



OFFICE OF INSPECTOR GENERAL | U.S. Department of Housing and Urban Development

---

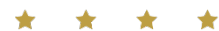
# SEMIANNUAL REPORT TO CONGRESS

---

For the Period October 1, 2023, to March 31, 2024



— OFFICE of —  
**INSPECTOR GENERAL**



UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT



## Message from the Inspector General

I am pleased to present the U.S. Department of Housing and Urban Development (HUD or Department), Office of Inspector General's (OIG) Semiannual Report to Congress for the period October 1, 2023, through March 31, 2024. During this reporting period, HUD OIG audits found more than \$14 million in funds that could be put to better use and more than \$500,000 in questioned costs and recovered more than \$8 million in collections. In addition, HUD OIG investigations resulted in 61 criminal convictions, 16 civil actions, and 79 governmentwide suspension and debarment actions, as well as more than \$17.6 million in restitution and judgments, with more than \$4.6 million in total recoveries and receivables going to HUD programs.



Additionally during this period, HUD OIG issued a management alert to Department leadership that identified a critical gap in HUD's ability to estimate improper payments in its two largest rental assistance programs. These programs account for approximately 67 percent of HUD's expenditures and totaled \$45.3 billion in fiscal year 2023. HUD has not produced estimates for these programs in more than 7 years, and we reported that it may not be able to produce estimates until fiscal year 2027. Without these estimates, HUD is unable to develop appropriate corrective actions and target resources to fix the root cause of improper payments occurring in these high-risk programs. This shortcoming leaves hundreds of billions of dollars at risk of waste, mismanagement, or fraud. We urged HUD leadership to act quickly to better protect the substantial taxpayer dollars going through these programs that low- and moderate-income households rely on.

Fighting fraud is an essential part of our mission, and we continued expanding our oversight work on HUD program participants' ability to detect and prevent fraud. I am proud to recognize a historic law enforcement accomplishment that HUD OIG participated in during this period. In February 2024, our office partnered with the U.S. Attorney's Office for the Southern District of New York to conduct the largest single-day bribery takedown in the history of the U.S. Department of Justice. Our support of this investigation into bribery allegations in the New York City Housing Authority (NYCHA) resulted in 70 current and former NYCHA employees' being charged with bribery and extortion.

Immediately following the NYCHA bribery indictments, we initiated an audit to assess NYCHA's processes for identifying and mitigating fraud risks across its programs. This is part of a series of audits HUD OIG is conducting of fraud risk management by large or high-risk grantees across HUD programs. For example, in October 2023, we reported that the Puerto Rico Department of Housing's (PRDOH) fraud risk management in its disaster recovery block grant programs, which have received more than \$20 billion in HUD funding, was reactive in nature and lacking in many areas. We recommended that



HUD evaluate PRDOH’s fraud risk exposure and tolerance, determine the overall fraud risk exposure of HUD’s disaster recovery and mitigation programs, and implement appropriate mitigation activities to better protect billions of dollars flowing through these important HUD programs.

We remain focused on making actionable recommendations that make a difference in HUD programs. During this period, we issued our second Priority Open Recommendations Report, in which we identified the recommendations that, if meaningfully addressed, would put the Department in the strongest position to deliver on its mission more effectively. During this reporting period, HUD has closed five such recommendations. Through continued collaboration with HUD staff, the number of open and outstanding recommendations decreased during this period – the 11<sup>th</sup> consecutive period in which we have achieved that result. We thank the Department for its partnership on reducing open recommendations.

In closing, I want to thank the entire HUD OIG staff for its unwavering dedication and diligence. Without these individuals, the achievements noted in this report would not be possible as we work toward our goal of assisting the Department in improving its programs, protecting and assisting beneficiaries, and ensuring that American taxpayers receive the maximum return on their investment in HUD programs.

  
Inspector General



# Table of Contents

<b>Highlights</b>	<b>5</b>
<b>Profile of Performance</b>	<b>6</b>
<b>Making an Impact</b>	<b>7</b>
<b>Oversight Focused on HUD’s Top Management Challenges</b>	<b>11</b>
Promoting Health and Safety in HUD-Assisted Housing	12
Increasing Access to Affordable Housing	14
Mitigating Counterparty Risks in Mortgage Programs	18
Grants Management	20
Enhancing Oversight of Disaster Recovery	22
Managing Fraud Risk and Improper Payments	24
Improving IT Modernization and Cybersecurity	27
Managing Human Capital	28
Increasing Effectiveness in Procurement	30
<b>Financial Statements</b>	<b>31</b>
<b>Whistleblower Protection</b>	<b>32</b>
<b>Legislation, Regulations, and Other Directives</b>	<b>33</b>
<b>Peer Review</b>	<b>37</b>
<b>Appendix 1 - Reports Issued This Semiannual Period</b>	<b>38</b>
<b>Appendix 2 - Streamlined Semiannual Reporting Requirements</b>	<b>40</b>
<b>Appendix 3 - Reporting Table</b>	<b>44</b>
<b>Appendix 4 - Acronyms and Abbreviations</b>	<b>47</b>
<b>Appendix 5 - HUD OIG Directory</b>	<b>48</b>

# Highlights



**\$14,683,335**  
RECOMMENDED  
FUNDS PUT TO  
BETTER USE



**223**  
SUBPOENAS



**\$508,711**  
QUESTIONED  
COSTS



**61**  
CONVICTIONS-  
PLEAS-PRETRIAL  
DIVERSIONS



**\$8,780,659**  
COLLECTIONS  
FROM AUDITS



**140**  
INDICTMENTS,  
INFORMATIONS, AND  
CRIMINAL COMPLAINTS



**\$17,566,177**  
TOTAL RESTITUTION  
AND JUDGMENTS



**16**  
CIVIL ACTIONS



**\$4,620,574**  
TOTAL RECOVERIES-  
RECEIVABLES TO  
HUD PROGRAMS



**89**  
TOTAL  
ADMINISTRATIVE  
SANCTIONS



# Profile of Performance

## For the Period October 1, 2023, to March 31, 2024

<b>Audit results<sup>1</sup></b>	<b>This reporting period</b>
Recommended funds put to better use	\$14,683,335
Questioned costs	\$508,711
Collections from audits	\$8,780,659

<b>Investigative results<sup>2</sup></b>	<b>This reporting period</b>
Total restitution and judgements	\$17,566,177
Total recoveries and receivables to HUD programs	\$4,620,574
Arrests	105
Indictments, informations, and criminal complaints	140
Convictions, pleas, and pretrial diversions	61
Civil actions	16
Total administrative sanctions	89
Suspensions	70
Debarments	9
Program or professional license or certification	1
Evictions	3
Other <sup>3</sup>	6
Search warrants	18
Subpoenas	223
Total administrative referrals	121
Suspensions referred	87
Debarments referred	34

<sup>1</sup> During this semiannual period, U.S. Department of Housing and Urban Development, Office of Inspector General (HUD OIG), audits did not result in administrative actions, civil actions, or personnel actions. Therefore, HUD OIG did not include those categories under audit results in this Profile of Performance.

<sup>2</sup> Delays can occur in recording restitutions, judgments, recoveries, and receivables obtained during a semiannual reporting period. These figures are accurate as of the time of publication.

<sup>3</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), limited denials of participation, and indemnifications.



# Making an Impact

## Protecting Communities Through Outreach and Stakeholder Engagement

In addition to its oversight and investigative work, the U.S. Department of Housing and Urban Development, Office of Inspector General (HUD OIG), has continued its community engagement and outreach with HUD, Congress, industry stakeholders, and its prosecutorial and law enforcement partners to maximize transparency around its oversight portfolio. This proactive engagement strengthens HUD OIG’s community and Federal partnerships and provides important opportunities to increase awareness and expand resources to support effective oversight of HUD’s programs. Below are some highlights.

### Community Outreach: Promoting Health and Safety in HUD-Assisted Housing



On December 14, 2023, U.S. Attorney Ryan K. Buchanan and HUD Inspector General (IG) Rae Oliver Davis hosted a Safe Housing Summit focused on promoting the health and safety of tenants in HUD-assisted housing. The U.S. Attorney hosted the event, which comprised a two-part discussion about how the community could work together to eliminate environmental hazards and combat sexual misconduct in HUD-assisted housing.

 [READ PRESS RELEASE](#)

### Press Conference

On February 6, 2024, IG Rae Oliver Davis joined the U.S. Attorney for the Southern District of New York and other Federal law enforcement partners to announce the unsealing of bribery and corruption charges against 70 current and former New York City Housing Authority (NYCHA) superintendents related to their involvement in pay-to-play schemes for maintenance contracts.

 [READ PRESS RELEASE](#)

### HUD OIG Initiates Audit of the New York City Housing Authority’s Fraud Risk Management Practices

On February 7, 2024, HUD OIG announced an audit to assess NYCHA’s processes for identifying and preventing fraud. Corruption and fraud schemes threaten the effectiveness of these important programs and increase the risk that NYCHA residents live in unacceptable conditions. NYCHA’s massive programs must be monitored continuously and strategically to reduce the likelihood that fraud will take funds away from families and vulnerable populations who need housing assistance.

 [READ PRESS RELEASE](#)



## Pandemic Relief Experiences: A Focus on Six Communities

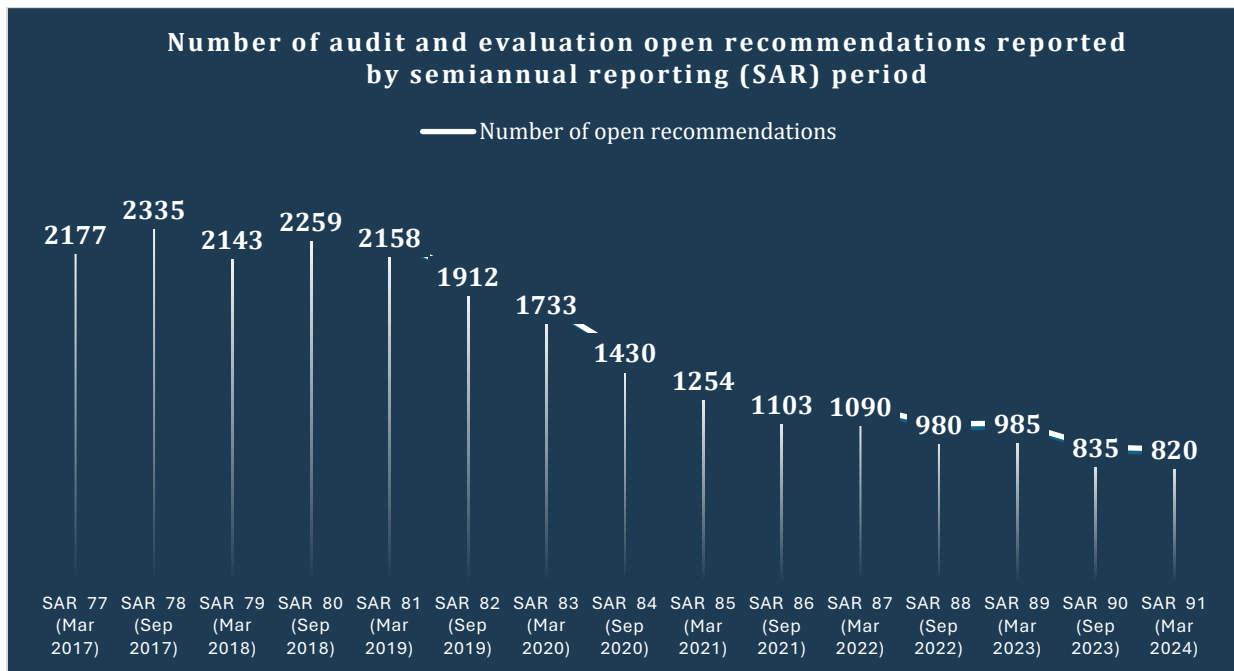
In response to the wide-reaching impacts of the COVID-19 pandemic, the Federal Government provided more than \$5 trillion in emergency relief across more than 500 government programs to help individuals; businesses; and State, local, tribal, and territorial governments respond to the pandemic. To learn how communities across the Nation responded to the pandemic, HUD OIG initiated a multipart review of six communities.

 [READ FULL REPORT](#)

## Resolution of HUD OIG Recommendations

HUD OIG continues to work with HUD to resolve open recommendations from its audit and evaluation reports to help the Department accomplish its mission to provide decent, safe, and sanitary housing to its beneficiaries. During this reporting period, HUD closed 118 open recommendations from prior audits and evaluations, including five that were designated as [priority open recommendations](#), as highlighted throughout this report.

This collaboration has resulted in a significant reduction in the number of open recommendations. As of March 31, 2024, HUD had 704 outstanding audit recommendations and 116 outstanding recommendations for evaluations, resulting in a total of 820 open recommendations for this reporting period. The chart below illustrates the cumulative trend of diminishing open recommendations for both audit and evaluations, over time.



Each closed recommendation represents actions HUD has taken or a plan HUD has implemented to address a previously identified weakness, strengthening HUD’s programs and operations.





## [U.S. Department of Housing and Urban Development, Office of Inspector General, Issues Priority Open Recommendations for Fiscal Year 2024](#)

HUD OIG issued its Priority Open Recommendations report for fiscal year (FY) 2024. The report highlights 35 open recommendations (six require HUD to coordinate a legislative solution) from HUD OIG reports that, if implemented, will help HUD address its most serious management challenges and enhance critical aspects of its operations. The report also outlines important actions HUD leadership can take to address recommendations related to promoting health and safety in HUD-assisted housing, managing fraud risk and improper payments, improving information technology (IT) modernization and cybersecurity, protecting whistleblowers, and mitigating counterparty risk. The 35 priority open recommendations include 11 new recommendations added for FY 2024 and 24 recommendations that had been identified as priority in FY 2023. Each of the 35 priority open recommendations is an opportunity for HUD to take specific action to increase the integrity of its operations and programs.

 [READ PRESS RELEASE](#)

### Closure of Priority Recommendations

On October 20, 2023, HUD closed priority open [recommendation 1A](#) from Audit Report 2018-FW-0002, [HUD’s Office of Block Grant Assistance Had Not Codified the Community Development Block Grant Disaster Recovery Program](#), issued July 23, 2018, by issuing Appendix B: The Consolidated Notice, which will be included as part of future Federal Register notice guidance to speed disaster recovery assistance to impacted grantees. While we continue to support codifying the CDBG-DR program, HUD lacks the authority to take such action.

Implementation of this recommendation will offer new consolidated program guidance from HUD that could potentially address some of the issues caused by a lack of codification.

On February 1, 2024, HUD closed priority open [recommendation 1A](#) from Audit Report 2023-KC-0003, [Opportunities Exist for Ginnie Mae To Improve Its Guidance and Process for Troubled Issuers](#), issued March 28, 2023, by defining its authorities for marketing troubled portfolios. The Government National Mortgage Association (Ginnie Mae) addressed this recommendation by providing the updated extinguishment standard operating procedure, the Rapid Relocation Process Flow, and the Rapid Relocation Extinguishment Process Steps, updated to include the conditions that must be present to execute an extinguishment using rapid relocation.

Implementation of this recommendation will help Ginnie Mae reduce exposure to risk when facilitating a sale and transfer of a terminated issuer’s portfolio.

On February 7, 2024, HUD closed priority open [recommendation 01](#) from Evaluation Report 2021-OE-0003, [HUD Information Technology Modernization Roadmap Evaluation](#), issued June 30, 2021, by developing an enterprise-wide IT modernization strategy that establishes a framework to align with the IT modernization roadmap. HUD’s Office of the Chief Information Officer (OCIO) provided evidence of an IT modernization strategy with an established framework that aligns with the IT modernization roadmap. The strategy includes all requirements of the recommendation and is accessible to HUD employees through OCIO’s internal website.



Implementation of this recommendation will result in OCIO's having a modernization strategy to coordinate and prioritize with program offices on their modernization efforts. It will also result in a defined modernization roadmap that lays out the projects, timelines, and prioritization of modernization efforts across HUD.

On March 26, 2024, HUD closed priority open [recommendation 1A](#) from Audit Report 2023-CH-0004, [HUD Can Improve Its Oversight of the Physical Condition of Public Housing Developments \(hudoig.gov\)](#), issued May 30, 2023, by creating a protocol describing how HUD's Office of Field Operations (OFO) will perform quality control reviews of field office oversight of public housing agencies' (PHA) corrections of life-threatening deficiencies.

Implementation of this recommendation resulted in HUD's creating a protocol that should establish consistency in the way that HUD field office staff monitors PHAs' corrections of life-threatening deficiencies.

On March 26, 2024, HUD closed priority open [recommendation 1C](#) from Audit Report 2023-CH-0004, [HUD Can Improve Its Oversight of the Physical Condition of Public Housing Developments \(hudoig.gov\)](#), issued May 30, 2023. OFO created a quality assurance tracker as well as a life-threatening deficiency tracker, which contain data specific to the inspections selected by OFO headquarters, for quality assurance reviews. The documentation (photographs, work orders, etc.) of the life-threatening deficiency correction is maintained in HUD's National Standards for the Physical Inspection of Real Estate Salesforce system, not in the SharePoint tracker.

Implementation of the recommendation resulted in HUD's creating a system to track HUD field offices' verifications of PHAs' corrections of life-threatening deficiencies.



## Oversight Focused on HUD's Top Management Challenges

Under the mandate of the Reports Consolidation Act of 2000, the U.S. Department of Housing and Urban Development, Office of Inspector General (HUD OIG), is obligated to produce a report that outlines what HUD OIG perceives as the most critical management and performance issues confronting the Department. This report provides an independent viewpoint from HUD OIG on the principal management challenges that HUD faces in fiscal year (FY) 2024 and beyond. It is worth noting that HUD has achieved significant advancements in key areas over the previous semiannual reporting period. HUD OIG is pleased to announce that financial management is no longer a major management issue. Over the past 2 years, HUD has demonstrated consistent improvement in financial management, achieving unqualified audit opinions on its financial statements and resolving persistent issues in financial reporting.

 [READ PRESS RELEASE](#)

This Semiannual Report (SAR) is aligned with the [Top Management Challenges for FY 2024](#). HUD OIG has identified the following nine top management challenges:

- Promoting health and safety in HUD-assisted housing
- Increasing access to affordable housing
- Mitigating counterparty risks
- Grants management
- Enhancing oversight of disaster recovery
- Managing fraud risk and improper payments
- Improving information technology (IT) modernization and cybersecurity
- Managing human capital
- Increasing effectiveness in procurement

Each section includes summaries of completed oversight reports, investigations, and outreach activities conducted during this semiannual reporting period, as well as new oversight work to help HUD address its top management challenges.



## Promoting Health and Safety in HUD-Assisted Housing

HUD is responsible for ensuring that its assisted properties are decent, safe, sanitary, and in good repair and that its programs and projects comply with environmental regulations.

HUD has made progress in its efforts toward eliminating hazards in its assisted properties; however, several safety and health issues remain unaddressed.

HUD OIG expanded the prior year’s top management challenge on “Eliminating Hazards in HUD-Assisted Housing,” to include sexual

misconduct and other unsafe living conditions that disproportionately impact underserved and underrepresented communities that are most affected by these threats.

### Recent HUD OIG Reports

#### [Carbon Monoxide in HUD-Assisted Housing](#)

HUD OIG conducted an evaluation to assess HUD’s plans and progress in ensuring that all public housing agencies (PHA) and owners of certain HUD-assisted housing comply with Consolidated Appropriations Act of 2021 requirements and its progress in developing guidance to PHAs to educate residents on the health hazards of carbon monoxide in accordance with the Act. HUD program offices issued departmental notices to inform PHAs and owners of the Act’s requirements. In addition, HUD incorporated carbon monoxide detector requirements into its revised physical inspection processes (National Standards for the Physical Inspection of Real Estate) to ensure that PHAs and owners complied with the Act. In addition to previous guidance and training material, HUD provided PHAs with guidance in a Joint Notice, which provided educational material and initial information and guidance for PHAs, owners, and managers to educate residents on health hazards, including carbon monoxide. All 15 PHAs interviewed expected to have carbon monoxide detectors installed by the statutory deadline of December 27, 2022. **(HUD OIG Report 2022-OE-0004, Departmentwide)**

#### [HUD Lacked Adequate Oversight of Multifamily Housing Properties With Failing REAC Scores or Life-Threatening Deficiencies](#)

HUD OIG conducted an audit of HUD’s oversight of multifamily housing properties with failing Real Estate Assessment Center (REAC) scores or life-threatening exigent health and safety deficiencies to determine whether its oversight of the housing properties was effective in ensuring that properties were maintained in decent, safe, and sanitary condition. This audit determined that the effectiveness of HUD’s oversight of physical conditions in multifamily housing properties could be improved. Specifically, HUD OIG found that for 45 percent of the sampled properties reviewed, HUD did not meet its requirement to notify owners that they failed to remedy inspection findings within 15 days. In addition, HUD lacked sufficient procedures and controls to ensure that notices of violation and default were issued consistently and in a timely manner. These delays collectively increased the risk that residents were subjected to inadequate living conditions.

#### **New and Ongoing Related Oversight**

[Management of Lead-Based Paint in a Puerto Rico Public Housing Agency, announced January 2024](#)



Further, HUD staff did not collect adequate documentation from property owners to ensure that the owners remedied health and safety threats in a timely manner. This condition resulted in HUD’s repeatedly failing to report to Congress accurate and timely information about the physical condition of assisted multifamily housing properties that received a failing REAC inspection score. HUD OIG made several recommendations to assist HUD in developing adequate procedures, controls, and processes to provide effective oversight of multifamily housing properties. **(HUD OIG Report No. 2024-CH-0001, Multifamily Housing)**

 [READ PRESS RELEASE](#)

## Recent Related Investigations

### [Property Owner Sentenced for Lying About Lead Hazards](#)

On November 13, 2023, a defendant was sentenced to 8 months of home confinement, 5 years of probation, 600 hours of community service and ordered to pay \$115,000 in restitution for his role in making and using a false document. Between December 2015 and May 2018, the defendant was aware of lead-based paint and lead-based paint hazards at a residence he owned that housed a family with a Housing Choice Voucher. In April 2018 and June 2020, the defendant rented the property to lessees and furnished a lead disclosure form to those tenants, which falsely affirmed that he “had no knowledge of lead-based paint and/or lead-based paint hazards in the housing.” **(Press Release, U.S. Attorney’s Office (USAO), Western District of New York)**



## Increasing Access to Affordable Housing

Access to affordable housing is a significant challenge nationwide, creating a shortage of available homes for millions of Americans, especially low-income and very low-income renters who rely heavily on HUD rental assistance programs.

HUD must continue to prioritize this critical issue in its efforts to promote housing equity by increasing the use of housing choice vouchers to help boost the production of affordable housing for underrepresented and underserved communities.

### Recent HUD OIG Reports

#### [Opportunities Exist To Improve HUD’s FHA Resource Center’s Routing of Housing Discrimination Inquiries](#)

HUD OIG conducted an audit of HUD’s Office of Single Family Housing’s Federal Housing Administration (FHA) Resource Center’s handling of housing discrimination inquiries to assess, among other things, whether the FHA Resource Center appropriately rerouted inquiries related to housing discrimination. This audit determined that the FHA Resource Center did not consistently reroute housing discrimination inquiries to the Office of Fair Housing and Equal Opportunity (FHEO) in accordance with its standard operating procedures. Specifically, it did not reroute 14 of 68 reviewed housing discrimination inquiries to FHEO as required. In addition, it did not reroute 3 of the 10 test calls that HUD OIG placed relating to housing appraisal discrimination. HUD OIG recommended that the Deputy Assistant Secretary for Single Family Housing update policies and procedures regarding discrimination complaints to ensure consistency among customer service representatives in rerouting these complaints to FHEO and ensure that the FHA Resource Center updates its training program so that refresher trainings on housing discrimination are regularly provided to staff. HUD took action during the audit to implement these recommendations. **(HUD OIG Report 2024-BO-0001, Office of Single-Family Housing)**

#### **New and Ongoing Related Oversight**

[Assessing PHAs’ Controls for Preventing and Combating Source of Income Discrimination, announced February 2024](#)

[HUD’s Efforts To Advance Home Ownership Through Housing Counseling, announced January 2024](#)

[HUD’s Office of Community Planning and Development Monitoring of Civil Rights Compliance, announced December 2023](#)

[HUD’s Office of Multifamily Housing Monitoring of Civil Rights Compliance, announced October 2023](#)

#### [The Kentucky Commission on Human Rights Has Opportunities To Improve Its Fair Housing Complaint Intake Process](#)

HUD OIG conducted an audit of the Kentucky Commission on Human Rights’ (Commission) fair housing complaint intake process to determine the extent to which the Commission processed fair housing inquiries within 30 days and evaluate its reasons for closing fair housing inquiries. HUD OIG was unable



to determine the extent to which the Commission processed fair housing inquiries within 30 days due to a lack of supporting documentation. Further, the Commission could not provide evidence that would have allowed HUD OIG to determine whether fair housing inquiries were properly closed. In addition, the Commission did not have clarity about which inquiries should be recorded in HUD's Enforcement Management System or the type of documents that should be recorded in the system to support closure decisions. As a result, the Commission could not consistently assure its customers that it properly processed and closed inquiries from complainants in a timely manner. If complainants' alleged discrimination is not addressed properly and in a timely manner, the Commission may not help to stop ongoing discrimination, hold those responsible accountable for their actions, and deter future discrimination. HUD OIG made five recommendations, which included requiring the Commission to update policies and procedures, develop an internal agency intake training guide for all staff, and implement a system to better track the intake and processing of potential fair housing inquiries. **(HUD OIG Report No. 2024-BO-1001, Fair Housing and Equal Opportunity)**

### **Fair Housing Initiatives Program Organizations Promoted Equity in the Education and Outreach Initiative**

HUD OIG conducted an audit of HUD FHEO's Fair Housing Initiatives Program (FHIP), Education and Outreach Initiative (EOI), to help HUD determine whether the education and outreach provided went to the people who have been systematically denied full housing opportunity by assessing how FHIP organizations promoted equity within the EOI to reach underserved populations. This audit determined that the FHIP organizations sampled promoted equity through HUD's EOI, providing fair housing outreach and education to underserved populations and accomplishing the program's goal to increase awareness of fair housing rights and responsibilities. Specifically, FHIP organizations used their resources to determine the need in their area and develop a statement of work with a narrative to identify quantifiable project goals that related to those needs. Each of the FHIP organizations was then able to meet or exceed the goals outlined in its respective statement of work. Further, these FHIP organizations prioritized the use of client feedback to adjust and improve services. In meeting those goals, these FHIP organizations were able to educate the public and housing providers about their rights and responsibilities under Federal law or State and local fair housing laws that are substantially equivalent to provisions of the Fair Housing Act. This report did not contain any recommendations. **(HUD OIG Report No. 2024-BO-0002, Fair Housing and Equal Opportunity)**

### **Recent Related Investigations**

#### **Former Chatham Housing Executive Sentenced**

On February 7, 2024, a defendant was sentenced to 30 months incarceration and 2 years of supervised release and ordered to pay \$194,136 in restitution for her role in a conspiracy to commit wire fraud. Between 2016 and 2020, the defendant and others engaged in a bid-rigging, no-work jobs conspiracy while the defendant served as the executive director of a PHA. As part of the scheme, the defendant used her authority to direct micro-purchase and small-purchase job contracts to various friends and relatives by creating false bid proposals to compete with them, thereby demonstrating reasonable costs. The scheme involved fraudulent bids and fraudulent contracts, payments for work not conducted, the use of identities of individuals without their knowledge, and cash kickbacks paid to the defendant with PHA funding through HUD's Housing Choice Voucher Program. **(Press Release, USAO, Middle District of North Carolina)**



### [Defendant Sentenced for Fraud at South Bend Housing Authority](#)

On February 29, 2024, a defendant was sentenced to 27 months of incarceration, 2 years of supervised release and ordered to pay \$303,920 in restitution for his role in committing bank fraud and conspiracy to commit bank and wire fraud. From October 2017 to March 2019, the defendant was involved in a kickback scheme with multiple contractors and two senior employees at the PHA. During that time, the defendant owned a contracting business that completed minimal or no work for the PHA for which he created false invoices and submitted them to the PHA for payment. The defendant then negotiated the checks and paid kickbacks to the senior employees at the PHA. **(Press Release, USAO, Northern District of Indiana)**

### [Former Chairman of the Village of Hempstead Housing Authority Sentenced to 10 Years in Prison for Fraud and Corruption](#)

On March 11, 2024, a defendant was sentenced to 10 years of incarceration, 3 years of supervised release, and ordered to pay \$576,040 in restitution for his role in a conspiracy to commit honest services wire fraud and Federal program bribery. From August 2011 to February 2013, the defendant used his official position with the PHA to orchestrate a bid-rigging and kickback scheme and relied on bribes, threats, and intimidation to pressure other PHA officials into supporting his fraudulent schemes. The defendant also fraudulently induced PHA officials to declare many projects as emergencies to bypass the normal process by which the PHA obtained HUD funding. As part of the scheme, the defendant and his coconspirators submitted grossly inflated bids to the PHA for repair projects at properties throughout the PHA. The work related to those projects was then subcontracted out at a fraction of the amount paid by the PHA for nominal and in many cases, substandard repairs and work. The defendant demanded and received a number of cash payments from his coconspirators. **(Press Release, USAO, Eastern District of New York)**

### [Hoboken Woman Sentenced to 5 Years in Prison for \\$1.5 Million Fraud Scheme That Targeted More Than 100 Nonprofit Victims, Including Schools and Religious Institutions](#)

On March 22, 2024, a defendant was sentenced to 60 months of incarceration, 3 years of supervised release and ordered to pay \$3.25 million in restitution for her role in wire fraud and tax evasion. From 2012 through 2021, the defendant falsely represented herself as a Certified Public Accountant (CPA) and promised to provide accounting and financial services to nonprofit organizations throughout New Jersey, including private schools and religious institutions. The defendant was not a CPA and did not provide any of these promised services. After she was hired, she used various methods to steal from her clients, including collecting fees for services that she did not perform and transferring client funds to herself without authorization. The defendant also collected funds from clients by falsely claiming that she would use the funds to pay their taxes, but, instead, she kept the money. To conceal her fraud, the defendant told victims that she had filed and paid their taxes, and she falsified receipts to make it appear to the victims that their taxes had been paid. The defendant defrauded more than 100 victims, resulting in financial losses totaling more than \$1.5 million. **(Press Release, USAO, District of New Jersey)**





## Additional Investigative Press Releases

The press releases below are organized by category to demonstrate the types of fraud schemes that impact HUD's programs and the communities that rely on them.

- [Former Housing Authority Payroll Clerk Admits to Stealing \\$575K](#)
- [Three Convicted by Jury of Housing Authority Kickback Conspiracy](#)
- [Cumberland Woman Sentenced to Prison for Embezzling Funds From St. Croix Chippewa Indians of Wisconsin](#)
- [Atlantic City Woman Admits Defrauding Elderly Victims](#)
- [Suburban Chicago Businessman Sentenced to 2 Years in Prison for Evading \\$3.7 Million in Income Taxes](#)
- [DiNapoli: Former West Carthage Housing Authority Executive Director and Mother Arrested](#)
- [New Mexico Landlords To Pay \\$42,000 To Resolve Alleged Tenant Abuses Arising From HUD's Section 8 Low-Income Housing Program](#)
- [South Hempstead Woman Charged With Stealing More Than \\$22,000 in Rental Subsidy Benefits](#)
- [Webster Man Sentenced to Prison for Embezzling Funds From St. Croix Chippewa Indians of Wisconsin](#)



## Mitigating Counterparty Risks in Mortgage Programs

The partnership between the Federal Housing Administration and the Government National Mortgage Association (Ginnie Mae) plays a critical role in promoting home ownership and expanding access to affordable mortgage financing for low- and moderate-income individuals.

HUD is challenged to ensure that lenders and mortgage-backed security issuers do not create risks in its mortgage insurance and mortgage-backed securities portfolios, especially in the reverse mortgage, home equity conversion mortgage (HECM), or HECM mortgage-backed

securities portfolios.

### Recent Related Investigations

#### [Laredo Salesman Sent to Prison for Fraud Conspiracy Costing HUD \\$1 Million in Losses](#)

On November 28, 2023, a defendant was sentenced to 36 months of incarceration, 3 years of supervised release and ordered to pay \$1.17 million in restitution for his role in committing wire fraud. The defendant admitted to using his position to attempt to get potential customers approved for HUD-backed mortgages by forging various documents for at least 38 unqualified homebuyers and submitting them to a bank. The defendant received a commission for each sale and received a profit of more than \$200,000. More than three dozen loans ultimately defaulted or had to be restructured, costing HUD approximately \$971,310. **(Press Release, USAO, Southern District of Texas)**

#### [Essex County Man Sentenced to 20 Months in Prison for Conspiring To Commit Mortgage Fraud](#)

On January 10, 2024, a defendant was sentenced to time served (46 months), 2 years of supervised release, and ordered to pay \$1.29 million in restitution for his role in a conspiracy to commit wire fraud. The defendant admitted that between October 2012 and March 2016 he created fraudulent verifications of employment, bank statements, and lease agreements to have unqualified borrowers obtain FHA-insured mortgages. **(Press Release, USAO, District of New Jersey)**

#### **New and Ongoing Related Oversight**

[Notification of Inquiry: Regarding Ginnie Mae’s Monitoring and Extinguishment of Reverse Mortgage Funding, announced November 2023](#)



### **Disbarred Real Estate Attorney Sentenced to Federal Prison for Stealing Millions From Clients**

On March 3, 2024, a defendant was sentenced to 27 months of incarceration, 3 years of supervised release and ordered to pay more than \$3 million in restitution for his role in committing wire fraud. From an unknown date and continuing until August 2019, the defendant, while employed as an attorney, knowingly devised and conducted a scheme to defraud and obtain money from clients under false pretenses. Specifically, he misappropriated millions of dollars belonging to clients who trusted him to handle their real estate transactions. To conceal his scheme, he took clients' money and used it to pay his own or other clients' expenses. This activity allowed the scheme to go undetected for years. He also hid his fraud by causing false and misleading information to be entered into his law firm's accounting system to make it appear that the firm had paid clients' mortgages, when he had used the money for fraudulent purposes. Many of the impacted mortgages were insured by FHA. **(Press Release, USAO, Northern District of Georgia)**

### **New York Men Sentenced for Mortgage Fraud Scheme Involving Hartford Apartment Building**

On January 8, 2024, two defendants were collectively sentenced to 62 months of incarceration, 5 years of probation, 4 years of supervised release and ordered to pay more than \$1 million in fines for their role in a conspiracy to commit mail fraud and wire fraud affecting a financial institution. From September 2016 through May 2021, the defendants engaged in a scheme to defraud several financial institutions, government-sponsored enterprises, and HUD by providing false information to overstate the value of multifamily housing properties in connection with loans secured by the property. The falsified information induced the financial institutions to issue loans that were larger than they would have authorized or issued. These loans were purchased by Freddie Mac and Fannie Mae, which induced HUD to issue a mortgage insurance commitment to the financial institutions. **(Press Release, USAO, District of Connecticut)**

### **Additional Investigative Press Releases**

The press releases below demonstrate the types of fraud schemes that impact HUD's programs and the communities that rely on them.

- [Former Cook County Land Bank Authority Employee Sentenced to a Year in Federal Prison for Scheming To Fraudulently Purchase and Resell Properties](#)
- [Asheville Man Convicted of Bank Fraud Involving the Purchase of Short-Term Rental Properties and Illegal Firearms Possession Is Sentenced to More Than 7 Years in Prison](#)
- [Kissimmee Real Estate Broker Pleads Guilty to Committing Bank Fraud](#)
- [Yolo County Insurance Broker Pleads Guilty to Identity Theft](#)



## Grants Management

HUD's grant portfolio includes a diverse range of programs and is often the biggest source of flexible grant funding available to communities for broad economic and development activities. HUD must effectively oversee and manage more than \$100 billion in grant programs, thousands of grantees, and even greater numbers of subrecipients.

HUD remains challenged in its capacity to develop and implement effective oversight controls to adequately manage grantee compliance across its programs and ensure that grant funding is used to provide timely and effective assistance to its beneficiaries.

### Recent HUD OIG Reports

#### [Preventing Duplication of Benefits When Using Community Development Block Grant Disaster Recovery and Mitigation Funds](#)

HUD OIG conducted an audit of HUD's efforts to prevent duplication of benefits when using Community Development Block Grant (CDBG) Disaster Recovery and Mitigation funds. HUD OIG's audit found that HUD certified grantees' high-level processes for preventing duplication of benefits before grant execution and allowed grantees to develop more detailed procedures for individual grant activities later. However, HUD did not review grantees' more detailed procedures before grantees began spending funds on program activities. In addition, HUD certified before grant execution that grantees had adequate procedures in instances when the grantees' procedures did not meet the adequacy criteria HUD established in the Federal Register. Further, HUD's adequacy criteria did not include all statutory requirements. Because HUD certified procedures that did not meet requirements and did not review detailed activity-level procedures before grantees began spending funds, HUD risked grantees' failing to prevent any duplication of benefits in accordance with the law. HUD OIG made three recommendations, including that the Director of the Office of Disaster Recovery review grantees' activity-level procedures to prevent any duplication of benefits for adequacy before grantees process applications for assistance. **(HUD OIG Report No. 2024-FW-0001, Office of Disaster Recovery).**



READ PRESS RELEASE

#### New and Ongoing Related Oversight

[Assessing the Completeness of HUD's Subaward Data on USAspending.gov, announced October 2023](#)



## Recent Related Investigations

### [Camp Verde Woman Sentenced to 24 Months in Prison for Embezzlement of \\$670,000 from Yavapai-Apache Nation](#)

On November 6, 2023, the defendant was sentenced to 24 months of incarceration, 3 years of supervised release and ordered to pay \$667,043 in restitution for her role in embezzlement and theft from an Indian tribal organization, which was funded in part with HUD Indian Housing Block Grant funds. From September 2017 through May 2022, the defendant used the agency's credit card and knowledge of its vendor accounts to make hundreds of thousands of dollars in fraudulent purchases. On at least 184 occasions, she fraudulently transferred funds into her personal accounts. **(Press Release, USAO, District of Arizona)**

## Additional Investigative Press Releases

The press releases below demonstrate the types of fraud schemes that impact HUD's programs and the communities that rely on them.

- [Man Convicted of Obtaining Money by Threat From Strip Club in Chicago Suburb](#)
- [Aurora Man Convicted of Defrauding Nonprofit of More Than \\$880,000 Intended To Address Cleveland Food Desert](#)
- [Two Plead Guilty in Scheme To Steal More Than \\$850,000 in COVID-19 Housing Assistance Funds](#)



## Enhancing Oversight of Disaster Recovery

HUD is responsible for administering billions in disaster recovery and mitigation grants each year to a wide variety of public grantees, which often redistribute funds to subgrantees, and other subrecipients to help individuals and communities recover from or mitigate disaster damage.

HUD faces unique challenges in its capacity to effectively monitor grantee performance as the disaster and recovery program continues to increase in size and complexity. In addition, HUD is confronted by the challenges of managing a

complex structure without permanent program requirements.

### Recent HUD OIG Reports

#### [After More Than 6 Years, the City of New Orleans’ National Disaster Resilience Project Activities Had Made Little Impact on Resilience](#)

HUD OIG conducted an audit of the City of New Orleans’ (City) use of HUD’s National Disaster Resilience grant funding to determine whether the City’s grant activities were effective in its recovery from past disaster events as well as whether the City had improved its ability to withstand future extreme events. This audit determined that since HUD awarded the City \$141.2 million in January 2017 for resilience activities, the City had made little progress toward achieving its goals established for completing its infrastructure and stormwater management projects. Of the 11 projects HUD OIG reviewed, only 1 project had made progress, 2 projects were slated for cancellation, and the remaining 8 projects were still in the design or planning phase. As of September 1, 2023, after more than 6 years since the City was awarded funding, it had spent about \$21 million of the 2017 grant award, or roughly 15 percent, earning it a “slow spender” designation by HUD in each reporting period from May 2017 to October 2023. Further, HUD OIG’s review of the City’s Retrofit Program found that the City’s activities in this program did not consistently reduce flood risk and in many cases, left some homeowners with more flooding and physical and financial burdens. Due to the disproportionate amount of funds the City spent on planning and administration, it may be at risk of running out of funds for planning and program oversight and may need to allocate non-Federal funds, which may be limited, to continue. HUD OIG made several recommendations, including that HUD require the City to reassess the eight infrastructure projects still in the design or planning phase to determine whether the City can complete the projects or how the remaining funds could be best used within the remaining 6 years of the grant period. **(HUD OIG Report 2024-FW-1002, Community Planning and Development)**

#### New and Ongoing Related Oversight

[CDBG-DR Non-Federal Matching Funds, announced January 2024](#)

[State of New York - Disaster Procurement, announced December 2023](#)

 [READ PRESS RELEASE](#)



### [CPD Could Improve the Timing of Delivery of Disaster Recovery Funding](#)

HUD OIG conducted an audit of the Community Development Block Grant (CDBG)- Disaster Recovery program of the Office of Community Planning and Development (CPD) to determine whether CPD had improved the timing of its delivery of Disaster Recovery funds and met congressional allocation timing requirements. This audit determined that CPD's time to deliver program funds to grant recipients varied between 2001 and 2022 and trended upward. For 2018 and 2019 Disaster Recovery funding, CPD took significantly longer to allocate and award the funds. Further, CPD did not meet the publishing requirements mandated in one public law and did not meet the allocation requirements for another. CPD's increase in time to deliver program funds and its inability to meet a few of the statutory requirements were caused by (1) the Disaster Recovery program lacking permanent authorizing legislation; (2) required coordination among multiple Federal agencies, various HUD offices, and the grantees; and (3) other external and internal issues. HUD OIG made three recommendations, among them that the Director of the Office of Disaster Recovery collect and record the number of days that it or other entities take to complete each milestone in the grant process. **(HUD OIG Report 2024-FW-0002, Office of Community Planning and Development)**

### **Fraud Bulletin**

#### [Avoiding Disaster Benefits Fraud:](#)

HUD OIG monitors the use of HUD's disaster funding to ensure that its funds are used only for permitted purposes. It is critical that applicants fill out all paperwork and answer all questions truthfully when applying for disaster benefits.

### [The Puerto Rico Housing Finance Authority's Homebuyer Assistance Program Positively Impacted Participants but May Not Have Distributed Disaster Recovery Funds Equitably](#)

HUD OIG conducted an audit of the Puerto Rico Housing Finance Authority's (PRHFA) Homebuyer Assistance Program (HBA), which provides eligible applicants with closing costs and downpayment assistance for the purchase of a primary residence. The HBA program was developed by the Puerto Rico Department of Housing (PRDOH) to incentivize families to stay in Puerto Rico after Hurricanes Irma and Maria by providing eligible applicants with closing costs and downpayment assistance for the purchase of a primary residence to increase home-ownership rates. HUD awarded \$495 million in CDBG Disaster Recovery and Mitigation funds to PRDOH for the HBA program, and PRHFA administers it as PRDOH's subrecipient. HUD OIG found that by July 21, 2023, the HBA program had assisted more than 6,700 families and that HBA participants were mostly satisfied with the program, stating that it had a significant impact on their lives by helping them obtain a safe and stable home. Additionally, PRHFA was on track to achieve its goals for applications received, reviewed, and approved per month. However, HUD OIG identified that PRDOH was challenged in one of its critical program objectives, which is measuring the HBA program's impact on homeownership rates. Additionally, PRHFA did not have clear and consistent income criteria for determining financial award eligibility, and PRHFA's underwriting did not follow HBA program guidelines and allowed lending institutions to determine the amount granted to each participant, which resulted in some participants with similar financial conditions receiving substantially different award amounts. As a result, PRHFA could not ensure that it distributed Disaster Recovery funds equitably among eligible program participants. HUD OIG made several recommendations, which included steps PRDOH and PRHFA can take to better ensure that they maximize program outcomes and demonstrate that the award amounts HBA participants receive are accurate and fair. **(HUD OIG Report 2024-FW-1003, Office of Community Planning and Development)**



[READ PRESS RELEASE](#)



## Managing Fraud Risk and Improper Payments

Fraud poses a significant risk to the integrity of Federal programs and erodes public trust in government. Beyond the monetary loss to taxpayers, fraud against HUD programs reduces HUD's ability to meet the needs of vulnerable communities with critical housing needs.

HUD is challenged to develop more robust fraud risk assessments and fraud risk frameworks in its programs, integrate program accountability measures, and complete testing requirements for programs susceptible to significant improper payments.

### [Management Alert: Action Is Needed From HUD Leadership To Resolve Systemic Challenges With Improper Payments](#)

IG Rae Oliver Davis issued a management alert urging HUD leadership to address HUD's longstanding challenges with identifying and preventing improper payments. HUD OIG learned that for the seventh consecutive year, in FY 2023, the Department was unable to estimate improper payments for its two largest rental assistance programs, the Office of Public and Indian Housing's Tenant-Based Rental Assistance (PIH-TBRA) program and the Office of Multifamily Housing Programs' Project-Based Rental Assistance (PBRA) program. The last time HUD produced a sufficient estimate of improper payments in these programs was 2016 and, at that time, HUD estimated \$1.7 billion in improper payments. Since then, these rental assistance programs' payments have increased substantially, from \$30.7 billion in FY 2016 to \$45.3 billion in FY 2023, which was 67.5 percent of HUD's total expenditures for that fiscal year. Without ensuring that it makes sound estimates, HUD is unable to develop appropriate corrective actions and target resources to fix the root cause of improper payments, resulting in higher risk for potential fraud, waste, and abuse. HUD OIG recommended that the Deputy Secretary develop and execute a detailed plan and timeline for both testing and reporting estimates of improper payments in the PIH-TBRA and PBRA programs in compliance with Federal law and U.S. Office of Management and Budget guidance.

 [READ PRESS RELEASE](#)

## Recent HUD OIG Reports

### [The Puerto Rico Department of Housing Should Enhance Its Fraud Risk Management Practices](#)

HUD OIG conducted an audit of the Puerto Rico Department of Housing's (PRDOH) fraud risk management practices to assess the maturity of its antifraud efforts for preventing, detecting, and responding to fraud when administering programs funded by HUD grants addressing the 2017 disasters. This audit determined that PRDOH's fraud risk management processes to mitigate fraud risks either did not exist or were reactionary, which resulted in the lowest desired maturity goal state – ad hoc – for organizations' antifraud initiatives. Because PRDOH does not proactively manage fraud risk and its fraud





risk management program is at the lowest state of maturity, it may have missed opportunities to strengthen controls and eliminate fraud vulnerabilities, leaving more than \$20 billion in CDBG Disaster Recovery and Mitigation funds at increased risk of fraud. Implementing best practices and maturing PRDOH's fraud risk management program will improve HUD's and Puerto Rico's ability to prevent and detect fraud and effectively use Federal funds to support long-term disaster recovery and mitigation needs. HUD OIG made six recommendations, including that HUD instruct PRDOH to implement a process to regularly conduct fraud risk assessments and determine a fraud risk profile. **(HUD OIG Report 2024-FW-1001, Community Planning and Development)**

 [READ PRESS RELEASE](#)

## Recent Related Investigations

### [Seventy Current and Former New York City Housing Authority Employees Charged With Bribery and Extortion Offenses](#)

On February 6, 2024, 70 former and current PHA employees were charged in criminal complaints with a variety of charges, including conspiracy to solicit and receive a bribe, solicitation, receipt of a bribe, extortion under color of official right, and conspiracy to commit extortion under color of official right. The defendants were alleged to have participated in a multi-million-dollar bribery and extortion scheme in which they solicited and accepted cash bribes from various contractors in exchange for awarding no-bid contracts at the PHA developments where they worked. The defendants demanded and received cash in exchange for PHA contracts by either requiring contractors to pay up front to be awarded the contracts or requiring payment after the contractor finished the work and needed a PHA employee to sign off on the completed job so the contractor could receive payment from the PHA. As alleged, the defendants typically demanded approximately 10 to 20 percent of the contract value. In total, the defendants demanded more than \$2 million in corrupt payments from contractors in exchange for awarding more than \$13 million worth of no-bid contracts. **(Press Release, USAO, Southern District of New York)**

### New and Ongoing Related Oversight

[HUD's Compliance With the Payment Integrity Information Act for Fiscal Year 2023, announced October 2023](#)

[New York City Housing Authority's Fraud Risk Management Practices, announced February 2024](#)

### [Siemens Industry, Inc., To Pay More Than \\$1 Million To Resolve False Claims Act Allegations Related to Public Housing Contract](#)

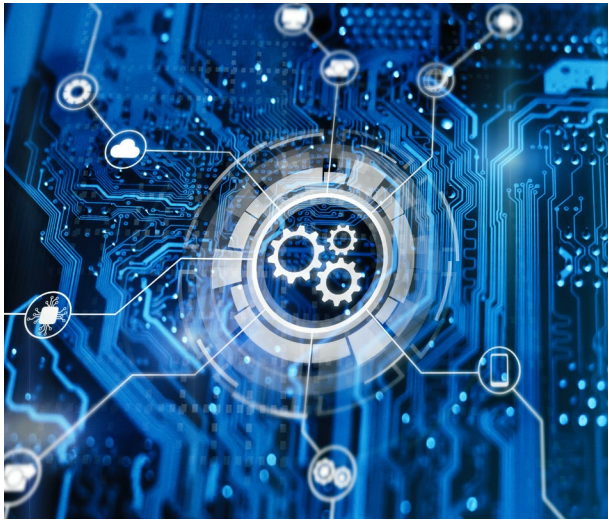
On February 1, 2024, a corporation agreed to pay more than \$1 million to resolve allegations that it violated the False Claims Act related to a contract it entered into in 2011 with a PHA. Under the contract, the corporation would install energy efficiency improvement measures at two PHAs. During the development of that energy performance contract, the corporation calculated the amount of energy savings the improvement would deliver. The PHA submitted records to HUD using data from the corporation's analysis. The settlement resolves allegations that the corporation relied on inaccurate data in its analysis, which led to the United States paying a larger annual subsidy to the PHA than it otherwise would have. **(Press Release, USAO, Eastern District of Michigan)**



### **Additional Investigative Press Releases**

The press release below demonstrates the types of fraud schemes that impact HUD's programs and the communities that rely on them.

[Two Business Owners Pleaded Guilty to Federal Program Theft in Relation to the Misappropriation of Operational Funds From the United States Department of Housing and Urban Development](#)



## Improving IT Modernization and Cybersecurity

The efficiency and effectiveness of HUD’s programs rely on HUD’s ability to effectively modernize its information technology (IT) systems to support emerging program office needs and protect its systems and data from cybersecurity vulnerabilities.

HUD has made notable progress over several years in addressing its IT and cybersecurity infrastructure; however, HUD must continue its efforts to strengthen its IT, cybersecurity, and data management systems toward adapting and

implementing a secure and modernized IT environment.

### Recent HUD OIG Reports

#### [Fiscal Year 2023 Federal Information Security Modernization Act Penetration Test and Vulnerability Assessment](#)

HUD OIG completed its FY 2023 Federal Information Security Modernization Act of 2014 (FISMA) penetration test and vulnerability assessment, which tested and verified the technical implementation of a limited set of security controls on judgmentally selected HUD information systems and applications. This evaluation determined that HUD demonstrated success in securely configuring networks and systems. However, the evaluation revealed security weaknesses in one of the systems tested, which HUD should continue to improve. HUD OIG made six recommendations to help HUD address weaknesses and improve its overall security posture. This report is not public. **(HUD OIG Report 2023-OE-0001a, Office of Chief Information Officer)**

#### New and Ongoing Related Oversight

[FY 2024 FISMA Evaluation, announced December 2023](#)

[HUD Personally Identifiable Information Risk Management in a Zero Trust Environment, announced January 2024](#)

[FY 2024 Determining HUD’s Compliance With the Geospatial Data Act of 2018, announced January 2024](#)

#### [Fiscal Year 2023 Federal Information Security Modernization Act Evaluation Report](#)

In accordance with FISMA, HUD OIG is required to conduct an annual evaluation of HUD’s information security (InfoSec) program. HUD OIG evaluated the effectiveness of HUD’s InfoSec program, assessed its compliance with Federal guidance, and responded to U.S. Office of Management and Budget reporting questions for the FY 2023 annual assessment. HUD’s InfoSec program averaged a score of 2.60 for the 20 core metrics and 2.86 for the FY 2023 supplemental metrics, which are both at the “defined” maturity level and considered not effective. While HUD has improved overall, it dropped in maturity in 4 of 5 core metrics. HUD made notable progress on increasing maturity on 10 metrics but should continue to focus on prioritizing maturity in the 20 core metrics and compliance with key cyber executive orders and requirements. These efforts will require a shared responsibility of proper resourcing, planning, and support from all levels of HUD leadership. HUD OIG made 23 recommendations to improve HUD’s InfoSec program. **(HUD OIG Report No. 2023-OE-0001, Office of Chief Information Officer)**



## Managing Human Capital

HUD must recruit and retain a diverse, skilled, and accountable workforce that effectively meets its business needs to accomplish its mission.

HUD recognizes its challenges in human capital management and identified several strategies to address them in its Strategic Plan, which include allocating resources to ensure that human capital planning and operations enable HUD to hire and retain a highly skilled workforce; providing opportunities for continuous development and professional growth to meet HUD's mission needs; proactively preventing discrimination; integrating principles of diversity, equity, inclusion, and

accessibility into all HUD programs, policies, and practices; and creating a safe, engaged, and high-performing work culture.

### Recent HUD OIG Reports

#### [U.S. Department of Housing and Urban Development Employee Retention](#)

HUD OIG conducted an evaluation of HUD's employee retention strategy for FY 2019-2022 to determine how well its retention strategies aligned with best practices. This evaluation determined that HUD's departmentwide retention strategy from FY 2019 to 2022 mostly aligned with best practices and that the Office of the Chief Human Capital Officer (OCHCO) had a proactive approach to retention. OCHCO had also taken the initiative to conduct an exit survey of all departing HUD employees; however, the evaluation found that HUD could better leverage the data it was collecting to address causes of attrition identified in the survey. HUD's overall voluntary attrition rate was below the average rate of comparable agencies but increased during the period FY 2019-2022. If this trend continues, HUD's rate may exceed the comparable agencies' rate in future years. HUD OIG made five recommendations to assist HUD in improving the quality and usefulness of its retention-related data and determining and addressing the causes behind higher than benchmarked attrition in its subgroups. **(HUD OIG Report No. 2022-OE-0008, Office of Chief Human Capital Officer)**

#### [Recruitment of Individuals Who Identify as Hispanic or Latino for Employment With the U.S. Department of Housing and Urban Development](#)

HUD OIG conducted an evaluation of HUD's OCHCO and Office of Departmental Equal Employment Opportunity (ODEEO) to assess the effectiveness of its recruitment of employees who identify as Hispanic or Latino. This evaluation determined that OCHCO and ODEEO faced challenges with determining the impact of recruitment efforts related to individuals who identify as Hispanic or Latino because HUD does not have a departmentwide standard for how to measure recruitment success. Further, OCHCO began tracking recruitment events it attended or planned to attend in February 2022 but did not track all recruitment efforts from other HUD program offices or their respective field offices. Collecting and maintaining complete information about all recruitment efforts, as well as being able to



measure the impact of those efforts, are crucial to measuring the success of the recruitment process. OCHCO also faced data limitations related to its race and national origin data, in that the data did not include a category for employees who choose not to identify their national origin. HUD OIG made three recommendations to improve OCHCO's ability to determine the impact of recruitment efforts and to collect information about recruitment efforts across all HUD program offices and their respective field offices. **(HUD OIG Report No. 2023-OE-0002, Office of Chief Human Capital Officer)**

### **New and Ongoing Related Oversight**

[HUD's Utilization and Oversight of Its Remote Work and Telework Programs, announced February 2024](#)

[HUD Office of Departmental Equal Employment Opportunity Complaint Processing, announced February 2024](#)



## Increasing Effectiveness in Procurement

HUD’s program offices rely heavily on contracting and procurement services to sustain and effectively achieve their mission.

HUD has longstanding challenges related to procurement and acquisition management and has acknowledged a need to streamline and improve business function processes. To increase its effectiveness in procurement, HUD must focus on improving its IT acquisitions and quality assurance surveillance plans.

### Recent HUD OIG Reports

#### [Risk Assessments of HUD’s Charge Card Programs](#)

As required by the Charge Card Abuse Prevention Act of 2012, Public Law 112-194, HUD OIG performed risk assessments of HUD’s purchase and travel card programs to analyze and identify the risks of illegal, improper, or erroneous purchases. HUD OIG used HUD’s information to assess the risk for eight different risk factors and ranked each risk factor as low, medium, or high, based on predetermined criteria. HUD OIG determined that the overall risk for both programs was low and did not require an audit; however, there were areas of medium risk in which HUD could make improvements to strengthen its charge card controls related to three risk factors for the purchase card assessment and one risk factor for the travel card assessment. The risks in both programs centered around weaknesses in procedures and monitoring. HUD OIG recommended that HUD develop and implement policies and procedures in the areas that were assessed as medium to help strengthen its controls and oversight for its purchase card and travel card programs. **(HUD OIG Report No. 2024-FO-0005, Office of Chief Financial Officer and Chief Procurement Officer)**

#### **New and Ongoing Related Oversight**

[Requirements Documentation in HUD’s Acquisition Process, announced December 2023](#)



## Financial Statements

Inspectors General have a responsibility to audit the financial statements of their agency or select and participate in the contracting of independent public accounting (IPA) firms to perform the audit. During this reporting period, the U.S. Department of Housing and Urban Development, Office of Inspector General (HUD OIG), contracted with CliftonLarsonAllen LLP (CLA) to audit the financial statements of HUD, the Federal Housing Administration (FHA), and the Government National Mortgage Association (Ginnie Mae) as of and for the fiscal years ending September 30, 2023, and 2022.

### [Audit of HUD's Fiscal Years 2023 and 2022 Financial Statements](#)

HUD OIG contracted with CLA to audit HUD's financial statements as of and for the fiscal years ending September 30, 2023, and 2022, and report on HUD's internal control over financial reporting and compliance with laws, regulations, contracts, and grant agreements, among other matters. In its audit of HUD, CLA reported (1) that the financial statements as of and for the fiscal years ending September 30, 2023, and 2022, were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles; (2) no material weakness for fiscal year 2023 in internal control over financial reporting, based on the limited procedures performed; (3) one significant deficiency for fiscal year 2023 in internal control over financial reporting, based on the limited procedures performed; and (4) one reportable matter for fiscal year 2023 of noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements or other matters.

### [Audit of FHA's Fiscal Years 2023 and 2022 Financial Statements](#)

HUD OIG contracted with CLA to audit the financial statements of FHA as of and for the fiscal years ending September 30, 2023, and 2022, and report on FHA's internal control over financial reporting and compliance with laws, regulations, contracts, and grant agreements, among other matters. In its audit of FHA, CLA reported (1) that the financial statements as of and for the fiscal years ending September 30, 2023, and 2022, were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles; (2) no material weakness for fiscal year 2023 in internal control over financial reporting, based on the limited procedures performed; (3) one significant deficiency for fiscal year 2023 in internal control over financial reporting, based on the limited procedures performed; and (4) no reportable matters for fiscal year 2023 of noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements or other matters.

### [Audit of Government National Mortgage Association's Fiscal Years 2023 and 2022 Financial Statements](#)

HUD OIG contracted with CLA to audit the financial statements of Ginnie Mae as of and for the fiscal years ending September 30, 2023, and 2022, and report on Ginnie Mae's internal control over financial reporting and compliance with laws, regulations, contracts, and grant agreements, among other matters. In its audit of Ginnie Mae, CLA reported (1) that Ginnie Mae's financial statements were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles; (2) no material weaknesses for fiscal year 2022 in internal control over financial reporting, based on limited procedures performed; and (3) no reportable noncompliance issues for fiscal year 2023 with provisions of applicable laws, regulations, contracts, and grant agreements or other matters.

#### **New and Ongoing Related Oversight**

[Fiscal Year 2024 Annual FHA Financial Statement Audit, announced February 2024](#)

[Fiscal Year 2024 Annual Ginnie Mae Financial Statement Audit, announced February 2024](#)

[Fiscal Year 2024 Annual HUD Financial Statement Audit, announced February 2024](#)



## Whistleblower Protection

Whistleblowers play a critical role in keeping 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 HUD OIG employees are informed of their rights to disclose waste, abuse, or misconduct in HUD programs without fear of reprisal and to seek redress when they believe they have been subject to retaliation for blowing the whistle. Generally, HUD OIG will refer these employees to the U.S. Office of Special Counsel.

In addition, HUD OIG receives complaints filed under 41 U.S.C. (United States Code) Section 4712, the statute that extends whistleblower protections to employees of Federal contractors, subcontractors, grantees, subgrantees, and personal services contractors. An employee covered by Section 4712 may file a retaliation complaint with HUD OIG. HUD OIG reviews these retaliation complaints and, when appropriate, investigates the allegations and provides a report of findings to the HUD Secretary to make a determination concerning whether unlawful reprisal has occurred.

The chart below provides information about whistleblower retaliation complaints HUD OIG received during this reporting period.

Number of complaints alleging whistleblower retaliation	58
Complaints meeting threshold requirements for investigation	27

In addition to HUD OIG’s investigative role, the Whistleblower Protection Coordinator supports HUD OIG’s effort to protect whistleblowers by providing training and information related to

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

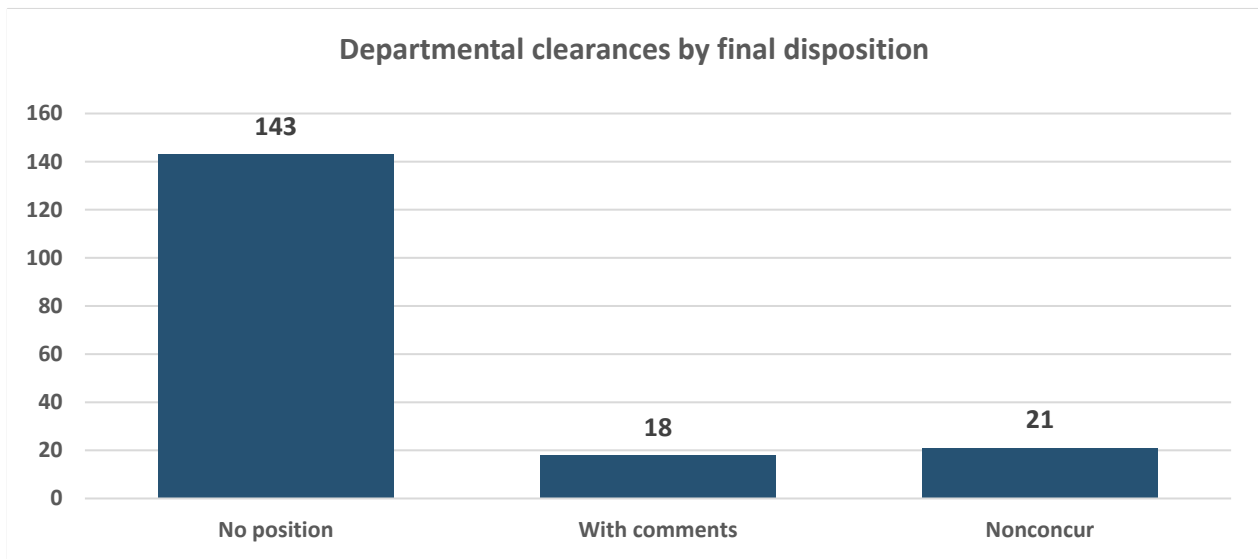
HUD OIG personnel receive mandatory whistleblower training that includes topics related to whistleblower rights and protections, making protected disclosures, and how to report wrongdoing. The Whistleblower Protection Coordinator may be contacted by email at [whistleblower@hudoig.gov](mailto:whistleblower@hudoig.gov).





## Legislation, Regulations, and Other Directives

Reviewing and making recommendations on legislation, regulations, and policy issues is a critical part of the U.S. Department of Housing and Urban Development, Office of Inspector General’s (HUD OIG) responsibilities under the Inspector General Act of 1978, as amended. During this 6-month reporting period, HUD OIG reviewed 182 issuances. HUD OIG provided comments on 18 (10 percent) of the issuances and nonconcur on 21 (12 percent). The draft directives consisted of 106 notices, 21 mortgagee letters, and 55 other directives. Of the 55 other directives, HUD OIG reviewed 15 handbooks-guidebooks, 12 final rules and 1 proposed rule, 11 research reports, 1 research proposal, 8 congressional reports, 2 policy statements, 1 frequently asked questions document, and 4 other items.



### Legislation

#### HUD’s Request for Permanent Authorization of the CDBG-DR Program in Response to OIG Recommendations

Community Development Block Grant Disaster Recovery (CDBG-DR) grant funds are not provided under a program codified in the Code of Federal Regulations (CFR). Although the CDBG program requirements provide a framework, HUD must issue Federal Register (FR) notices with additional, disaster-specific program requirements and waivers for each supplemental appropriation. With each newly issued FR notice, grantees must navigate the various notices, consider their communities’ pressing unmet needs, and develop a program that navigates both. These steps are expected to be completed during a time of great uncertainty, given that personnel, operations, and infrastructure may have been impacted following a disaster. HUD OIG and the U.S. Government Accountability Office have issued multiple oversight reports with recommendations to ensure that HUD’s Disaster Recovery funding reaches vulnerable communities quickly.

HUD OIG has recommended that HUD codify the CDBG-DR program through regulations to simplify and standardize the process and, more recently, that HUD pursue codification of the CDBG-DR program through regulations or, if necessary, seek legislative action. HUD has consistently maintained that it does not have the statutory authority to codify the CDBG-DR program through the regulatory process. It has



taken positive steps it believes it has the authority to take, including through its consolidated notices and program guides for grantees and others. HUD has also taken consistent, meaningful steps to address HUD OIG's recommendations to pursue permanent authorization through legislative action. Secretary Fudge and former Secretary Carson have both expressed public support for permanent authorization in testimony before committees of Congress. Importantly, HUD's Fiscal Year 2025 Congressional Budget Justification notes:

Permanent authorization of CDBG-DR would improve the transparency and predictability of CDBG-DR funds made available to impacted communities. Permanent authorization would also require HUD to establish consistent regulatory requirements for CDBG-DR across all future disasters, eliminating the current practice of establishing new requirements in response to each supplemental appropriation of CDBG-DR funds.

In successive legislative years, bipartisan, bicameral congressional support for permanent authorization has resulted in bills, such as the House and Senate versions of The Reforming Disaster Recovery Act, which are responsive to HUD OIG's recommendations. Permanently authorizing the CDBG-DR program would streamline, reform, and inject greater fiscal responsibility into the program; mitigate funding lags and duplicative requirements; and ultimately help HUD achieve its mission of helping communities recover from natural disasters with critical housing assistance in a timely manner.

### **Warnings and Certifications**

By law, HUD OIG is responsible for providing policy direction for, recommending policies to promote economy and efficiency in the administration of, and preventing and detecting fraud and abuse in HUD's programs and operations, including the identification and prosecution of participants in such fraud or abuse. HUD OIG regularly makes recommendations to HUD to include standard warnings and certifications in its policies and forms to protect HUD's programs from fraud. Clear warnings on HUD documents put fraudsters on notice that there can be serious criminal, civil, and administrative consequences to their actions to help discourage fraud. Certifications of accuracy and truthfulness under penalty of perjury, as well as warnings, play an important role in promoting accountability and enabling effective prosecution of those who commit fraud.

HUD OIG, therefore, continues to recommend that HUD include the following language in policies that it reviews:

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. [United States Code] §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).

HUD continues to be receptive to these recommendations and has accepted and incorporated HUD OIG's recommended warning and certification language into several of its policies.

### **Notices and Other Directives**

Notice of funding opportunities - HUD OIG has worked to complete implementation of a new notice of funding opportunities template and administrative standards document for fiscal year (FY) 2024 that corrects and clarifies guidance to grantees regarding their obligation under 41 U.S.C. Section 4712 to notify their employees about their rights as whistleblowers in Federal programs. HUD also incorporated



41 U.S.C. Section 4712 language into the update of the single room occupancy housing assistance payments contract renewal forms.

HUD's home equity conversion mortgages for seniors - HUD continued to make adjustments to the Home Equity Conversion Mortgage program to make it easier for approved lenders to transfer loans reaching 98 percent of the maximum claim amount to HUD and to address borrower defaults.

Housing Opportunity Through Modernization Act of 2016 - HUD extended the implementation dates for the Act, which revises the calculation of income and assets for HUD-assisted tenants. The extension will also extend HUD's transition from the Inventory Managements System/Office of Public and Indian Housing (PIH) Information Center (IMS/PIC) to the Housing Information Portal, which is intended to address the longstanding data limitation of the legacy IMS/PIC system.

Affirmatively Furthering the Fair Housing Rule - HUD continues to work towards finalizing its proposed rule, which would require program participants to submit a fair housing equity plan, consisting of analysis and identification of fair housing issues and setting goals to overcome identified issues; to engage with the community and groups representing underserved communities, which include organizations that advocate on behalf of individuals with disabilities; and to adopt a citizen participation plan. This proposed rule would also provide clear enforcement mechanisms for HUD to ensure its grantees are meeting their obligations to affirmatively further fair housing.

Indian Home Loan Guarantee Program - HUD issued a final rule that amends the regulations governing the Section 184 Indian Home Loan Guarantee Program to fiscally strengthen the program by clarifying rules for lenders, tribes, and borrowers. This final rule adds participation and eligibility requirements for lender applicants, direct guarantee lenders, nondirect guarantee lenders, holders and servicers, and other financial institutions. It also clarifies the rules governing tribal participation in the program; establishes underwriting requirements; specifies rules on the closing and endorsement process; establishes stronger and clearer servicing requirements; establishes program rules governing claims submitted by servicers and paid by HUD; and adds standards governing monitoring, reporting, sanctions, and appeals.

CDBG-DR and CDBG Mitigation – HUD issued a notice which governs CDBG-DR and CDBG Mitigation (CDBG-MIT) funds awarded under several appropriations acts. Specifically, this notice provides waivers and establishes alternative requirements for certain CDBG-DR and CDBG-MIT grantees that have submitted requests for waivers and alternative requirements for grants provided under the public laws cited in this notice. In the original clearance, HUD proposed to allow grantees with CDBG-DR or -MIT funds of \$100 million or less to replace the internal audit requirement with a single audit performed in accordance with 2 CFR (Code of Federal Regulations) 200.501(a). Initially, HUD OIG nonconcurred because a single audit is not designed to test for fraud, waste, and abuse. Considering HUD OIG's nonconcurrency, HUD dropped this proposal language from the clearance.

Payment supplement directive-mortgagee letter - This is a Federal Housing Administration (FHA) mortgagee letter that establishes a new "payment supplement" loss mitigation option for FHA-insured single-family forward mortgages. Past loss mitigation options have proven successful in helping delinquent borrowers stay current on their mortgages, preventing foreclosure, and reducing losses to FHA's Mutual Mortgage Insurance Fund (MMIF). This new payment supplement option includes two components: (1) a partial claim that brings the mortgage current and allows the arrearages to be placed into a zero-interest subordinate mortgage and (2) a monthly principal reduction (MoPR) payment for 3



years that will cover a portion of the principal due on the borrower's monthly mortgage payment. The payment supplement will be funded by the MMIF and recorded in a zero-interest note, subordinate mortgage, and payment supplement agreement. FHA lenders will be required to place the MoPR funds into a separate, non-interest-bearing payment supplement account and disburse funds monthly to apply toward principal. The maximum MoPR is a 25 percent principal and interest reduction for 36 months or the principal portion of the mortgage payment, whichever is lower. The mortgagee letter states that HUD will provide FHA lenders with a one-time \$1,750 incentive payment for using the new payment supplement loss mitigation option in accordance with all requirements. HUD intends to make the payment supplement a permanent part of FHA's loss mitigation options.



## Peer Review

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 U.S. Department of Housing and Urban Development, Office of Inspector General’s (HUD OIG) Offices of Audit, Evaluation, and Investigation are required to undergo a peer review every 3 years 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.

**Table 1. Peer reviews conducted on HUD OIG**

Type of review	Date of peer review	Reviewing OIG	Rating	Outstanding recommendations
Audit	December 17, 2021	USAID* OIG	Pass	None
Evaluation	March 28, 2023	DHS** OIG	In compliance	None
Investigation	October 14, 2022	SSA*** OIG	In compliance	None

**Table 2. Peer reviews conducted by HUD OIG**

Type of review	Date of peer review	Reviewing OIG	Rating	Outstanding recommendations
Audit	March 29, 2024	HHS**** OIG	Pass	None
Evaluation	August 24, 2023	TVA***** OIG	In compliance	None
Investigation	June 5, 2020	DHS OIG	In compliance	None

\* U.S. Agency for International Development

\*\* U.S. Department of Homeland Security

\*\*\* Social Security Administration

\*\*\*\* U.S. Department of Health and Human Services

\*\*\*\*\* Tennessee Valley Authority



# Appendix 1 - Reports Issued This Semiannual Period

## Audit Reports

### Chief Financial Officer

2024-FO-0003	<a href="#">Transmittal of Independent Public Accountant’s Audit Report on the U.S. Department of Housing and Urban Development’s Fiscal Years 2023 and 2022 Financial Statements, 11/15/2023</a>
2024-FO-0005	<a href="#">Risk Assessments of HUD’s Charge Card Programs, 03/29/2024</a>

### Community Planning and Development

2024-FW-0001	<a href="#">Preventing Duplication of Benefits When Using Community Development Block Grant Disaster Recovery and Mitigation Funds, 10/24/2023</a>
2024-FW-1001	<a href="#">The Puerto Rico Department of Housing Should Enhance Its Fraud Risk Management Practices, 10/27/2023</a>
2024-FW-0002	<a href="#">CPD Could Improve the Timing of Delivery of Disaster Recovery Funding, 12/15/2023</a>
2024-FO-0004	<a href="#">Financial Information Collected From CDBG Grantees Needs Improvement, 02/09/2024</a>
2024-FW-1002	<a href="#">After More Than 6 Years, the City of New Orleans’ National Disaster Resilience Project Activities Had Made Little Impact on Resilience, 03/11/2024. Questioned: \$104,425. Unsupported: \$104,425. Better use: \$14,683,335.</a>
2024-FW-1003	<a href="#">The Puerto Rico Housing Finance Authority’s Homebuyer Assistance Program Positively Impacted Participants but May Not Have Distributed Disaster Recovery Funds Equitably, 03/22/2024</a>

### Fair Housing and Equal Opportunity

2024-BO-1001	<a href="#">The Kentucky Commission on Human Rights, Louisville, KY, Has Opportunities To Improve Its Fair Housing Complaint Intake Process, 02/15/2024</a>
2024-BO-0002	<a href="#">Fair Housing Initiatives Program Organizations Promoted Equity in the Education and Outreach Initiative To Reach Underserved Populations, 02/16/2024</a>

### Government National Mortgage Association

2024-FO-1001	<a href="#">Audit of Government National Mortgage Association’s Fiscal Years 2023 and 2022 Financial Statements, 11/13/2023</a>
--------------	---



## Housing

2024-BO-0001	<a href="#">Opportunities Exist To Improve HUD’s FHA Resource Center’s Routing of Housing Discrimination Inquiries, 12/18/2023</a>
2024-CH-0001	<a href="#">HUD Lacked Adequate Oversight of Multifamily Housing Properties With Failing REAC Scores or Life-Threatening Deficiencies, 02/13/2024</a>
2024-FO-0002	<a href="#">Transmittal of Independent Public Accountant’s Audit Report on the Federal Housing Administration’s Fiscal Years 2023 and 2022 Financial Statements, 11/13/2023</a>

## Audit-Related Memorandums

<a href="#">Priority Open Recommendations for Fiscal Year 2024, 01/05/2024</a>
<a href="#">Top Management Challenges Facing the U.S. Department of Housing and Urban Development in FY 2024, 11/13/2023</a>

## Evaluation Reports

Report #	Report title
2022-OE-0004	<a href="#">Carbon Monoxide in HUD-Assisted Housing, 11/26/2023</a>
2023-OE-0001a	<a href="#">Fiscal Year 2023 Federal Information Security Modernization Act of 2014 Penetration Test Evaluation Report, 12/20/2023</a>
2022-OE-0008	<a href="#">U.S. Department of Housing and Urban Development Employee Retention, 01/19/2024</a>
2023-OE-0001	<a href="#">HUD FY 2023 Federal Information Security Modernization Act (FISMA) Evaluation Report, 01/29/2024</a>
2023-OE-0002	<a href="#">Recruitment of Individuals Who Identify as Hispanic or Latino for Employment With the U.S. Department of Housing and Urban Development, 02/14/2024</a>

## Management Alert

Report #	Report title
2024-IG-0001	<a href="#">Action Is Needed From HUD Leadership To Resolve Systemic Challenges With Improper Payments</a>



## Appendix 2 - Streamlined Semiannual Reporting Requirements

Section 5273 of the Fiscal Year 2023 National Defense Authorization Act (NDAA) included reforms recommended by the Inspector General community as part of its legislative priorities for the 117th Congress, streamlining and modernizing semiannual reporting requirements, maximizing transparency, and allowing Offices of Inspector General (OIG) to better focus semiannual reports (SAR) on their most significant activities and most critical issues facing the agencies they oversee.

These reforms provide more flexibility for each OIG to use the SAR as a conduit for information that it has already made public and to leverage external websites, to include [www.oversight.gov](http://www.oversight.gov). In addition, the NDAA eliminated certain reporting requirements that had been incorporated into The Inspector General Empowerment Act (Public Law 114-317), enacted in December 2016.

Below are the U.S. Department of Housing and Urban Development (HUD), OIG's statutory requirements as set forth by the NDAA, as well as the Trafficking Victims Prevention and Protection Reauthorization Act of 2022.

### **Federal Financial Management Improvement Act of 1996 – (a)(7)**

Section 803(a) of the Federal Financial Management Improvement Act (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 SAR instances and reasons when an agency has not met the intermediate target dates established in its remediation plans.

As of March 31, 2024, HUD OIG and HUD had not identified any systems that were noncompliant with the three section 803(a) elements of FFMIA. HUD has closed all previous recommendations related to previously noncompliant systems.





### Statistical Table Showing Investigative Report Metrics – (a)(11) and 12

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 4.8, and the database is SQL 2022. HUD 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 table provides additional guidance pertaining to each requested category of information.

Measure	Total
A. Total number of investigative reports issued during the reporting period	106
B. Total number of persons referred to the U.S. Department of Justice for criminal prosecution during the reporting period	34
C. Total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period	16
D. Total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	140

#### Footnotes

A. Includes approved reports of investigation

D. Includes all charging documents reported: criminal complaints, indictments, informations, and superseding indictments

### Senior Government Employee Investigations – (a)(13)

A report on each investigation conducted by the office in which allegations of misconduct were substantiated involving a senior government employee or senior official (as defined by the office) if the establishment does not have senior government employees, which should include - (A) the name of the senior government employee if already made public by the office and (B) a detailed description of - (i) the facts and circumstances of the investigation and (ii) the status and disposition of the matter, including - (I) if the matter was referred to the Department of Justice, the date of the referral and (II) if the Department of Justice declined the referral, the date of the declination.

None.



### **Instances of Whistleblower Retaliation – (a)(14)**

(A) A detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation and (B) what, if any, consequences the establishment imposed to hold the official described in subparagraph (A) accountable.

None.

### **OIG Independence – (a)(15)**

Information related to interference by the establishment, including - (A) a detailed description of any attempt by the establishment to interfere with the independence of the office, including - (i) with budget constraints designed to limit the capabilities of the office and (ii) incidents in which the establishment has resisted or objected to oversight activities of the office or restricted or significantly delayed access to information, including the justification of the establishment for such action, and (B) a summary of each report made to the head of the establishment under section 6(c)(2) during the reporting period.

None.

### **Reports That Were Closed During the Period That Were Not Disclosed to the Public - (a)(16)**

Detailed descriptions of the particular circumstances of each (A) inspection, evaluation, and audit conducted by the office that is closed and was not disclosed to the public and (B) investigation conducted by the office involving a senior government employee that is closed and was not disclosed to the public.

Fiscal Year 2023 Federal Information Security Modernization Act Penetration Test and Vulnerability Assessment. HUD OIG made six recommendations to help HUD address weaknesses and improve its overall security posture. This report contains sensitive information and is not public.

HUD OIG initiated an investigation based on allegations that a senior HUD employee ordered a subordinate to award a contract to a contractor whose bid proposal was nearly \$10 million above other contractor proposals. The investigation determined that the proposal was solicited and evaluated using the best value tradeoff method. By this method, the government can award a contract to a higher technically rated contractor over the lowest priced contractor when it is in the best interest of the government. After conducting interviews and reviewing documents, HUD OIG concluded that there was insufficient evidence to substantiate these allegations. HUD OIG referred the senior HUD employee to the applicable HUD program office for administrative action. The HUD program office determined that no action was warranted against the senior HUD employee.

### **Trafficking Victims Prevention and Protection Reauthorization Act of 2022**

The Trafficking Victims Prevention and Protection Reauthorization Act of 2022 requires OIG to annually report (1) the number of suspected violations of the Act reported, (2) the number of investigations, (3) the status and outcomes of such investigations, and (4) any recommended actions to improve the programs and operations of such agency.

HUD OIG successfully developed and implemented human trafficking training into the annual ethics training curriculum, which was completed by all agency employees. The training educated HUD OIG



employees on how to prevent, identify, and report trafficking in persons and assessed employees' understanding of the material with scenarios and challenge questions.

HUD OIG performed a review of records for this semiannual reporting period, which resulted in no reportable instances of human trafficking as is required by the Trafficking Victims Prevention and Protection Reauthorization Act of 2022.



## Appendix 3 - Reporting Table

New citation	New requirement (NDAA* for fiscal year 2023, sec. 5273)	Page number
(a)(1)	a description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of the establishment and associated reports and recommendations for corrective action made by the Office	<a href="#">11-31</a>
(a)(2)	an identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential costs savings associated with the recommendation	<a href="#">Table A</a> <a href="#">Oversight.gov</a> <a href="#">HUD OIG Open Recommendation Dashboard</a>
(a)(3)	A summary of significant investigations closed during the reporting period	<a href="#">11-31</a>
(a)(4)	an identification of the total number of convictions during the reporting period resulting from investigations	<a href="#">6</a>
(a)(5)	information regarding each audit, inspection, or evaluation report issued during the reporting period, including-- (A) a listing of each audit, inspection, or evaluation; (B) if applicable, the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use, including whether a management decision had been made by the end of the reporting period	<a href="#">Appendix 1</a> <a href="#">Table C</a> <a href="#">Table D</a> <a href="#">HUD OIG Open Recommendation Dashboard</a>
(a)(6)	information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period	<a href="#">Table B</a>
(a)(7)	the information described under section 804(b) of the Federal Financial Management Improvement Act of 1996	<a href="#">Appendix 2</a>
(a)(8)	(A) an appendix containing the results of any peer review conducted by another Office of Inspector General during the reporting period; or (B) if no peer review was conducted within that reporting period, a statement identifying the date of the last peer review conducted by another Office of Inspector General;	<a href="#">46</a>
(a)(9)	list of any outstanding recommendations from any peer review conducted by another Office of Inspector General that have not been fully implemented, including a statement describing the	<a href="#">46</a>



New citation	New requirement (NDAA* for fiscal year 2023, sec. 5273)	Page number
	status of the implementation and why implementation is not complete;	
(a)(10)	a list of any peer reviews conducted by the Inspector General of another Office of the Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented;	<a href="#">46</a>
(a)(11)	<p>statistical tables showing</p> <p>(A) the total number of investigative reports issued during the reporting period;</p> <p>(B) the total number of persons referred to the Department of Justice for criminal prosecution during the reporting period;</p> <p>(C) the total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period; and</p> <p>(D) the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities;</p>	<a href="#">Appendix 2</a>
(a)(12)	a description of the metrics used for developing the data for the statistical tables under paragraph (11);	<a href="#">Appendix 2</a>
(a)(13)	a report on each investigation conducted by the Office where allegations of misconduct were substantiated involving a senior Government employee or senior official (as defined by the Office) if the establishment does not have senior Government employees...	None
(a)(14)	<p>(A) a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation; and</p> <p>(B) what, if any, consequences the establishment actually imposed to hold the official described in subparagraph (A) accountable;</p>	None
(a)(15)	<p>information related to interference by the establishment, including -</p> <p>(A) a detailed description of any attempt by the establishment to interfere with the independence of the Office, including—</p> <p>(i) with budget constraints designed to limit the capabilities of the Office; and</p> <p>(ii) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly</p>	None



New citation	New requirement (NDAA* for fiscal year 2023, sec. 5273)	Page number
(a)(16)	<p>delayed access to information, including the justification of the establishment for such action; and</p> <p>(B) a summary of each report made to the head of the establishment under section 6(c)(2) during the reporting period;</p> <p>Detailed descriptions of the particular circumstances of each -</p> <p>(A) Inspection, evaluation, and audit conducted by the Office that is closed and was not disclosed to the public; and</p> <p>(B) Investigations conducted by the office involving a senior government employee that is closed and not disclosed to the public.</p>	<a href="#">25</a> and <a href="#">44</a>

\* National Defense Authorization Act



## Appendix 4 - Acronyms and Abbreviations

**CDBG**—Community Development Block Grant

**CDBG-DR**—Community Development Block Grant Disaster Recovery

**CDBG-MIT**—Community Development Block Grant Mitigation

**CFR**—Code of Federal Regulations

**CLA**—CliftonLarsonAllen LLP

**CPA**—certified public accountant

**CPD**—Office of Community Planning and Development

**DHS**—U.S. Department of Homeland Security

**EOI**—Education and Outreach Incentive

**FFMIA**—Federal Financial Management Improvement Act

**FHA**—Federal Housing Administration

**FHEO**—Office of Fair Housing and Equal Opportunity

**FHIP**—Fair Housing Incentives Program

**FISMA**—Federal Information Security Modernization Act of 2014

**FR**—Federal Register

**FY**—fiscal year

**Ginnie Mae**—Government National Mortgage Association

**HBA**—Homebuyer Assistance Program

**HECM**—home equity conversion mortgage

**HUD**—U.S. Department of Housing and Urban Development

**IG**—Inspector General

**IMS/PIC**—Inventory Management System/PIH Information System

**InfoSec**—information security program

**IPA**—independent public accountant

**IT**—information technology

**MMIF**—Mutual Mortgage Insurance Fund

**MoPR**—monthly principal reduction

**NDAA**—National Defense Authorization Act

**NYCHA**—New York City Housing Authority

**OCHCO**—Office of the Chief Human Capital Officer

**OCIO**—Office of the Chief Information Officer

**ODEEO**—Office of Departmental Equal Employment Opportunity

**OFO**—Office of Field Operations

**OIG**—Office of Inspector General

**PBRA**—Project-Based Rental Assistance

**PHA**—public housing agency

**PIH**—Office of Public and Indian Housing

**PRDOH**—Puerto Rico Department of Housing

**PRHFA**—Puerto Rico Housing Finance Authority

**REAC**—Real Estate Assessment Center

**SAR**—Semiannual Report to Congress

**TBRA**—Tenant-Based Rental Assistance

**USAO**—U.S. Attorney's Office

**U.S.C.**—United States Code



## Appendix 5 - HUD OIG Directory

### Office of Audit

<b>HEADQUARTERS</b>	Washington, DC	202-708-0364
<b>FAIR HOUSING AUDIT DIVISION</b>	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
<b>SINGLE FAMILY HOUSING (ORIGINATIONS)-MULTIFAMILY INSURANCE AUDIT DIVISION</b>	New York, NY	212-264-4174
	Buffalo, NY	716-551-5755
	Newark, NJ	973-622-7900
<b>PORTIONS OF AUDIT OPERATIONS</b>	Atlanta, GA	404-331-3369
	Miami, FL	305-536-5387
<b>RENTAL ASSISTANCE-SAFE AND AFFORDABLE HOUSING AUDIT DIVISION</b>	Chicago, IL	312-913-8499
	Columbus, OH	614-280-6138
	Detroit, MI	313-226-6190
<b>DISASTER RECOVERY AUDIT DIVISION</b>	Fort Worth, TX	817-978-9309
	Baton Rouge, LA	225-924-6841
	Houston, TX	713-718-3199
	New Orleans, LA	504-671-3712
	San Juan, PR	787-766-5202
<b>GINNIE MAE-SINGLE FAMILY HOUSING (SERVICING) AUDIT DIVISION</b>	Kansas City, KS	913-551-5870
	Denver, CO	303-672-5475
	St. Louis, MO	913-551-5870
<b>GRANTS MANAGEMENT</b>	Los Angeles, CA	213-894-8016
	Phoenix, AZ	602-379-7100
	San Francisco, CA	415-489-6400

### Office of Evaluation

<b>HEADQUARTERS</b>	Washington, DC	<a href="mailto:evaluations@hudoig.gov">evaluations@hudoig.gov</a>
---------------------	----------------	--





**Office of Investigation**

<b>HEADQUARTERS</b>	Washington, DC	202-708-0390
<b>NORTHEAST REGION</b>	Boston, MA	617-994-8450
	Buffalo, NY	716-646-7105
	Hartford, CT	860-240-4800
	Newark, NJ	973-776-7342
	New York, NY	212-264-8062
<b>MID-ATLANTIC REGION</b>	Alexandria, VA	206-498-6461
	Baltimore, MD	410-962-2520
	Cleveland, OH	216-357-7800
	Columbus, OH	614-280-6137
	Philadelphia, PA	215-430-6758
	Pittsburgh, PA	412-644-6598
	Richmond, VA	804-771-2100
<b>SOUTHEAST REGION</b>	Atlanta, GA	404-331-5001
	Birmingham, AL	205-731-2630
	Miami, FL	305-536-3087
	San Juan, PR	787-766-5872
	Tampa, FL	305-536-3087
<b>MIDWEST REGION</b>	Chicago, IL	913-551-5866
	Detroit, MI	913-551-5866
	Indianapolis, IN	913-551-5866
	Kansas City, KS	913-551-5866
	St. Louis, MO	913-551-5866
<b>SOUTH CENTRAL REGION</b>	Baton Rouge, LA	817-978-5440
	Fort Worth, TX	817-978-5440
	Houston, TX	817-978-5440
	New Orleans, LA	817-978-5440
<b>WESTERN REGION</b>	Denver, CO	213-894-8000
	Los Angeles, CA	213-894-8000
	Phoenix, AZ	213-894-8000
	San Francisco, CA	415-489-6400

Report fraud, waste, abuse and mismanagement in HUD programs and operations.

**HUD OIG hotline:**

1-800-347-3735

<https://www.hudoig.gov/hotline>

**Visit online:**

[www.hudoig.gov](http://www.hudoig.gov)

SAR 91