

MEMORANDUM

June 27, 2019



U.S. DEPARTMENT
OF HOUSING
AND URBAN
DEVELOPMENT

To: David Woll
Principal Deputy Assistant Secretary for Community Planning and Development, D

From: 
Brian T. Pattison
Assistant Inspector General for Evaluation, G

Subject: Topic Brief: CPD Is Taking Longer To Complete Risk-Based Scoring

Please find attached a topic brief on the time it takes the Office of Community Planning and Development (CPD) to complete risk-based scoring. Topic briefs are a tool we use to keep officials within the U.S. Department of Housing and Urban Development (HUD) informed of challenges so that its leadership can be better prepared to address them. The purpose of this topic brief is to inform you of observations we made while reviewing the data in the Grants Management Process-Reengineered (GMP-R¹). CPD uses this system to provide a record of formula and competitive grantees' monitoring priority conclusions and results.² Our Integrated Data Analytics Division reviewed these data to assist Office of Inspector General staff understand CPD's risk analyses process for monitoring all of its grant programs. From fiscal years (FY) 2017 to 2019, CPD field offices, on average, took longer each year to score their grantees' risks. This extra time leaves less time for CPD to complete monitoring and oversight of the riskiest grants and grantees.

This topic brief is being shared for informational purposes. Although we offer potential solutions at the end, we do not require a response to the brief.

Please do not hesitate to contact me with any questions or concerns at (202) 402-5832 or bpattison@hudoig.gov or Kudakwashe Ushe, Director of the Integrated Data Analytics Division, at (202) 402-4219 or kushe@hudoig.gov.

Attachment

Cc:
Renee Ryles, Director, Office of Field Management, DOF
Aaron Taylor, Management and Program Analyst, DOP

¹ GMP-R has more functions than those described in this document, such as the Congressional Release Report (CRR) date of a given grant—the official date of grant funding approval for a given grantee.

² The term “grantee” refers to the entity that receives the Federal award directly from HUD.



Topic Brief

CPD Is Taking Longer To Complete Risk-Based Scoring

Introduction

HUD implemented its risk analysis process to help CPD field offices identify and monitor grantees with the greatest vulnerability to fraud, waste, abuse, and mismanagement. Over the last 3 fiscal years (FY), the risk scoring process has taken field offices longer each year, leaving less time for grantee monitoring. The typical annual risk analysis process contains five stages: (1) grantee risk scoring, (2) grantee risk ranking, (3) selecting grantees for monitoring, (4) developing work plans detailing monitoring strategies, and (5) monitoring and recording results. CPD field office staff that administer the grants and provide technical assistance to grantees typically carry out these five stages.

CPD field offices can begin the risk scoring process shortly after the start of each fiscal year if HUD headquarters, in conjunction with the Office of Field Management (OFM), has published new Notice of Risk Analysis (NRA) guidance or decides to use the most recent published NRA. CPD field offices should finish the risk analysis process, to include all monitoring and data entry into the GMP-M system, by the end of the FY.¹

Evaluators in the field office (typically a CPD representative in conjunction with a financial analyst) score the grantees to determine their potential risk of fraud, waste, abuse, or mismanagement.² A management representative, typically the CPD Field Office Director, certifies (approves) the results for all assigned grants.

CPD field office personnel should record and document the completed risk analysis and monitoring process in two different systems. GMP-R is a system that contains scores, rankings, and work plans. The Grants Management Process Monitoring Exhibits Module (GMP-M³) is a system CPD uses to record all monitoring efforts.

CPD field offices must complete a scoring worksheet for each assigned grantee, which is standardized across a given grant program. After the scoring is complete, CPD field office personnel rank and determine which grantees to monitor based on risk. The NRA details how to

¹ All monitoring plans created by CPD Field Offices are by fiscal year. However, this does not mean that all findings made by HUD during a monitoring session must be resolved by the end of the fiscal year that the monitoring took place.

² [“Implementing Risk Analyses for Monitoring Community Planning and Development Grant Programs”](#) (CPD-14-04), March 1, 2014.

³ GMP-M is an internal system CPD uses to record its monitoring activities. This activity includes correspondence with the grantees and monitoring exhibits used in Handbook 6509.2, Rev-7.



determine which grantees to monitor based on the final scoring and which grantees the field office may exclude from monitoring.⁴ OFM creates a fiscal year operating plan that determines monitoring goals for all CPD field offices. After each CPD field office selects the grantees to monitor, OFM ensures the collective field results align with monitoring goals in its plan.

CPD Issues NRAs That Describe Its Methodology for Analyzing Risk

CPD publishes an NRA that offers guidance for the risk analyses process for all its formula and competitive grant programs. The NRA offers a consistent methodology for analyzing risk that all portfolio managing field offices must follow. Generally, the NRA provides a scoring mechanism for each CPD program that categorizes the risk level. CPD uses the NRA to augment the Departmental Management Control Program⁵ and the CPD Monitoring Handbook.⁶ CPD field offices are unable to begin the risk analysis scoring process until CPD publishes the scoring methodology in the NRA.

Historically, HUD published the NRA annually. In recent years, HUD published the NRA with the intent of covering 2 consecutive FYs (e.g., CPD Notice 09-04 for use in FYs 2010 and 2011). Most recently, HUD has not published updated guidance and instead uses the NRA published in 2014. This NRA will remain effective until HUD amends, supersedes, or rescinds it.

CPD Field Offices Determine Risk To Target Its Monitoring Activities

Each CPD field office analyzes the risk of all grants in its portfolio using the guidance in the NRA. The risk analysis process is a systematic method used to score and rank grantees and program areas. CPD field offices should use these risk scoring results to provide a basis for monitoring.

After the risk scoring is complete, each CPD field office develops a monitoring strategy for its riskiest grantees and then develops a work plan that details its monitoring reviews for the remainder of the FY. CPD field offices can only conduct monitoring after the risk scoring is complete for all grantees and programs areas.

Topic Brief Analyses

To assess the timeframes for CPD risk analyses over FYs 2017, 2018, and 2019, we gathered data from the GMP-R system as of May 21, 2019. Using these data, we analyzed the following:

1. The average number of days for a management representative to certify (approve) a grantee's risk score.

⁴ Sometimes, CPD field offices do not monitor the riskiest grantees for a given fiscal year due to exceptions. For example, CPD may not monitor a grantee that HUD OIG is auditing or one that it monitored during the previous fiscal year.

⁵ Handbook 1840.1, Rev-3

⁶ Handbook 6509.2, Rev-7



2. How often the OFMP Director is the management representative certifier and not the CPD Field Office Director (or a CPD management representative located in a given field office).

Observations

Average Number of Days To Complete Risk Scoring Is Increasing

Over the past 3 FY's, CPD has taken successively longer to complete its risk scoring. Figure 1 shows the increase in the average number of days that elapsed between the start of the FY to when CPD field offices completed risk scoring.⁷ More specifically, in FY 2017, the average number of days across all offices to complete scoring was 83. In 2018, that average had increased to 104 days.

FY 2019 was anomalous with the 35 day lapse in appropriations. Nonetheless, even taking into account the “shutdown,” CPD field offices took longer when compared to FY 2017 or 2018 to complete the risk scoring. Had field offices completed the risk scoring as timely as in 2017, the offices would have completed the scoring prior to the shutdown.

In FY 2019, the average number of days is at least 168—and not all CPD field offices had completed this process as of May 21, 2019. Those offices not complete as of May 21, 2019 will only increase the average days for completion.⁸

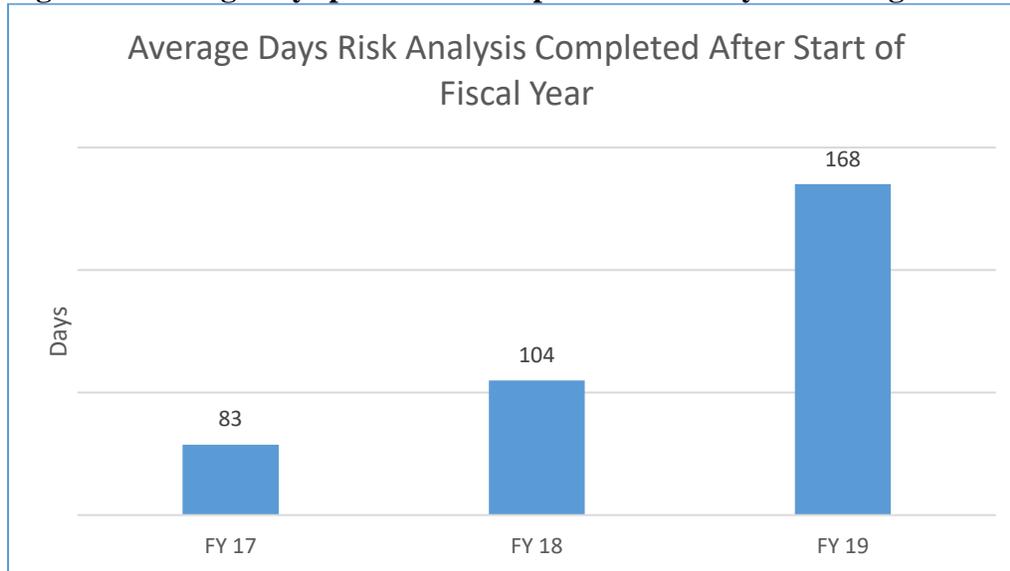
FY 2018 took 21 days longer to complete than FY 2017. FY 2019 (at 168 days) took 64 more days than FY 2018. Even if we take out the 35 days that HUD staff did not work due to a lapse of appropriations, we still end up with a process that took at least 29 days longer than FY 2018 (64 days difference less 35 days) and 50 days longer than FY 2017.

⁷ In our analysis, CPD Field Offices completed the Formula scoring before the Competitive scoring. Therefore, we reported the longest period of days to scoring completion because CPD Field Office monitoring strategies include both Formula and Competitive programs- the overall plans are not mutually exclusive.

⁸ At least 16 CPD field offices (out of 43 field offices) had competitive grants (a total of 132) not certified complete and at least 3 CPD field offices had formula grants (a total of 68) not certified complete. Therefore, the average days for FY 2019 reported in Figure 1 are best case scenarios. When all of the CPD field offices complete their risk scoring, the final average number of days for FY 2019 risk scoring will only increase.



Figure 1. Average days per FY to Complete Risk Analysis Scoring



The Frequency of the OFMB Director as the Certifier (Approver) Is Increasing, Which Is a Potential Cause of the Increased Timeframes

When we compared the FY 2019 certifications to the previous FYs, we identified an increase in both the number of grants and the count of CPD field offices where the OFM Director completed the risk analysis certification instead of a CPD Field Office Director. Table 1 displays these results. In FY 2019, five CPD field offices did not have an official with the appropriate access or responsibilities assigned in the GMP-R system to complete the certifications, accounting for at least 262 certified risk analysis scores for the given grants.⁹ As such, a person less familiar with a given local CPD field office certifies the risk scores. This limited familiarity may result in additional time to certify (approve) the risk scores.

Of the five CPD Field Offices where the OFM Director was the certifier, four did not have all of their risk scores approved (see Appendix Tables.). Therefore, the final total count of OFM Director certified risk scores reported in Table 1 for FY 2019 will not decrease and most likely increase.

Table 1. OFM Certified Scores for Grants

Total Count of HQ Certified Scores FY 2017 (CPD Field Offices/Grants)	Total Count of HQ Certified Scores FY 2018 (CPD Field Offices/Grants)	Total Count of HQ Certified Scores FY 2019 (CPD Field Offices/Grants)
3/321	2/169	5/262

⁹ The grant count totals include both competitive and formula grants.



Conclusion

The later a CPD field office completes the risk scoring process in a given FY, the less time that field office has to target its monitoring activities and oversee its grant portfolio.

Each FY, CPD carries out a risk analysis process that includes scoring grantees on their risk and then selecting and monitoring the riskiest grantees in the given field office. However, over the last three FYs, this risk scoring process has taken longer. Each day spent in the risk scoring process is 1 day less available for subsequent monitoring. With the 35 day lapse of appropriations and the longer delay in completing the risk scoring, some field offices are facing half the year being gone before monitoring can even start.

The CPD field office not having a director is one possible explanation of why the OFM Director is certifying the risk analysis scores. If true, a HUD staff member located in Washington, DC certifies the scores that a field employee completed. Therefore, a person not as familiar with a given CPD field office's grants is the final authority who approves the riskiest grants to monitor.

Potential Solutions

We present to the following as potential solutions to reduce the time it takes to complete risk scoring for CPD grants.

- OFM could publish clear guidance via NRA to the CPD field offices by the first day of a new FY to ensure that the risk analysis process can begin as soon as possible.
- Require that all risk scoring and monitoring work plans be complete in GMP-R by the end of the 1st quarter of each FY to allow at least three full quarters for the monitoring component of risk analysis process.
- Ensure that all 43 CPD field offices have on-site certifiers to complete the risk scoring in GMP-R.