



— OFFICE of —  
**INSPECTOR GENERAL**



UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT



OFFICE OF INSPECTOR GENERAL

U.S. Department of Housing and Urban Development

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# SEMIANNUAL REPORT TO CONGRESS

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For the period October 1, 2021, to March 31, 2022



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# PROFILE *of* PERFORMANCE

For the period October 1, 2021, to  
March 31, 2022

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

## AUDIT RESULTS

Recommendations that funds be put to better use	\$6,944,124,017
Recommended questioned costs	\$6,425,094
Collections from audits	\$6,835,239
Administrative sanctions	1
Civil actions	0
Subpoenas	1
Personnel actions	0

## INVESTIGATIVE RESULTS

Total restitutions and judgments	\$20,815,837
Total recoveries and receivables to HUD programs	\$3,116,978
Arrests	35
Indictments and informations	51
Convictions, pleas, and pretrial diversions	49
Civil actions	14
Total administrative sanctions	23
Suspensions	7
Debarments	5
Program or professional license-certification	1
Evictions	1
Other <sup>1</sup>	9
Systemic implication reports	0
Search warrants	13
Subpoenas	355



# A MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to submit the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) Semiannual Report to Congress, which covers the period October 1, 2021, through March 31, 2022. As we transition back into the workplace, I am proud of the resilience, dedication, flexibility, and commitment my office continues to demonstrate to meet the challenges presented by the COVID-19 pandemic. We take seriously our responsibility to HUD, Congress, and the public to conduct influential oversight that is both timely and relevant.

As discussed in greater detail throughout this report, our audits, evaluations, and investigations have promoted the integrity and efficiency of HUD's critical programs and protected the investment of taxpayer dollars. During this reporting period, our audit and evaluation work resulted in the publication of 24 reports identifying over \$6.9 billion in funds put to better use, over \$6.4 million in questioned costs, and \$6.8 million in collections. In addition, during this reporting period our investigations, some of which are joint investigations with other law enforcement agencies, have resulted in 49 convictions, 14 civil actions, and over \$20 million in criminal, civil and administrative recoveries, which includes over \$3 million to HUD programs. We also issued the FY 2021 Federal Information Security Modernization Act (FISMA) Evaluation, as mandated, and determined that HUD's overall information security program maintained its maturity of "consistently implemented" for a second year. Additionally, we determined that HUD's Office of the Chief Information Officer had addressed previous HUD OIG FISMA recommendations and implemented key initiatives that contributed to sustaining the maturity level. We also made additional recommendations to assist HUD in making further progress.

To reflect my vision for our oversight work and priorities, in February 2022, we published the [HUD OIG 2022-2026 Strategic Plan](#), the first such plan

under my leadership as Inspector General, which provides a roadmap for how we intend to build on progress and continue to evolve over the next 4 years. Our goals and objectives are deliberately structured to assist us in accomplishing our oversight mission, to safeguard HUD's programs from fraud, waste, abuse, and mismanagement and identify opportunities for HUD programs to progress and succeed. This is not a static plan—we will monitor and evaluate its progress and adjust when necessary to address emerging trends related to HUD programs and operations. I am excited to work with my team to execute the strategies and goals we set forth in this strategic plan.

Additionally, we issued our [FY 22 Top Management Challenges Report](#), summarizing our analyses of the most serious management and performance challenges facing the Department. To identify the top management challenges, we considered several factors, including issues and open recommendations identified by our previous oversight work, reports published by other OIGs and the Government Accountability Office, and feedback from our HUD colleagues regarding their perceptions about the top challenges they face. Beyond the longstanding challenges that remain, such as eliminating hazards in HUD assisted housing, we added grants management, fraud risk management, and mitigating

counterparty risk in mortgage programs, highlighting how each challenge aligns with the strategic goals in HUD's 2018-2022 Strategic Plan. Further, we intentionally noted HUD's progress regarding each challenge and identified areas where more work can be done. We also recognized challenges posed by the pandemic, and shared references to our oversight work and other related resources.

These two critical work products have been instrumental in shaping our cross-cutting oversight work moving forward. For example, we are pursuing audits, evaluations, and investigations to help strengthen HUD's controls and protect its beneficiaries from lead-based hazards in HUD assisted housing, to include an evaluation focusing on HUD's oversight of lead-based paint remediation in public housing and its processes for addressing cases of children residing in public housing with elevated blood levels.

To effectively help HUD achieve its mission, we continue to garner our efforts towards protecting HUD programs and beneficiaries from bad actors. Towards that end, we've had two successful prosecutions related to a [Fraud Scheme Involving HUD Funds Intended for lead remediation and Failure to Properly Notify Tenants About Lead Hazards during the reporting period](#). Further, a joint investigation with the Department of Justice's (DOJ) Civil Rights Division, resulted in [DOJ's largest civil settlement](#) in a case alleging sexual harassment in housing. A Section 8 Housing Choice Voucher landlord in New Jersey agreed to pay \$4.5 million to resolve a Fair Housing Act lawsuit concerning his sexual harassment of tenants and housing applicants spanning 15 years.

As a member of the Pandemic Response Accountability Committee (PRAC), I understand the significant role our oversight community shares in helping to ensure that the \$12.4 billion of taxpayer funds appropriated to HUD under the Coronavirus Aid, Relief, and Economic Stability (CARES) Act funding are spent responsibly and in the manner Congress intended.

Our office partnered with our PRAC colleagues to develop a [Fraud Risk Inventory for the CDBG and ESG CARES Act Funds](#), which identified five overall risk factors that contribute to the risk of fraud for the CDBG and ESG CARES Act funds to assist HUD with its fraud risk management practices in the administration of its programs.

With respect to our work with Congressional stakeholders, on January 19, 2022, HUD OIG's Deputy Inspector General testified before the House Committee on Financial Services, Subcommittee on Oversight and Investigations about our critical work related to HUD's disaster recovery and mitigation program. Our [testimony](#) focused on the most significant challenges HUD faces in administering disaster assistance, our recent disaster recovery oversight work, and provided context for the broader challenges HUD faces when addressing equity-related issues.

Finally, I am pleased to announce our partnership with the Secretary and our HUD colleagues, detailed in our joint statement of cooperation issued earlier this year. I commend the Secretary and HUD's senior leadership team for their commitment to work collaboratively to strengthen the accountability of HUD's programs and sustain the ethical conduct and integrity of all HUD employees, contractors, grantees, and recipients.

In closing, I want to thank our HUD OIG staff for their exceptional work in fulfilling our critical oversight mission. Their perseverance and flexibility throughout the pandemic are a testament to their commitment to public service. I am honored to work alongside this dedicated group of professionals.



Inspector General  
**Rae Oliver Davis**

# SNAPSHOT

## Spotlight

The U.S. Department of Housing and Urban Development, Office of Inspector General's (HUD OIG) fiscal year 2022 performance to date has helped HUD, Congress, and other stakeholders, including HUD communities nationwide. Each year, in compliance with the Reports Consolidation Act of 2000, HUD OIG issues a report summarizing what it considers to be the most serious management challenges for HUD. This year's report includes the top 10 challenges facing HUD, organized to align with HUD's strategic goals. This work supports HUD in achieving its mission to create strong, sustainable, inclusive communities and quality, affordable homes for all. Also, during this reporting cycle, HUD OIG published its 2022-2026 Strategic Plan, which provides a roadmap for HUD OIG to build on progress from previous years and continue to evolve over the next 4 years. It establishes clear goals and deliberate strategies for accomplishing each goal. This section highlights HUD OIG's reports and performance since October 1, 2021.

### Opportunities Exist To Improve CPD's Oversight of and Monitoring Tools for Slow-Spending Grantees

This audit assessed the HUD, Office of Community Planning and Development's (CPD) monitoring and oversight tools related to the progress of grant expenditures and determined the status of grants and impacts of coronavirus disease 2019 grantee spending. OIG found that although CPD has tools available for the oversight and monitoring of its grantees, there are opportunities for it to improve its oversight and monitoring, specifically for slow-spending Community Development Block Grant Disaster Recovery (CDBG-DR) grantees. CPD can enhance its

(1) monthly CDBG-DR grant financial report, (2) use of Disaster Recovery Grant Reporting system flags, (3) use of grantee expenditure projections, (4) documentation of quality performance report reviews, and (5) documentation for monitoring reviews. OIG made nine recommendations for CPD to identify, define, and track slow spenders; update policies and procedures to address variances between actual and projected expenditures; and resolve the red flags identified in the report.

**(Agencywide, Audit Report: 2022-AT-0001)**

*The audit found that 3 years after Hurricane Harvey, the City spent only \$22.8 million (1.8 percent) of its \$1.275 billion suballocated grant funds, which substantially delayed assistance to participants and assisted only 297 of 8,784 participants (3.4 percent) in housing programs.*

### City of Houston, TX, Faced Challenges in Administering Its Hurricane Harvey Program and Risked Losing Its Funding

This audit assessed the efficiency and effectiveness of the City of Houston's Hurricane Harvey CDBG-DR program. The audit found that 3 years after Hurricane Harvey, the City had spent only \$22.8 million (1.8 percent) of its \$1.275 billion suballocated grant funds, which substantially delayed assistance to participants and assisted only 297 of 8,784 participants (3.4 percent) in housing programs. OIG made five recommendations to monitor the City's pace and performance and set milestones and appropriate consequences for the Texas General Land Office to ensure that expenditure deadlines remain on track.

**(Houston, TX, Audit Report: 2022-FW-1001)**



*HUD officials acknowledged that IT acquisition process improvements are needed and have taken steps to address these deficiencies.*

### HUD's Process for Managing IT Acquisitions

This evaluation was conducted to review HUD's ability to effectively complete information technology (IT) acquisitions. HUD's IT systems and its modernization plans depend heavily on contractors, yet HUD has historically faced significant challenges with implementing effective acquisition processes. HUD's acquisition capacity represents a key potential risk within HUD's IT environment. OIG found that HUD had a lack of staffing capacity, ineffective coordination and communication practices, and ineffective oversight of management controls over acquisition processing. HUD officials acknowledged that IT acquisition process improvements are needed and have taken steps to address these deficiencies. This evaluation report contains five recommendations to assist in continued successes for future acquisition efforts.

**(Agencywide, Evaluation Report: 2020-OE-0004)**

### Fraud Risk Inventory for the CDBG and ESG CARES Act Funds

This engagement was conducted in coordination with the Pandemic Response Accountability Committee to gain an understanding of HUD's fraud risk management practices and develop an inventory of fraud risks that HUD had not already identified for the funds appropriated by the Coronavirus Aid, Relief, and Economic Security (CARES) Act for its CDBG and Emergency Solutions Grant (ESG) programs. OIG identified five overall risk factors that contribute to the risk of fraud for the CDBG and ESG CARES Act funds and used the results of its brainstorming sessions, interviews, reviews of audits reports, investigations, and press releases to develop a fraud risk map containing 31 fraud schemes that can be used to misappropriate CDBG and ESG CARES Act funds. OIG also identified opportunities to improve HUD's fraud risk management practices. OIG made six recommendations addressing roles and responsibilities, completing program-specific fraud risk assessments and risk profiles, implementing efforts to increase awareness of fraud at all levels, implementing a fraud risk checklist as part of CPD's monitoring efforts, and developing and implementing a fraud analytics strategy to identify potential fraud risks for further review.

**(Agencywide, Memorandum: 2022-FO-0801)**



## Making an Impact

HUD OIG oversight work results in recommendations to encourage improvements in the conduct of Government programs and operations. This section highlights the connections between OIG's work and its positive impact on HUD's programs, operations, mission, and beneficiaries. While there are many factors that may cause programmatic change, OIG's reviews and other work often play a role. This section draws attention to recommendations closed during this semiannual reporting period that have made a positive impact on HUD's mission and operations.

### Significant Investigation Cases

On February 24, 2022, the Boys and Girls Club of Santa Fe (BGCSF) finalized a civil settlement agreement with the United States and agreed to pay approximately \$1.4 million to HUD. BGCSF obtained nearly \$751,000 in special purpose grants from HUD's CDBG program to purchase land and build a new facility. BGCSF signed grant closeout agreements indicating that it followed the grant's terms; however, it never built the facility and sold or rented portions of the property.

On January 10, 2022, former real estate agent Eric Hill was sentenced in U.S District Court for the Northern District of Georgia pursuant to his earlier guilty plea to conspiracy to defraud the United States in a mortgage fraud scheme. He was sentenced to 30 months incarceration and 36 months supervised release and ordered to pay more than \$1.69 million, of which \$1.2 million is to go to HUD and the remaining \$483,419 to the

construction company, DR Horton. Hill assisted borrowers in submitting fraudulent information to lenders, who closed 108 Federal Housing Administration-insured loans. HUD's loss, due to the loan modifications and subsequent claims, is approximately \$1.2 million. HUD indemnified a number of loans because of lender self-reporting and HUD Quality Assurance Division audits.



***Centanni has agreed to pay \$4.5 million in monetary damages and civil penalties to resolve the Fair Housing Act lawsuit alleging he sexually harassed tenants and applicants spanning a 15-year period. This settlement is the largest monetary settlement DOJ has obtained in a case alleging sexual harassment in housing.***

On December 14, 2021, the U.S. Department of Justice (DOJ) announced that a settlement has been reached, through a consent decree, between DOJ's Civil Rights Fair Housing Unit and Joseph Centanni, a high-volume Section 8 Housing Choice Voucher Program landlord in Elizabeth, NJ. Centanni has agreed to pay \$4.5 million in monetary damages and civil penalties to resolve the Fair Housing Act lawsuit alleging that he sexually harassed tenants and applicants spanning a 15-year period. This settlement is the largest monetary settlement DOJ has obtained in a case alleging sexual harassment in housing. The terms of the consent decree reflect that Centanni has sold all of his residential rental properties and will be permanently prohibited from owning or managing residential rental properties in the future.

In October 2021, Kenneth Johnson, a former Cleveland city councilman, was sentenced to 6 years in prison after a trial conviction of Federal program theft, tax violations, witness tampering, and falsifying records. In addition, his executive assistant, Garnell Jamison, was sentenced to 5 years in prison after trial convictions of the same offenses, and, together, they were ordered to pay \$746,839 to the Internal Revenue Service (IRS) and HUD. The defendants conspired to induce the City of Cleveland to issue reimbursement checks to the councilman totaling \$127,000 for services that were never performed; diverted \$50,000 from Federal community development funds distributed by the City; submitted false and fraudulent tax returns to the IRS; attempted to persuade and influence the testimony of a grand jury witness by providing that person with false and fraudulent information and records purporting to document charitable donations; and falsifying a donation receipt with the intent to impede, obstruct, and influence an investigation.

### **Collaborative Work**

On January 20, 2022, an OIG special agent, along with the Chief of the Civil Rights Division and assistant United States attorneys (AUSA) with the U.S. Attorney's Office, District of New Jersey, provided a nationwide 90-minute training session to more than 80 housing and civil enforcement trial attorneys and AUSAs, which focused on prosecutions connected to DOJ's Sexual Harassment in Housing Initiative. The training centered on the sexual harassment investigation conducted on the Housing Choice Voucher Program landlord, Joseph Centanni.

### **Disaster Grantee Fraud Training**

From October 12 to 14, 2021, OIG's Office of Audit held the October Disaster Grantee Fraud Training for the California Department of Housing and Community and Development.

From November 16 to 18, 2021, OIG's Office of Audit held the November Disaster Grantee Fraud Training for the States of Georgia, North Carolina, and South Carolina.

### **Fraud Bulletins**

On March 10, 2022, HUD OIG joined the OIG community to participate in the National Slam the Scam Campaign to raise public awareness of pervasive scams related to HUD housing programs. The initiative, hosted by the Social Security Administration OIG, began in 2020 to combat Social Security-related scams and was recently expanded to include other Government imposter scams. As part of this initiative, HUD OIG published four OIG fraud bulletins, which generated significant interest from the media, resulting in two news articles. HUD OIG also extended its outreach to stakeholders on social media.



# HOUSING

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

## AUDIT



**5**  
KEY PROGRAM  
RESULTS



**\$6,937,978,632**  
RECOMMENDED FUNDS  
PUT TO BETTER USE

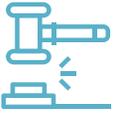


**\$0**  
RECOMMENDED  
QUESTIONED COSTS

## INVESTIGATION



**8**  
ADMINISTRATIVE-  
CIVIL ACTIONS



**11**  
CONVICTIONS-PLEAS-  
PRETRIAL DIVERSIONS



**\$9,287,805**  
FINANCIAL RECOVERIES

## Office of Audit

### FHA Borrowers Did Not Always Properly Receive COVID-19 Forbearances From Their Loan Servicers

The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG), completed an audit to determine whether FHA-insured borrowers properly received the coronavirus disease 2019 (COVID-19)-related forbearance. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, provided a mortgage payment forbearance option for all borrowers who suffered financial hardship due to the COVID-19 national emergency. OIG found that in November 2020, at least one-third of the nearly 335,000 borrowers who were delinquent on their FHA-insured loans and not on forbearance were either not informed or misinformed about the COVID-19 forbearance. As a result, borrowers experiencing a hardship due to COVID-19 did not benefit from the COVID-19 forbearance. OIG also found that servicers improperly administered the forbearance for at least one-sixth of the nearly 815,000 borrowers on forbearance plans in November 2020. OIG recommended that FHA identify borrowers who were both delinquent and did not fully benefit from the COVID-19 forbearance and ensure that information about the CARES Act and COVID-19 forbearance is distributed to these borrowers. OIG also recommended that FHA ensure that the issues found during the audit are incorporated into servicing monitoring reviews to deter future noncompliance and prevent potential loss to the FHA fund and provide additional guidance to the servicers so that they limit their communication and collection efforts for the borrowers in forbearance.

**(Agencywide, Audit Report: 2022-KC-0001)**

### HUD Did Not Always Implement Corrective Actions To Further Ensure That HECM Borrowers Complied With Principal Residency Requirements

OIG completed a corrective action verification (CAV) of recommendations from four prior home equity conversion mortgage (HECM) audit reports. The CAV was initiated because one of HUD's top management challenges is to protect the FHA mutual mortgage insurance fund. The prior audits determined that HUD lacked controls to prevent HECM borrowers from violating principal residency requirements. The CAV objectives were to determine whether HUD implemented adequate corrective actions in response to (1) recommendation 1B from audit report 2012-PH-0004, (2) recommendation 1B from audit report 2013-PH-0002, (3) recommendation 1B from audit report 2014-PH-0001, and (4) recommendation 1C from audit report 2015-PH-0004. OIG found that HUD implemented the agreed-upon corrective action for one recommendation, did not implement the ongoing corrective action for one recommendation, and did not implement corrective actions for two recommendations.

**(Agencywide, Memorandum: 2022-PH-0801)**

## **Audit of FHA's Fiscal Years 2021 and 2020 Consolidated Financial Statements**

OIG contracted with the independent public accounting firm of CliftonLarsonAllen LLP (CLA) to audit the financial statements of FHA as of and for the fiscal years ending September 30, 2021 and 2020, and to provide reports on FHA's (1) internal control over financial reporting and (2) compliance with laws, regulations, contracts, and grant agreements in its financial reporting. In its audit of FHA, CLA reported that the consolidated financial statements under review were presented fairly, in all material respects, and in accordance with U.S. generally accepted accounting principles. CLA found one material weakness in FHA's controls over financial accounting and reporting and a significant deficiency in the FHA econometric modeling activities used to estimate the agency's loan guarantee liability. For fiscal year 2021, CLA found no reportable noncompliance issues with provisions of applicable laws, regulations, contracts, and grant agreements tested and no other matters.

**(Agencywide, Audit Report: 2022-FO-0003)**

## **HUD Did Not Have Adequate Controls in Place To Track, Monitor, and Issue FHA Refunds Owed to Homeowners**

OIG audited HUD's oversight of FHA refunds based on a hotline complaint alleging that HUD was trying to make it difficult for claimants to obtain refunds or would discourage them from pursuing the refunds, which are due to eligible homeowners from the unearned portion of the upfront mortgage insurance premium paid. The audit found that HUD did not have adequate controls in place to ensure that refunds were appropriately tracked, monitored, and issued. As a result, HUD could not ensure that it implemented a consistent refund process, and homeowners and third-party tracers were not able to search for all refunds HUD owed, which may have reduced the chance for homeowners of at least 23,579 loans to obtain approximately \$15.8 million in refunds.

OIG recommended that HUD develop and implement written policies and procedures and controls (1) for locating homeowners, (2) for the refund process to address the deficiencies identified, and (3) to reduce the number of refunds that have remained unclaimed for an extended period.

**(Agencywide, Audit Report: 2022-LA-0001)**

## **Approximately 31,500 FHA-Insured Loans Did Not Maintain the Required Flood Insurance Coverage in 2020**

OIG audited the FHA-insured loans serviced in calendar year 2020 to determine whether borrowers of FHA-insured loans maintained proper flood insurance coverage. OIG found that FHA insured at least 31,500 loans serviced during calendar year 2020 for properties in special flood hazard area flood zones that did not maintain the required flood insurance coverage. As a result, the FHA insurance fund was potentially exposed to greater risk from more than \$4.5 billion in loans that did not maintain adequate National Flood Insurance Program coverage. OIG recommended that FHA require lenders to provide evidence of sufficient flood insurance coverage or execute indemnification agreements for the 21 loans in the statistical sample that did not have sufficient flood insurance at the time of the audit, develop a control to detect loans that did not maintain the required flood insurance to avoid potential future costs to the FHA insurance fund from inadequately insured properties, and consult with HUD's Office of General Counsel to review the language in the statutes, regulations, and handbooks and make any necessary adjustments to the forward mortgage and HECM handbooks.

**(Agencywide, Audit Report: 2022-KC-0002)**

## Challenges Faced by Section 232 Nursing Homes During the Pandemic

OIG conducted a limited review of nursing home owners to identify their operational challenges and needs of nursing homes responding to the COVID-19 pandemic. OIG's objective was to determine the biggest challenges operators of Section 232 nursing home facilities face related to the COVID-19 pandemic and whether nursing homes are prepared to meet their future financial obligations. Most of the owners who responded to the survey indicated that nursing homes experienced financial and operational challenges during the pandemic. These challenges included staffing shortages; COVID-19 infections in residents and staff; large fluctuations in occupancy levels; rising operating costs; and difficulties in responding to local, State, and Federal requirements.

**(Agencywide, Audit Memorandum: 2022-KC-0801)**

## Office of Investigation

### Real Estate Professionals Sentenced to 48 Months Incarceration

William Elias, former real estate broker and owner of Elias Realty LLC, and Kimberly Doren, former real estate salesperson and branch manager for Gold Star Mortgage Financial, were collectively sentenced in U.S. District Court to 48 months and 1 day incarceration and 6 years supervised release. For more than 2 years, Elias and Doren orchestrated a short sale scheme by fraudulently misrepresenting borrowers' primary residences as rental properties and inflating the market value of the primary residences on the borrowers' loan applications to obtain FHA-insured or conventional loans for the purchase of new homes. Elias and Doren then falsely submitted short sale requests for the borrowers' primary residences, based on purported financial hardships. Elias and Doren improperly collected profits, commissions, fees, and kickbacks as part of this scheme. Doren was sentenced in connection with her earlier guilty plea to bank fraud and was ordered to pay jointly and severally with Elias \$253,013 in restitution to the Federal Home Loan Mortgage Corporation (Freddie Mac) and various financial institutions. Elias was sentenced in connection with his earlier guilty plea to bank fraud and money laundering and was ordered to pay an additional \$4.87 million in restitution to Freddie Mac and the Federal National Mortgage Association. HUD OIG and the Federal Housing Finance Agency (FHFA) OIG conducted this investigation.

**(Detroit, MI)**

### **Nine Swindlers Collectively Sentenced to 16 Years Incarceration**

Eduardo Toro, a real estate agent and business owner; Ana Toro, Veronica Toro, and Maria Gil, paralegals; Emmanuel Lopez and Gladys Velasquez, employees of Toro; Filiverto Gomez and Veronica Marquez, notaries; and Leticia Mora, a credit repair specialist, were collectively sentenced in Superior Court of California to 16 years incarceration, 10 years probation, and 11 years supervised release and ordered to pay \$606,815, of which \$598,335 was ordered jointly and severally, in restitution to various victims. For more than 7 years, the conspirators participated in an advance fee mortgage relief scheme, which resulted in foreclosure delays of more than 200 properties, impacting 15 FHA-insured mortgages. The conspirators submitted false deeds and petitions in support of bankruptcies filed with the courts to delay the foreclosures. HUD OIG and FHFA OIG conducted this investigation.

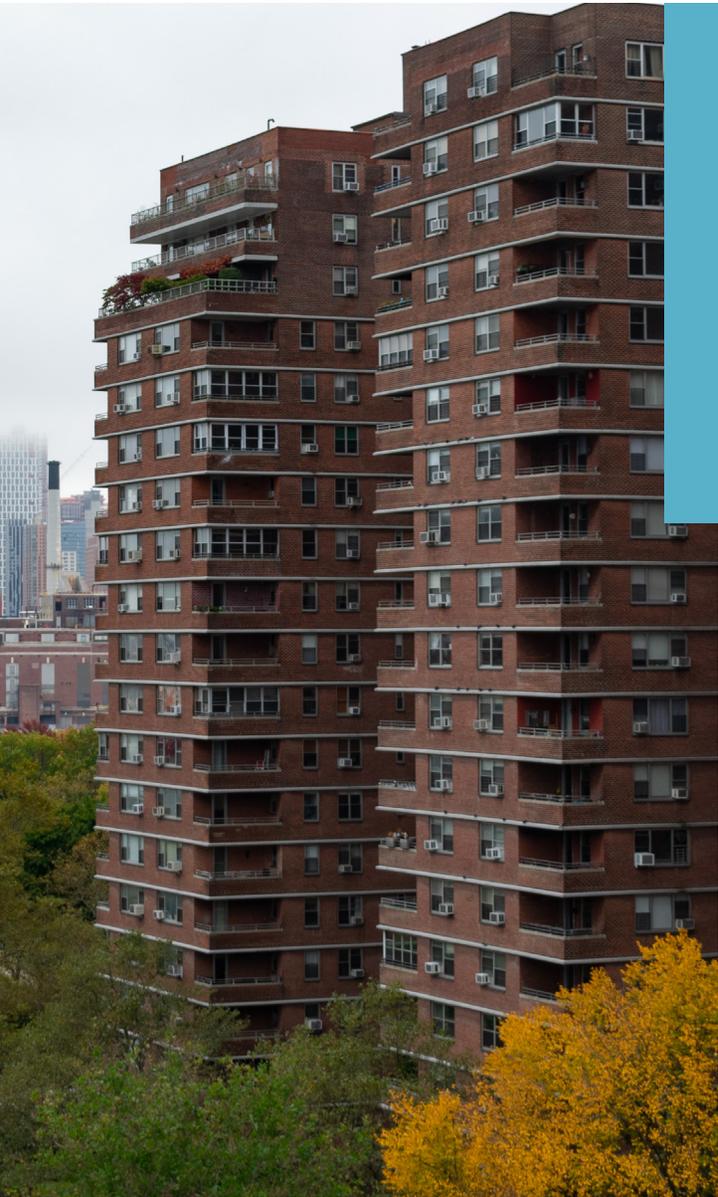
**(Los Angeles, CA)**

### **Mortgage Industry Professionals Sentenced in Short Sale Scheme**

Gabriel Tavarez and Jaime Mulvihill, the founders and operators of Loss Mitigation Services (LMS), LLC, a mortgage short sale assistance company, were collectively sentenced in U.S. District court to 13 months incarceration and 4 years supervised release and ordered to pay \$475,458 in restitutions. For nearly 3 years, Tavarez and Mulvihill defrauded mortgage lenders and investors out of less than \$500,000 in proceeds from approximately 90 short sale transactions of conventional and FHA-insured mortgages when they, directly or through their employees, falsely claimed to homeowners, real estate agents, and closing attorneys that mortgage lenders had agreed to pay LMS fees known as “seller paid closing costs” or “seller concessions” from the proceeds of the short sales. Tavarez and Mulvihill fabricated the transaction documents or caused them to be fabricated to justify the additional fees and conceal that they were being paid to LMS. Tavarez was sentenced in connection with his earlier

guilty plea to aggravated identity theft and conspiracy to commit wire fraud, and Mulvihill was sentenced in connection with her earlier guilty plea to conspiracy to commit wire fraud. HUD OIG, Federal Bureau of Investigation, Internal Revenue Service Criminal Investigation, and FHFA OIG conducted this investigation.

**(North Andover, MA)**



# PUBLIC AND INDIAN HOUSING

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

## AUDIT



**5**  
KEY PROGRAM  
RESULTS



**\$2,514,470**  
RECOMMENDED FUNDS  
PUT TO BETTER USE

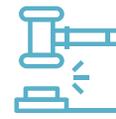


**\$2,870,374**  
RECOMMENDED  
QUESTIONED COSTS

## INVESTIGATION



**23**  
ADMINISTRATIVE-  
CIVIL ACTIONS



**24**  
CONVICTIONS-PLEA-  
PRETRIAL DIVERSIONS



**\$6,754,173**  
FINANCIAL RECOVERIES

## Office of Audit

### Public Housing Agencies' Experiences and Challenges in the Administration of HUD's CARES Act Funds

The Office of Inspector General (OIG) conducted a limited review of HUD's Coronavirus Aid, Relief, and Economic Security (CARES) Act supplemental public housing operating funds (supplemental funds) to assess PHAs' experiences and challenges and HUD's efforts in providing guidance related to the administration of the supplemental operating funds under the CARES Act. OIG found that the PHA survey respondents generally cited positive experiences and no major challenges related to the administration of supplemental funds under the CARES Act. Although OIG had no recommendations, it provided two key considerations for HUD. HUD should continue to keep the lines of communication open with PHAs to (1) clarify guidance when warranted and ensure that the PHAs know how to properly use the reporting portal to meet the quarterly reporting requirements and (2) monitor the PHAs that are slow in drawing down supplemental funds and help to ensure that funds are spent by the deadline of December 31, 2021.

**(Agencywide, Audit Memorandum: 2022-CH-0801)**

### Evaluating Public Housing Agency Challenges With the HUD Veterans Affairs Supportive Housing Program

OIG conducted this evaluation due to the growing national homeless crisis and HUD's goal of ending homelessness. OIG's objective was to evaluate the challenges that participating PHAs face in meeting the goals and objectives of the HUD Veterans Affairs Supportive Housing (VASH) program. OIG sent an electronic questionnaire to 662 PHAs with a HUD VASH program. The majority of responding PHA executives and designated points of contact found that they had excellent or good relationships with their designated Veterans Affairs Medical Centers and local HUD

field offices to help administer their HUD VASH programs. In addition, the respondents believed that the local HUD and U.S. Department of Veterans Affairs field offices had excellent or good working relationships. Respondents expressed that the HUD requirements, including waivers and alternative requirements, were helpful in meeting their program goals and objectives. However, OIG found that respondents were not able to use all of their allocated program vouchers, with one of the reasons being the high cost of housing.

**(Agencywide, Audit Report: 2022-LA-0801)**

### The Buffalo Municipal Housing Authority, Buffalo, NY, Needs To Improve Its Management of the Commodore Perry Homes Development To Address Longstanding Concerns

OIG audited the Buffalo Municipal Housing Authority's management of its Commodore Perry Homes development based on congressional interest. The objective of the audit was to determine whether the Authority properly managed its Commodore Perry Homes development. OIG found that the Authority did not properly manage the Commodore Perry Homes development to address longstanding redevelopment needs and health and safety issues. While the Authority had made various redevelopment plans for the property since 2013, none fully materialized, and all dwelling units in the development are now vacant. HUD and the Authority had recently taken steps toward developing a plan forward, but no redevelopment had occurred at the site. OIG recommended that HUD determine (1) whether the development represents an imminent threat to public safety and what activities to control the situation could be taken before the full environmental review process and (2) which environmental review process would be most beneficial to ensure that it is completed as soon as possible. Further, OIG recommended that HUD continue to provide training and technical assistance to the Authority and require it to (1) identify and address urgent health and safety issues, (2) develop and

implement a plan to routinely identify and address recurring urgent health and safety issues, and (3) develop and implement plans for the remaining public housing units at the development and for the original property related to the units converted during previous redevelopment efforts.

**(Buffalo, NY, Audit Report: 2022-NY-1001)**

### **HUD Did Not Have Adequate Policies and Procedures for Ensuring That Public Housing Agencies Properly Processed Requests for Reasonable Accommodation**

OIG audited HUD's oversight of its PHAs' reasonable accommodation policies and procedures to determine whether HUD had adequate policies and procedures for ensuring that PHAs properly addressed, assessed, and fulfilled requests for reasonable accommodation, including coronavirus disease 2019 (COVID-19)-related requests. HUD did not have adequate policies and procedures in place and did not perform the civil rights front-end reviews as required. OIG recommended that HUD (1) update its compliance monitoring guidance to require personnel to review PHAs' reasonable accommodations policies and procedures; (2) update and consolidate its reasonable accommodation policies and procedures to ensure that there is centralized guidance available for the field offices and PHAs; (3) conduct additional outreach efforts to educate tenants and PHAs on their rights and responsibilities for reasonable accommodation requests; (4) require that PHAs track requests for reasonable accommodation; (5) review the joint agreement between HUD's Offices of Public and Indian Housing and Fair Housing and Equal Opportunity and a related Section 504 checklist and modify, update, or recommit to it to ensure that the roles and responsibilities of the Office of Public and Indian Housing for conducting civil rights front-end reviews are clearly defined; and (6) ensure that personnel receive training on how to conduct the civil rights front-end reviews.

**(Agencywide, Audit Report: 2022-BO-0001)**

### **The Housing Authority of Plainfield, NJ, Did Not Always Comply With Requirements When Administering Its Public Housing Programs**

OIG audited the Housing Authority of Plainfield, NJ's administration of its public housing programs to determine whether the Authority administered its Public Housing Operating Fund and Capital Fund programs in accordance with HUD, Federal, and Authority requirements. OIG found that the Authority did not always comply with Federal, HUD, State, and Authority requirements when administering its public housing programs. As a result, (1) HUD did not have assurance that its interest and investment were adequately protected and that \$1.3 million in rooftop lease proceeds was properly accounted for and used for planned, approved purposes, and (2) the Authority paid nearly \$2.9 million in unsupported costs and may pay an additional \$1.2 million for procurements not adequately performed and documented. OIG recommended that HUD require the Authority to (1) terminate the current rooftop lease, (2) remedy the reporting and use of proceeds issues related to the nearly \$1.3 million in proceeds received under the lease, (3) repay from non-Federal funds any proceeds used for unallowable expenses, (4) obtain HUD approval of any new lease agreement, and (5) implement controls to ensure compliance with requirements for third-party agreements and that disposition proceeds are properly accounted for and used. Further, OIG recommended that HUD require the Authority to (1) support that nearly \$2.9 million paid for goods and services was reasonable in accordance with applicable requirements or repay from non-Federal funds any amount that it cannot support; (2) support that \$1.2 million in funds not yet spent on the contracts reviewed, along with any new procurements, would be reasonable or reallocate the funds; (3) ensure that its staff receives training on applicable requirements; and (4) improve its controls to ensure that future procurement actions comply with requirements and that prices paid for goods and services are reasonable.

**(Plainfield, NJ, Audit Report: 2022-NY-1002)**

## Office of Investigation

### Housing Choice Voucher Program Landlord Agrees To Pay \$4.5 Million To Resolve Fair Housing Act Lawsuit

Joseph Centanni, a Housing Choice Voucher Program landlord, entered into a consent decree with the United States and agreed to pay \$4.5 million to resolve a Fair Housing Act lawsuit concerning his sexual harassment of tenants and housing applicants for more than 15 years. Of the \$4.5 million settlement, \$4.39 million will be divided among the aggrieved parties as monetary damages, and \$107,050 will be paid to the United States as civil penalties. The Fair Housing Act prohibits discrimination on the basis of sex, which includes sexual harassment and discrimination on the basis of sexual orientation and gender identity. Centanni focused his harassment on women and gay or bisexual men and threatened eviction if they did not comply with his sexual demands. HUD OIG conducted this investigation.

**(Newark, NJ)**

### Property Manager Agrees To Pay \$750,000 To Resolve Fair Housing Act Lawsuit

Reese Pfeiffer, property manager for multiple single-family and multifamily rental properties, entered a consent decree with the United States to resolve allegations that he violated the Fair Housing Act by subjecting 23 women, of whom at least 5 were Housing Choice Voucher Program participants, to repeated sexual harassment and retaliation. Pfeiffer agreed to pay \$736,000 in monetary damages, to be divided among the 23 victims, and \$14,000 in civil penalties to the United States. For at least 5 years, Pfeiffer engaged in unwelcomed sexual advances and entered the tenants' homes under the pretense of collecting rent to solicit sexual favors. The settlement also states that Michael Fruen, Jeremy Martineau, Jeanne Pfeiffer, F&P LLC, and MF Properties were vicariously liable for Pfeiffer's discriminatory conduct because Pfeiffer acted as their agent when he sexually harassed tenants at properties in which they had an ownership interest. HUD OIG, the Civil Division of the U.S. Attorney's Office for the District of Minnesota, and the U.S. Department of Justice's Civil Rights Division conducted this investigation.

**(Minneapolis, MN)**



# COMMUNITY PLANNING AND DEVELOPMENT

The Office of Community Planning and Development (CPD) works in conjunction with all levels of government and the private sector to develop viable communities by promoting integrated approaches that provide decent housing, suitable living environments, and expanded economic opportunities for low- and moderate-income persons. Some of the highlights from this semiannual period are outlined in this chapter. Additionally, in response to disasters, Congress may appropriate additional funding to Community Development Block Grant Disaster Recovery (CDBG-DR) grants to rebuild the affected areas and provide crucial seed money to start the recovery process. Since fiscal year 2001, the U.S. Department of Housing and Urban Development (HUD) has allocated \$95.5 billion in CDBG-DR and CDBG Mitigation grants to help cities, counties, and States recover from presidentially declared disasters. Of the \$95.5 billion in disaster allocations nationwide, nearly \$85.0 billion has been obligated, and more than \$48.4 billion has been disbursed as of the end of the period.

## AUDIT



**6**  
KEY PROGRAM  
RESULTS



**\$3,500,000**  
RECOMMENDED FUNDS  
PUT TO BETTER USE

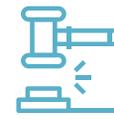


**\$986,883**  
RECOMMENDED  
QUESTIONED COSTS

## INVESTIGATION



**6**  
ADMINISTRATIVE-  
CIVIL ACTIONS



**11**  
CONVICTIONS-PLEAS-  
PRETRIAL DIVERSIONS



**\$4,736,935**  
FINANCIAL RECOVERIES

## Office of Audit

### Fraud Risk Inventory for the CDBG and ESG CARES Act Funds

The Office of Inspector General (OIG) worked with with the Pandemic Response Accountability Committee (PRAC) to gain an understanding of HUD's fraud risk management practices and develop an inventory of fraud risks that HUD had not already identified for the funds appropriated by the Coronavirus Aid, Relief, and Economic Security (CARES) Act for the CDBG and Emergency Solutions Grant (ESG) programs. OIG identified five risk factors that contribute to the risk of fraud and developed a fraud risk map containing 31 fraud schemes that can be used to misappropriate CDBG and ESG CARES Act funds. OIG also identified opportunities to improve HUD's fraud risk management practices, including clarifying roles and responsibilities, performing fraud-specific risk assessments, and raising awareness of fraud and fraud risks. OIG recommended that HUD (1) clarify the roles and responsibilities for fraud risk identification, assessment, and mitigation; (2) complete program-specific fraud risk assessments and risk profiles for the CDBG and ESG programs; (3) consider OIG's fraud risk inventory to improve its fraud risk assessments; (4) implement efforts to increase the awareness of fraud at all levels; (5) develop and implement a fraud risk checklist or other instrument to be completed as part of each monitoring review; and (6) develop and implement a fraud analytics strategy using available data.

**(Agencywide, Audit Memorandum: 2022-FO-0801)**

### Lessons Learned and Key Considerations From Prior Audits and Evaluations of the CDBG Disaster Recovery Program

On March 27, 2020, the CARES Act made available \$5 billion in supplemental CDBG funding for grants to prevent, prepare for, and respond to the coronavirus pandemic (CDBG-CV grants). Because of

similarities, OIG reviewed 132 CDBG-DR program audits and evaluations issued from May 2002 to March 2020 to summarize the common CDBG-DR program weaknesses and risks for CPD to consider to help its CDBG-CV grantees effectively and efficiently manage their CDBG-CV program operations. OIG found that more than 44 percent of grantees reviewed (32 of 72) did not follow program requirements, resulting in questioned costs totaling more than \$1.7 billion. As of September 11, 2020, CPD had awarded the CDBG-CV grant funds to 1,265 formula and joint grantees to respond to the pandemic, and 1,195 grantees, or about 94 percent, lacked experience with CDBG-DR activities. To ensure program integrity and the timeliness of CDBG-CV activities and to mitigate the risk of financial loss, CPD should (1) provide grantees with training or other technical assistance to help familiarize them with program requirements; (2) ensure that grantee coronavirus activities are allowed and are needed to prevent, prepare for, and respond to the coronavirus pandemic; (3) ensure that grantees without disaster experience become familiar with the program rules and have the capacity to directly administer the coronavirus funding if needed; (4) ensure that grantees are aware of the requirements to prevent duplication of benefits issues; and (5) ensure that grantees become familiar with Federal procurement requirements, cost principles, and other administrative requirements.

**(Agencywide, Audit Memorandum: 2022-FW-0801)**

### The City of Houston, Houston, TX, Faced Challenges in Administering Its Hurricane Harvey Program and Risked Losing Its Funding

OIG audited the City of Houston's Hurricane Harvey CDBG-DR program. OIG initiated this audit based on congressional interest and to help HUD address its top management challenges and strategic objective to support effectiveness and accountability in long-term disaster recovery. OIG's objective was to assess the efficiency and effectiveness of the

City's program. OIG found that 3 years after Hurricane Harvey, the City had spent only 1.8 percent of its suballocated grant funds and had assisted only 297 of 8,784 housing program participants, leaving affected Houstonians without the help they needed. This weak performance contributed to HUD's designating the Texas General Land Office (Texas GLO) as a slow spender. As a result, the City's slow performance risked its missing HUD's spending deadlines, recapture of the Texas GLO's grant funds, and potential loss of the City's \$1.275 billion in suballocated Hurricane Harvey grant funds. OIG recommended that HUD require the Texas GLO to ensure that (1) it includes milestones and appropriate consequences for not meeting them in future subrecipient agreements and (2) processes are in place to assist participants transitioning from the City's programs to the Texas GLO's programs. With HUD's approval of action plan amendment 8, OIG recommended that HUD require the Texas GLO to also (1) provide its plan to continuously monitor the City's pace and performance in its remaining program and take appropriate action to ensure that program goals are met, (2) set performance and financial milestones for all programs and activities funded under the City's subrecipient agreement, and (3) provide its plan to ensure that the City complies with the Texas GLO's guidelines and requirements. Implementation of these recommendations would include a process for repurposing additional grant funds if necessary.

**(Houston, TX, Audit Report: 2022-FW-1001)**

### **Opportunities Exist To Improve CPD's Oversight of and Monitoring Tools for Slow-Spending Grantees**

OIG audited HUD CPD oversight and monitoring of its CDBG-DR slow-spending grantees. This was a self-initiated audit, consistent with OIG's oversight activities and current top priority areas, with the objective to assess CPD's monitoring and oversight tools related to the progress of grant expenditures and determine the status of the grants and impacts

of coronavirus disease 2019 (COVID-19) on grantee spending. As of July 30, 2021, of the \$18.5 billion appropriated in CDBG-DR funds for disasters that occurred from 2011 through 2016, more than \$3.7 billion remained unspent, and the pandemic has slowed the progress of these grants. OIG recommended that HUD require CPD to (1) continue developing proper methodology to identify slow spenders and update policies, procedures, and its monitoring exhibit; (2) establish a reasonable timeframe for grantees to adequately address the system flags in the Disaster Recovery Grant Reporting system and resolve or remediate outstanding flags; (3) require updated grantee projections; (4) sufficiently document its basis for conclusions in its monitoring and quarterly performance reviews; and (5) consider grantee suggestions to assist with the progress of spending funds.

**(Agencywide, Audit Report: 2022-AT-0001)**

### **The Los Angeles Homeless Services Authority, Los Angeles, CA, Did Not Always Administer Its Continuum of Care Program in Accordance With HUD Requirements**

OIG audited the Los Angeles Homeless Services Authority's Continuum of Care (CoC) program to determine whether the Authority met the goals and objectives of housing and helping the homeless become self-sufficient through its CoC program and administered the program in accordance with HUD requirements. OIG found that the Authority (1) did not use \$3.5 million in CoC grant awards and left the funds to expire, (2) did not support Homeless Management Information System and planning grant costs, and (3) did not submit timely annual performance reports. As a result, the unused CoC funds represented a missed opportunity to meet the program's goals of assisting the homeless, HUD did not have assurance that \$879,847 in salary and rent costs were for the CoC grants, and CoC funds may have unnecessarily sat idle and unavailable for future awards. OIG recommended that

HUD require the Authority to (1) develop and implement policies and procedures to ensure that grant agreements are executed in a timely manner and effective monitoring is performed to prevent similar occurrences of grant funds' going unused, (2) support payroll and rent costs or repay its CoC grants \$879,847 from non-Federal funds, and (3) develop policies and procedures to ensure that annual performance reports are submitted in a timely manner and personnel are routinely trained on the grant closeout process.

**(Los Angeles, CA, Audit Report: 2022-LA-1001)**

## Office of Investigation

### **Santa Fe Boys and Girls Club Agrees To Pay HUD \$1.4 Million**

The Santa Fe Boys and Girls Club (SFBGC), CDBG grant recipient, entered into a settlement agreement with the United States and agreed to pay \$1.4 million to HUD to resolve allegations that it violated the False Claims Act. SFBGC obtained \$750,986 in CDBG special purpose grants to purchase land and build a new facility. SFBGC failed to use the funds, as outlined in the agreements, when it failed to build a new facility and then did not return the funds as prescribed by HUD, Federal law, and the grant agreements. Instead, SFBGC began to encumber the property by selling off portions of the land to businesses and renting the remaining land that was still under its control. HUD OIG conducted this investigation.

**(Santa Fe, NM)**

### **Former Building Inspector Sentenced to 30 Months Incarceration**

Kevin Richardson, a former building inspector for a local municipality, was sentenced in U.S. District Court in connection with his earlier guilty plea to use of an interstate facility with intent to carry on unlawful activity. For more than 8 years, Richardson used the local municipality's internet-based system to alter, delete, and submit documents and information. Richardson solicited and accepted approximately \$65,000 in bribe payments from individuals seeking favorable inspection reports and certificates of completion for properties that did not comply with city and State building codes and for properties that had not been inspected. He also paid bribe money to a local municipality permit analyst for the issuance of permits without proper documentation and plan review. Many of the properties involved received funding through HUD's Housing Choice Voucher Program. Richardson was sentenced to 30 months incarceration and 1 year supervised release. HUD OIG, the City of New Orleans OIG, and the Federal Bureau of Investigation conducted this investigation.

**(New Orleans, LA)**



# ADDITIONAL REPORTS

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

## Office of Audit

### **DATA Act Compliance Audit of the U.S. Department of Housing and Urban Development, Office of the Chief Financial Officer**

In accordance with the statutory requirements of the Digital Accountability and Transparency Act of 2014 (DATA Act) and standards established by the Office of Management and Budget (OMB) and the U.S. Department of the Treasury, OIG audited the HUD, Office of the Chief Financial Officer's (OCFO) compliance with the DATA Act for the third quarter of fiscal year 2020. The audit was statutorily mandated by Congress. OIG's objectives were to assess the (1) completeness, accuracy, timeliness, and quality of HUD OCFO's fiscal year 2020, third quarter, financial and award data submitted for publication on USASpending.gov and (2) HUD's implementation and use of the governmentwide financial data standards established by OMB and Treasury. While HUD OCFO generally complied with the reporting requirements of the DATA Act, OIG found that (1) award data reported in File C were not always reported in File D2 in a timely manner and (2) inaccuracies existed between the data reported and the source documentation for the business type, action type, and other data elements. OIG had no new recommendations and determined that HUD had satisfactorily addressed the reasons why program award data were not submitted in a timely manner. Also, the remaining exceptions related to

potential errors in the business type, action type, and other data elements were immaterial or due to causes outside HUD's control. Further, HUD had taken corrective actions that addressed all open recommendations from OIG's prior audit, and these actions address the remaining issues identified in the current-year audit.

**(Agencywide, Audit Report: 2022-FO-0001)**

### **Government National Mortgage Association, Audit of Fiscal Year 2021 Financial Statements**

The Chief Financial Officers Act of 1990 (Public Law 101-576), as amended, requires OIG to audit the financial statements of the Government National Mortgage Association (Ginnie Mae) annually. OIG contracted with the independent public accounting firm of CliftonLarsonAllen LLP (CLA) to audit the financial statements of Ginnie Mae as of and for the fiscal years ended September 30, 2021 and 2020, to provide reports on Ginnie Mae's internal control over financial reporting and compliance with laws, regulations, contracts, and grant agreements in its financial reporting. In its audit of Ginnie Mae, CLA reported that (1) Ginnie Mae's financial statements as of and for the fiscal years ended September 30, 2021 and 2020, were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles; (2) there were no material weaknesses for fiscal

year 2021 in internal control over financial reporting, based on limited procedures performed; and (3) there were no reportable noncompliance issues for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements tested and no other matters.

**(Agencywide, Audit Report: 2022-FO-0002)**

### **Audit of HUD's Fiscal Years of 2021 and 2020 Consolidated Financial Statements**

OIG contracted with CLA to audit the financial statements of HUD as of and for the fiscal years ended September 30, 2021 and 2020, and to provide reports on HUD's (1) internal control over financial reporting and (2) compliance with laws, regulations, contracts, and grant agreements and other matters, including whether financial management systems complied substantially with the requirements of the Federal Financial Management Improvement Act of 1996. In its audit, CLA found (1) that the consolidated financial statements as of and for the fiscal year ended September 30, 2021, were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles; (2) one material weakness and one significant deficiency in internal control over financial reporting, based on the limited procedures that it performed; and (3) two reportable matters of noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements or other matters.

**(Agencywide, Audit Report: 2022-FO-0004)**

### **HUD Did Not Always Comply With Its Internal Guide When Transitioning Offices From Mandatory to Maximum Telework During the COVID-19 Pandemic**

OIG audited HUD's transitioning of offices from mandatory to maximum telework during the coronavirus disease 2019 (COVID-19) pandemic, based on a request from Representative Gerald Connolly, to review whether HUD was employing best practices and existing guidance

when deciding whether or when to require Federal employees to return to their offices. OIG's audit objective was to determine whether the memorandums that HUD's regional administrators and Assistant Secretary for Administration submitted to the Deputy Secretary, which recommended allowing the voluntary reentry of employees to HUD's offices (reentry memorandums), sufficiently addressed the criteria in the Resuming Normal Operations Guide, COVID-19 Response, for Headquarters and Field Offices. OIG found that HUD did not always comply with its guide when transitioning its offices. Specifically, the reentry memorandums reviewed for seven selected offices that transitioned did not sufficiently address the gating criteria. HUD also did not (1) provide sufficient documentation to support that the gating criteria were met and (2) establish metrics for determining whether the offices met the gating criteria to transition. As a result, HUD lacked assurance that its offices were transitioned to maximum telework in accordance with its guide and in a consistent manner. OIG recommended that HUD ensure that future policies and guidance developed to return HUD's offices to normal operations include the specific criteria, metrics, and defined geographic area to be used by all offices as applicable. OIG also recommended that HUD develop and implement sufficient policies and controls to ensure that (1) applicable criteria in any future guidance are met and all safety measures are sufficiently completed before returning HUD's offices to normal operations and (2) sufficient documentation is maintained to support that the applicable criteria were met.

**(Agencywide, Audit Report: 2022-CH-0002)**

### **HUD Did Not Implement Adequate Grant Closeout and Reporting Processes To Ensure Consistent Application of GONE Act Requirements**

OIG audited HUD's grant closeout processes and compliance with the Grants Oversight and New Efficiency (GONE) Act. OIG's objectives

were to determine whether HUD (1) implemented adequate grant closeout processes to ensure compliance with GONE Act requirements and (2) ensured that reports related to its compliance with the GONE Act were accurate. HUD did not implement adequate GONE Act grant closeout processes, and related data and reports were not always accurate. Specifically, it implemented bulk closeout procedures that bypassed requirements, and its data used to compile reports included inconsistencies and incorrect information. As a result, HUD made errors in grant closeouts and was unable to ensure that related data and reports to Congress and other stakeholders were accurate. Although HUD's reporting responsibilities under the GONE Act have ended, it should address the weaknesses identified to ensure future compliance with grant closeout requirements and consistent and accurate reporting of grant information to stakeholders. OIG recommended that HUD develop and implement controls (1) for use of the bulk grant closeout process going forward to ensure that grants are closed in accordance with all applicable requirements and (2) to ensure that future grant data reporting to stakeholders is consistent and accurate.

**(Agencywide, Audit Report: 2022-NY-0001)**

## Office of Evaluation

### **Fiscal Year 2021 Federal Information Security Modernization Act (FISMA) Evaluation Report: February 17, 2022**

The Federal Information Security Modernization Act of 2014 (FISMA) directs inspectors general to conduct an annual evaluation of the agency information security program. FISMA, the U.S. Department of Homeland Security, the Office of Management and Budget (OMB), and the National Institute of Standards and Technology establish information technology security guidance and standards for Federal agencies. OIG conducted this evaluation to assess the overall effectiveness of HUD's information security program, assess its compliance with Federal guidance, and respond to OMB reporting questions for the fiscal year 2021 annual assessment. OIG has determined that the contents of this report would not be appropriate for public disclosure and, therefore, limited its distribution to selected officials.

**(Agencywide, Evaluation Report: 2021-OE-0001)**

### **Delays in Federal Housing Administration Catalyst's Development**

In February 2021, the Office of the Chief Information Officer (OCIO) identified funding risks with the contract under which HUD contracted for the Federal Housing Administration's (FHA) development of FHA Catalyst. FHA has embarked on a multiyear information technology modernization initiative through this new web-based platform, which enables FHA to manage its programs and processes more efficiently and effectively, benefiting those who do business with FHA. In response, HUD officials took steps to slow FHA Catalyst spending on the contract while awaiting approval for additional contract funds. Despite efforts to slow project spending, it was not enough to prevent funding shortfalls before the contract's base yearend. Poor contract oversight enabled OCIO to exhaust funds before the end of the base year, which stopped work on FHA

Catalyst. Additionally, several issues hindered FHA Catalyst development activities. As of August 2021, HUD had resumed FHA Catalyst development work at limited capacity. As of October 2021, HUD estimated that it would complete FHA Catalyst development in March 2025.

**(Agencywide, Evaluation Topic Brief: 2021-OE-0003a)**

### **HUD's Processes for Managing IT Acquisitions**

OIG reviewed HUD's ability to effectively complete information technology (IT) acquisitions. HUD's IT systems and its modernization plans depend heavily on contractors, yet HUD has historically faced significant challenges with implementing effective acquisition processes. Therefore, HUD's acquisition capacity represents a key potential risk within HUD's IT environment. OIG found a lack of staffing capacity, implementation of effective coordination and communication practices, and effective oversight of management controls over acquisition processing. HUD officials acknowledged that IT acquisition process improvements are needed and have taken steps toward addressing deficiencies. OIG made five recommendations to assist in continued successes for future acquisition efforts.

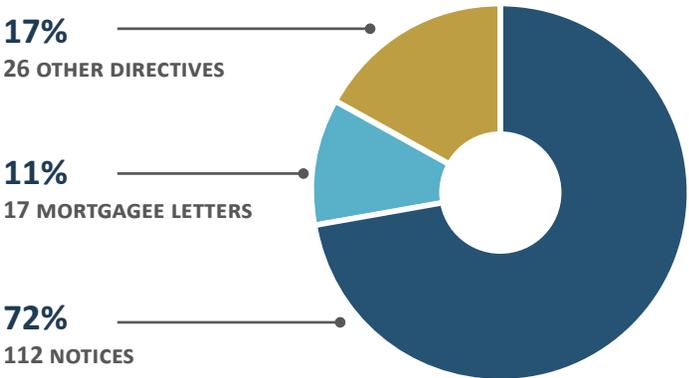
**(Agencywide, Evaluation Report: 2020-OE-0004)**



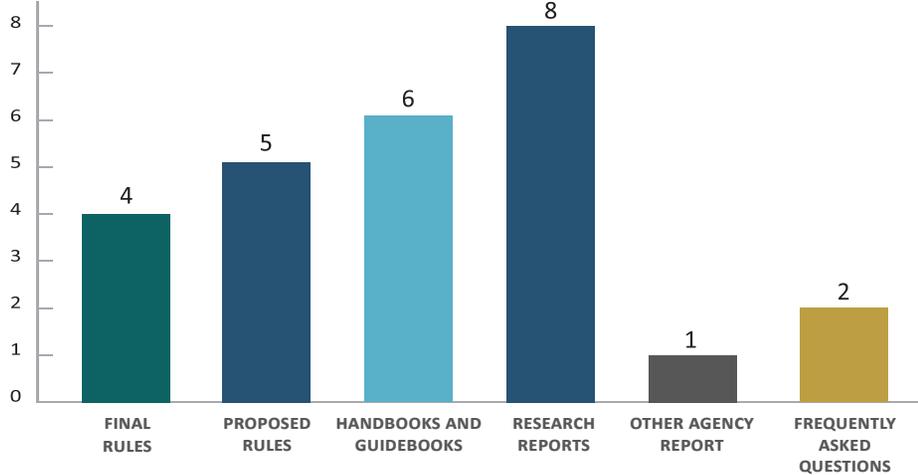
# LEGISLATION, REGULATIONS, AND OTHER DIRECTIVES

Reviewing and making recommendations on legislation, regulations, and policy issues is a critical part of the Office of Inspector General’s (OIG) responsibilities under the Inspector General Act. During this 6-month reporting period, OIG has committed more than 630 hours to reviewing 155 issuances. The draft directives consisted of 112 notices, 17 mortgagee letters (ML), and 26 other directives. OIG provided comments on 49 (or 32 percent) of the issuances and nonconcurrent on 18 (or 12 percent) but lifted 8 nonconcurrences. Of the 26 other directives, OIG reviewed 4 final rules and 5 proposed rules, taking no position on 5, commenting on 3, and nonconcurring on 1; 6 handbooks-guidebooks; 8 research reports; 1 other agency report on the National Radon Action Plan 2021-2025; and 2 sets of frequently asked questions in which 1 was related to fair housing issues and the other was related to Afghan evacuees in the United States - questions and answers regarding housing assistance for Afghan evacuees and parolees. The following is a summary of selected reviews for this 6-month period.

## 155 TOTAL ISSUANCES



## OTHER DIRECTIVES SUMMARY



## Notices, Mortgage Letters, and Other Directives

### Single Family Housing

**Handbook 4000.1, FHA Single Family Housing Policy Handbook** – On October 6 and November 9, 2021, HUD issued updates to the FHA Single Family Housing Policy Handbook (Handbook 4000.1). Handbook changes incorporated previously issued MLs and changes to the Federal Housing Administration’s (FHA) Title I program. OIG provided a no position response to both issuances.

**Appraisal fair housing compliance and updated general appraiser requirements** – On November 17, 2021, HUD issued ML 2021-27 clarifying FHA’s requirements for appraisers and lenders regarding compliance with fair housing laws related to the appraisal of properties that will serve as security for FHA-insured mortgages. This ML was issued in response to President Biden’s creation of an interagency initiative to address inequity in home appraisals and root out discrimination and bring about systemic change in the appraisal and home-buying process. OIG provided a no position response to this ML.

**Nationwide forward mortgage limits** – On November 30, 2021, HUD issued ML 2021-26 announcing the forward mortgage limits for the calendar year beginning on January 1, 2022. FHA calculates forward mortgage limits based on the median house prices in accordance with the National Housing Act. FHA’s single family forward mortgage limits are set by metropolitan statistical area and county and are published periodically. FHA publishes updated limits effective for each calendar year. It sets these limits at or between the low-cost area and high-cost area limits based on the median house prices for the area. OIG provided a no position response to this ML.

**Home equity conversion mortgage limits** – On November 30, 2021, HUD issued ML 2021-29 announcing the home equity conversion mortgage (HECM) limit for the calendar year beginning on January 1, 2022. The maximum claim amount for FHA-insured HECMs for seniors will be \$970,800 (150 percent of the Federal Home Loan Mortgage Corporation’s (Freddie Mac) national conforming limits of \$647,200). This maximum claim amount of \$970,800 is also applicable to Freddie Mac’s special exception areas: Alaska, Hawaii, Guam, and the Virgin Islands. OIG provided a no position response to this ML.

**Delay of effective date of ML 2021-21, FHA Catalyst: Single Family Default Monitoring System Reporting Module and associated changes to the Single-Family Default Monitoring System reporting codes and reporting data elements** – On November 30, 2021, HUD issued ML-2021-30 announcing the delay of the effective dates in ML 2021-21. HUD issued ML 2021-21 on September 13, 2021, announcing the transition of the Single-Family Default Monitoring System (SFDMS) from FHA Connection (FHAC) to FHA Catalyst. This ML also updated and added default reporting error codes and streamlined the data elements. HUD will publish a future ML at least 60 days before the transition to announce new effective dates. OIG provided a no position response to both MLs.

**Update to FHA Catalyst transition for the Single Family Default Monitoring System Reporting Module** – On December 30, 2021, HUD issued ML-2021-31 announcing the new effective dates for the transition of the SFDMS from FHAC to FHA Catalyst, the added and updated default reporting error codes, and the streamlined data elements. The last day that lenders will have access to FHAC for default reporting will be February 7, 2022. SFDMS reporting capabilities will move from FHAC to the FHA Catalyst platform on March 1, 2022. Beginning March 1, 2022, lenders must report in the SFDMS module through FHA Catalyst or

Electronic Data Interchange. The effective date for the updated default reporting error codes found in the SFDMs reporting codes are changed to March 1, 2022. OIG provided a no position response to this ML.

**Expansion of the exclusive listing period for HUD real estate owned** – On January 13, 2022, HUD issued ML 2022-01 announcing an extension to the exclusive listing period during which owner-occupants, governmental entities, and HUD-approved nonprofits are eligible to bid on HUD single-family (one- to four-unit) real estate-owned properties, which became effective March 1, 2022. OIG provided a no position response to this ML.

**Manufactured housing installation program reporting requirements** – On January 14, 2022, OIG completed the review of the PRA (Paperwork Reduction Act)-60-Day Notice related to OMB Collection 2502-0578, in which HUD is seeking approval from the Office of Management and Budget (OMB) for the information collection that HUD will use for the enforcement of the Model Manufactured Home Installation Standards in each State that does not have an installation program established by State law, to ensure that the minimum criteria of an installation program are met. OIG provided nonconcurrency on this request related to the certification statements included in Forms HUD-307, HUD Manufactured Home Installer License Application; HUD-308, HUD Manufactured Home Installation Trainer Registration Application; HUD-309, HUD Manufactured Home Installation Certification and Verification Report; and HUD-312, State Installation Program Certification Form. As of March 22, 2022, the nonconcurrency had not been lifted.

**Technical update to the extension of the deadlines for the first legal action and reasonable diligence timeframe** – On February 7, 2022, HUD issued ML-2022-02 to clarify the extension of the deadlines for the first legal action and reasonable diligence timeframe provided in connection

with FHA's coronavirus disease 2019 (COVID-19)-related foreclosure moratorium for FHA-insured single family mortgages. OIG provided a no position response to this ML.

**Update to the mandatory use date for the FHA Catalyst: Electronic Appraisal Delivery Module** – On February 15, 2022, HUD issued ML-2022-04 announcing an extension of the mandatory use dates in ML 2021-23, Mandatory Transition to the FHA Catalyst: Electronic Appraisal Delivery (EAD) Module. Effective on and after March 14, 2023, appraisal delivery through the FHA Catalyst: EAD Module is mandatory for all cases unless a previous appraisal version was submitted to the legacy EAD. For cases with a previous appraisal submission to the legacy EAD before March 14, 2023, appraisal resubmissions may continue to be delivered through the legacy EAD portal until April 17, 2023. After April 17, 2023, appraisal submissions for all cases, regardless of previous submissions, must be delivered through the FHA Catalyst: EAD Module. OIG provided a no position response to this ML.

## Public and Indian Housing

**Notice of intent to establish a tribal intergovernmental advisory committee; request for comments on committee structure** – On November 15, 2021, HUD published a notice (Federal Register (FR)-6289-N-01) announcing HUD's intention to form its first standing tribal advisory committee. The committee will be called the Tribal Intergovernmental Advisory Committee (TIAC). The TIAC will be made up of a diverse group of duly elected tribal leaders representing small, medium, and large federally recognized tribes. The TIAC is intended to further communications between HUD and federally recognized tribes on HUD programs, make recommendations to HUD regarding current program regulations, provide advice in the development of HUD's American Indian and Alaska Native housing priorities, and encourage peer learning and capacity building

among tribes and nontribal entities. This notice solicits comments and recommendations regarding the establishment and structure of the TIAC. OIG provided minor editorial-related comments regarding this notice.

**Regulatory and administrative requirement flexibilities available to Native American programs during calendar years 2022 and 2023 to tribal grantees to assist with recovery and relief efforts on behalf of families affected by presidentially declared disasters** – On January 5, 2022, HUD published a notice (FR-6301-N-02) advising the public of waivers and flexibilities from HUD requirements for its Indian Housing Block Grant (IHBG), Indian Community Development Block Grant (ICDBG), and Native Hawaiian Housing Block Grant (NHHBG) grantees located in areas that are covered by presidentially declared disasters (PDD). Grantees may use any of the waivers and flexibilities to assist their communities in addressing challenges and issues that result from a disaster covered by a PDD. Some of the HUD requirement waivers and flexibilities available for IHBG, ICDBG, and NHHBG grantees located within PDD areas include (1) income verification – Under this waiver, (a) IHBG recipients may deviate from their current written admissions and occupancy policies and may allow less frequent income recertifications, and (b) IHBG recipients may carry out intake and other tasks necessary to verify income through alternative means; (2) assistance to middle-income families impacted by a disaster – Under this waiver, IHBG recipients in PDDs may provide IHBG assistance to middle-income Native American families whose income is at or below 120 percent of area median income without HUD approval; (3) purchasing equipment – Under this waiver, HUD authorized the use of ICDBG funds for the purchase of equipment necessary to carry out ICDBG-eligible activities that assist with clearance, rehabilitation, construction, and other uses related to housing, public facilities, improvements, and works and other disaster-recovery-related purposes; and (4) emergency payments for up to 6 months – Under this waiver, HUD will allow ICDBG grant funds to be used to provide

emergency payments for low- and moderate-income individuals or families impacted by a disaster for a period not to exceed 6 months. This notice did not come through the clearance process; therefore, OIG did not have an opportunity to review and comment on it.

**Regulatory and administrative requirement waivers and flexibilities available to HUD public housing and Section 8 during calendar years 2022 and 2023 to public housing agencies to assist with recovery and relief efforts on behalf of families affected by presidentially declared disasters** – On January 5, 2022, HUD published a notice (FR-6301-N-01) advising the public of HUD’s expedited process for waivers and flexibilities from HUD regulatory and administrative requirements during PDDs. This notice establishes an expedited process for the review of waiver requests and flexibilities for calendar years 2022 and 2023 for public housing agencies (PHA) located within PDDs. Some of the HUD requirement waivers and flexibilities available include (1) the eligibility of operating subsidies for vacant public housing units that are vacant due to a federally declared, State declared, or other declared disaster; (2) a waiver of physical inspection and scoring of public housing projects for PDD PHAs with fiscal yearend dates within 4 months before and up to 10 months after the effective date of the PDD; (3) a waiver of the total development cost and housing cost cap limits for all work funded by the Capital Grant (with unexpended Capital Grant funds and HOPE VI funds) until the next issuance of total development cost levels to facilitate the use of capital funds for repairs and construction for needed housing in the disaster areas; (4) a waiver to allow all unexpended Capital Fund Replacement Housing Factor Grants to be used for public housing modernization to help address housing needs because of the displacement caused by the PDD; (5) a waiver of the requirement that each dwelling unit have at least one bedroom or living-sleeping room for each two persons to house families displaced due to natural disasters; and (6) consideration of a written request to carry forward the last Section Eight Management Assessment

Program (SEMAP) score received by the PHA for a PDD PHA that has a SEMAP score due during calendar years 2022 or 2023. OIG provided a no position response on this clearance item.

## Multifamily Housing

**Certain operating cost adjustment factors for 2022** – On October 4, 2021, HUD issued a notice, FR-6288-N-01, which establishes operating cost adjustment factors (OCAF) for project-based assistance contracts issued under Section 8 of the United States Housing Act of 1937 and renewed under the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) for eligible multifamily housing projects having an anniversary date on or after February 11, 2022. OCAFs are annual factors used to adjust Section 8 rents renewed under Section 515 or Section 524 of MAHRA. OIG provided a no position response regarding this notice.

**Extension of time and required disclosures for notification of nonpayment of rent** – On October 7, 2021, HUD issued an interim final rule (FR-6286-I-01), which applies when, during emergencies such as the current COVID-19 pandemic, Federal funding is available to assist tenants with nonpayment of rent and tenants facing eviction for nonpayment of rent in public housing and properties with project-based rental assistance (PBRA) (for purposes of this rule, PBRA includes projects in the following programs: Section 8, Section 8 Moderate Rehabilitation, Section 202-162 Project Assistance Contract, Section 202 Project Rental Assistance Contract (PRAC), Section 811 PRAC, Section 236 Rental Housing Assistance Program, and Rent Supplement) who need sufficient time and information to seek and receive such emergency rent relief. This interim final rule will allow the HUD Secretary, upon making the requisite findings and providing the requisite notice, to require housing providers participating in those programs to provide tenants facing eviction for nonpayment of rent with notification of and information about the

opportunity to secure emergency funding and additional time to secure such funding before eviction. OIG provided a comment on web links that were not active and an editorial comment regarding a typographical error.

**Supplemental guidance to the interim final rule, Extension of Time and Required Disclosures for Notification of Nonpayment of Rent** – On October 7, 2021, HUD issued notices, PIH 2021-29 and H 2021-06, which provide supplemental guidance to implement the requirements included in the interim final rule, entitled Extension of Time and Required Disclosures for Notification of Nonpayment of Rent. This notice also serves as the required determination by the HUD Secretary that the existence of a national emergency necessitates the activation of the required minimum 30-day notification period and other required actions to support families at risk of eviction for nonpayment of rent. As of October 7, 2021, the Coronavirus Aid, Relief, and Economic Security (CARES) Act provision requiring 30 days' notice to vacate for nonpayment of rent remains in effect for all CARES Act-covered properties, including both public housing and properties assisted under HUD's project-based rental assistance programs. OIG provided comments on web links that were not active and did not provide any web page results.

**Federal Housing Administration (FHA) Catalyst: Multifamily Application Portal** – On October 19, 2021, HUD issued a notice (FR-7034-N-55) informing the public that HUD has submitted to OMB a request for approval of the information collection on the FHA multifamily mortgage insurance program. HUD FHA's Office of Multifamily Housing Programs has developed a web-based portal for FHA-approved multifamily lenders to submit applications for FHA multifamily mortgage insurance to HUD electronically. The FHA Catalyst: Multifamily Application Portal was released in the fall of 2020 to aid in the collection of information for FHA multifamily mortgage insurance program applications. The National Housing Act (12 U.S.C. (United States Code) 1701 et. seq.) and

implementing regulations at 24 CFR (Code of Federal Regulations) parts 200-266 authorize HUD and FHA to administer the multifamily mortgage insurance programs. The specific authority to require a mortgage insurance application is found at 24 CFR 200.45(b): “[a]n application for a firm commitment must be made by an approved mortgagee for any project for which a mortgagor seeks mortgage insurance under the Act.” OIG provided a no position response regarding this notice.

**Requisition for disbursements of Sections 202 and 811 capital advance-loan funds** – On October 25, 2021, HUD issued a notice, FR-7038-N-20, which seeks approval from the OMB for the information collection on requisition of disbursements. Owner entities are required to submit requisitions to HUD during construction to obtain Section 202/811 capital advance-loan funds. This collection helps to identify the owner, project, type of disbursement, items covered, name of the depository, and account number. OIG provided a no position response regarding this notice.

**Request for prepayment of Section 202 or 202-8 direct loan project** – On November 10, 2021, HUD issued a notice, FR-7034-N-65, which informs the public that it had submitted to OMB a request for approval of the information collection regarding prepayment of Section 202 or 202-8 project. Such a request is a reinstatement, with change, of previously approved collection for which approval has expired. The owner of the project is required to execute the Section 202 Prepayment Use Agreement (HUD-9808 form) that will ensure the continued operation of the project until at least 20 years following the maturity date of the original loan under terms at least as advantageous to existing and future tenants as the terms required by the original loan agreement. The Use Agreement must be executed by the owner and the Department and recorded upon HUD’s approval of the prepayment transaction. OIG provided a no position response regarding this notice.

**FHA Catalyst: Multifamily Applications Module** – On November 10, 2021, HUD issued ML 2021-26, announcing the FHA Catalyst: Multifamily Applications Module and requiring that multifamily accelerated processing (MAP) lenders electronically submit applications for FHA multifamily mortgage insurance through the secure and centralized web-based portal. The applications module provides multifamily lenders with a fully paperless solution for the submission of mortgage insurance applications and related documents to FHA. Previously, applications for FHA multifamily mortgage insurance were submitted in hardcopy and electronic format via removable USB drives or various cloud storage services used by lenders. This module provides a simplified, standardized, and secure means for multifamily lenders to submit applications and related documents to FHA as the Office of Multifamily Housing Programs strives to become fully electronic. FHA has embarked on a multiyear information technology modernization initiative through this new web-based platform, which enables FHA to manage its programs and processes more efficiently and effectively, benefiting those who do business with FHA. OIG provided a no position response regarding this ML.

**Termination of underwriting mitigants** – In 2022, HUD issued ML-2022-03, which terminates all underwriting mitigants required under ML 2020-11 (Section 223(f) Underwriting Mitigants for Multifamily Housing Projects Due to Economic Impact of COVID-19 Emergency), including the 9-month debt service reserve fund, the 250 percent repair escrow, and all guidance relating to treatment of cashout transactions. All refinance transactions resulting in cashout loan proceeds will follow the MAP Guide instructions. This ML became effective immediately for all insured transactions that have yet to reach endorsement. OIG provided a comment to correct the date or year of this ML.

**Multifamily housing mortgage and housing assistance restructuring program** – On February 25, 2022, HUD issued a notice (FR-7056-N-03) seeking approval from OMB for the information collection on the multifamily housing mortgage and housing assistance restructuring program. This information collection is to be used for determining the eligibility of FHA-insured or-formerly insured multifamily properties for participation in the Mark-to-Market Program and the terms on which such participation should occur, as well as for processing eligible properties from acceptance into the program through closing of the mortgage restructure in accordance with program guidelines. OIG nonconcurred on this clearance item because the certification statement on various forms needed to be changed. OIG recommended that the forms use the following language for the certification statement: “I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).” Inclusions of certifications under penalty of perjury and fraud warnings help discourage fraud and help effectively prosecute those who commit fraud. Further, any language indicating that HUD will prosecute false claims and statements or similar language, if it exists in any forms or documents, should be removed because HUD does not prosecute. The U.S. Department of Justice, State, or local prosecutorial offices prosecute criminal matters. HUD modified the language for both the warning and certification statements, and the nonconurrence was lifted.

**Annual revisions to base city high-cost percentage, high-cost area, and per unit substantial rehabilitation threshold** – On March 2, 2022, HUD issued notice H 2022-02 and ML 2022-05, which provide the revisions to the base city high-cost percentage, high-cost area, and per unit substantial rehabilitation for 2022. The maximum mortgage

amounts were revised by the Consolidated Appropriations Act, 2008 (Public Law 110-161, approved December 26, 2007) (Fiscal Year (FY) 2008 Appropriations Act). Section 221 of the General Provisions of Title II of Division K of the FY 2008 Appropriations Act revises the statutory exceptions to maximum mortgage amounts for the FHA multifamily housing programs, listed in Section 221 of the FY 2008 Appropriations Act, by substituting 170 percent for the 140 percent exception of any geographical area and substituting 215 percent for 170 percent as the maximum exception allowed for a specific project. Accordingly, the statutory revision allows the HUD Secretary to grant exceptions to maximum mortgage limits for certain multifamily housing programs by up to 170 percent (equivalent to a 270 percent multiplier) in geographical areas where cost levels so require or up to 215 percent in high-cost areas (equivalent to a 315 percent multiplier) where necessary on a project-by-project basis. The law does not determine which areas are to be considered “high-cost areas.” Accordingly, the Office of Multifamily Production has developed a list of high-cost areas for 2022. The threshold for a high-cost area has been set for all areas (special limit areas excepted) with a “calculated” high-cost percentage of 437.99 or greater. For these high-cost areas, the maximum mortgage amount may be increased by up to 215 percent (equivalent to a 315 percent multiplier) where necessary on a project-by-project basis. For the remaining geographical areas, the maximum mortgage amount may be increased by up to 170 percent (equivalent to a 270 percent multiplier). The 315 percent multiplier is not available for projects in these areas. OIG provided a no position response regarding this notice and the corresponding ML.

**Annual indexing of basic statutory mortgage limits** – On March 17, 2022, HUD issued a notice (FR-6314-N-01), which provides adjustment to the basic statutory mortgage limits for multifamily housing programs for calendar year 2022 in accordance with Section 206A of the National Housing Act. HUD is also providing notice of adjustment to the per

unit cost threshold for determining substantial rehabilitation in the multifamily housing programs under its administrative guidance for calendar year 2022. OIG provided a no position response regarding this notice.

## Community Planning and Development

**Applying to be a high-performing community** – On January 20, 2022, HUD issued Notice CPD-22-03, which provides collaborative applicants the information necessary to understand and complete the high-performing community forms available as part of the annual Continuum of Care registration process. OIG provided a no position response regarding this notice.

## Disaster Funding

**Allocations for Community Development Block Grant Disaster Recovery grantees and implementation of the consolidated waivers and alternative requirements notice** – On February 3, 2022, HUD published FR-6303-N-1 governing the use of \$5 billion made available in the Disaster Relief Supplemental Appropriations Act, 2022. Included in the notice was \$7 million to be made available for capacity building and technical assistance, including assistance on contracting and procurement, to support existing and future Community Development Block Grant Disaster Recovery grantees and their subrecipients. The notice also allowed grantees that received funding under this notice and prior appropriations to use the funds interchangeably and without limitation for the same activities related to unmet recovery needs in the most impacted and distressed areas (MID) resulting from a major disaster in the Appropriation Act or in prior or future appropriation acts when the MID areas overlap and when the use of the funds will address unmet recovery needs of major disasters in the Appropriation Act or in any prior or future

appropriation acts. OIG commented that HUD should emphasize that grantees must be able to distinguish and document how the funds from each award were used. HUD did not address this comment.

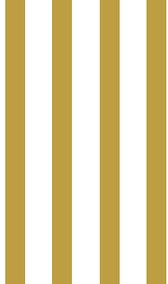
**Waiver and alternative requirement related to tourism and business marketing (Commonwealth of Puerto Rico only)** – On February 10, 2022, HUD granted an extension of a previously granted waiver and alternative requirement authorizing activities related to tourism and business marketing for an additional 180 days for the Commonwealth of Puerto Rico. Puerto Rico was granted an initial waiver in an August 2018 notice allowing it to spend \$15 million on tourism and marketing activities. The amount was increased by \$10 million in a notice published on February 19, 2019. The grantee may spend no more than \$25 million on these activities. OIG did not review this issuance.

## Administrative and Other Program Areas

**Comprehensive listing of transactional documents for borrowers, lenders, and contractors** – On November 12, 2021, HUD issued a notice (FR-7038-N-17) informing the public that it is seeking approval from OMB for the information collection that includes documents related to the application for FHA mortgage insurance of residential care facilities and for servicing of the mortgages. Specifically, the documents are necessary for the application, review, commitment, initial and final endorsement, administration, servicing, technical oversight, and audit of the Office of Residential Care Facilities' projects under FHA programs 232, 241, 223(f), 223(a)(7), 223(d), and 232(i) as authorized by the National Housing Act (Sections 232 and 241). The issuance of this notice is modeled on the public review and input process that HUD used in establishing the healthcare facility documents for the Section 232 program. OIG nonconcurred on this clearance item because multiple forms contained the warning statement, "Warning: HUD will prosecute false claims &

statements, which may result in criminal conviction and/or the imposition of criminal fines and/or civil penalties, to the full extent allowed by law” or statements of similar nature. HUD does not prosecute. The U.S. Department of Justice, State, or local prosecutorial offices prosecute these matters. Thus, OIG recommended that the language be changed to a statement more like the following: “I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).” Inclusion of certifications under penalty of perjury and fraud warnings help discourage fraud and help effectively prosecute those who commit fraud. HUD modified the language, and the nonconcurrency was lifted.

**HUD Office of Hearings and Appeals** – On February 14, 2022, HUD issued final rule, FR-6285-F-01, updating HUD’s regulations in 24 CFR parts 14, 17, 20, 26, 28, 30, 81, 103, 180, and 570 to reflect that the office’s title is “Office of Hearings and Appeals,” as changed by the HUD Secretary. These HUD regulations contain outdated references to the “Office of Administrative Law Judges,” “Office of Appeals,” and “Board of Contract Appeals.” This final rule updates HUD regulations throughout Title 24. While this final rule updates those sections of Title 24, there are other sections of Title 24 that rely on the hearing procedures at 24 CFR part 180. However, the other sections do not require the amendments made by this final rule, including 24 CFR parts 1, 3, 6, 8, and 146. These sections of Title 24, which implement Federal civil rights statutes, continue to rely on 24 CFR part 180 for administrative enforcement procedures. This final rule was effective March 16, 2022. OIG provided a no position response regarding this final rule.



# REPORT RESOLUTION

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

## Audit Reports Issued Before Start of Period With No Management Decision as of March 31, 2022

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

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

OIG found that HUD did not always provide adequate oversight of property acquisition and disposition activities. Specifically, of the 14 activities reviewed, 7 field offices did not provide adequate oversight of 8 property

acquisition and disposition activities totaling more than \$26.2 million.

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

Planning and Development on March 30, 2017. HUD proposed another management decision in April 2017; however, OIG rejected it because it also did not directly address the intent of the recommendation. OIG referred this recommendation to the Deputy Secretary on August 23, 2017, and as of March 31, 2022, had not received a decision.

**Audit Report: 2016-PH-0001**

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

OIG audited HUD's controls over its certifications of State disaster recovery grantee procurement processes to determine whether HUD's certifications were accurate and supported. OIG found that HUD did not always provide accurate and supported certifications of State disaster grantee procurement processes and did not have adequate controls over the certification process. Due to the weaknesses identified, HUD did not have assurance that State grantees had proficient procurement processes in place, and the Secretary's certifications did not meet the intent of the Disaster Relief Appropriations Act of 2013.<sup>2</sup>

The report included five recommendations for the Deputy Assistant Secretary for Grant Programs, who in turn proposed corrective actions on January 11, 2017. OIG rejected the proposed actions on January 27, 2017. OIG referred the recommendations to the General Deputy Assistant Secretary for Community Planning and Development on February 6, 2017. The General Deputy Assistant Secretary responded to the referral on February 21, 2017. For all of the recommendations, the General Deputy Assistant Secretary stated that OIG's disagreement was closed by the Deputy Secretary in her decision regarding resolution

<sup>2</sup> Public Law 113-2, dated January 29, 2013

of recommendations from OIG's audit of New Jersey's Sandy Integrated Recovery Operations and Management System.<sup>3</sup> The General Deputy Assistant Secretary asserted that the legal opinion for the New Jersey audit applied to this audit. Based on this information, the General Deputy Assistant Secretary believed it was appropriate to close all of the recommendations. OIG disagreed with the General Deputy Assistant Secretary's request to close the recommendations in this audit based on the Deputy Secretary's decision to resolve recommendations from OIG's audit of New Jersey's Sandy Integrated Recovery Operations and Management System. OIG disagreed with the Deputy Secretary's decision to resolve the recommendations from that audit. Further, the Deputy Secretary's decision did not address all of the issues with HUD's process for certifying State disaster grantee procurement processes that were identified in the subject audit report. OIG referred these recommendations to the Deputy Secretary on March 31, 2017, and as of March 31, 2022, had not received a decision.

**Audit Report: 2016-PH-0005**

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

OIG assisted the U.S. Attorney's Office, Southern District of New York, in a civil investigation related to illegal-undocumented aliens receiving Housing Opportunities for Persons With AIDS (HOPWA) assistance. Noncitizen or alien ineligibility for federally funded programs is a recurring issue in Congress. Two laws primarily govern noncitizen or alien eligibility for housing programs: Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 - 8 U.S.C. (United States Code) 1611 (PRWORA) and Section 214 of the Housing and Community

<sup>3</sup> 2015-PH-1003, dated June 4, 2015

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

CPD submitted management decisions for both recommendations on December 18, 2017, but the management decisions stated that CPD was not able to act on the recommendations, and OIG rejected them. This issue was referred to the Assistant Secretary for Community Planning and Development on December 19, 2017. In January 2018, OIG attempted to meet with HUD regarding the recommendations but was unsuccessful. The issue was referred to the Deputy Secretary on February 27, 2018. As of March 31, 2022, OIG was awaiting a decision from the Deputy Secretary.

**Audit Memorandum: 2017-CF-0801**

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

OIG audited HUD’s oversight of disaster grantee procurement processes

to determine whether HUD provided sufficient guidance and oversight to ensure that disaster grantees followed proficient procurement processes when purchasing products and services. OIG found that HUD did not provide sufficient guidance and oversight to ensure that State disaster grantees followed proficient procurement processes. Since HUD agreed to correct procurement issues from a previous audit,<sup>4</sup> OIG has issued 17 audit reports on disaster grantees with questioned costs totaling nearly \$391.7 million related to procurement.

In this audit, OIG made four recommendations to the Deputy Assistant Secretary for Grant Programs, who in turn proposed corrective actions on November 24, 2017. For two of the recommendations, the Deputy Assistant Secretary stated that the matter of the applicability of the Federal procurement standards at 2 CFR (Code of Federal Regulations) 200.318 through 200.326<sup>5</sup> (or 24 CFR 85.36(b) through (i)) and the requirements of the Federal Register notices on procurement was closed by the Deputy Secretary in her decision regarding resolution of recommendations from OIG’s audit of New Jersey’s Sandy Integrated Recovery Operations and Management System.<sup>6</sup> In the January 10, 2017, decision, the Deputy Secretary wrote that the State had certified that its procurement standards were equivalent to the standards at 24 CFR 85.36 and HUD had also certified to the proficiency of the State’s policies and procedures.

The Deputy Assistant Secretary also noted that the Senate Appropriations Committee report on fiscal year 2018 U.S. Department

<sup>4</sup> Audit Report 2013-FW-0001, Generally, HUD’s Hurricane Disaster Recovery Program Assisted the Gulf Coast States’ Recovery; However, Some Program Improvements Are Needed, issued March 28, 2013

<sup>5</sup> Before December 26, 2014, the relevant procurement requirements were found at 24 CFR 85.36. HUD has since moved its uniform administrative requirements, cost principles, and audit requirements for Federal awards to 2 CFR part 200.

<sup>6</sup> 2015-PH-1003, dated June 4, 2015

of Transportation-HUD appropriations legislation<sup>7</sup> addressed this issue. In addition, the Deputy Assistant Secretary stated that HUD clarified its definition of proficient procurement processes and policies in Federal Register notices that it published for later disasters. Based on this information, the Deputy Assistant Secretary believed it was appropriate to close these two recommendations. OIG disagreed with the Deputy Assistant Secretary's request to close these two recommendations based on the Deputy Secretary's decision to resolve recommendations from OIG's audit of New Jersey's Sandy Integrated Recovery Operations and Management System and rejected the Deputy Assistant Secretary's request to close the recommendations.

OIG also rejected the proposed management decisions for the other two recommendations because the proposed actions did not address States that chose to certify that their procurement processes and standards were equivalent to the Federal procurement standards at 2 CFR 200.318 through 200.326. OIG referred the recommendations to the Assistant Secretary for Community Planning and Development on January 25, 2018. The Assistant Secretary did not respond. OIG referred these recommendations to the Deputy Secretary on March 16, 2018, and as of March 31, 2022, had not received a decision.

**Audit Report: 2017-PH-0002**

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

OIG audited HUD's oversight of the disposition of real properties assisted with CDBG funds. OIG's objective was to determine whether HUD had adequate controls over the disposition of real properties assisted with CDBG funds.

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<sup>7</sup> Senate Report 1115-138, dated July 27, 2017

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

The Deputy Assistant Secretary proposed a management decision in January 2018, which OIG rejected. OIG referred this recommendation to the Assistant Secretary for Community Planning and Development on February 6, 2018, and to the Deputy Secretary on March 26, 2018. To reach agreement, OIG held discussions with CPD officials on February 13 and March 8, 2018. On March 28, 2018, the Deputy Assistant Secretary submitted a revised proposal; however, OIG rejected HUD's proposal. In January 2021, OIG met with HUD to discuss a possible management decision. On March 8, 2021, CPD indicated that it was working on an updated proposal that would address the concerns discussed. As of March 31, 2022, OIG was awaiting an updated proposal from CPD.

**Audit Report: 2017-NY-0002**

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

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

In April 2019, OBGA acknowledged that the issuance of multiple Federal Register notices created a compliance burden for CDBG-DR grantees, but it disagreed that codification was necessary. OBGA made the following statements to support why it will not implement the recommendation: (1) codification is not necessary, (2) Federal Register notices are required, and (3) codification has limited or no applicability for future disasters. On September 30, 2019, OIG referred the disagreement and recommendation to the Deputy Secretary for resolution and, as of March 31, 2022, was awaiting a decision.

**Audit Report: 2018-FW-0002**

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

OIG audited the State of New York's CDBG-DR-funded New York Rising Buyout and Acquisition program. OIG's objective was to determine whether the State ensured that properties purchased under the acquisition component of the program met applicable HUD, Federal, and State requirements.

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

The Principal Deputy Assistant Secretary for Community Planning and Development proposed management decisions on October 8, 2019. OIG rejected the proposed actions and referred the recommendations to the Assistant Secretary for Community Planning and Development on

September 30, 2020. As of March 31, 2022, CPD was working to update its proposed management decisions in conjunction with its work related to audit report 2019-NY-1002. OIG will continue to communicate with CPD to attempt to reach an agreement. If OIG is unable to reach an agreement with CPD, OIG will refer the recommendations to the Deputy Secretary for a decision.

**Audit Report: 2019-NY-1001**

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

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

The Deputy Assistant Secretary for Grant Programs did not propose management decisions to address the 10 recommendations contained in the audit report. OIG held discussions with CPD officials on June

17, September 10, and September 24, 2019, but did not reach an agreement. As a result, OIG referred the 10 recommendations to the Assistant Secretary for Community Planning and Development on October 3, 2019, and held a discussion with CPD officials on November 21, 2019, but when agreement was not reached, OIG referred the recommendations to the Deputy Secretary on February 20, 2020. In June 2021, OIG provided CPD with requested documentation to assist with preparation of the management decisions. As of March 31, 2022, OIG was awaiting a decision while continuing to work with CPD.

**Audit Report: 2019-NY-1002**

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

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

OIG recommended that HUD issue guidance to PHAs to ensure that any applicant for or tenant of public or assisted housing whose name appears on the SAM excluded parties list is reviewed by PHAs to determine eligibility, per the requirements of 2 CFR parts 180 and 2424. By doing so, ineligible applicants or tenants would not be admitted or recertified, which could result in \$13.7 million in annual rental subsidies being put to better use. In its October 8, 2019, management decision, the Office of Public and Indian Housing (PIH) disagreed with this recommendation and submitted a legal opinion

from HUD's Office of General Counsel (OGC) in support of its position. OIG rejected this management decision because it does not resolve the recommendation. OIG continues to recommend that HUD issue guidance to PHAs to ensure that any applicant for or tenant of public or assisted housing whose name appears on the SAM excluded parties list is reviewed by PHAs to determine eligibility. Because OIG did not reach agreement with the Deputy Assistant Secretary for Public Housing and Voucher Programs, on February 19, 2020, OIG referred its disagreement to the Assistant Secretary for Public and Indian Housing. However, OIG did not reach agreement with the Assistant Secretary on the corrective actions identified in the report. Therefore, OIG referred the recommendation to the official serving as Deputy Secretary on March 31, 2020, for his final decision as the Departmental Audit Resolution Official. HUD began scheduling regular meetings with OIG during 2021 to attempt to reach a resolution; however OIG and HUD have not had a meeting on this topic since February 2021. As of March 31, 2022, OIG had not received a decision from the Deputy Secretary.

**Audit Report: 2019-KC-0002**

## **Evaluation Reports Issued Before Start of Period With No Management Decision as of March 31, 2022**

### **Risk-Based Enforcement Could Improve Program Effectiveness | Issue Date: February 12, 2016**

OIG evaluated the effectiveness of the Departmental Enforcement Center (DEC). Historically, HUD program managers have not wanted to enforce program requirements. That reluctance increases the risk that program funds will not provide maximum benefits to recipients and allows serious noncompliances to go unchecked. When it was created, DEC had independent enforcement authority, but it lost that authority when it moved from the Deputy Secretary's office to OGC. DEC lost control of funding and staffing levels and contended with inadequate information technology (IT) systems and support. Although program offices were asking for more DEC financial analyses, they did not consistently use enforcement actions to remedy noncompliances. Further, managers' reluctance to enforce program requirements limited DEC's effectiveness in most programs. OIG concluded that turnover, retirements, and hiring limitations could leave DEC without enough skilled staff to support future workloads needed to service HUD programs and enforce program requirements. Risk-based monitoring and enforcement offers the opportunity to provide quality, affordable rental housing, improve the quality of life, and build strong, resilient communities. OIG made eight recommendations, one of which remains open. OIG had not reached an agreed-upon management decision for this recommendation. The remaining open recommendation states that HUD needs to strengthen DEC's authority to enforce program requirements. In April 2019, OIG changed the status of this recommendation to resolved-open based on HUD's proposed actions in response to a U.S. Government Accountability Office report. However,

after reviewing the protocols developed between DEC and PIH, OIG determined that the protocol does not strengthen DEC's authority to enforce program requirements or include provisions for DEC to make independent assessments. Therefore, OIG changed the status of this recommendation to unresolved-open. On March 31, 2020, OIG referred this recommendation to the Deputy Secretary for final action. OIG was awaiting a response from the Deputy Secretary on the final action.

**(Evaluation Report: 2014-OE-0002)**

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

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

On June 2, 2017, HUD concurred with all recommendations and agreed to work with OIG to assign responsibility and complete resolution. OIG concurred to close five recommendations based on HUD OCIO closure requests and associated evidence during the previous semiannual reporting period, leaving four open recommendations. OIG had not received management decisions for these four recommendations.

**(Evaluation Report: 2016-OE-0002)**

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

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

OIG made five recommendations. HUD and ONAP concurred with all five recommendations in August 2018 with a suspense of November 26, 2018, to provide OIG with management decisions. In addition, two recommendations were closed during the previous semiannual reporting period due to the progress of OCIO's implementing electronic document capabilities and resolving the lender access issue using the FHA Catalyst IT system. Three recommendations remained open, with HUD providing closure requests for all three. Despite the closure requests, OIG lacked an approved management decision.

**(Evaluation Report: 2018-OE-0004)**

## Significantly Revised Management Decisions

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

*During the current reporting period, there were four significantly revised management decisions.*

### **The Housing Authority of the City of Tupelo, Housing Programs Operations, Tupelo, MS | Issue Date: July 3, 2002**

Due to HUD's concerns with the Authority's questionable financial condition and its involvement with a limited partnership, OIG completed an audit of the Housing Authority of the City of Tupelo's operations. OIG's objectives were to determine whether the Authority operated its housing activities in accordance with HUD requirements and had established controls to ensure the effective and efficient administration of program funds.

OIG determined that the Authority (1) improperly advanced public housing program funds for non-Federal development activities, (2) did not maintain its conventional low-income housing in good repair and condition, (3) did not spend its Comprehensive Grant Program funds as approved, (4) inappropriately pledged its assets as collateral for loans; and (5) did not adequately control its appliance inventory. OIG issued 16 recommendations, 4 of which disallowed certain costs.

Upon the request of the Assistant Secretary for Public and Indian Housing, HUD's former Deputy Secretary approved the forgiveness of the disallowed costs in four recommendations due to the unique situation. Specifically, the Authority lacked meaningful non-Federal funds sources to practically accomplish even a repayment agreement. OIG's former Assistant Inspector General for Audit concurred with the

Deputy Secretary's approval. Therefore, based on HUD's entry in its Audit Resolution and Corrective Action Tracking System, OIG wrote off the outstanding balances totaling \$293,544 for recommendation 3A and \$331,665 for recommendation 3B and closed the recommendations accordingly.

**Audit Report: 2002-AT-1002**

### **The Housing Authority of City of Durham, Durham, NC | Issue Date: November 19, 2004**

OIG audited the Durham, NC, Housing Authority's financial operations and procurement procedures. OIG initiated the audit based on potential deficiencies noted in a previous audit. The audit objectives were to determine whether the Authority's misuse of funds jeopardized its ability to operate its projects in a manner that promotes serviceability, economy, efficiency, and stability and whether the Authority followed HUD procurement regulations.

The Authority jeopardized project stability by misusing funds to subsidize operations of Development Ventures, Inc. (DVI), a nonprofit subsidiary. As of June 30, 2004, DVI owed \$4.1 million to the Authority. At its current rate of spending, it was estimated that the Authority had enough funds to continue operations for about 7 months. The Authority inappropriately procured about \$6.9 million and could not support another \$953,000 for goods and services. In OIG's opinion, the Authority could increase the effectiveness of its procurement activities for the \$2.2 million in capital funds by developing and implementing improved procurement procedures that comply with procurement regulations. OIG issued nine recommendations, of which two questioned costs and two identified funds to be put to better use. Specifically, in recommendation 2E, which questioned costs, OIG recommended that HUD require the Authority to repay its program more than \$6.8 million spent for ineligible

procurements and stated that the repayment should be from non-Federal funds and paid in the following amounts and to the following programs: Conventional Public Housing General Fund \$2.8 million, Capital Fund \$3.6 million, HOPE VI \$259,289, Section 8 \$115,128, Drug Elimination \$12,048, Economic Development Support Services \$13,831, and the Turnkey III program \$6,429.

While HUD agreed with OIG on requiring the recommended repayments from the Authority, it revised its management decision, identifying a portion of the questioned costs to be returned to HUD as opposed to the specified programs in recommendation 2E because the programs no longer exist. With an effective date of December 23, 2021, OIG agreed to HUD's revised management decision, reclassified \$92,350 to be returned to HUD, and kept the remaining outstanding funds totaling more than \$6.8 million as payable to the applicable programs.

**Audit Report: 2004-AT-1004**

### **The Temtor Disbursed Project Funds for Ineligible and Unsupported Expenses | Issue Date: August 8, 2013**

OIG audited the Temtor project in St. Louis, MO. The project reached final endorsement on January 30, 2012, and failed to make timely mortgage payments beginning March 1, 2012. OIG's audit objective was to determine whether the Temtor's project funds were used for ineligible expenses. OIG found that the Temtor used project funds for ineligible and unsupported expenses, including payments of developer fees, unsecured loans, and excessive funds to the management agent. In addition, the Temtor transferred funds out of its tenant security deposit reserve account and submitted incorrect accounting reports that concealed the transfers.

OIG recommended that HUD require the project owners to return \$401,705 in ineligible disbursements to the project operating account and

provide support for \$316,883 disbursed for unsupported costs or return the funds to the project operating account. In its original management decision, HUD planned to send a letter demanding either documentation supporting the costs or repayment of any unsupported or ineligible costs. On March 16, 2022, HUD submitted a revised recommendation, which stated that DEC had settled for \$80,000 and no further collections could take place due to the binding legal settlement agreement. On March 21, 2022, OIG concurred with the revised management decision.

**Audit Report: 2013-KC-1003**

### **Final Civil Action: Owner of HUD-Insured Multifamily Property Settled Allegations of Authorizing and Paying Out Project Funds for Unallowable Expenses | Issue Date: September 30, 2015, Revised November 4, 2015**

OIG performed a review of The Retreat at Church Ranch bank records based on OIG's audit of the project. OIG's review disclosed that the owner allegedly made payments for personal expenses from the project's bank account. OIG requested that HUD pursue proceedings against the owner. On March 31, 2015, HUD filed a complaint seeking more than \$12.9 million in civil money penalties against the owner. The owner denied HUD's allegations. However, to avoid the uncertainty of litigation and to arrive at a settlement that was satisfactory to both parties, the parties negotiated in good faith and reached a settlement in which the owner will pay HUD \$500,000. On October 26, 2021, HUD submitted a revised management decision, explaining that due to a change in the owner's ability to pay the full amount, HUD elected to enter into a revised settlement agreement with the owner for the payment of \$154,000. HUD stated that it believed this was a substantial recovery for HUD, given the owner's reduced ability to pay. On November 2, 2021, OIG concurred with the revised management decision.

**Audit Report: 2015-DE-1802**

## Significant Management Decision With Which OIG Disagrees

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

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

### Federal Financial Management Improvement Act of 1996

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

As of March 31, 2022, OIG and HUD had identified noncompliance with the three section 803(a) elements of FFMIA. Specifically, there was one financial system, the Tenant Rental Assistance Certification System (TRACS), that was noncompliant with the three section 803(a) requirements. While the Office of Housing expected to complete TRACS remediation activities in fiscal year 2022 (March 21, 2021), the timeline to address TRACS' FFMIA noncompliance has been pushed back to fiscal year 2023 (December 31, 2022) as the new TRACS release needs to address the Office of Asset Management and Portfolio Oversight's Housing Opportunity Through Modernization Act of 2016 Final Rule and Requirements.



# WHISTLEBLOWER PROTECTION COORDINATOR

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

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

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

The OIG Whistleblower Protection Coordinator has continued to focus on staff training and individual assistance. The 2021 mandatory whistleblower training for OIG personnel was an interactive, virtual training experience about whistleblower rights and protections, making protected disclosures, and making disclosures about investigative

agencies such as OIGs. Completion of the course was due by March 7, 2022.

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

OIG received several complaints filed under 41 U.S.C. (United States Code) Section 4712. In December 2016, Congress passed the Enhancement of Whistleblower Protection Act. It made the whistleblower protections under Section 4712 permanent. Section 4712 extends whistleblower protection to employees of Federal contractors, subcontractors, grantees, and subgrantees. If the employee of a HUD grantee or contractor believes he or she has been retaliated against for

whistleblowing, the employee may file a complaint with OIG, and OIG will investigate the complaint and either close the complaint for failure to meet the elements prescribed in Section 4712 or provide a report of findings to HUD.

The chart below provides further information on those complaints.

Number of complainants asserting whistleblower status <sup>8</sup>	73
Complaints declined by the Office of Investigation (OI)	42
Complaints accepted for further review	29
Complaints currently under review by OI	2
Employee complaints referred to OSC	0
Contractor disclosure complaints reviewed	1

<sup>8</sup> Not all complainants are found to be whistleblowers under Section 4712. For example, many complainants raise questions regarding treatment by public housing agencies (PHA) following their alleged disclosures of wrongdoing by the same PHA. They claim to be whistleblowers, but they are not employees of the grantee. These complaints are referred to OIG's hotline for appropriate referral and disposition.





# PEER REVIEW

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

## OFFICE OF AUDIT

### Peer Review Conducted on HUD OIG by USAID OIG

The U.S. Department of Housing and Urban Development, Office of Inspector General (HUD OIG), received a grade of pass (the highest rating) on the peer review report issued by the U.S. Agency for International Development (USAID) OIG on December 17, 2021. There were no recommendations included in the System Review Report. The report stated:

*In our opinion, the system of quality control for the audit organization of HUD OIG in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide HUD OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects. Audit organizations can receive a rating of pass, pass with deficiencies, or fail. HUD OIG has received an External Peer Review rating of pass.*

### Peer Review Conducted by HUD OIG on DoD OIG

HUD OIG conducted an external peer review of the U.S. Department of Defense (DoD) OIG, Office of Audit, and issued a final report on September 27, 2018. DoD OIG received a peer review rating of pass. A copy of the external quality control review report can be viewed at <https://media.defense.gov/2018/Oct/05/2002048826/-1/-1/1/TRANSMITTAL%20MEMO%20AND%20SYSTEM%20REVIEW%20REPORT.PDF>.

## OFFICE OF INVESTIGATION

### Peer Review Conducted on HUD OIG by DHS OIG

The U.S. Department of Homeland Security (DHS) OIG conducted a peer review of the HUD OIG, Office of Investigation, and issued a final report on July 3, 2017. DHS OIG determined that HUD OIG was in compliance with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and the Attorney General's guidelines.

### **Peer Review Conducted by HUD OIG on DHS OIG**

HUD OIG conducted an external peer review of the DHS OIG, Office of Investigation, and issued a final report on June 5, 2020. OIG determined that DHS OIG was in compliance with the quality standards established by CIGIE.

## **OFFICE OF EVALUATION**

### **Peer Review Conducted on HUD OIG by CIGIE Team**

On March 12, 2020, a CIGIE external review team reviewed the HUD OIG, Office of Evaluation. The team concluded that the Office of Evaluation's policies and procedures generally complied with the Quality Standards for Inspection and Evaluation. The team also offered observations regarding four reports reviewed. The peer review team observed that all reviewed reports did not fully follow established quality control policies and procedures. However, the Office of Evaluation made changes to its policies and procedures and reporting approaches to address the team's observations. A copy of the report can be viewed at [https://www.hudoig.gov/sites/default/files/2020-05/HUD%20OIG%20Evaluation%20Peer%20Review\\_20200512.pdf](https://www.hudoig.gov/sites/default/files/2020-05/HUD%20OIG%20Evaluation%20Peer%20Review_20200512.pdf).

### **Peer Review Conducted by HUD OIG on FHFA OIG**

HUD OIG conducted an external peer review of the Federal Housing Finance Agency (FHFA) OIG's inspection and evaluation functions and issued a final report on September 10, 2019. A copy of the external quality control review report can be viewed at <https://www.fhfaig.gov/sites/default/files/Final%20Report%20-%20External%20Peer%20Review%20of%20FHFA%20OIG.pdf>.



# APPENDIXES

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

# Appendix 1 - Reports Issued

## Internal Audit Reports Issued

### Chief Financial Officer

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2022-FO-0001	HUD's Office of the Chief Financial Officer Generally Complied With the Digital Accountability and Transparency Act of 2014, With a Few Exceptions, 11/08/2021.
2022-FO-0004	Independent Public Accountant's Audit Report on the U.S. Department of Housing and Urban Development's Fiscal Years 2021 and 2020 Consolidated Financial Statements, 12/09/2021.
2022-NY-0001	HUD Did Not Implement Adequate Grant Closeout and Reporting Processes To Ensure Consistent Application of GONE Act Requirements, 03/09/2022.

### Community Planning and Development

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2022-AT-0001	Opportunities Exist To Improve CPD's Oversight of and Monitoring Tools for Slow-Spending Grantees, 01/05/2022.
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### Government National Mortgage Association

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2022-FO-0002	Transmittal of Independent Public Accountant's Audit Report on the Government National Mortgage Association Fiscal Years 2021 and 2020 Financial Statements, 11/16/2021.
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## Internal Audit Reports Issued (Continued)

### Housing

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2022-FO-0003	Independent Public Accountant's Audit Report on the Federal Housing Administration's Fiscal Years 2021 and 2020 Consolidated Financial Statements, 12/09/2021.
2022-KC-0001	FHA Borrowers Did Not Always Properly Receive COVID-19 Forbearances From Their Loan Servicers, 12/15/2021. Better use: \$5,430,000,000.
2022-KC-0002	Approximately 31,500 FHA-Insured Loans Did Not Maintain the Required Flood Insurance Coverage in 2020, 03/22/2022. Better use: \$1,507,978,632.
2022-LA-0001	HUD Did Not Have Adequate Controls in Place To Track, Monitor, and Issue FHA Refunds Owed to Homeowners, 01/07/2022.

### Office of Administration

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2022-CH-0002	HUD Did Not Always Comply With Its Internal Guide When Transitioning Offices From Mandatory to Maximum Telework During the COVID-19 Pandemic, 02/15/2022.
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### Public and Indian Housing

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2022-BO-0001	HUD Did Not Have Adequate Policies and Procedures for Ensuring That Public Housing Agencies Properly Processed Requests for Reasonable Accommodation, 02/07/2022.
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## Audit-Related Memorandums<sup>9</sup>

### Community Planning and Development

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2022-FO-0801	Fraud Risk Inventory for the CDBG and ESG CARES Act Funds, 10/12/2021.
2022-FW-0801	Lessons Learned and Key Considerations From Prior Audits and Evaluations of the CDBG Disaster Recovery Program, 11/02/2021.

### Housing

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2022-KC-0801	COVID-19: Challenges Faced by Section 232 Nursing Homes During the Pandemic, 03/29/2022.
2022-PH-0801	HUD Did Not Always Implement Corrective Actions To Further Ensure That HECM Borrowers Complied With Principal Residency Requirements, 12/10/2021.

### Public and Indian Housing

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2022-CH-0801	Public Housing Agencies' Experiences and Challenges Regarding the Administration of HUD's CARES Act Funds, 11/16/2021.
2022-LA-0801	Evaluating Public Housing Agency Challenges With the HUD Veterans Affairs Supportive Housing Program, 11/30/2021.

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<sup>9</sup> The memorandum format is used to communicate the results of reviews not performed in accordance with generally accepted government audit standards; to close out assignments with no findings and recommendations; to respond to requests for information; or to report on the results of a survey, an attestation engagement, or civil actions or settlements.

## External Audit Reports

### Community Planning and Development

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2022-AT-1001	The State of Florida Administered Its Housing Repair and Replacement Program Effectively but Not Always in a Cost-Efficient and Prudent Manner for the Projects and Activity Delivery Costs Reviewed, 03/30/2022. Questioned: \$107,036. Unsupported: \$107,036.
2022-FW-1001	The City of Houston, Houston, TX, Faced Challenges in Administering Its Hurricane Harvey Program and Risked Losing Its Funding, 01/04/2022.
2022-LA-1001	The Los Angeles Homeless Services Authority, Los Angeles, CA, Did Not Always Administer Its Continuum of Care Program in Accordance With HUD Requirements, 01/20/2022. Questioned: \$879,847. Unsupported: \$879,847. Better use: \$3,500,000.

### Public and Indian Housing

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2022-NY-1001	The Buffalo Municipal Housing Authority, Buffalo, NY, Needs To Improve Its Management of the Commodore Perry Homes Development To Address Longstanding Concerns, 01/11/2022.
2022-NY-1002	The Housing Authority of Plainfield, NJ, Did Not Always Comply With Requirements When Administering Its Public Housing Programs, 03/30/2022. Questioned: \$2,870,374. Unsupported: \$2,870,374. Better use: \$2,514,470.

## Internal Evaluation Reports Issued

### Information Technology

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2020-OE-0004	HUD's Processes for Managing IT Acquisitions, 11/17/2021
2021-OE-0001a	Topic Brief- Fiscal Year 2021 FISMA Vulnerability Testing and Assessment, 02/15/2022
2021-OE-0001	Fiscal Year 2021 Federal Information Security Modernization Act (FISMA) Evaluation, 02/17/2022

### Chief Information Officer

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2021-OE-0003a	Topic Brief- Delays in Federal Housing Administration Catalyst's Development, 11/17/2021
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# Appendix 2 - Tables

## Table A

### Audit Reports Issued Before Start of Period With No Management Decision as of 3/31/2022

\*Significant Audit Reports Described in Previous Semiannual Reports

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

<b>Report number</b>	<b>Report title</b>	<b>Issue date</b>
*2019-NY-1002	The State of New York Did Not Ensure That Appraised Values Used by Its Program Were Supported and Appraisal Costs and Services Complied With Requirements	05/29/2019
*2019-KC-0002	HUD Paid Rental Subsidies To Benefit Public Housing and Voucher Tenants Reported as Excluded From Federal Programs or Deceased	06/25/2019

### **Evaluation Reports Issued Before Start of Period With No Management Decision as of 03/31/2022**

<b>Report number</b>	<b>Report title</b>	<b>Issue date</b>
2014-OE-0002	Risk Based Enforcement Could Improve Program Effectiveness	02/12/2016
2016-OE-0002	HUD Web Application Security Evaluation	06/06/2018
2018-OE-0004	HUD IT System Management and Oversight of the Section 184 Program	08/13/2018

## Table B

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

Report number	Report title	Issue date	Decision date	Final action target date
2005-AT-1013	Corporacion para el Fomento Economico de la Ciudad Capital, San Juan, Puerto Rico, Did Not Administer Its Independent Capital Fund in Accordance with HUD Requirements	09/15/2005	01/11/2006	04/15/2022
2006-CH-1021	Housing Authority of the County of Cook, Chicago, Illinois, Had Weak Controls over Its Section 8 Housing Choice Voucher Program	09/30/2006	01/26/2007	09/30/2037
2010-AT-1003	The Housing Authority of Whitesburg Mismanaged Its Operations, Whitesburg, KY	04/28/2010	08/26/2010	11/29/2035
2011-PH-1005	The District of Columbia Did Not Administer Its HOME Program in Accordance With Federal Requirements, Washington, DC	12/23/2010	04/22/2011	Note 2
2011-NY-1010	The City of Buffalo Did Not Always Administer Its CDBG Program in Accordance With HUD Requirements, Buffalo, NY	04/15/2011	01/25/2012	04/15/2022
2011-AT-1018	The Municipality of San Juan, PR, Did Not Properly Manage Its HOME Investment Partnerships Program	09/28/2011	01/12/2012	04/15/2022
2012-NY-1002	The City of New York Charged Questionable Expenditures to Its HPRP, New York, NY	10/18/2011	02/16/2012	04/15/2022

Report number	Report title	Issue date	Decision date	Final action target date
2012-PH-0001	HUD Needed To Improve Its Use of Its Integrated Disbursement and Information System To Oversee Its CDBG Program	10/31/2011	02/28/2012	Note 1
2012-LA-0001	HUD Did Not Adequately Support the Reasonableness of the Fee-for-Service Amounts or Monitor the Amounts Charged	11/16/2011	03/27/2012	04/15/2022
2012-PH-1011	Prince George's County Generally Did Not Administer Its HOME Program in Accordance With Federal Requirements, Largo, MD	08/03/2012	11/30/2012	Note 2
2013-PH-1001	Luzerne County Did Not Properly Evaluate, Underwrite, and Monitor a High-Risk Loan, Wilkes-Barre, PA	10/31/2012	01/31/2013	Note 1
2013-PH-0002	HUD Policies Did Not Always Ensure That Borrowers Complied With Program Residency Requirements	12/20/2012	04/19/2013	02/28/2023
2013-NY-1006	Nassau County Did Not Administer Its HOME Investment Partnerships Program in Accordance With HUD Requirements, Nassau County, NY	05/13/2013	09/06/2013	04/15/2022
2013-LA-1009	The City of Hawthorne Inappropriately Used Nearly \$1.6 Million in HOME Funds for Section 8 Tenants, Hawthorne, CA	09/13/2013	01/06/2014	Note 1
2013-LA-1010	The City of Hawthorne Did Not Administer Its CDBG Program Cost Allocations in Accordance With HUD Rules and Requirements, Hawthorne, CA	09/20/2013	01/06/2014	Note 2
2013-NY-1010	The City of Auburn Did Not Always Administer Its CDBG Program in Accordance With HUD Requirements, Auburn, NY	09/26/2013	01/24/2014	04/15/2022
2013-CH-1011	The Michigan State Housing Development Authority Did Not Follow HUD's Requirements Regarding the Administration of Its Program, Lansing, MI	09/30/2013	01/15/2014	04/15/2022

Report number	Report title	Issue date	Decision date	Final action target date
2014-AT-1001	The Municipality of Arecibo Did Not Properly Administer Its HOME Program	12/03/2013	01/24/2014	Note 2
2014-FO-0003	Additional Details To Supplement Our Report on HUD's Fiscal Years 2013 and 2012 (Restated) Financial Statements	12/16/2013	07/09/2014	09/30/2022
2014-AT-1004	The State of Mississippi Did Not Ensure That Its Subrecipient and Appraisers Complied With Requirements, and It Did Not Fully Implement Adequate Procedures for Its Disaster Infrastructure Program, Jackson, MS	12/30/2013	04/15/2014	04/15/2022
2014-FW-0001	The Boston Office of Public Housing Did Not Provide Adequate Oversight of Environmental Reviews of Three Housing Agencies, Including Reviews Involving Recovery Act Funds	02/07/2014	03/17/2015	Note 2
2014-NY-0001	HUD Did Not Provide Effective Oversight of Section 202 Multifamily Project Refinances	02/19/2014	06/10/2014	04/15/2022
2014-LA-0004	HUD Could Not Support the Reasonableness of the Operating and Capital Fund Programs' Fees and Did Not Adequately Monitor Central Office Cost Centers	06/30/2014	10/20/2014	04/15/2022
2014-KC-0002	The Data in CAIVRS Did Not Agree With the Data in FHA's Default and Claims Systems	07/02/2014	10/27/2014	Note 1
2014-NY-1008	Palladia, Inc., Did Not Administer Its Supportive Housing Program in Accordance With HUD Requirements, New York, NY	07/25/2014	11/21/2014	04/15/2022
2014-PH-1008	The State of New Jersey Did Not Fully Comply With Federal Procurement and Cost Principle Requirements in Implementing Its Tourism Marketing Program	08/29/2014	09/02/2015	Note 1

Report number	Report title	Issue date	Decision date	Final action target date
2014-PH-0001	HUD Policies Did Not Always Ensure That HECM Borrowers Complied With Residency Requirements	09/30/2014	01/28/2015	02/28/2023
2015-NY-1001	The City of New York Did Not Always Disburse CDBG Disaster Recovery Assistance Funds to Its Subrecipient in Accordance With Federal Regulations, New York, NY	11/24/2014	03/23/2015	04/15/2022
2015-AT-0001	HUD's Office of Community Planning and Development Did Not Always Pursue Remedial Actions but Generally Implemented Sufficient Controls for Administering Its Neighborhood Stabilization Program	03/31/2015	08/28/2015	04/15/2022
2015-LA-1004	The Housing Authority of the County of San Bernardino, San Bernardino, CA, Used Shelter Plus Care Program Funds for Ineligible and Unsupported Participants	05/29/2015	09/16/2015	04/15/2022
2015-PH-1003	The State of New Jersey Did Not Comply With Federal Procurement and Cost Principle Requirements in Implementing Its Disaster Management System	06/04/2015	10/02/2015	Note 1
2015-FW-0001	HUD Did Not Adequately Implement or Provide Adequate Oversight To Ensure Compliance With Environmental Requirements	06/16/2015	10/07/2015	04/15/2022
2015-LA-0002	HUD Did Not Provide Adequate Oversight of the Section 184 Indian Home Loan Guarantee Program	07/06/2015	10/28/2015	04/15/2022
2015-LA-1005	NOVA Financial & Investment Corporation's FHA-Insured Loans With Downpayment Assistance Gifts Did Not Always Meet HUD Requirements	07/09/2015	09/11/2015	Note 1
2015-CH-0001	HUD Did Not Always Provide Adequate Oversight of Its Section 203(k) Rehabilitation Loan Mortgage Insurance Program	07/31/2015	11/27/2015	04/15/2022

Report number	Report title	Issue date	Decision date	Final action target date
2015-KC-0002	The Office of Community Planning and Development's Reviews of Matching Contributions Were Ineffective, and Its Application of Match Reductions Was Not Always Correct	08/11/2015	12/09/2015	Note 1
2015-AT-0002	HUD's Office of Multifamily Asset Management and Portfolio Oversight Did Not Comply With Its Requirements for Monitoring Management Agents' Costs	08/21/2015	12/16/2015	04/15/2022
2015-PH-0004	HUD Policies Did Not Always Ensure That HECM Borrowers Complied With Residency Requirements	08/21/2015	12/18/2015	02/28/2023
2015-NY-1010	New York State Did Not Always Administer Its Rising Home Enhanced Buyout Program in Accordance With Federal and State Regulations	09/17/2015	03/01/2016	04/15/2022
2015-NY-1011	Program Control Weaknesses Lessened Assurance That New York Rising Housing Recovery Program Funds Were Always Disbursed for Eligible Costs	09/17/2015	03/18/2016	04/15/2022
2015-LA-1009	loanDepot's FHA-Insured Loans With Downpayment Assistance Funds Did Not Always Meet HUD Requirements	09/30/2015	01/12/2016	Note 1
2015-LA-1010	loanDepot's FHA-Insured Loans With Golden State Finance Authority Downpayment Assistance Gifts Did Not Always Meet HUD Requirements	09/30/2015	01/12/2016	Note 1
2016-FO-0001	Audit of Fiscal Years 2015 and 2014 (Restated) Financial Statements	11/13/2015	03/24/2016	Note 2
2016-FO-0003	Additional Details To Supplement Our Fiscal Years 2015 and 2014 (Restated) U.S. Department of Housing and Urban Development Financial Statement Audit	11/18/2015	03/22/2016	09/30/2022
2016-DP-0801	Review of Information System Controls Over the Government National Mortgage Association	11/30/2015	03/30/2016	04/15/2022

Report number	Report title	Issue date	Decision date	Final action target date
2016-NY-1003	The City of Rochester, NY, Did Not Always Administer Its Community Development Block Grant Program in Accordance With HUD Requirements	02/05/2016	06/17/2016	04/15/2022
2016-NY-1006	New York State Did Not Always Disburse Community Development Block Grant Disaster Recovery Funds in Accordance With Federal and State Regulations	03/29/2016	07/27/2016	04/15/2022
2016-NY-1007	The City of Jersey City, NJ's Community Development Block Grant Program Had Administrative and Financial Control Weaknesses	03/30/2016	06/08/2016	04/15/2022
2016-PH-0001	HUD Did Not Always Provide Adequate Oversight of Property Acquisition and Disposition Activities	06/30/2016	02/16/2017	Note 3
2016-NY-0001	Operating Fund Calculations Were Not Always Adequately Verified	09/12/2016	12/22/2016	04/01/2025
2016-FW-1010	The State of Oklahoma Did Not Obligate and Spend Its Community Development Block Grant Disaster Recovery Funds in Accordance With Requirements	09/30/2016	01/17/2017	04/15/2022
2016-PH-1009	The State of New Jersey Did Not Disburse Disaster Funds to Its Contractor in Accordance With HUD, Federal, and Other Applicable Requirements	09/30/2016	01/27/2017	Note 1
2017-KC-0001	FHA Paid Claims for an Estimated 239,000 Properties That Servicers Did Not Foreclose Upon or Convey on Time	10/14/2016	02/28/2017	04/15/2022
2017-NY-1001	The City of New York, NY, Implemented Policies That Did Not Always Ensure That CDBG Disaster Recovery Funds Were Disbursed in Accordance With Its Action Plan and Federal Requirements	11/02/2016	05/08/2017	Note 1

Report number	Report title	Issue date	Decision date	Final action target date
2017-FO-0003	Additional Details To Supplement Our Fiscal Years 2016 and 2015 (Restated) U.S. Department of Housing and Urban Development Financial Statement Audit	11/15/2016	09/13/2017	04/01/2022
2017-NY-1004	The City of New York, NY, Lacked Adequate Controls To Ensure That the Use of CDBG-DR Funds Was Always Consistent With the Action Plan and Applicable Federal and State Requirements	12/21/2016	04/17/2017	Note 1
2017-NY-1005	Union County, NJ'S HOME Investment Partnerships Program Was Not Always Administered in Compliance With Program Requirements	01/13/2017	05/11/2017	04/15/2022
2017-LA-0002	HUD Failed To Follow Departmental Clearance Protocols for FHA Programs, Policies, and Operations	01/25/2017	09/22/2017	04/15/2022
2017-KC-1801	Final Action Memorandum: Purchaser of HUD-Insured Single-Family Property Settled Allegations of Causing the Submission of a False Claim	02/23/2017	02/23/2017	Note 2
2017-LA-0003	HUD Failed To Adequately Oversee FHA-Insured Loans With Borrower-Financed Downpayment Assistance	03/03/2017	06/22/2017	Note 1
2017-PH-1001	The City of Pittsburgh, PA, Did Not Always Administer Its CDBG Program in Accordance With HUD and Federal Requirements	03/22/2017	07/19/2017	04/15/2022
2017-CF-1803	United Shore Financial Services, LLC, Settled Allegations of Failing To Comply With HUD's Federal Housing Administration Loan Requirements	03/29/2017	03/29/2017	04/15/2022
2017-NY-0001	HUD PIH's Required Conversion Program Was Not Adequately Implemented	05/18/2017	09/15/2017	12/31/2023

Report number	Report title	Issue date	Decision date	Final action target date
2017-PH-1003	The Yorkville Cooperative, Fairfax, VA, Did Not Administer Its HUD-Insured Property and Housing Assistance Contract According to Applicable Requirements	05/22/2017	09/19/2017	04/15/2022
2017-KC-0005	Owners of Cooperative Housing Properties Generally Charged More for Their Section 8 Units Than for Their Non-Section 8 Units	06/12/2017	10/06/2017	04/15/2022
2017-LA-1005	The City of Huntington Park, CA, Did Not Administer Its Community Development Block Grant Program in Accordance With Requirements	06/16/2017	10/17/2017	04/15/2022
2017-KC-0006	HUD Did Not Conduct Rulemaking or Develop Formal Procedures for Its Single-Family Note Sales Program	07/14/2017	10/19/2017	04/15/2022
2017-FW-1011	BLM Companies LLC Failed To Ensure That It Protected and Preserved HUD Properties Under Its Field Service Manager Contract for Area 1D	08/29/2017	12/26/2017	04/15/2022
2017-FW-1012	The City of New Orleans, New Orleans, LA, Did Not Always Properly Administer Its HOME Program	09/06/2017	12/19/2017	04/15/2022
2017-LA-0004	HUD Did Not Have Adequate Controls To Ensure That Servicers Properly Engaged in Loss Mitigation	09/14/2017	01/11/2018	04/15/2022
2017-NY-1010	The State of New York Did Not Show That Disaster Recovery Funds Under Its Non-Federal Share Match Program Were Used for Eligible and Supported Costs	09/15/2017	01/12/2018	04/15/2022
2017-PH-1006	The Owner of Schwenckfeld Manor, Lansdale, PA, Did Not Always Manage Its HUD-Insured Property in Accordance With Applicable HUD Requirements	09/25/2017	01/23/2018	02/01/2030

Report number	Report title	Issue date	Decision date	Final action target date
2017-CF-1807	Residential Home Funding Corp. Settled Allegations of Failing To Comply With HUD's Federal Housing Administration Loan Requirements	09/28/2017	09/28/2017	04/15/2022
2017-NY-0002	HUD Could Improve Its Controls Over the Disposition of Real Properties Assisted With Community Development Block Grant Funds	09/29/2017	01/26/2018	Note 3
2018-FO-0003	Fiscal Years 2017 and 2016 (Restated) Financial Statements Audit	11/15/2017	04/03/2018	Note 1
2018-FO-0004	Additional Details To Supplement Our Fiscal Years 2017 and 2016 (Restated) U.S. Department of Housing and Urban Development Financial Statement Audit	11/15/2017	07/02/2018	Note 1
2018-AT-1802	Yabucoa Housing Project, Yabucoa Volunteers of America Elderly Housing, Inc., Yabucoa, PR, Section 202 Supportive Housing for the Elderly Program	12/29/2017	04/20/2018	04/15/2022
2018-FW-1001	Jefferson Parish, Jefferson, LA, Did Not Always Properly Administer Its Rehabilitation Program	01/29/2018	05/22/2018	12/31/2022
2018-NY-1003	The Housing Authority of the City of Asbury Park, NJ, Did Not Always Administer Its Operating and Capital Funds in Accordance With Requirements	02/08/2018	06/07/2018	01/28/2050
2018-CF-1801	MetLife Home Loans, LLC, and a Borrower's Son Settled Allegations of Failing To Comply With HUD's Federal Housing Administration HECM Loan Requirements	03/23/2018	08/09/2018	04/15/2022
2018-KC-0001	FHA Insured \$1.9 Billion in Loans to Borrowers Barred by Federal Requirements	03/26/2018	07/11/2018	04/15/2022

Report number	Report title	Issue date	Decision date	Final action target date
2018-LA-1003	The City of South Gate, CA, Did Not Administer Its Community Development Block Grant Program in Accordance With HUD Requirements	03/29/2018	07/25/2018	04/15/2022
2018-CH-0002	HUD Lacked Adequate Oversight of Lead-Based Paint Reporting and Remediation in Its Public Housing and Housing Choice Voucher Programs	06/14/2018	12/06/2018	Note 2
2018-LA-0801	The Office of Native American Programs Section 184 Program Continues To Operate Without Adequate Oversight 3 Years After the Prior OIG Audit	08/27/2018	12/21/2018	04/15/2022
2018-BO-0001	HUD's Office of Residential Care Facilities Did Not Always Have and Use Financial Information To Adequately Assess and Monitor Nursing Homes	09/17/2018	03/07/2019	04/15/2022
2018-BO-1005	The State of Connecticut Did Not Ensure That Its Grantees Properly Administered Their Housing Rehabilitation Programs	09/19/2018	03/27/2019	04/15/2022
2018-KC-0004	HUD Did Not Always Identify and Collect Partial Claims Out of Surplus Foreclosure Proceeds	09/20/2018	04/18/2019	Note 2
2018-LA-0005	HUD Did Not Have Adequate Controls To Ensure That Partial Claim Notes for FHA Loans Were Properly Tracked for Future Collection	09/21/2018	03/08/2019	04/15/2022
2018-NY-0001	HUD Did Not Adequately Administer Its Housing Counseling Program	09/24/2018	02/26/2019	04/01/2023
2018-PH-1007	The Crisfield Housing Authority, Crisfield, MD, Did Not Properly Administer Its Public Housing Program Operating and Capital Funds	09/25/2018	03/01/2019	04/15/2022
2018-PH-1008	The City of Erie, PA, Did Not Always Administer Its Code Enforcement and Community Policing Activities in Accordance With HUD and Federal Requirements	09/26/2018	03/07/2019	Note 2

Report number	Report title	Issue date	Decision date	Final action target date
2018-LA-0007	HUD Paid an Estimated \$413 Million for Unnecessary Preforeclosure Claim Interest and Other Costs Due to Lender Servicing Delays	09/27/2018	04/03/2019	04/15/2022
2018-NY-1007	The City of New York, NY, Did Not Always Use Disaster Recovery Funds Under Its Program for Eligible and Supported Costs	09/27/2018	02/28/2019	04/15/2022
2018-FW-1007	The State of Louisiana, Baton Rouge, LA, Did Not Always Maintain Adequate Documentation or Comply With Website Reporting Requirements	09/28/2018	03/29/2019	04/15/2022
2018-CH-1010	The City of Chicago's Department of Public Health, Chicago, IL, Did Not Administer Its Lead Hazard Reduction Demonstration Grant Program in Accordance With HUD's and Its Own Requirements	09/30/2018	03/14/2019	04/15/2022
2019-FO-0002	Audit of the Federal Housing Administration's Financial Statements for Fiscal Years 2018 and 2017 (Restated)	11/14/2018	05/30/2019	Note 1
2019-FO-0003	Additional Details To Supplement Our Fiscal Years 2018 and 2017 (Restated) U.S. Department of Housing and Urban Development Financial Statement Audit	11/15/2018	07/11/2019	Note 2
2019-AT-1002	Louisville Metro, Louisville, KY, Did Not Always Administer the TBRA Activity in Its HOME and CoC Programs in Accordance With Program Requirements	03/18/2019	07/16/2019	04/15/2022
2019-KC-0001	FHA Improperly Paid Partial Claims That Did Not Reinstate Their Related Loans	04/11/2019	08/02/2019	04/15/2022
2019-FW-1001	The Little Rock Housing Authority, Little Rock, AR, Did Not Fully Meet Rental Assistance Demonstration Program Requirements	04/23/2019	09/20/2019	10/31/2022
2019-BO-1001	The City of Bridgeport, CT, Did Not Properly Administer Its HOME Program	04/25/2019	08/07/2019	04/15/2022

Report number	Report title	Issue date	Decision date	Final action target date
2019-AT-1004	The North Carolina Department of Commerce Did Not Administer Its Neighborhood Stabilization Program Grants as Required by HUD	06/14/2019	01/14/2020	04/15/2022
2019-KC-0002	HUD Paid Rental Subsidies To Benefit Public Housing and Voucher Tenants Reported as Excluded From Federal Programs or Deceased	06/25/2019	10/17/2019	Note 3
2019-LA-0801	HUD Completed the Agreed-Upon Corrective Actions for One of the Two Recommendations Reviewed From Prior OIG Audit Report 2015-LA-0001 on FHA-HAMP Partial Claims	07/15/2019	10/08/2019	04/15/2022
2019-CH-1003	The Management Agent for Lake View Towers Apartments, Chicago, IL, Did Not Always Comply With HUD's Section 8 HAP Program Requirements	09/03/2019	12/18/2019	04/15/2022
2019-KC-0003	FHA Insured at Least \$13 Billion in Loans to Ineligible Borrowers With Delinquent Federal Tax Debt	09/30/2019	01/15/2020	04/15/2022
2020-AT-0801	HUD Had Not Established Deadlines for Reporting FHA-HAMP Nonincentivized Loan Modifications and Filing Nonincentivized Partial Claims	02/04/2020	06/01/2020	05/31/2022
2020-FO-0003	Additional Details To Supplement Our Fiscal Year 2019 U.S. Department of Housing and Urban Development Financial Statements Audit	02/07/2020	09/08/2020	04/15/2022
2020-FW-0001	HUD Did Not Have Adequate Oversight To Ensure That Its Payments to Subsidized Property Owners Were Accurate and Supported When It Suspended Contract Administrator Reviews	02/26/2020	06/09/2020	04/15/2022
2020-LA-1002	The Housing Authority of the City of Long Beach, CA, Did Not Administer Its Housing Choice Voucher Program in Accordance With HUD Requirements	03/05/2020	06/19/2020	04/15/2022

Report number	Report title	Issue date	Decision date	Final action target date
2020-AT-1002	The Puerto Rico Department of Housing, San Juan, PR, Should Strengthen Its Capacity To Administer Its Disaster Grants	03/16/2020	07/13/2020	04/15/2022
2020-CH-0003	HUD Lacked Adequate Oversight of Public Housing Agencies' Compliance With the Lead Safe Housing Rule	03/18/2020	09/03/2020	04/15/2022
2020-LA-1003	The City of Mesa, AZ, Did Not Administer Its Community Development Block Grant in Accordance With HUD Requirements	04/13/2020	08/11/2020	04/15/2022
2020-CH-0004	HUD Needs To Improve Its Oversight of Lead in the Water of Housing Choice Voucher and Public Housing Program Units	08/21/2020	02/10/2021	04/15/2022
2020-CH-0005	HUD Needs To Improve Its Oversight of Lead in the Water of Multifamily Housing Units	08/21/2020	01/26/2021	04/15/2022
2020-LA-1005	Mid America Mortgage, dba 1st Tribal Lending, Pinole, CA, Did Not Always Follow HUD's Section 184 Program Requirements	09/03/2020	12/14/2020	04/15/2022
2020-LA-0002	HUD Had Implemented Most of the Required Responsibilities Stated in the Geospatial Data Act of 2018	09/24/2020	01/11/2021	04/15/2022
2021-LA-1001	The City of Compton, Compton, CA, Did Not Always Administer Neighborhood Stabilization Program Funds in Compliance With Procedures and Regulations	10/27/2020	01/26/2021	04/15/2022
2021-DP-0001	Fiscal Year 2019 Review of Information Systems Controls in Support of the Financial Statements Audit	12/17/2020	04/08/2021	04/15/2022
2021-KC-0002	FHA Insured \$940 Million in Loans for Properties in Flood Zones Without the Required Flood Insurance	01/05/2021	04/26/2021	Note 2

Report number	Report title	Issue date	Decision date	Final action target date
2021-LA-1002	Neighborhood Housing Services of Los Angeles County, Los Angeles, CA, Did Not Always Follow Program Requirements in Administering Its NSP2	01/05/2021	04/29/2021	04/25/2022
2021-PH-0002	HUD Improperly Accounted for and Managed Reimbursements It Received Through Rent Credits From the General Services Administration	03/29/2021	05/28/2021	05/26/2022

## Significant Audit Reports Issued Within the Past 12 Months That Were Described in Previous Semiannual Reports for Which Final Action Had Not Been Completed as of 03/31/2022

Report number	Report title	Issue date	Decision date	Final action
2021-AT-0002	HUD Did Not Fully Comply With the Payment Integrity Information Act of 2019	05/17/2021	06/17/2021	05/16/2022
2021-FW-1001	Harris County Community Services Department, Houston, TX, Was Inefficient and Ineffective in Operating Its Hurricane Harvey Program	06/02/2021	09/14/2021	04/29/2022
2021-FW-1002	The City of Houston's Housing and Community Development Department, Houston, TX, Did Not Always Ensure That Its Program Followed Procurement Requirements	06/21/2021	10/06/2021	10/05/2022
2021-KC-0003	HUD's Major Program Offices Can Improve Their Preparedness To Respond to Upcoming Natural Disasters	07/26/2021	11/05/2021	12/31/2022
2021-KC-0004	HUD's Office of Multifamily Housing Programs' Complaint Process Did Not Ensure That Health and Safety Complaints Were Resolved in a Timely Manner	07/28/2021	09/28/2021	10/01/2024
2021-CH-0001	HUD Remains Challenged To Serve the Maximum Number of Eligible Families Due to Decreasing Utilization in the Housing Choice Voucher Program	09/15/2021	01/14/2022	01/13/2023
2021-FW-1003	The Bay City Housing Authority, Bay City, TX, Did Not Follow Requirements for Its Legal Services Contract, Administrative Costs, and Board Meetings	09/29/2021	01/26/2022	12/31/2022

### Audits Excluded:

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

### Notes:

1 Management did not meet the target date. Target date is more than 1 year old.  
 2 Management did not meet the target date. Target date is less than 1 year old.  
 3 No management decision

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

Report number	Report title	Issue date	Decision date	Final action
2013-ITED-0001	Federal Information Security Management Act (FISMA) Fiscal Year 2013 Evaluation Report	11/29/2013	11/29/2013	Note 1
2014-ITED-0001	HUD Privacy Program Evaluation Report	04/30/2014	04/30/2014	Note 1
2014-OE-0002	Risk Based Enforcement Could Improve Program Effectiveness	02/12/2016	n/a	Note 2
2014-OE-0003	Federal Information Security Management Act (FISMA) Fiscal Year 2014 Evaluation Report	11/15/2014	11/15/2014	Note 1
2015-OE-0001	Federal Information Security Modernization Act (FISMA) Fiscal Year 2015 Evaluation Report	11/15/2015	11/15/2015	Note 1
2015-OE-0002	HUD IT Modernization Evaluation Report	09/29/2015	09/29/2015	Note 1
2016-OE-0002	HUD Web Application Security Evaluation Report	06/07/2017	n/a	Note 2
2016-OE-0006	HUD Fiscal Year 2016 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report	11/10/2016	11/10/2016	Note 1
2017-OE-0007	HUD Fiscal Year 2017 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report	10/31/2017	08/16/2018	Note 1
2018-OE-0001	HUD Privacy Program Evaluation Report	09/13/2018	11/27/2019	Note 1

Report number	Report title	Issue date	Decision date	Final action
2018-OE-0003	HUD Fiscal Year 2018 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report	10/31/2018	05/27/2019	Note 1
2018-OE-0004	HUD IT System Management and Oversight of the Section 184 Program	08/13/2018	n/a	Note 2
2019-OE-0002	HUD Fiscal Year 2019 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report	06/24/2020	01/19/2021	Note 1
2019-OE-0002a	HUD Personally Identifiable Information (PII) Records Protection and Management	06/25/2020	12/21/2020	Note 1
2019-OE-0003	Contaminated Sites Pose Potential Health Risks to Residents at HUD-Funded Properties	02/14/2021	08/31/2021	Note 1
2020-OE-0001	HUD Fiscal Year 2020 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report	11/30/2020	03/30/2021	Note 1

## Significant Evaluation Reports Issued Within the Past 12 Months That Were Described in Previous Semiannual Reports for Which Final Action Had Not Been Completed as of March 31, 2022

Report number	Report title	Issue date	Decision date	Final action
2020-OE-0002	Opportunities Exist To Improve HUD's Hiring Process	08/02/2021	12/02/2021	Note 3
2020-OE-0003	HUD Program Offices' Policies and Approaches for Radon	04/08/2021	08/06/2021	Note 3
2020-OE-0004	HUD's Processes for Managing IT Acquisitions	11/17/2021	TBD	Note 3
2021-OE-0001	Fiscal Year 2021 Federal Information Security Modernization Act (FISMA) Evaluation Report	02/15/2022	TBD	Note 3
2021-OE-0003	HUD IT Modernization Roadmap Evaluation Report	06/30/2021	09/28/2021	Note 3

**Notes:**

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

## Table C

### Inspector General-Issued Reports With Questioned and Unsupported Costs as of 3/31/2022 (Dollars in Thousands)

Audit reports		Number of audit reports	Questioned costs	Unsupported costs
A1	For which no management decision had been made by the beginning of the reporting period	6	\$394,924	\$391,346
A2	For which litigation, legislation, or investigation was pending at the beginning of the reporting period	0	0	0
A3	For which additional costs were added to reports in beginning inventory	-	2,568	261
A4	For which costs were added to noncost reports	0	0	0
B1	Which were issued during the reporting period	3	3,857	3,857
B2	Which were reopened during the reporting period.	0	0	0
<b>Subtotals (A+B)</b>		<b>9</b>	<b>401,349</b>	<b>395,464</b>
C	For which a management decision was made during the reporting period	2 <sup>10</sup>	3,872	1,553
	(1) Dollar value of disallowed costs:			
	Due HUD	0	2,374	169
	Due program participants	2	1,498	1,384
	(2) Dollar value of costs not disallowed	0	0	0
D	For which a management decision had been made not to determine costs until completion of litigation, legislation, or investigation	0	0	0
E	For which no management decision had been made by the end of the reporting period	7	397,477	393,911
		<16> <sup>11</sup>	<384,205> <sup>11</sup>	<380,643> <sup>11</sup>

<sup>10</sup> Two audit reports also contain recommendations with funds be put to better use.

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

## Table D

### Inspector General-Issued Reports With Recommendations That Funds Be Put to Better Use as of 3/31/2022 (Dollars in Thousands)

Audit reports		Number of audit reports	Dollar value
A1	For which no management decision had been made by the beginning of the reporting period	5	\$4,994,932
A2	For which litigation, legislation, or investigation was pending at the beginning of the reporting period	0	0
A3	For which additional costs were added to reports in beginning inventory	-	131
A4	For which costs were added to noncost reports	0	0
B1	Which were issued during the reporting period	4	6,943,993
B2	Which were reopened during the reporting period	0	0
<b>Subtotals (A+B)</b>		<b>9</b>	<b>11,939,056</b>
C	For which a management decision was made during the reporting period	2 <sup>12</sup>	9,892
	(1) Dollar value of recommendations that were agreed to by management:		
	Due HUD	0	131
	Due program participants	2	9,761
	(2) Dollar value of recommendations that were not agreed to by management	0	0
D	For which a management decision had been made not to determine costs until completion of litigation, legislation, or investigation	0	0
E	For which no management decision had made by the end of the reporting period	7	11,929,164
		<8> <sup>13</sup>	<6,493,069> <sup>5</sup>

<sup>12</sup> Two audit reports also contain recommendations with questioned costs.

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

## Explanations of Tables C and D

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

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



# Appendix 3 - Inspector General Empowerment Act

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

## Summary of Reports with No Establishment Comment

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

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

## Summary of Reports with Open Recommendations

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

### Office of Audit

As of March 31, 2022, the Department currently has 972 outstanding (open) unimplemented recommendations with a combined potential cost savings of more than \$20 billion. The following table and charts reflect the reasons for why they remain unimplemented:

1. 859 recommendations have active corrective action plans in place or valid repayment plans, but HUD has not finished implementing the recommendation.
2. 113 recommendations are currently without management decisions (agreement between the Department and OIG), 33 of which are beyond the 180-day statutory requirements due to disagreement and were reported in table A of OIG's SAR. The remainder are within the 180-day limit, during which time management and OIG can arrive at an agreed-upon corrective action plan.
3. 350 open recommendations have management decisions in place but are currently under investigative, legislative, or judicial action or under a valid repayment plan and are, therefore, suspended pending resolution.

## Office of Audit Summary

Calendar year	Number of open recommendations	Cumulative estimated cost savings from open recommendations <sup>14</sup>
Pre-2001	2	\$1,688,555
2001	1	160,000
2002	3	83,604
2003	12	1,746,990
2004	7	8,044,177
2005	5	2,999,361
2006	12	8,837,577
2007	14	4,977,549
2008	28	71,061,854
2009	23	4,896,451
2010	15	17,697,521
2011	33	100,291,653

Calendar year	Number of open recommendations	Cumulative estimated cost savings from open recommendations <sup>14</sup>
2012	13	10,405,830
2013	47	55,738,748
2014	68	241,170,980
2015	77	318,833,562
2016	112	7,274,866,445
2017	130	635,987,329
2018	96	2,842,270,212
2019	68	6,660,743,216
2020	54	3,969,908
2021	81	456,556,037
2022	71	1,517,850,359
<b>Total</b>	<b>972</b>	<b>20,240,877,918</b>

<sup>14</sup> The amounts shown include both questioned costs and funds to be put to better use

## Office of Evaluation

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

Calendar year	Number of open recommendations
2013	1
2014	4
2015	3
2016	3
2017	6
2018	19
2019	0
2020	33
2021	26
2022	23
<b>Total</b>	<b>118</b>

## Statistical Table Showing Investigative Report Metrics

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

**Reporting Period: Fiscal Year, Period 1 (SAR 87), October 1, 2021, through March 31, 2022**

Measure	Total
A. Total number of investigative reports issued during the reporting period <sup>15</sup>	124
B. Total number of persons referred to the U.S. Department of Justice for criminal prosecution during the reporting period.	96
C. Total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period.	12
D. Total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities. <sup>16</sup>	51

<sup>15</sup> Includes approved reports of investigation

<sup>16</sup> Includes all charging documents reported: criminal complaints, indictments, informations, and superseding indictments

## Investigations of Senior Government Employees

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

HUD OIG has no instances of allegations of misconduct that were substantiated.

## Instances of Whistleblower Retaliation

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

HUD OIG has no instances of whistleblower retaliation to report in this semiannual reporting period.

## OIG Independence

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

HUD OIG has no instances of attempts to interfere with OIG independence to report in this semiannual reporting period.

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

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

### Office of Investigation

OIG initiated an investigation based on allegations that a former senior HUD employee had a potential conflict of interest by allegedly participating in the award of a noncompetitive contract to a vendor before the employee's departure from HUD. The employee was later hired by the vendor in a management role. OIG investigated whether the employee participated in matters affecting the financial interests of the vendor while seeking or negotiating employment with it. The investigation did not substantiate the allegations and was neither presented for prosecution nor referred to HUD.

OIG initiated an investigation based on allegations that two senior HUD employees provided inaccurate information regarding appropriations for various programs in violation of the Antideficiency Act. The information provided is used to determine housing program funding. The investigation did not substantiate the allegations and was neither presented for prosecution nor referred to HUD.

### Office of Evaluation

#### **Fiscal Year 2021 Federal Information Security Modernization Act (FISMA) Evaluation Report: February 17, 2022**

The Federal Information Security Modernization Act of 2014 (FISMA) directs inspectors general to conduct an annual evaluation of the agency

information security program. FISMA, the U.S. Department of Homeland Security, the Office of Management and Budget (OMB), and the National Institute of Standards and Technology establish information technology security guidance and standards for Federal agencies. OIG conducted this evaluation to assess the overall effectiveness of HUD's information security program, assess its compliance with Federal guidance, and respond to OMB reporting questions for the fiscal year 2021 annual assessment. OIG has determined that the contents of this report would not be appropriate for public disclosure and, therefore, limited its distribution to selected officials.

**(Agencywide, Evaluation Report: 2021-OE-0001)**

### **Topic Brief—Fiscal Year 2021 FISMA Vulnerability Testing and Assessment Topic Brief: February 15, 2022**

FISMA requires all Federal agencies to conduct independent security technical verification testing on a sampling of information systems annually. In conjunction with its fiscal year 2021 FISMA evaluation (2021-OE-0001), OIG conducted a targeted security testing assessment of sample systems, which resulted in a topic brief. The objective of this application vulnerability testing was to determine whether HUD's FISMA sample systems contained security weaknesses. OIG identified potential vulnerabilities among the tested HUD applications and categorized them into low, medium, and high risk. HUD should prioritize those risks for review and remediation. No formal recommendations were included in the report. OIG has determined that the contents of this report would not be appropriate for public disclosure and, therefore, limited its distribution to selected officials.

**(Agencywide, Topic Brief: 2021-OE-0001a)**

# Appendix 4 - Reporting Requirements

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

Source requirement	Pages
Section 4(a)(2)- review of existing and proposed legislation and regulations.	27-35
Section 5(a)(1) – description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of the Department.	10-22, 47-48
Section 5(a)(2) – description of recommendations for corrective action with respect to significant problems, abuses, and deficiencies.	36-46
Section 5(a)(3) – identification of each significant recommendation described in previous Semiannual Reports on which corrective action has not been completed.	Appendix 2, Table B, 59
Section 5(a)(4) – summary of matters referred to prosecutive authorities and the prosecutions and convictions that have resulted.	10-22
Section 5(a)(5) – summary of reports made on instances where information or assistance was unreasonably refused or not provided, as required by Section 6(b)(2) of the Act.	No instances
Section 5(a)(6) – listing of each audit report completed during the reporting period, and for each report, where applicable, the total dollar value of questioned and unsupported costs and dollar value of recommendations that funds be put to better use.	Appendix 1, 52
Section 5(a)(7) – summary of each particularly significant report.	10-22

Source requirement	Pages
Section 5(a)(8) – statistical tables showing the total number of adult reports and the total dollar value of questioned and unsupported costs.	Appendix 2, table C, 77
Section 5(a)(9) – statistical tables showing the total number of audit reports and the dollar value of recommendations that funds be put to better use by management.	Appendix 2, table D, 78
Section 5(a)(10) – summary of each audit report issued before the commencement of the reporting period for which no management decision had been made by the end of the period.	Appendix 2, table A, 57
Section 5(a)(11) – a description and explanation of the reasons for any significant revised management decisions made during the reporting period.	44-45
Section 5(a)(12) – information concerning any significant management decision with which the Inspector General is in disagreement.	No instances
Section 5(a)(13) – the information described under section 05(b) of the Federal Financial Management Improvement Act of 1996.	46

# Appendix 5 - Acronyms and Abbreviations

AUSA	Assistant United States Attorney	FY	fiscal year
CARES Act	Coronavirus Aid, Relief, and Economic Security Act	GAO	U.S. Government Accountability Office
CAV	corrective action verification	Ginnie Mae	Government National Mortgage Association
CDBG	Community Development Block Grant	GONE Act	Grants Oversight and New Efficiency Act
CDBG-CV	CDBG coronavirus grants	HECM	home equity conversion mortgage
CDBG-DR	Community Development Block Grant Disaster Recovery	HOPWA	Housing Opportunities for Persons With AIDS
CFR	Code of Federal Regulations	HUD	U.S. Department of Housing and Urban Development
CLA	CliftonLarsonAllen LLP	IGEA	Inspector General Empowerment Act
CIGIE	Council of the Inspectors General on Integrity and Efficiency	ICDBG	Indian Community Development Block Grant
CPD	Office of Community Planning and Development	IHBG	Indian Housing Block Grant
CoC	Continuum of Care	IRS	Internal Revenue Service
COVID-19	Coronavirus Disease 2019	IT	information technology
DATA Act	Digital Accountability and Transparency Act of 2014	LOS	Loan Origination System
DEC	Departmental Enforcement Center	MAP	multifamily accelerated processing
DHS	U.S. Department of Homeland Security	MID	most impacted and distressed
DoD	U.S. Department of Defense	ML	mortgagee letter
DOJ	U.S. Department of Justice	NHHBG	Native Hawaiian Housing Block Grant
DVI	Development Ventures, Inc.	OBGA	Office of Block Grant Assistance
EAD	Electronic Appraisal Delivery	OCFO	Office of the Chief Financial Officer
ESG	Emergency Solutions Grant	OCIO	Office of the Chief Information Officer
FFMIA	Federal Financial Management Improvement Act	OE	Office of Evaluation
FHA	Federal Housing Administration	OGC	Office of General Counsel
FHAC	FHA Connection	OI	Office of Investigation
FHFA	Federal Housing Finance Agency	OIG	Office of Inspector General
FISMA	Federal Information Security Modernization Act of 2014	OMB	Office of Management and Budget
FR	Federal Register	ONAP	Office of Native American Programs
Freddie Mac	Federal Home Loan Mortgage Corporation	OSC	Office of Special Counsel

PBRA	project-based rental assistance
PDD	presidentially declared disaster
PHA	public housing agency
PIH	Office of Public and Indian Housing
PRAC	Pandemic Response Accountability Committee
PRAC	Section 202 Project Rental Assistance Contract
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
SAM	System for Award Management
SAR	Semiannual Report to Congress
SEMAP	Section Eight Management Assessment Program
SFBGC	Santa Fe Boys and Girls Club
SFDMS	Single Family Default Monitoring System
Texas GLO	Texas General Land Office
TIAC	Tribal Intergovernmental Advisory Committee
TRACS	Tenant Rental Assistance Certification System
USAID	U.S. Agency for International Development
U.S.C.	United States Code
VASH	Veterans Affairs Supportive Housing



# Appendix 6 - OIG Directory

## Office of Audit

**Headquarters** Washington, DC 202-708-0364

**Fair Housing Audit Division**  
 Boston, MA 617-994-8380  
 Hartford, CT 860-240-9739  
 Philadelphia, PA 215-656-0500  
 Baltimore, MD 410-962-2520  
 Pittsburgh, PA 412-644-6428  
 Richmond, VA 800-842-2610

**Single Family Housing (Originations)-Multifamily Insurance Audit Division**  
 New York, NY 212-264-4174  
 Buffalo, NY 716-551-5755  
 Newark, NJ 973-622-7900

**Disaster Recovery Audit Division (East)**  
 Atlanta, GA 404-331-3369  
 Greensboro, NC 336-547-4001  
 Miami, FL 305-536-5387  
 San Juan, PR 787-766-5540

**Rental Assistance-Safe and Affordable Housing Audit Division**  
 Chicago, IL 312-913-8499  
 Columbus, OH 614-280-6138  
 Detroit, MI 313-226-6190

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

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

**Grants Management**  
 Los Angeles, CA 213-894-8016  
 Las Vegas, NV 702-366-2100  
 Phoenix, AZ 602-379-7250  
 San Francisco, CA 415-489-6400

## Office of Evaluation

**Headquarters** Washington, DC [evaluations@hudoig.gov](mailto:evaluations@hudoig.gov)

## Office of Investigation

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**Headquarters**      Washington, DC      202-708-0390

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**Region 1-2**      New York, NY      212-264-8062  
Buffalo, NY      212-264-8062  
Boston, MA      617-994-8450  
Hartford, CT      860-240-4800  
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**Region 3**      Philadelphia, PA      215-861-7676  
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Greensboro, NC      336-547-4000  
Miami, FL      305-536-3087  
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**Region 6**      Fort Worth, TX      817-978-5440  
Baton Rouge, LA      225-448-3941  
Houston, TX      713-718-3097  
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**Region 7-8**      Denver, CO      303-672-5350  
Kansas City, KS      913-551-5566  
St. Louis, MO      314-539-6559

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**Region 9-10**      Los Angeles, CA      213-894-8000  
Phoenix, AZ      602-379-7251  
San Francisco, CA      415-489-6400

## Diversity and Equal Opportunity

*The promotion of high standards and equal employment opportunity for employees and job applicants at all levels. HUD OIG reaffirms its commitment to nondiscrimination in the workplace and the recruitment of qualified employees without prejudice regarding their gender, race, religion, color, national origin, sexual orientation, disability, or other classification protected by law. HUD OIG is committed and proactive in the prevention of discrimination and ensuring freedom from retaliation for participating in the equal employment opportunity process in accordance with departmental policies and procedures.*



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