American Program's Comment on the Draft Report entitled HUD Did Not Have Adequate Controls To Ensure That Grantees Submitted Accurate Tribal Enrollment Numbers for Program Funding.

Thank you for the opportunity to comment on the draft report entitled HUD Did Not Have Adequate Controls To Ensure That Grantees Submitted Accurate Tribal Enrollment Numbers for Program Funding. As discussed during the exit conference on Friday, March 16, 2018, the HUD Office of Native American Programs (ONAP) is willing to consider recommendations beyond current program requirements to ensure accurate tribal enrollment numbers. However, it is important that the final report reflect several points of clarification.

The Indian Housing Block Grant (IHBG) program is a formula grant. That formula is maintained by the IHBG Formula Customer Service Center (Formula Center). The draft report discusses FirstPic, Inc., the contractor that runs the Formula Center. The final report should only reference the Formula Center. References to FirstPic may be confusing to interested member of the public, who are familiar with interacting with the Formula Center. In addition, the issues discussed in the draft report pertain to maintenance of the formula.

It has always been ONAP policy to get accurate information on tribal enrollment. As the draft report discusses, the Formula Center sends a notification every year to each grantee of the tribal enrollment data that it will be using to compute the formula. A grantee can correct their tribal enrollment number.

ONAP requests that the final report include a more robust discussion on the limited impact that incorrect tribal enrollment numbers has on funding. Due to the structure of the formula, changes in tribal enrollment only impact funding when changes are extreme. The formula relies on Census data to determine the American Indian/Alaska Native population in a tribe's formula area. Tribal enrollment data is used as a check on the Census data, as tribes may not be providing extensive services to non-tribal members who reside in their formula area. Under the formula, if the Census population data is more than two times the tribal enrollment, the population data is capped at 2x tribal enrollment (24 CFR 1000.302 *Formula Area (5)*). It is only for the 90 tribes subject to the cap that tribal enrollment becomes a salient data point that impacts funding.

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Comment 5

Given the limited applicability, ONAP believes that it is important to account for the population cap tribe structure when determining how tribal enrollment information should be submitted to the Formula Center. Any recommendations should apply only to population cap tribes to acknowledge how the formula works, and to be respectful of tribal sovereignty and self-governance by limiting requests pertaining to grantees' tribal enrollment.

Comment 6

ONAP is also concerned about any recommendation that requires "monitoring," as that terminology implies that corrections to formula data are handled by ONAP Grants Evaluation staff in accordance with 24 CFR Part 1000, Subpart F, where the procedures for monitoring grantee's program performance are laid out. Because tribal enrollment is formula data, it can only be challenged by the Formula Center in accordance with the procedures laid out in 24 CFR 1000.336. As such, ONAP advises that the recommendation ask that ONAP should challenge formula data in accordance with 24 CFR 1000.336, instead of through additional monitoring. Additionally, the formula data challenge process is distinctly different from the monitoring process required under 24 CFR part 100, subpart F. The Formula Center would look to receive an updated certification from the tribe's enrollment office. The Formula Center would not be able to monitor the tribe's enrollment office, as ONAP is not authorized to do so. Thus, it is important that any discussion or definition of accurate tribal enrollment numbers clearly contemplates that the enrollment number reported by the tribal enrollment office is accurate.

Comment 7

It has always been ONAP policy to get accurate information on tribal enrollment. ONAP is open to considering recommendations to update reporting requirements pertaining to tribal enrollment and to question the data that is submitted by grantees. Any recommendations should acknowledge the IHBG formula, specifically, populations cap tribes, and acknowledge the statutory, regulatory and jurisdictional limits within which ONAP must operate. Additionally, recommendations should be respectful of tribal sovereignty and self-governance.

Thank you again for the opportunity to comment, and for the extension. Please feel free to contact Hilary Atkin, Acting Director of Grants Evaluation, at (202) 402-3427 if you have any questions.

OIG Evaluation of Auditee Comments

- Comment 1 We appreciate HUD for considering recommendations to ensure that grantees submit accurate tribal enrollment numbers for program funding. We look forward to the continued cooperation during the audit resolution process. We will take into consideration HUD's points.
- Comment 2 We agree with HUD's comments and revised the report to reference the Formula Center as the entity responsible for operating the program.
- Comment 3 We agree with HUD that it has been its policy to obtain accurate information on tribal enrollment. However, as noted in the audit report, HUD or the Formula Center did not challenge grantees' submitted numbers to ensure accurate reporting.
- Comment 4 We considered HUD's comment regarding the inclusion of a "more robust discussion" on the limited impact that incorrect tribal enrollment numbers have on the program funding. We agree that the 91 grantees with population caps would be directly affected by incorrect tribal enrollment data. However, the funding provided to any of these grantees would indirectly affect the overall program funding available for the remaining program grantees who were not population capped. On April 16, 2018, HUD emailed us documentation regarding the 91 grantees with population caps. Based on our review, we identified 79 of the 91 population capped grantees that were awarded \$270,053,924 during fiscal years beginning October 1, 2014, and ending September 30, 2017. The remaining 12 grantees were not in our audit universe and period of review. As a result, we revised the report to identify an increased risk of more than \$270 million awarded to the 79 population capped grantees that may not have been properly allocated. In addition, the overall risk affected how HUD allocated more than \$1.9 billion in program funds among all grantees.
- Comment 5 We acknowledge the nature in how HUD determines the allocation of program funding among grantees. However, we disagree that the recommendations should only apply to population capped grantees. The recommendations ensure that all grantees are accountable for ensuring the accuracy of tribal enrollment numbers submitted to HUD as part of determining funding allocations. Further, these recommendations are respectful of tribal sovereignty and the grantees' self-governance, while safeguarding federal funds.
- Comment 6 We acknowledge HUD's concerns about the sensitive nature of monitoring grantees. In addition, we understand the restrictions to monitoring these grantees as stated at HUD regulations 24 CFR Part 1000, Subpart F. As a result, we revised the audit report to use the term "challenge" instead of "monitoring" grantees' submittal of tribal enrollment numbers for accuracy.

Comment 7 We acknowledge HUD's commitment to obtaining accurate information on tribal enrollment. We appreciate HUD's openness to considering recommendations that will ensure program funds are allocated among its grantees using accurate information. These recommendations will safeguard federal funds, while preserving the grantees' tribal sovereignty and self-governance.