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CONTACT HUD OIG MEDIA RELATIONS: OIGMediaRelations@hudoig.gov

Preventing Duplication of Benefits When Using Community Development Block Grant Disaster Recovery and Mitigation Funds

WASHINGTON DC— Today, the U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) issued an audit examining HUD’s efforts to prevent duplication of benefits when using Community Development Block Grant Disaster Recovery and Mitigation (CDBG-DR/MIT) funds.

HUD and more than 30 other federal agencies are responsible for providing money and other resources to states and territories impacted by natural disasters, such as Hurricanes Katrina and Maria, to rebuild infrastructure and assist families whose homes were damaged. This effort involves billions of dollars in taxpayer funds, and it is incumbent upon the federal government to take actions to avoid duplicating benefits and deter fraud and waste of federal funds. Duplication of benefits occurs when different federal agencies provide the same person, household, business, or entity with disaster assistance for the same recovery purpose and the total assistance exceeds the total need.

HUD has provided more than \$62 billion to grantees to address disaster recovery and mitigation since 2013. Despite the size and duration of the CDBG-DR/MIT program it is not permanently authorized. Rather, requirements like those for duplication of benefits are implemented through a series of *Federal Register* notices following individual supplemental appropriations from Congress. HUD requires grantees to submit their procedures for review to support that grantees have established adequate procedures to prevent any duplication of benefits before the grantees receive CDBG-DR/MIT grants.

HUD OIG’s audit found that HUD approved grantees’ high-level processes for preventing duplication of benefits before grant execution and allowed grantees to develop more detailed procedures later once the grantee decided what it wanted to do with the funding. However, HUD did not review grantees’ more detailed procedures before grantees began spending funds on program activities. Further, HUD did not provide detailed guidance to grantees and its personnel on how to develop and assess the adequacy of duplication of benefits procedures and HUD certified high-level duplication of benefits procedures that did not meet all requirements.

HUD OIG made several recommendations to assist HUD in addressing these deficiencies, which include that HUD perform monitoring and review of grantees’ detailed procedures for preventing duplication of benefits for each grant activity within the first year after HUD signs the grant agreement or before grantees process applications for assistance. HUD OIG also recommended that HUD develop and implement procedures for future grants to ensure that all applicable requirements for preventing any duplication of benefits are included in the adequacy criteria, grantee certifications, and HUD review checklists supporting the certification.

In prior audits and testimony, HUD OIG has also recommended that HUD seek permanent authorization of the CDBG-DR/MIT program.

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