



U.S. Department of Housing and Urban Development, Washington, DC

Compliance With the Payment Integrity Information Act of 2019

**Financial Audits Division
Washington, DC**

**Audit Report Number: 2022-FO-0005
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OFFICE OF INSPECTOR GENERAL
U.S. Department of Housing and Urban Development

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for
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Subject: HUD Did Not Comply With the Payment Integrity Information Act of 2019

Attached are the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of HUD's fiscal year 2021 compliance with the Payment Integrity Information Act of 2019.

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, appendix 8M, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

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Highlights

What We Audited and Why

We audited the U.S. Department of Housing and Urban Development's (HUD) fiscal year 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. Our 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.

HUD Did Not Comply With the Payment Integrity Information Act of 2019

What We Found

HUD was noncompliant with PIIA in fiscal year 2021. Specifically, HUD's improper and unknown payment estimates were noncompliant and unreliable because HUD was unable to test the full payment cycle for the Office of Public and Indian Housing's Tenant Based Rental Assistance (PIH-TBRA) and Office of Multifamily Housing's Rental Subsidy (MF-Rental Subsidy) programs, representing 63 percent of HUD's total expenditures. This was due to logistical and security challenges, as documentation was not readily available, and HUD could not properly secure the data. Without completing its testing, HUD reported a 100 percent payment accuracy rate, instead of classifying the rate as unknown in accordance with OMB criteria. This put HUD at risk of not implementing corrective actions and other compliance requirements.

In addition, in the PIH-TBRA program, two of the primary monitoring and verification controls for improper payment detection and prevention were suspended due to COVID-19 related issues, increasing the risk of improper payments. HUD also missed opportunities to detect improper and unknown payments in its Office of Community Planning and Development (CPD) programs. Finally, there were some errors in HUD's information on PaymentAccuracy.gov due to new government-wide processes. While HUD made some progress in fiscal year 2021, significant efforts are needed to bring PIH-TBRA and MF-Rental Subsidy programs into compliance.

What We Recommend

For HUD's noncompliant programs, we recommend 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. Next, we recommend 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. We also recommend that HUD work with grantees to better identify the risks of improper and unknown payments throughout the payment cycle in its CPD programs and ensure that its risk assessments and improper and unknown payment estimates fully consider these risks. Finally, we recommend that HUD coordinate with OMB to ensure that its data on PaymentAccuracy.gov are accurate.

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Background and Objectives

An improper payment is a payment that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. The term improper payment includes; any payment to an ineligible recipient; any payment for an ineligible good or service; any duplicate payment; any payment for a good or service not received, except for those payments where authorized by law; and any payment that does not authorized by law; and any payment that does not account for credit for applicable discounts. According to the U.S Government Accountability Office (GAO), reducing improper payments is critical to safeguarding federal funds.

The Improper Payments Information Act of 2002 (IPIA) required the head of each agency to annually review all programs and activities administered by the agency, identify all such programs and activities that may be susceptible to significant improper payments, estimate the annual amount of improper payments for each program or activity identified as susceptible, and report those estimates. For programs with estimated improper payments exceeding \$10 million, IPIA required agencies to report the causes of the improper payments, actions taken to correct those causes, and results of the actions taken. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) decreased the frequency with which each agency was required to review all of its programs but increased the responsibilities and reporting requirements. IPERA also required each agency inspector general to determine whether the agency complied with IPIA as amended by IPERA. IPIA was further amended by the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), enacted July 22, 2010, and Payment Integrity Information Act of 2019 (PIIA), enacted in March 2019.

PIIA repealed IPERIA and other laws but set forth similar improper payment reporting requirements, including an annual compliance report by inspectors general. In accordance with PIIA, the Office of Management and Budget (OMB) issued guidance for implementing PIIA on March 5, 2021.¹ We used this guidance in coordination with OMB Circular A-136-Financial Reporting Requirements, OMB Annual Data Call Instructions, OMB Payment Integrity Question and Answer Platform, and Counsel of the Inspectors General on Integrity and Efficiency (CIGIE) guidance issued under PIIA.

To achieve compliance with PIIA, OMB Circular A-123, appendix C, requires that agencies review all programs and activities and identify those that are susceptible to significant improper and unknown payments. Programs are considered susceptible to significant improper payments if they are likely to have an annual amount of improper payments plus unknown payments above the statutory threshold, which is (1) both 1.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year reported or (2) \$100 million (regardless of the improper and unknown payments' percentage of total program outlays). Agencies should obtain a

¹ OMB Memorandum M-21-19, Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement

statistically valid estimate of the annual amount of improper and unknown payments in programs and activities for those programs identified as susceptible to significant improper and unknown payments. The agency must ensure that the improper and unknown payment rate is less than 10 percent for each program and activity for which an improper and unknown payment estimate was published. For all programs and activities determined to have significant improper and unknown payments, agencies must publish corrective action plans to prevent and reduce improper and unknown payments. In addition, agencies must publish and meet annual reduction targets for each program assessed to be at risk and estimated for improper and unknown payments. Finally, each agency must report on this information annually in its agency financial statement and any accompanying materials to the annual financial statement (PaymentAccuracy.gov²).

Each agency's inspector general is tasked with annually reviewing the agency's improper payment reporting in the agency's annual financial statement and accompanying materials to determine whether the agency is in compliance under PIIA. Within each compliance requirement, the agency's office of inspector general (OIG) must determine whether the evidence in the review constitutes a noncompliance determination with a recommendation for compliance or, alternatively, constitutes a compliance determination with a recommendation for improvement. Additionally, the inspector general is tasked with evaluating and reporting on the agency's efforts to prevent and reduce improper and unknown payments.

The U.S. Department of Housing and Urban Development's (HUD) Office of the Chief Financial Officer (OCFO) is the lead office overseeing HUD's actions to address improper payment issues and compliance with the requirements of PIIA. HUD identified three programs as susceptible to significant improper and unknown payments: 1) the Office of Multifamily Housing's Rental Subsidy Programs (MF-Rental Subsidy) including Project-Based Section 8 Rental Assistance program, Rental Housing Assistance Program-Section 236, and Housing for Persons with Disability-Section 811; 2) the Office of Public and Indian Housing's Tenant-Based Rental Assistance program (PIH-TBRA);³ and 3) the Office of Community Planning and Development's (CPD) Hurricanes Harvey, Irma, and Maria program (CPD-HIM).⁴ Therefore, these programs were the focus of our audit.

Our 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.

² PaymentAccuracy.gov is dedicated to ensuring the American people that their Government is addressing the issue of improper payments and is taking concrete steps on prevention and recovery of improper payments.

³ HUD previously combined PIH-TBRA and MF-Rental Subsidy under a single program, the Rental Housing Assistance Program (RHAP). These programs are now separated.

⁴ According to OMB Memorandum M-18-14, all programs or activities spending more than \$10 million, as provided in division A of Public Law 115-72, in any 1 fiscal year are considered susceptible to significant improper payments and are required to calculate and report an improper payment estimate. CPD-HIM falls into this category.

Results of Audit

Finding 1: HUD Did Not Comply With PIIA

HUD did not comply with PIIA because it did not meet one of the compliance requirements for its PIH-TBRA and MF-Rental Subsidy programs. Specifically, HUD did not have a comprehensive basis for the proper payment rate of 100 percent that it reported to PaymentAccuracy.gov because it did not test the full payment cycle. HUD was unable to test the full payment cycle because (1) the OCFO could not obtain the data needed to select a reasonable sample size and (2) logistical and technological challenges prevented HUD from obtaining the supporting documentation from non-federal program administrators.⁵ Therefore, HUD's estimate was unreliable and not compliant, and HUD could not determine whether its improper payment plus unknown payment estimate was below or above the statutory threshold. As a result, HUD was at risk of not implementing corrective actions and other OMB requirements for programs above the statutory threshold, and HUD reported incorrect information to the public, which misrepresented its payment integrity standing.

HUD Did Not Comply With PIIA

In fiscal year 2021, HUD did not comply with PIIA. While HUD complied with PIIA in the majority of its programs as detailed in appendix B, it did not comply with PIIA for its PIH-TBRA and MF-Rental Subsidy programs because its improper payment and unknown payment estimates were not reliable. Below is a table showing the PIIA compliance criteria and the compliance status for HUD's two noncompliant programs.

Fiscal Year 2021 compliance status table - noncompliant programs

Criteria	PIH-TBRA	MF-Rental Subsidy
1a. Published payment integrity information	Yes	Yes
1b. Posted the annual financial statement and accompanying materials	Yes	Yes
2a. Conducted improper payment risk assessments	Yes	Yes
2b. Adequately concluded on the risk assessment	Yes	Yes
3. Published improper and unknown payment estimates	No	No
4. Published corrective action plans	N/A*	N/A*
5a. Published an improper and unknown payment reduction target	N/A*	N/A*
5b. Demonstrated improvements	N/A*	N/A*

⁵ Public housing agencies (PHAs), Performance-based contract administrator (PBCA), Traditional contract administrator (TCA), and State housing finance agency (HFA).

Criteria	PIH-TBRA	MF-Rental Subsidy
5c. Developed a plan to meet reduction target	N/A*	N/A*
6. Reported an improper and unknown payment estimate of less than 10%	Yes*	Yes*
*Note: HUD's estimates were under the statutory threshold for the two noncompliant programs; therefore, requirements 4-6 were marked not applicable (N/A) or Yes. However, as detailed in this finding, HUD's estimates were not reliable; therefore, HUD was at risk of not complying with these other requirements.		

This noncompliance is significant because the PIH-TBRA and MF-Rental Subsidy programs make up 63 percent of HUD's total expenditures. Additionally, these programs have a history of significant improper payments and unreliable estimates.⁶

Below is a discussion of the noncompliant programs.

HUD Did Not Have a Comprehensive Basis for Its Estimates

HUD did not have a comprehensive basis for its estimates because it did not test the full payment cycle for the PIH-TBRA and MF-Rental Subsidy programs. In recent years, HUD has segmented its testing into tier 1 and tier 2 testing. Tier 1 is the payment from HUD to the program administrator, and tier 2 is the payment from the program administrator to the final recipient.⁷ For example, in the TBRA program, tier 1 testing ensured that there was a valid annual contributions contract and amendment between HUD and the public housing agency (PHA) and HUD paid the PHA the proper amount based on PHA-reported expenses. However, tier 2 testing would have ensured that the PHA paid landlords correctly, based on tenant income and statutory program requirements. HUD believed that tier 1 and tier 2 were independent and that one could be reported without the other. Therefore, since HUD completed its tier 1 testing and found a 100 percent accuracy rate, it reported this rate. However, these tiers are not independent of one another, and testing for both tiers must be complete to test the full payment cycle,⁸ which begins with the Federal entity and ends with the final recipient.

⁶ These programs have reported significant improper payments since fiscal year 2000 from an estimated \$3.2 billion in fiscal year 2000 to \$1.7 billion in fiscal year 2016. Since then, HUD's OCFO has revamped its payment integrity program and has been unable to complete the testing needed for a reliable estimate.

⁷ HUD defines tier 1 as payments between (1) HUD and the grantee for CPD-HIM; (2) HUD and the public housing agency (PHA) for RHAP-PIH-TBRA; and (3) HUD and the performance-based contract administrator (PBCA), traditional contract administrator (TCA), or State housing finance agency (HFA) for properties not managed by HUD or payments between HUD and the property owner when the properties are managed directly by HUD. HUD defines tier 2 testing as payments between (1) the grantee and the recipient or subrecipient for CPD-HIM; (2) the PHA and landlords for RHAP-PIH-TBRA; and (3) the PBCA, TCA, or HFA and property owners.

⁸ OMB Circular A-123, appendix C (M-21-19), requires that the full payment cycle be tested through its definition of a payment as "Any transfer of Federal funds to any non-Federal person or entity or a Federal employee, that is made by a Federal agency, a Federal contractor, a Federal grantee, or a Governmental or other organization administering a Federal program or activity."

During fiscal year 2021, HUD could not obtain the documentation needed to complete tier 2 testing for any of its samples. HUD could not obtain the documentation needed to ensure compliance with statutory payment requirements due to (1) statistical sampling challenges and (2) logistical and technological challenges.

- *Statistical sampling challenges.* Our review of HUD’s statistical sample found that it was not designed to determine a reasonable sample size for testing. HUD selected a sample totaling \$1.7 billion from the population of fiscal year 2020 general ledger disbursements. Since these payments were for monthly rent, if all of the rents were approximately \$1,500 per household per month, this would result in the testing of more than 1 million individual payments. Further, for each sample, OCFO planned to obtain and select a subsample from the listing of individual payments to recipients, but it could not obtain the necessary data from the program offices because it did not have a way to collect, store and use the data due to personally identifiable information (PII) security concerns. While using the general ledger to select disbursements ensures that all fiscal year disbursements are included, it does not provide the level of detail needed to determine and select a reasonable sample size.
- *Logistical and technological challenges.* HUD encountered challenges with obtaining supporting documentation necessary to complete its tier 2 testing because the information is in the tenant files and tenant files were maintained outside HUD and contained PII and protected health information. HUD did not have a process in place to collect this information electronically in a way that would sufficiently protect it. Therefore, HUD is only able to review tenant files on site, which requires significant travel and is time consuming and costly. Traveling and performing onsite reviews became even more challenging during the COVID-19 pandemic, and therefore, HUD could not obtain any of the necessary documentation.

According to OMB PIIA guidance, if the agency is unable to discern whether the payment was proper or improper as a result of insufficient or a lack of documentation, the payment should be classified as unknown, not proper.⁹ However, HUD reported a 100 percent proper payment rate without testing the full payment cycle.

HUD’s Estimates Were Unreliable and Noncompliant

Due to the lack of testing the full payment cycle, the improper and unknown payment estimates reported for PIH-TBRA and MF- Rental Subsidy programs were unreliable and not compliant.¹⁰

⁹ According to OMB Circular A-123, appendix C (M-21-19), an unknown payment is a payment that could be either proper or improper, but the agency is unable to discern whether the payment was proper or improper as a result of insufficient or a lack of documentation. Agencies must add together their improper and unknown payments to determine their improper payment and unknown payment estimate, which is used to determine whether an agency is over the statutory threshold.

¹⁰ HUD did not comply with the following criterion: “3. Published IP [improper payments] and UP [unknown payments] estimates for programs susceptible to significant IPs [improper payments] and UPs [unknown payments] in the accompanying materials to the annual financial statement.”

Having an unreliable estimate prevents HUD from knowing whether its improper and unknown payment rate is below or above the statutory threshold, which puts it at risk of not implementing corrective actions and other OMB requirements for programs above the statutory threshold. Specifically, HUD was at risk of not complying with the following additional PIIA compliance criteria:

- Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.
- Published an improper and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.
- Demonstrated improvements to payment integrity or reached a tolerable improper and unknown payment rate.
- Developed a plan to meet the improper and unknown payment reduction target.
- Reported an improper and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.

While HUD agreed that its approach of completing testing for only tier 1 was noncompliant with PIIA, it reported a proper payment rate of 100 percent to OMB, which was the result of only its tier 1 testing. OMB's reporting mechanism does not allow for footnotes and other explanations in its fiscal year 2021 dataset and other various sections of its Annual Payment Integrity Report. Therefore, the information presented to the public related to HUD's improper and unknown payment estimates was not accurate and could not be relied upon.

Conclusion

An accurate improper and unknown payment estimate for the PIH-TBRA and MF- Rental Subsidy programs is essential to ensuring that the approximately \$39.4 billion spent in these programs annually is spent in accordance with statutory program and PIIA requirements. Since HUD could not produce a reliable estimate for these programs, it did not comply with PIIA and was at risk of not implementing corrective actions and other requirements that are meant to help agencies combat improper and unknown payments and promote payment integrity. Further, reporting to OMB a 100 percent payment accuracy rate, which was then reported publicly, gave the impression that HUD had a superior rate and achieved excellence, when it did not complete testing of the full payment cycle.

Recommendations

We recommend that the Deputy Chief Financial Officer

- 1A. In collaboration with all involved program offices, develop and implement a sampling methodology that allows for a sample size that reasonably allows for the testing of the complete payment cycle within the PIIA reporting timeframe.
- 1B. Consult with OMB on the appropriate reporting for the untested portions of the payment cycle (such as reporting as unknown) and report accordingly.

- 1C. Implement a procedure, which ensures that future improper and unknown payment testing that does not test the full payment cycle is reported in accordance with OMB's guidance.

A prior-year recommendation from Audit Report 2021-AT-0002¹¹ remains open. It can be found in the Followup on Prior Audits section of this report. Implementing this recommendation will help HUD remediate this finding.

¹¹ Audit Report 2021-AT-0002, HUD Did Not Fully Comply With the Payment Integrity Information Act of 2020, issued May 17, 2021

Finding 2: HUD Increased Risks of Improper Payments When It Suspended Two Internal Controls Over the Tenant-Based Rental Assistance Program During Fiscal Year 2021

In response to the COVID-19 pandemic, HUD suspended two of the major controls to detect, prevent, and recover improper payments in the PIH-TBRA program, thus increasing the risk of improper payments. First, in accordance with provisions in the CARES Act, HUD waived the requirement for PHAs to use the Enterprise Income Verification (EIV) system.¹² With this waiver in place, PIH's EIV office could not perform its monitoring role for PHAs. Second, in response to the pandemic, the Office of Field Operations (OFO) did not travel to PHAs to conduct monitoring reviews. In the absence of these controls, HUD could not ensure that housing assistance payments were made to the correct recipient and for the correct amount under the PIH-TBRA program. As a result, during fiscal year 2021, HUD was unable to detect and prevent improper payments from PHAs to landlords in the PIH-TBRA program, which was appropriated \$25.8 billion and accounted for 41 percent of HUD's total expenditures.

EIV Requirements and Monitoring Were Suspended

On March 13, 2020, the President of the United States declared a COVID-19 emergency. In response, Congress passed the CARES Act on March 27, 2020, which allowed for the use of waivers to provide administrative relief and alleviate burdens.¹³ PIH used the CARES Act as authority to waive certain requirements from April 10, 2020,¹⁴ through December 31, 2021. The waivers included removal of the requirement for PHAs to use EIV¹⁵ and allowed for delayed annual recertifications. Accordingly, PIH's EIV office, which is usually responsible for monitoring and following up with PHAs on discrepancies identified by the EIV system,¹⁶ did not

¹² EIV provides information on tenant employment, wages, unemployment compensation, and Social Security benefits. The information in EIV is derived from computer matching programs initiated by HUD with the Social Security Administration and the U.S. Department of Health and Human Services for all program participants with valid PII reported on form HUD-50058. HUD-50058-Family Report is used to record tenant and household-level information for the PIH-TBRA program.

¹³ Public Law 116-136, Section 4023(e)(4), Title XII, known as the CARES Act, stated that for the PIH-TBRA program, the HUD Secretary may waive or specify alternative requirements for any provision of any statute or regulation, upon a finding that any such waivers or alternative requirements are necessary for the safe and effective administration of these funds, consistent with the purposes described under this heading in this Act, to prevent, prepare for, and respond to coronavirus.

¹⁴ Notice PIH 2020-05, COVID-19 Statutory and Regulatory Waivers for the Public Housing, Housing Choice Voucher, Indian Housing Block Grant and Indian Community Development Block Grant programs, Suspension of Public Housing Assessment System and Section Eight Management Assessment Program, was issued on April 10, 2020. PIH later issued the following notices, which extended this initial notice: PIH 2020-13 was issued on July 2, 2020; PIH 2020-33 (HA), REV-2, was issued on November 30, 2020; and PIH 2021-14 (HA), REV-3, was issued on May 4, 2021, and extended the waivers through December 31, 2021.

¹⁵ Regulations at 24 CFR (Code of Federal Regulations) 5.233 and 5.236 mandated PHAs to use the EIV system in its entirety as a third-party source to verify tenant employment and income information during reexaminations of family composition and income and to reduce administrative and subsidy payment errors in accordance with HUD administrative guidance.

¹⁶ PIH EIV analysts perform monitoring of the EIV system to ensure that PHAs use the EIV system in its entirety to verify tenant employment and income information during mandatory reexaminations of family composition

perform this function in fiscal year 2021. While HUD appropriately exercised its authority to waive these requirements, OMB Circular A-123, appendix C, highlights the importance of prioritizing, establishing, and maintaining effective internal controls that prevent, detect, and recover improper payments.

OFO Monitoring Reviews Were Suspended

Beginning in fiscal year 2020 during the pandemic, HUD personnel did not travel to PHAs to conduct comprehensive monitoring reviews (CMR); therefore, OFO was unable to review tenant files and verify the accuracy of the housing assistance payment calculation because tenant files were maintained at PHAs. OFO did not collect or store this information because many tenant files are still paper-based and contain PII; therefore, OFO did not want to take on the responsibility of collecting and protecting this information electronically. OFO had no alternative procedures to ensure that housing assistance payments were made to the correct recipient and for the correct amount, which could be performed in a remote or virtual environment. OMB Circular A-123, appendix C, highlights the importance of prioritizing, establishing, and maintaining effective internal controls that prevent, detect, and recover improper payments.

Starting in fiscal year 2021, OFO suspended all monitoring reviews because it procured a contractor to develop new monitoring procedures for CARES Act funds. The Deputy Assistant Secretary for Field Operations thought CARES Act reviews would start up during fiscal year 2021 once the new monitoring procedures were completed and, therefore, decided not to perform regular CMRs and instead provide technical assistance to PHAs. However, the development of new monitoring procedures took much longer than expected, and neither CMRs or CARES Act reviews were conducted during fiscal year 2021.

Conclusion

HUD encountered significant challenges associated with COVID-19 in administering its PIH-TBRA program and exercised the waivers authorized by the CARES Act. However, the controls that HUD suspended were instrumental to identifying and preventing improper payments from PHAs to landlords in a program that has been deemed susceptible to significant improper payments. In the absence of these controls and since HUD was not able to pivot to virtual or remote compliance monitoring reviews or other forms of alternative procedures, HUD could not ensure that housing assistance payments were made to the correct recipient and for the correct amount under the PIH-TBRA program. As a result, there was an increased risk of improper payments in the PIH-TBRA program, which was appropriated \$25.8 billion and spent 41 percent of HUD's total expenditures in fiscal year 2021.

and income and reduce administrative and subsidy payment errors in accordance with 24 CFR 5.236 and administrative guidance issued by HUD. The EIV staff uses reports from EIV and works with PHA staff to correct noted deficiencies.

Recommendations

We recommend that the General Deputy Assistant Secretary for Public and Indian Housing

- 2A. Develop and implement a plan that ensures the continuity of adequate internal controls over the PIH-TBRA program to detect and prevent improper payments, which can be implemented in a virtual environment. This plan should include how HUD can review tenant files or other information that validates tenant data remotely without compromising PII.

Finding 3: HUD Missed Opportunities To Identify Improper and Unknown Payments in Its Community Planning and Development Programs

HUD missed opportunities to identify improper and unknown payments in its CPD programs. First, HUD's improper and unknown payment estimation testing procedures for its CPD-HIM program did not consider risks associated with grantee and subgrantee administration. This deficiency was due to the challenges HUD faced in trying to fully implement PIIA requirements throughout its payment cycle in programs that delegate significant responsibility within that payment cycle to grantees. Second, the risk assessments for its Community Development Block Grant (CDBG) and Homeless Assistance Grant programs were not designed to fully consider the risks associated with grantee and subgrantee grant administration because CPD believes that grantees are responsible for payment integrity and CPD only plays a monitoring role in this process. Since HUD missed opportunities to identify improper and unknown payments, it did not fully achieve the goal of PIIA and may have missed out on the detection, prevention, and recovery of improper payments.

CPD-HIM Estimation Testing Procedures Did Not Consider Risks Associated With Grantee and Subgrantee Administration

Although HUD performed testing on a statistical sample of 65 disbursements to determine an annual improper and unknown payment estimate for the CPD-HIM program, the testing did not consider the risks associated with grantee and subgrantee administration. The testing was designed to ensure that each grantee had a signed contract in place with its subrecipients and contractors, the general activity was allowable according to the contract, and the grantee paid the amount charged by the subrecipient. However, HUD did not review the amounts charged by the subrecipients to ensure that they billed the grantee correctly, the costs were reasonable and allowable, final beneficiaries were eligible and paid the correct amount, and the goods and services were received.¹⁷ For example,

- Homeowner reimbursement payments. HUD's testing compared the payments from the grantee to the subgrantee to the total amount billed by the subgrantee. However, HUD did not ensure that (1) the homeowners were eligible and that the reimbursement was for the correct amount, (2) the subrecipient adequately documented homeowner eligibility and the eligible cost assessment, (3) there was no duplication of benefits, and (4) the subrecipient paid the homeowners. This deficiency was present in 8 of HUD's 65 samples and totaled \$49.6 million of the \$141.5 million sample.

¹⁷ According to OMB Circular A-123, the term "improper payment" includes any payment to an ineligible recipient; any payment for an ineligible good or service; any duplicate payment; any payment for a good or service not received, except for those payments authorized by law; any payment not authorized by law; and any payment that does not account for credit for applicable discounts. Regulations at 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, sections 200.403-200.405, require costs to be reasonable and allowable.

- Service expenses. Of the 65 samples, 26 contained expenses for services¹⁸ for which the amount billed by the subrecipient was supported only by an invoice or invoice register without supporting documentation. While these may be valid expenses, showing the amount billed by the subgrantee or contractor for these overall services does not provide reasonable assurance that the amounts billed were accurate, supported, and eligible. In two of these instances, evidence of subgrantee reviews provided by HUD supported that expenses billed by a subgrantee and paid by the grantee were later determined to be ineligible expenses. HUD's improper and unknown payment testing procedures would not have been able to identify other cases like these. Further, in other samples, when additional support was included, the level of support was inconsistent; therefore, it was unclear how HUD ensured that the amounts invoiced were correct.

HUD noted that obtaining the documentation that it did test was challenging because it was maintained outside HUD. HUD also does not maintain subrecipient data. Therefore, HUD stated that any additional procedures would be at great cost. Further, HUD stated that reviewing the reasonableness or duplication of benefits or ensuring that services and contract deliverables were received was outside the scope of the testing because those would be tested through monitoring reviews. However, monitoring reviews do not calculate an improper and unknown payment rate and are not considered in the estimation testing. In regard to testing for eligibility, HUD stated that entitlement to receive funding was not tested past the first subrecipient level because payments from subrecipients to other parties vary widely by State and grantee and each subrecipient has its own policies and procedures to determine and implement eligibility requirements.

As a result, in HUD's fiscal year 2021 reporting of improper payments, it reported an improper and unknown payment estimate for the CPD-HIM program of \$534. We believe this estimate is not realistic for a program that spent \$826.7 million in disaster funding in fiscal year 2020, was deemed high risk by Congress, involved the transfer of Federal funds through multiple non-Federal entities, and depended on non-Federal entities to make eligibility determinations. By not taking advantage of opportunities to identify improper and unknown payments through its estimation procedures, HUD was at risk of missing opportunities to detect, prevent, and recover improper payments.

CDBG and Homeless Assistance Risk Assessments Did Not Fully Consider Grantee and Subgrantee Risks

Although OMB guidance highlights the risk of making payments to non-Federal entities,¹⁹ HUD's payment integrity risk assessments for its CDBG and Homeless Assistance Grant

¹⁸ Service expenses include appraisals, application expenses, professional services, software licensing, program outreach, salaries and expenses, and tourism and business marketing.

¹⁹ OMB Circular A-123, Appendix C - "Payment Integrity Risk Identification - When identifying payment integrity risks within a program it is important to determine and understand the inherent vulnerabilities that a program faces based on the types of payments the program makes and how the payment process is structured. For example, an agency that primarily makes payments to non-Federal entities, such as a benefit-paying agency, has a higher risk for making Improper Payments (IPs) than an agency that rarely pays non-Federal entities."

programs were not designed to fully consider the risks associated with grantee and subgrantee grant administration. HUD's risk assessments for the CDBG and Homeless Assistance Grant programs were mainly focused on assessing the risk of improper and unknown payments from HUD to the grantees. While the risk assessment did consider CPD's monitoring of grantees, it did not fully assess the risks of improper and unknown payments at the grantee and subgrantee levels. For example,

- For both programs, CPD ranked the following attribute as low risk: "Program or Activity Lacks Information or Data Systems to Ensure Payment Integrity." While this may be low at the grantee level, HUD does not have data to validate eligibility beyond the initial grantee. For this attribute, HUD stated that CPD's Integrated Disbursement and Information System controls limit all payments to only those for eligible activities. However, these controls ensure only that the general activity is eligible and do not ensure the accuracy of the payments to final beneficiaries. Further, HUD stated that recipients were required to maintain supporting documentation, which could be requested by HUD. However, the need to request this documentation on an individual basis did not allow for data analysis that could improve payment integrity.²⁰
- The CDBG program rated several of the fraud questions as not necessary because they were based on HUD's processes and did not take into consideration the full payment cycle from HUD to the final beneficiary.
- For the Homeless Assistance Grant program, HUD rated the following attribute as low: "Payments or Payment Eligibility Decisions are Made Outside of the Executive Agency." HUD did so because it stated that eligibility for all programs was determined by HUD. However, HUD determined that the grantee's program was eligible only by reviewing grantee project applications to ensure that planned costs and activities were eligible, not the beneficiaries of those grants.

This occurred because CPD believes that grantees are responsible for payment integrity and CPD only plays a monitoring role in this process. Regarding the CDBG risk assessment, HUD stated, "...grantees are legally responsible under the CDBG regulations and the grant agreement for determining and validating eligibility" and "HUD uses the GAO [U.S. Government Accountability Office] recommended risk-based grantee monitoring approach." Regarding the Homeless Assistance Grant risk assessment, HUD stated that recipients were responsible for maintaining proper documentation and HUD played a monitoring role in the process. While this statement may be true, HUD is responsible for assessing the risk of improper and unknown payments for all transfers of Federal funds; therefore, this risk should be fully considered in the payment integrity risk assessment.

²⁰ OMB Circular A-123, appendix C - "Programs should consider the causes of IPs and Unknown Payments (UPs) and the likelihood of their occurrence in their process of identifying and monitoring payment integrity risks to the program. Isolating the components of the payment process can be an effective way to identify payment integrity risks. The use of data analytics to identify trends, patterns, anomalies, and exceptions within data to identify indicators of IPs is an example of an effective means of identifying payment integrity risks."

Although changing the rating of the risk factors above would not have changed the overall rating according to HUD's risk assessment process, these examples are provided to show that HUD's risk assessment was primarily focused on HUD's portion of the payment cycle and did not consider all risks within the full payment cycle.

Since HUD did not consider all risks throughout the payment cycle in its CDBG and Homeless Assistance Grant programs, HUD may have rated these programs incorrectly.

Conclusion

HUD missed opportunities to identify improper and unknown payments in its CPD programs. This condition occurred because HUD did not consider all risks that could occur at the grantee and subgrantee level in its payment integrity procedures because HUD believes that grantees are responsible. The multiple levels that funds flow through before reaching program beneficiaries increase the risk of improper and unknown payments and make estimation of improper and unknown payments difficult. Grantees and subgrantees are delegated significant responsibility in these programs, and fully incorporating the risks and estimating the improper and unknown payments associated with these non-Federal entities is challenging. However, HUD is responsible for implementing PIIA requirements throughout the payment cycle. Since HUD missed opportunities to identify improper and unknown payments or risks, it may have missed out on the detection, prevention, and recovery of improper payments and did not fully achieve the goal of PIIA.

Recommendations

We recommend that the Principal Deputy Assistant Secretary for Community Planning and Development

- 3A. Collaborate with the Deputy Chief Financial Officer to work with grantees in identifying where improper and unknown payments could occur in the CPD-HIM program throughout the payment cycle, to include the risks associated with subgrantee billing, and document this analysis.
- 3B. Collaborate with the Deputy Chief Financial Officer and use the analysis developed in 3A to ensure that HUD's improper and unknown payment testing procedures are (1) designed to test the full payment cycle and (2) include the review of documentation that supports that final beneficiaries were eligible, goods and services were received, and payments went to the correct final beneficiaries and were for the correct amount.
- 3C. Work with the Office of Community Planning and Development's Chief Risk Officer and grantees to better identify the risks of improper and unknown payments throughout the payment cycle, to include the risks associated with grantees and subgrantees, and consider these risks when performing the CDBG and Homeless Assistance Grant risk assessments.

We recommend that the Office of Community Planning and Development's Chief Risk Officer

- 3D. Work with the Deputy Chief Financial Officer to develop and design a process to ensure that each attribute evaluated during the PIIA risk assessment is evaluated at all levels of the full payment cycle.

Finding 4: HUD's Data on PaymentAccuracy.gov Contained Errors

HUD's information posted on PaymentAccuracy.gov contained errors that were not significant but warrant the attention of those charged with governance. This condition occurred because there were technical linking errors within OMB's data collection tool and the linkages of prior-year program names to current-year names was incorrect. Although HUD provided the data accurately, it did not review the data published to the public on OMB's PaymentAccuracy.gov to ensure the accuracy of the data. As a result, some of HUD's PIIA information posted for public viewing on OMB's PaymentAccuracy.gov was not accurate.

There Was Incorrect Information on PaymentAccuracy.gov

HUD's information on PaymentAccuracy.gov was incorrect in the following areas:

- *Risk assessment.* Risk assessment data prior to fiscal year 2021 were incorrect for seven of HUD's programs. Specifically, the date of the last payment integrity risk assessment for these programs was not correct. Consequently, it appeared that some of HUD's programs were not compliant with PIIA because a risk assessment had not been conducted in the last three years, when in fact, a risk assessment had been completed.
- *Actions to reduce improper payment (or corrective actions).* Although HUD's CPD-HIM improper and unknown payment estimate was reported correctly on several tabs within PaymentAccuracy.gov, the estimate was posted incorrectly under the Actions To Reduce Improper Payment section.
- *Confidence intervals.* For the improper and unknown payment estimates, there was a discrepancy between the confidence interval in the dataset and the confidence interval in the dashboard. The dataset tables showed that the confidence interval and margin of error estimates were 86-90 percent and +/-150,000, but the dashboard showed 91-95 percent and +/-0.00, respectively.

There Were OMB Linking Errors and a Lack of HUD Review

The errors on PaymentAccuracy.gov occurred because there were technical linking errors within OMB's new government wide data collection tool and the linkages of prior-year program names to current-year names were incorrect. HUD provided the information to OMB correctly, but OMB's data tool did not link the data correctly; therefore, the data were presented incorrectly on PaymentAccuracy.gov. When we brought the errors to HUD's attention, HUD stated that they were OMB errors and HUD was not responsible for posting the data on the website. HUD had verified the data presented by OMB before publication to the website but had not verified what was ultimately posted. According to OMB Circular A-123, appendix C, agency senior management is required to manage the payment integrity risk to an agency's achieving its strategic, operations, reporting, or compliance objectives, which includes managing data integrity risk related to PaymentAccuracy.gov reporting. Further, the President, Congress, and taxpayers rely on accurate data. However, HUD did not coordinate with OMB to correct the errors until we brought the errors to HUD's attention. After we pointed out these errors, HUD contacted OMB, and they were working together to resolve and correct the errors.

Conclusion

HUD's information on PaymentAccuracy.gov²¹ was incorrect in a few areas. This condition occurred because there were technical linking errors within OMB's data collection tool and HUD did not review the data published for public viewing on OMB's PaymentAccuracy.gov website. As a result, HUD's PIIA information posted on PaymentAccuracy.gov was not reliable. After we brought the errors to HUD's attention, HUD began working with OMB to make the necessary corrections. Data accuracy is important because inaccurate data lead to faulty conclusions and accurate data increase confidence and promote trust.

Recommendations

We recommend that the Deputy Chief Financial Officer

- 4A. Coordinate with OMB to ensure that all of HUD's data posted on OMB's PaymentAccuracy.gov are accurate, including data before fiscal year 2021.
- 4B. Update its procedures to include verifying all HUD data on PaymentAccuracy.gov immediately after the data are published on the public website to ensure that all data are accurate and if not, coordinate any corrections with OMB.

²¹ Annually, OMB issues guidance to Federal agencies on requirements for reporting payment integrity information. For fiscal year 2021, the guidance asked that agencies report through the Annual Data Call, which would then be published on PaymentAccuracy.gov. This was the first year that data were collected and presented using a new data tool and dashboard.

Agency's Overall Efforts To Prevent and Reduce Improper and Unknown Payments

HUD made progress in fiscal year 2021; however, additional efforts are needed to bring HUD into compliance with PIIA. From an agencywide perspective, HUD is in compliance with the risk assessment requirements and has assessed all of its programs within the last 3 years. The risk assessment identified the following three programs as susceptible to significant improper payments: the PIH-TBRA, MF- Rental Subsidy, and CPD-HIM grant programs. Therefore, these programs were the focus of our audit.

While HUD made progress this year by bringing its CPD-HIM program into compliance, we noted deficiencies with the testing performed.²² Further, HUD could not provide detailed evidence to support that it was making substantive progress toward compliance in its PIH-TBRA and MF- Rental Subsidy programs. HUD's PIH-TBRA and MF- Rental Subsidy programs spent \$39.4 billion in fiscal year 2021 and represented 63 percent of HUD's total expenditures. However, these programs were still noncompliant because the improper and unknown payment estimates were not reliable. HUD could not obtain the data needed to select a statistical sample that could be used to test its payments throughout the payment cycle or develop a process to collect the information it needed to verify the accuracy of these payments. Because these are such large programs with a history of significant improper payments, this noncompliance is concerning.

Further, due to the pandemic and waiver allowances in the CARES Act, HUD suspended certain controls to detect and prevent improper payments in the PIH-TBRA program in fiscal year 2021.²³ Although controls in the MF- Rental Subsidy programs were not suspended and appeared to be reasonably designed and implemented, it was difficult for us to assess their effectiveness without a reliable estimate. A reliable estimate is the cornerstone of PIIA compliance and payment integrity.

²² See Finding 3 - HUD Missed Opportunities To Identify Improper and Unknown Payments in Its Community Planning and Development Programs.

²³ See Finding 2 - HUD Increased Risks of Improper Payments When it Suspended Certain Internal Controls Over the PIH Tenant-Based Rental Assistance Program During Fiscal Year 2021.

Scope and Methodology

We conducted our audit of HUD's compliance with PIIA for fiscal year 2021 from late September 2021 through May 2022 in Washington, DC. At the direction of OMB, we followed OMB Circular A-123 (M-21-19) guidance on OIG's responsibility in determining compliance with PIIA, OMB Circular A-136 (August 2021), OMB Annual Data Call Instructions, the OMB Payment Integrity Question and Answer Platform, and the CIGIE guidance required under PIIA. OMB Circular A-123, appendix C, part VI, states the following:

Each fiscal year, the agency is responsible for ensuring it has met the requirements to achieve compliance with PIIA. The OIG is responsible for evaluating the agency's compliance and efforts to prevent and reduce improper and unknown payments. The IG [inspector general] is responsible for submitting a report on its compliance determination, recommendations for improvement, and evaluation of the agency's efforts to prevent and reduce improper and unknown payments.

If a program does not meet one or more of the following requirements, then it is not compliant under PIIA. An agency is considered to be not in compliance under PIIA if it has one or more programs that are found non-compliant with PIIA.

- 1a. Published Payment Integrity information with the annual financial statement
- 1b. Posted the annual financial statement and accompanying materials on the agency website
- 2a. Conducted IP [improper payment] risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years
- 2b. Adequately concluded whether the program is likely to make IPs and UPs [unknown payments] above or below the statutory threshold
3. Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement
4. Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement
- 5a. Published an IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement
- 5b. Demonstrated improvements to payment integrity or reached a tolerable IP and UP rate
- 5c. Developed a plan to meet the IP and UP reduction target
6. Reported an IP and UP estimate of less than 10% for each program for which an estimate was published in the accompanying materials to the annual financial statement

To accomplish our audit objective, we reviewed

- Requirements contained in the applicable Federal laws and OMB Circular A-123 (M-21-19), appendix C, and OMB Circular A-136 (August 2021), part II.4.5, as they relate to

payment integrity; PIIA (Public Law 116-117, Subchapter IV-Improper Payments); OMB Annual Data Call Instructions; the OMB Payment Integrity Question and Answer Platform; and guidance in the CIGIE guide (October 2021) for PIIA compliance audits.

- HUD's
 - Fiscal year 2021 agency financial report (AFR) and the accompanying materials (PaymentAccuracy.gov).
 - Policies and procedures to understand the controls in place for preventing, reducing, recovering, and accurately reporting on improper and unknown payments. We also reviewed documentation to support that these controls were in place during fiscal year 2021.
 - Fiscal year 2021 payment integrity risk assessments, which identified the programs that were risk assessed and those that were considered susceptible to improper and unknown payments.
 - Improper and unknown payment sampling and estimation plans used to select samples for testing and the results of its testing.
 - Records and documents to support information published in the AFR and accompanying materials (PaymentAccuracy.gov).

The scope of our internal control testing included 1) internal controls over the preparation of the payment integrity section of HUD's Agency Financial Report and Accompanying materials (paymentaccuracy.gov) and 2) internal controls to identify, prevent, detect, and recapture improper payments in the three programs HUD deemed susceptible to significant improper payments.

We also met with appropriate personnel within (1) OCFO responsible for overseeing HUD's payment integrity program and (2) program offices responsible for internal controls over the three programs deemed susceptible to improper and unknown payments.

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 objectives.

Followup on Prior Audits

We reviewed last year's payment integrity compliance audit report, 2021-AT-0002, and found that HUD did not fully comply with PIIA reporting and improper payment reduction requirements for fiscal year 2020. The final action target date for this recommendation is May 16, 2022, and it is still open. As outlined in finding 1, HUD had not yet implemented its corrective action for this recommendation.

HUD Did Not Fully Comply With the Payment Integrity Information Act of 2020, 2021-AT-0002, Issued May 17, 2021

- 1A. For the MF-RAP,²⁴ PIH-TBRA, and CPD-HIM programs, ensure that the program improper payment rate estimates adequately test for and include improper payments of Federal funding that are made by State, local, and other organizations administering these programs and adequately disclose any limitations imposed or encountered when reporting on improper payments, to a degree that fairly informs users of the respective reported information.

²⁴ In this report, we changed the acronym for Multifamily Housing's Subsidy Programs from MF-RAP to MF-Rental Subsidy programs to better reflect the Multifamily Housing programs included in this estimate. The programs have not changed, the only change is the acronym used in this report.

Appendixes

Appendix A

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

Comment 1


U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410

MEMORANDUM FOR: Stephen M. Begg, Deputy Inspector General, OA

FROM: George J. Tomchick, Deputy Chief Financial Officer, F
George Tomchick
Digitally signed by George Tomchick
Date: 2022.05.08 07:50:14 -0400

Dominique Blom, General Deputy Assistant, PIH, H
DOMINIQUE BLOM
Digitally signed by DOMINIQUE BLOM
DN: cn = DOMINIQUE BLOM, o = U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, ou = Office of Public and Indian Housing
Date: 2022.05.20 18:55:12 -0400

Jemine Bryon, Acting General Deputy Assistant Secretary for CPD, DN
Jemine A. Bryon
Digitally signed by Jemine A. Bryon
Date: 2022.05.20 18:55:12 -0400

Vance T. Morris, Associate General Deputy Assistant Secretary, H
VANCE MORRIS
Digitally signed by VANCE MORRIS
DN: cn = VANCE MORRIS, o = U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, ou = Office of Public and Indian Housing
Date: 2022.05.20 18:55:12 -0400

SUBJECT: Response to FY 2021 Payment Integrity Draft Audit Report

DATE: May 16, 2022

Thank you for the opportunity to review and comment on the draft report and your continued support. HUD is committed to fulfilling its mission in providing every person in America the opportunity to live in strong, sustainable communities with quality, affordable homes.

Our equity-centered approach to mission execution and payment integrity is key in ensuring our funds achieve the intended purpose now and in the future. While HUD has made progress toward achieving payment integrity, complicated and complex work remains. We are dedicated to demonstrating HUD's funding is spent as intended at all levels and will focus our efforts on enhancing payment testing and strengthening detection and prevention controls.

Given the challenging complexities involving privacy and access issues, we hope OIG can help shepherd a joint solution that moves HUD forward to full payment integrity compliance.

www.hud.gov espano@hud.gov

OIG Evaluation of Auditee Comments

Comment 1 We appreciate HUD's commitment to payment integrity and agree that complicated and complex work remains. We also agree that a joint solution across HUD is essential to overcoming HUD's payment integrity challenges. During our fiscal year 2022 audit, we look forward to working with all applicable stakeholders across HUD and making impactful recommendations to move HUD forward to full payment integrity compliance.

Appendix B

Compliance Status Table

Program name	Published payment integrity information	Posted the annual financial statement and accompanying materials	Conducted IP risk assessments	Adequately concluded on the risk assessment	Published IP and UP estimates	Published corrective action plans	Published IP and UP reduction target	Demonstrated improvements	Developed a plan to meet the reduction target	Reported an IP and UP estimate of less than 10%
Noncompliant programs										
PIH-TBRA	Yes	Yes	Yes	Yes	No	N/A*	N/A*	N/A*	N/A*	Yes*
MF-Rental Subsidy	Yes	Yes	Yes	Yes	No	N/A*	N/A*	N/A*	N/A*	Yes*
*Note: HUD's estimates were under the statutory threshold for the two noncompliant programs above; therefore, several of the other requirements were marked N/A or Yes. However, as stated in the report, HUD's estimates did not have a comprehensive basis; therefore, HUD was at risk of not complying with these requirements.										
Compliant programs										
CPD										
CPD-HIM	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	Yes
Capacity building	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
CDBG, CDBG Insular Areas, entitlement & nonentitlement	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Home Investment Partnerships	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Homeless Assistance Grants	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Housing Opportunities for Persons With AIDS	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Housing Trust Fund	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A

Program name	Published payment integrity information	Posted the annual financial statement and accompanying materials	Conducted IP risk assessments	Adequately concluded on the risk assessment	Published IP and UP estimates	Published corrective action plans	Published IP and UP reduction target	Demonstrated improvements	Developed a plan to meet the reduction target	Reported an IP and UP estimate of less than 10%
CDBG Disaster Recovery (DR)-Sandy	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
CDBG-DR (Louisiana, Texas, West Virginia, Hurricane Ike, Other Disasters)	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Neighborhood Stabilization Program	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Project-Based Section 8-Renewal of Expiring Sec. 8 Mod Rehab Single Room Occupancy	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Self-Help Homeownership Opportunity Program	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Housing – Federal Housing Administration										
Single-family claims	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Federal finance bank direct loans	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Home Equity Conversion Mortgage (HECM) claims	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
HECM notes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A

Program name	Published payment integrity information	Posted the annual financial statement and accompanying materials	Conducted IP risk assessments	Adequately concluded on the risk assessment	Published IP and UP estimates	Published corrective action plans	Published IP and UP reduction target	Demonstrated improvements	Developed a plan to meet the reduction target	Reported an IP and UP estimate of less than 10%
Multifamily insurance claims	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Multifamily notes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Multifamily premium refunds	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Single-family property	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Fair Housing and Equal Opportunity										
Fair Housing Assistance Program	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Fair Housing Initiative Program	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Government National Mortgage Association										
Pass-Through Assistance Program	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Master servicer default activity	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Contractor payments	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Housing - Multifamily										
Section 811 Housing for Persons With Disabilities (Project Rental Assistance Contract and Capital Advance) non-project-based rental assistance portion	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Rental Housing Assistance Program	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A

Program name	Published payment integrity information	Posted the annual financial statement and accompanying materials	Conducted IP risk assessments	Adequately concluded on the risk assessment	Published IP and UP estimates	Published corrective action plans	Published IP and UP reduction target	Demonstrated improvements	Developed a plan to meet the reduction target	Reported an IP and UP estimate of less than 10%
- Section 236 interest reduction payments (non-project-based rental assistance portion)										
Housing counseling assistance	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Housing for Special Populations-Capital Advance portion of expenditures, Section 202	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Office of the Chief Procurement Officer										
Office of the Chief Procurement Officer-Payments to Federal Contractors-Transformation Initiative	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Administrative										
Salaries & expenses - biweekly pay & retirement and benefits	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Office of Healthy Homes and Lead Hazard Control										
Lead hazard reduction	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A

Program name	Published payment integrity information	Posted the annual financial statement and accompanying materials	Conducted IP risk assessments	Adequately concluded on the risk assessment	Published IP and UP estimates	Published corrective action plans	Published IP and UP reduction target	Demonstrated improvements	Developed a plan to meet the reduction target	Reported an IP and UP estimate of less than 10%
Office of Policy Development and Research										
Research and technology	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
PIH										
Project-Based Rental Assistance, Section 8 Moderate Rehabilitation	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Choice Neighborhoods Initiative	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Family Self-Sufficiency Program	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Indian Community Development Block Grants	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Native American Housing Block Grants	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Native Hawaiian Housing and Indian Home Loan Guarantee- Section 184 Program account	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Public Housing Capital Fund	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Public Housing Operating Fund	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A