



System Review Report

September 30, 2024

U.S. Department of Housing and Urban Development
Office of Inspector General
Audit Organization



U.S. Department of Transportation
Office of Inspector General

September 30, 2024

The Honorable Rae Oliver Davis
Inspector General
Office of Inspector General
U.S. Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410

Dear Ms. Oliver Davis,

We have reviewed the U.S. Department of Housing and Urban Development, Office of Inspector General's (HUD-OIG) system of quality control in effect for the 12-month period that ended March 31, 2024. This system of quality control should provide reasonable assurance that HUD-OIG's organizational structure, policies, and procedures conform, in all material respects, with generally accepted Government auditing standards and applicable statutory and regulatory requirements. The elements of quality control are described in the Government Accountability Office's *Government Auditing Standards*.

In our opinion, HUD-OIG's system of quality control in effect for the 12-month period that ended March 31, 2024, has been designed and complied with to provide HUD-OIG with reasonable assurance that its performance and reporting conform with applicable professional standards and statutory and regulatory requirements in all material respects.

Audit organizations can receive a rating of pass, pass with deficiencies, or fail. We have given HUD-OIG a rating of pass.

Basis of Opinion

We conducted our review in accordance with generally accepted Government auditing standards and CIGIE's *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.

To assess the risks implicit in HUD-OIG's audit functions, we interviewed audit personnel to gain an understanding of the organization and the system of quality control's design. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with HUD-OIG's system of quality control. The engagements selected represented a reasonable cross-section of the audit organization, with an emphasis on higher-risk engagements.

We also tested HUD-OIG's compliance with its quality control policies and procedures to the extent we considered appropriate. These tests covered the application of HUD-OIG's policies and procedures on selected engagements. Because it was based on selected tests, our review

would not necessarily detect all weaknesses in the quality control system or all instances of noncompliance.

Prior to concluding our review, we reassessed the adequacy of the scope of the peer review procedures and met with HUD-OIG management to discuss the results of our review. We believe that the procedures we performed provided a reasonable basis for our opinion. See the exhibit to this report for details on our scope and methodology and a list of the engagements we reviewed.

Responsibilities and Limitations

HUD-OIG is responsible for establishing and maintaining a system of quality control designed to provide reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable statutory and regulatory requirements. Our responsibility is to express an opinion on the system's design and HUD-OIG's compliance.

Inherent limitations exist in the effectiveness of any quality control system. As a result, noncompliance with the system may occur but may not be detected. Projection of a system evaluation to future periods is subject to the risk that the system may become inadequate due to changes in conditions or because compliance with policies or procedures deteriorates.

Monitoring of Engagements Performed by Independent Public Accountants

During our review, we also applied certain limited procedures to HUD-OIG's monitoring of engagements conducted by independent public accountants (IPA)—in accordance with generally accepted Government auditing standards—under contract to HUD-OIG. Please note that the monitoring of such engagements is not an audit, and therefore is not subject to the requirements of generally accepted Government auditing standards. The purpose of our limited procedures was to determine whether HUD-OIG had controls to ensure that IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion and we do not express an opinion on HUD-OIG's monitoring of work performed by IPAs.

We appreciate HUD-OIG's courtesies and cooperation during this review. If you have any questions, please contact me or Leonard Meade.

Sincerely,



Eric J. Soskin
Inspector General

Exhibit. Scope and Methodology

We tested compliance with HUD-OIG's system of quality control to the extent we considered appropriate. These tests included reviews of 8 of 24 engagement reports that HUD-OIG issued between April 1, 2023, and March 31, 2024 (see table). For the same reporting period, we also reviewed HUD-OIG's supporting documentation for monitoring IPAs' work for one of three IPA reports.

Engagements Reviewed by OIG

Report Number	Issue Date	Subject
2024-BO-0001	December 18, 2023	<i>Opportunities Exist To Improve HUD's FHA Resource Center's Routing of Housing Discrimination Inquiries</i>
2023-CH-1002	May 24, 2023	<i>The Stark Metropolitan Housing Authority, Canton, OH, Did Not Always Comply With Federal and Its Own Procurement Requirements</i>
2023-FW-1003	June 12, 2023	<i>The Virgin Islands Housing Finance Authority Did Not Effectively Monitor Its CDBG-DR Activities</i>
2023-KC-0005	June 13, 2023	<i>Servicers Generally Did Not Meet HUD Requirements When Providing Loss Mitigation Assistance to Borrowers With Delinquent FHA-Insured Loans</i>
2024-FO-0004	February 9, 2024	<i>Financial Information Collected From CDBG Grantees Needs Improvement</i>
2024-CH-0001	February 13, 2024	<i>HUD Lacked Adequate Oversight of Multifamily Housing Properties With Failing REAC Scores or Life-Threatening Deficiencies</i>
2023-LA-0005	July 28, 2023	<i>HUD Assisted Grantees in Navigating the ONAP COVID-19 Recovery Programs, But Grantees Reported Challenges</i>
2023-NY-0002	May 15, 2023	<i>HUD Can Improve Oversight of Its Temporary Endorsement Policy for Loans in COVID-19 Forbearance</i>
2024-FO-0001	November 13, 2023	<i>Transmittal of Independent Public Accountant's Audit Report on the Government National Mortgage Association's Fiscal Years 2023 and 2022 Financial Statements</i>

Source: HUD-OIG.