



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

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# SEMIANNUAL REPORT TO CONGRESS

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For the Period April 1, 2024, to September 30, 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 April 1, 2024, through September 30, 2024. During this reporting period, HUD OIG audits found more than \$70 million in funds that could be put to better use and nearly \$139,000 in questioned costs and recovered nearly \$18 million in collections. In addition, HUD OIG investigations resulted in 102 criminal convictions, 11 civil actions, and 18 governmentwide suspension and debarment actions, as well as more than \$51.1 million in restitution and judgments, with more than \$2.7 million in total recoveries and receivables going to HUD programs.



Fighting fraud, pursuing bad actors who prey on vulnerable HUD beneficiaries, and promoting accountability for HUD and its program participants are the primary focus areas for HUD OIG. I am proud to recognize yet another historic law enforcement accomplishment that HUD OIG participated in during this period. In July 2024, our office partnered with the U.S. Attorney's Office for the Eastern District of Virginia to obtain our first conviction for race-based interference with housing and employment. I am also proud to have participated in a series of Safe Housing Summits with U.S. Attorneys aimed at promoting health and safety in HUD housing units and combating sexual misconduct by providers of HUD-assisted housing. My office cohosted four summits alongside United States Attorneys Ereik L. Barron, District of Maryland; Matthew M. Graves, District of DC; Philip R. Sellinger, District of New Jersey; and Jessica D. Aber, Eastern District of Virginia.

Our oversight work has also had an impact on large public housing agencies across the country. Our audit work during this reporting period has found ways that public housing agencies can improve their inspection processes to ensure that Housing Choice Voucher Program units meet physical condition requirements, better address risks related to children with elevated blood lead levels and enhance their programs to manage lead hazards in their public housing units. These audits, featured in this report, identified ways to increase compliance with environmental laws and HUD requirements that can help reduce health and safety risks for HUD tenants.

We remain focused on making actionable recommendations that make a difference in HUD programs, as well as focusing HUD and its stakeholders on closing priority open OIG recommendations. Priority recommendations are those 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. The actions taken include improving the consistency of inspections in public housing, enhancing guidance related to actions taken to address troubled issuers in the Government National Mortgage Association's mortgage-backed securities program, and improving monitoring of cybersecurity threats. Through continued collaboration with HUD staff, the number of open and



outstanding recommendations decreased during this period – the 12<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 am proud of the dedication and work of HUD OIG’s staff. The achievements of our office are due to the dedication of our auditors, evaluators, investigators, attorneys, and professional staff. Together we will continue to 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.

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Rae Oliver Davis  
Inspector General



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# Highlights



**\$70,151,939**  
RECOMMENDED  
FUNDS PUT TO  
BETTER USE



**175**  
SUBPOENAS



**\$138,985**  
QUESTIONED  
COSTS



**102**  
CONVICTIONS-  
PLEAS-PRETRIAL  
DIVERSIONS



**\$17,645,337**  
COLLECTIONS  
FROM AUDITS



**99**  
INDICTMENTS AND  
INFORMATIONS



**\$51,105,084**  
TOTAL RESTITUTION  
AND JUDGMENTS



**11**  
CIVIL ACTIONS



**\$2,751,131**  
TOTAL RECOVERIES-  
RECEIVABLES TO  
HUD PROGRAMS



**36**  
TOTAL  
ADMINISTRATIVE  
SANCTIONS



## Profile of Performance

For the Period April 1, 2024, to September 30, 2024

Audit results. <sup>1</sup>	This reporting period	Fiscal year 2024
Recommended funds put to better use	\$70,151,939	\$84,835,274
Questioned costs	\$138,985	\$647,696
Collections from audits	\$17,645,337	\$26,425,996

Investigative results. <sup>2</sup>	This reporting period	Fiscal year 2024
Total restitution and judgements	\$51,105,084	\$68,671,261
Total recoveries and receivables to HUD programs	\$2,751,131	\$7,371,705
Arrests	34	139
Indictments, informations, and criminal complaints	99	239
Convictions, pleas, and pretrial diversions	102	163
Civil actions	11	27
Total administrative sanctions	36	125
Suspensions	9	79
Debarments	9	18
Program or professional license or certification	5	6
Evictions	0	3
Other <sup>3</sup>	13	19
Search warrants	12	30
Subpoenas	175	393
Total administrative referrals	68	189
Suspensions referred	11	98
Debarments referred	57	91

<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 investigative results during a semiannual reporting period. These figures are accurate as of September 30, 2024.

<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 our oversight and investigative responsibilities, the U.S. Department of Housing and Urban Development, Office of Inspector General (HUD OIG), has actively engaged with HUD, Congress, industry stakeholders, and the public to share our oversight priorities and outcomes. HUD OIG has also collaborated closely with our prosecutorial, law enforcement, and oversight partners to enhance transparency in our oversight activities. This proactive engagement has strengthened our partnerships, provided valuable opportunities to raise awareness about HUD OIG oversight, and expanded our ability to provide effective oversight of HUD's programs. Here are some key highlights.

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

Inspector General (IG) Rae Oliver Davis recently cohosted a series of Safe Housing Summits aimed at promoting the health, safety, and civil rights of tenants in HUD-assisted housing. These summits took place in Baltimore, MD, Washington, DC, Newark, NJ, and Richmond, VA, and featured participation from each district's United States Attorney: Erek L. Barron (District of Maryland), Matthew M. Graves (Washington, DC), Philip R. Sellinger (District of New Jersey), and Jessica D. Aber (Eastern District of Virginia).

The events included two-part discussions on how communities can collaborate to eliminate environmental hazards and combat sexual misconduct in HUD-assisted housing. The summits focused on promoting environmental justice, protecting civil rights, and ensuring safe living conditions for all residents.



Maryland  
Summit



District of Columbia  
Summit



New Jersey  
Summit



Eastern District of  
Virginia Summit

#### Impactful Oversight Series: Elevating Focus

To improve outcomes for households benefiting from HUD's rental assistance programs, OIG has developed audit programs that drill down on enterprisewide gaps in how HUD ensures that public housing agencies (PHA) and landlords maintain their properties in safe, sanitary, and decent condition. With a data-driven, strategic approach, HUD OIG is auditing large PHAs to examine issues such as whether the PHAs adequately managed lead hazards, as well as their actions to address elevated blood lead levels in children under the age of 6, and responses to deficiencies in the physical condition of their housing units. Four recently completed audit reports outline our findings related to HUD-assisted housing in [Boston](#), the [City of Los Angeles](#), [Cuyahoga](#), and [Columbus](#).

#### Other Benefits Tracking System

Along with monetary benefits, HUD OIG has developed a robust method to track the nonmonetary and other benefits of its reports and recommendations. HUD OIG has defined four types of nonmonetary benefits: (1) guidance enhancements, (2) process improvements, (3) increased program effectiveness, and (4) enhanced accuracy. HUD OIG is using an Other Benefits Review Board to ensure that all of its components consistently track and report the nonmonetary and other benefits that result from HUD's implementation of policy, guidance, technical, or other changes to address HUD OIG report recommendations. HUD OIG will begin reporting publicly on these other benefits in fiscal year 2025.



## Housing Oversight: Testimony of the U.S. Department of Housing and Urban Development and Federal Housing Finance Agency Inspectors General



[READ OR WATCH FULL TESTIMONY](#)

On June 26, 2024, IG Rae Oliver Davis provided testimony before the U.S. House of Representatives, Subcommittee on Housing and Insurance, for a hearing, entitled “Housing Oversight: Testimony of the HUD and FHFA [Federal Housing Finance Agency] Inspectors General.” The testimony focused on HUD OIG’s work to shine a spotlight on ongoing challenges faced by HUD to address improper payments and improve oversight of PHAs. IG Oliver Davis also discussed the importance of increased focus on fraud risk management within and by the Department, along with the critical role that whistleblowers play in reducing fraud, waste, abuse, and mismanagement. The IG also highlighted important initiatives to protect the health and safety

of low-income and vulnerable populations living in HUD-assisted housing, including its increased oversight of PHAs’ and landlords’ compliance with environmental safety laws and regulations. The testimony also highlighted HUD’s key management challenges, which are the focus of HUD OIG’s oversight and investigative work.

## Oversight Hearing: Inspectors General of the U.S. Department of Housing and Urban Development, the U.S. Department of Transportation, and the National Railroad Passenger Corporation

On September 18, 2024, IG Rae Oliver Davis testified before the U.S. House of Representatives Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies at a hearing, entitled “Oversight Hearing: Inspectors General of the Department of Housing and Urban Development, Department of Transportation, and the National Railroad Passenger Corporation.” IG Oliver Davis discussed OIG’s work related to HUD’s fraud risk management program and those of its program partners, as well as the Department’s progress in estimating and identifying improper payments. The IG also highlighted our ongoing work related to PHA oversight and priority open recommendations that if addressed by the Department, would make a significant impact on its mission execution. IG Oliver Davis’ testimony also addressed capacity challenges faced by HUD, noting that the challenges the Department faces, like capital needs in public housing, can outpace the Department’s ability to address them. The IG brought further focus on HUD OIG’s work to assist HUD in making impactful changes with the resources available to it.



[READ OR WATCH FULL TESTIMONY](#)

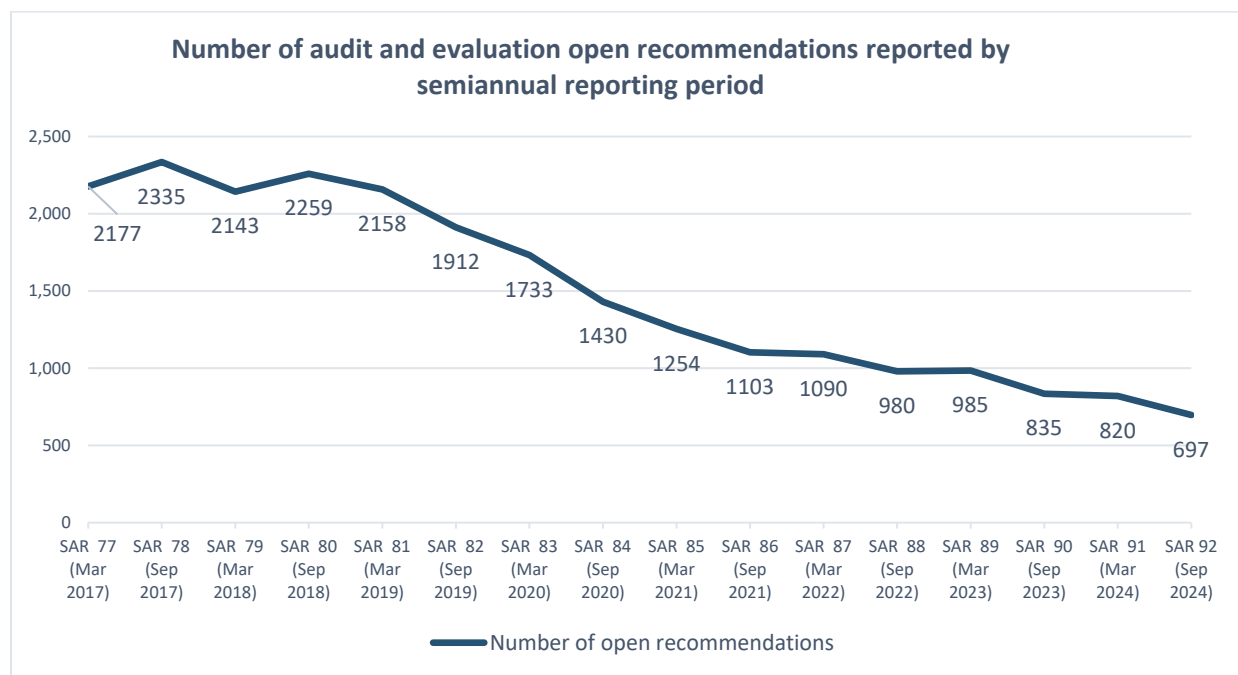




### Resolution of HUD OIG Recommendations

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 188 open recommendations from prior audits and evaluations, including 5 that were designated as [priority open recommendations](#), which are highlighted below.

This collaboration has resulted in a significant reduction in the number of open recommendations. As of September 30, 2024, HUD had 612 outstanding audit recommendations and 85 outstanding recommendations for evaluations, resulting in a total of 697 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.

### Closure of Priority Recommendations

OIG designates priority open recommendations to highlight recommendations that if implemented, would have the greatest impact on helping HUD achieve its mission and address its top management challenges. Below we highlight 5 priority recommendations that HUD closed during this reporting period. We track HUD’s progress in addressing all OIG recommendations, including those designated as priorities, on the Recommendations Dashboard.

On April 2, 2024, HUD closed priority open [recommendation 1B](#) from HUD OIG Audit Report 2023-CH-0004, [HUD Can Improve Its Oversight of the Physical Condition of Public Housing Developments](#), issued May 30, 2023, by developing and providing training and a step-by-step guide that details the PHA, field office, and HUD headquarters responsibilities for reviewing inspection deficiency corrections. The guide identifies the process for identifying and tracking life-threatening deficiencies and ensuring that mitigation of the deficiencies has occurred. The guide also addresses the field office's requirement to



track its PHA portfolio, and both Office of Public and Indian Housing (PIH) Notice PIH 2023-16 and the National Standards for the Physical Inspection of Real Estate final rule address the requirements for owners to correct non-life-threatening deficiencies.

On May 29, 2024, HUD closed priority open [recommendations 1B, 1C, and 1D](#) from HUD OIG Audit Report 2023-KC-0003, [Opportunities Exist for Ginnie Mae To Improve Its Guidance and Process for Troubled Issuers](#), issued March 28, 2023, by updating its policy and procedures to address (1) what type of information the Government National Mortgage Association (Ginnie Mae) may disclose and how it will handle protected information before extinguishment; (2) how Ginnie Mae will determine the portfolio value and price before a sale, which included updated job aids and templates within the Default Playbook; and (3) how Ginnie Mae intends to identify and evaluate prospective buyers to ensure its ability to absorb the extinguished portfolio before executing the purchase and sale agreement, which included updated job aids and templates within the Default Playbook.

On August 26, 2024, HUD OIG closed priority open [recommendation 16](#) from HUD OIG Evaluation Report 2019-OE-0002, [HUD Fiscal Year 2019 Federal Information Security Modernization Act of 2014 \(FISMA\) Evaluation Report](#), issued June 25, 2020, by defining HUD's use of various detection and protection mechanisms throughout HUD's environment to monitor traffic. These mechanisms include antimalware agents, data loss prevention, endpoint detection and response, firewalls, and intrusion detection and prevention systems. HUD's Security Operations Center (SOC) also developed standard operating procedures and playbooks for abnormal traffic alerts triggered by the above tools, which are posted internally for the use of SOC personnel. HUD should continue to evaluate the completeness and effectiveness of these procedures and further revise or add procedures as appropriate to address the ever-evolving threat landscape.



## 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 (HUD or the Department), Office of Inspector General (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.

This Semiannual Report 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.

The Department 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, “Eliminating Hazards in HUD-Assisted Housing,” to include sexual misconduct and other unsafe living conditions that disproportionately impact underserved and underrepresented communities most affected by these threats.

### Recent HUD OIG Reports

#### [The Columbus Metropolitan Housing Authority, Columbus, OH, Did Not Always Comply With HUD’s Requirements for Its Housing Choice Voucher Program Units](#)

HUD OIG conducted an audit of the Columbus Metropolitan Housing Authority’s Housing Choice Voucher (HCV) Program to determine whether the physical condition of the Authority’s HCV Program units complied with HUD’s and its own requirements. HUD OIG found that the Authority did not (1) always ensure that its HCV Program units met HUD’s housing quality standards, (2) consistently stop housing assistance payments to owners for uncorrected unit deficiencies, and (3) comply with HUD’s reporting requirements and data collection requirements of the Lead Safe Housing Rule for cases of children with elevated blood lead levels (EBLL). HUD OIG made several recommendations to improve the quality of the Authority’s inspection and follow up to ensure that residents are provided with decent, safe, and sanitary housing. **(HUD OIG Report No. 2024-CH-1001, Office of Public and Indian Housing)**

#### [The Cuyahoga Metropolitan Housing Authority, Cleveland, OH, Did Not Have Adequate Oversight of Lead-Based Paint in Its Public Housing](#)

HUD OIG conducted an audit of Cuyahoga Metropolitan Housing Authority’s management of lead-based paint in its public housing program to determine whether the Authority (1) complied with HUD’s requirements for children with EBLLs and (2) adequately managed lead-based paint and lead-based paint hazards in its public housing units. The audit found that the Authority did not (1) comply with HUD’s reporting and verification requirements for cases of children with EBLLs, (2) adequately manage lead-based paint and lead-based paint hazards in its public housing, and (3) reevaluate three units every 2 years as required. HUD OIG made several recommendations to the Authority, focusing on creating better procedures regarding lead disclosures, assessments, and environmental investigations. **(HUD OIG Report No. 2024-CH-1002, Office of Public and Indian Housing)**

### New and Ongoing Related Oversight

[HUD’s Reporting of Elevated Blood Lead Levels in HUD-Assisted Multifamily Properties Receiving Section 8 Project-Based Rental Assistance, announced September 2024](#)



### [The Housing Authority of the City of Los Angeles Did Not Adequately Manage Lead-Based Paint in Its Public Housing Units](#)

HUD OIG conducted an audit of the Housing Authority of the City of Los Angeles' management of lead-based paint and lead-based paint hazards in its public housing units to determine whether the Authority (1) complied with HUD's requirements for children with EBLs and (2) adequately managed lead-based paint and lead-based paint hazards in its public housing units. The audit found that the Authority (1) misapplied HUD's waiver of the requirement for physical inspections during the coronavirus 2019 pandemic to visual assessments and (2) misinterpreted HUD's requirements for visual assessments. The Authority also used standard treatments for remediating lead-based paint hazards; however, that method for remediating lead-based paint hazards does not apply to public housing, and it was incorrectly believed that work performed was for lead maintenance in preparation for exterior painting rather than hazard reduction. Further, the Authority lacked adequate policies, procedures, and controls to ensure that it appropriately managed its housing units that contained lead-based paint. As a result, households that participated in the Authority's public housing program were at an increased risk of exposure to lead-based paint hazards, particularly families with children under 6 years of age. HUD OIG made four recommendations to the Authority to improve the timeliness of visual assessments of lead-based paint and regarding risk assessments and reevaluation processes. **(HUD OIG Report No. 2024-CH-1003, Office of Public and Indian Housing)**

### [The Boston Housing Authority Did Not Always Comply With HUD's Requirements for Its Housing Choice Voucher Program Units](#)

HUD OIG audited the Boston Housing Authority's HCV Program based on its assessment of risks associated with public housing agencies' (PHA) HCV Program units, as well as recent media attention and public concern about the conditions of subsidized housing properties. The objective of the audit was to determine whether the physical condition of the Authority's HCV units complied with both HUD's and the Authority's requirements. The audit found that the Authority's inspectors did not thoroughly inspect housing units in a consistent manner and its quality control process for housing quality standards inspections had weaknesses. Further, (1) The Authority's information system did not have controls in place to stop payments properly, (2) the Authority did not consistently follow its own established procedures to take appropriate actions to address unit deficiencies, and (3) the Authority paid \$180,309 in housing assistance to owners for units with uncorrected deficiencies. Additionally, although the Authority was aware of HUD's EBL requirements, it (1) was uncertain about its authority to require owners to comply with those requirements and (2) believed that coordinating with the vast number of local health departments would have been challenging. As a result, families participating in the Authority's HCV Program resided in housing units that were not always decent, safe, and sanitary. Based on its statistical sample, HUD OIG estimates that over the next year, the Authority will pay owners more than \$34 million in housing assistance for units that do not meet housing quality standards. HUD OIG made several recommendations, including that HUD require the Authority to correct the outstanding unit deficiencies, address the \$106,477 in housing assistance payments to landlords that were not properly stopped, and improve its controls for inspections and monitoring compliance with the Lead Safe Housing Rules. **(HUD OIG Report No. 2024-CH-1004, Office of Public and Indian Housing)**

### **Fraud Bulletin**

#### [Beware of Fake Assisted-Housing Waitlists](#)

HUD OIG alerted the public to a scheme whereby fraudsters falsely announce on social media that waitlists for housing vouchers and other government-assisted housing are opening soon.



## Recent Related Investigations

### [Justice Department Secures Agreement To Resolve Sexual Harassment Lawsuit Against Savannah, GA, Landlord](#)

On April 29, 2024, a defendant and his two companies agreed to pay \$600,000 to resolve allegations that they violated the Fair Housing Act related to the defendant's participation in sexually harassing and retaliating against his female tenants for more than 15 years. Since at least 2008, the defendant had harassed female tenants by making repeated and unwelcome sexual comments and advances, inappropriately touching their bodies without their permission, entering their homes without their permission or knowledge, requesting sexual acts from them in exchange for rent or other housing-related benefits, and taking retaliatory actions against female tenants who rejected his sexual advances or complained about the harassment. **(Press Release, U.S. Attorney's Office (USAO), Southern District of Georgia)**

### [Montgomery County, PA, Landlord and His Property Management Company Agree To Pay \\$570,000 to Settle Allegations of Collecting Excess Rent From Section 8 Tenants](#)

On July 12, 2024, a defendant and his property management company agreed to pay \$570,000 to resolve allegations that they violated the False Claims Act related to their participation in HUD's HCV Program. The settlement resolves allegations that between January 1, 2017, and December 31, 2020, the defendant regularly charged HCV tenants more than unassisted tenants in comparable properties. These overcharges arose, in part, from the defendant's engagement in a prohibited quid pro quo sexual relationship with an unassisted tenant in which he made an unwelcome proposal to lower that tenant's monthly rental payments in exchange for sex. In doing so, the defendant overcharged the HCV tenants, whose rent was higher than this unassisted tenant, whose rent was regularly reduced. **(Press Release, USAO, Eastern District of Pennsylvania)**

### [Hampton, VA, Landlord Racially Harassed and Evicted Tenants, Then Used Their Identities To Defraud COVID Relief Programs](#)

On July 31, 2024, a defendant pleaded guilty to wire fraud, aggravated identity theft, and race-based interference with housing and employment. The defendant, an HCV Program landlord, owned 62 rental properties that were in poor condition and located in low-income neighborhoods. He rented the properties primarily to underprivileged African American tenants with limited credit and housing options. The defendant admitted that from 2019 through January 2024, he engaged in a multifaceted scheme that included obtaining rent relief benefits to which he was not entitled, as well as fraudulently obtaining large initial payments in the form of security deposits, prepaid rent, and other fees for rental homes that were in poor repair. He implied to prospective tenants that he would lease the rentals for longer tenancy terms but intended to evict them as quickly as possible to restart the cycle of fraud and collect more high initial payments from new tenants. On several occasions, the defendant harassed his minority tenants with slurs, comments about slavery, mocking comments, death threats, and other assaultive conduct related to their race, all in violation of their right to occupy and lease a dwelling free from racially motivated harassment, threats, and force. He also interfered with at least one victim's right to enjoy employment free from racial threats and assaultive conduct. **(Press release, USAO, Eastern District of Virginia)**



### [Justice Department Secures Agreement in Fair Housing Lawsuit Against Ohio Landlord for Sexually Harassing Tenants](#)

On August 15, 2024, a defendant agreed to pay \$170,000 to resolve allegations that he violated the Fair Housing Act related to his participation in HUD’s HCV Program. The consent decree permanently bars the defendant from managing residential rental properties, requires him to retain a property manager for properties he continues to own, and mandates Fair Housing Act training and the adoption of policies and procedures to prevent future discrimination. The consent decree resolves allegations that from at least 2010 to at least 2020, the defendant requested sex acts from female tenants and applicants, subjected female tenants and applicants to unwelcome sexual touching, made unwelcome sexual comments and advances to female tenants and applicants, demanded that female tenants engage in sex acts with him in order not to lose housing, and offered to reduce rent or excuse late or unpaid rent in exchange for sex acts. **(Press release, USAO, Southern District of Ohio)**



## 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

#### [HUD Can Improve Its Loan Purchaser Qualification Vetting To Better Achieve Its Mission Objectives](#)

HUD OIG conducted an audit of the Federal Housing Administration (FHA), Office of Asset Sales' HUD Held Vacant Loan Sales program to assess the extent to which HUD achieved its mission objectives for a 2022 vacant loan sale. This audit focused on a loan sale that required all of the loans to be sold to mission-driven entities and how the qualification process advanced the promotion of sales to mission-driven entities and encouraged mission outcomes. The Housing Supply Action Plan suggests that selling to nonprofits and other mission-driven entities helps HUD achieve its mission-focused outcomes and aligns with goals to increase affordable housing and help revitalize communities.

HUD OIG identified deficiencies in 52 of 53 HUD-approved applications within the reviewed vacant loan sale. These deficiencies occurred in transactions for all seven purchasers that purchased loans in the sale. As a result, HUD risked not achieving its mission objectives to promote sales first to mission-driven entities or to encourage mission outcomes by allowing purchasers who submitted deficient applications to purchase distressed FHA loans. HUD OIG made three recommendations, including for HUD to require its transaction specialist contractor to change its application review to prevent incomplete applications from being considered, improve program controls before each sale, and implement verification checks to prevent the participation of restricted entities. (HUD OIG Report No. 2024-KC-0001, Office of Housing)

#### [HUD's Office of Fair Housing and Equal Opportunity Is Making Progress in Addressing Civil Rights Compliance Review Challenges](#)

HUD OIG audited HUD's Office of Fair Housing and Equal Opportunity's (FHEO) process for conducting civil rights compliance reviews. FHEO's operational readiness to carry out robust compliance reviews is critical to HUD's goals to advance equity and support underserved communities. HUD OIG's objective was to survey and assess the challenges FHEO faced in conducting compliance reviews.

Based on HUD OIG's survey, FHEO is making progress in addressing several challenges in conducting civil rights compliance reviews, including (1) limited staff and resources, (2) the need for trained and experienced staff, (3) a lack of centralized guidance for conducting compliance reviews, (4) a lack of

### New and Ongoing Related Oversight

[Assessment of PHAs' Compliance with MTW \[Moving to Work\] Statutory Requirements, announced April 2024](#)





guidance for making strategic target selections, and (5) structural barriers that affect compliance reviews. With increased resources and capacity, improved guidance, increased authority to determine and interpret civil rights-related program requirements within the Department, and a commitment from all program offices, FHEO's compliance review function can be more effective in promoting compliance with civil rights laws. **(HUD OIG Report No. 2024-BO-0004, Office of Fair Housing and Equal Opportunity)**

#### **HUD Developed and Implemented a Plan To Address Executive Order 13988**

HUD OIG conducted an audit of FHEO's implementation of Executive Order 13988 (Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation) to determine whether HUD had established and implemented a plan to prevent and combat discrimination based on gender identity and sexual orientation. HUD OIG found that HUD developed a proposed plan of action and submitted its plan to the White House Domestic Policy Council within 100 days of the Executive Order, which satisfied the requirement. Further, HUD regional offices and Fair Housing Assistance Program agencies identified and made notifications to nearly all complainants who alleged gender identity or sexual orientation discrimination in accordance with its plan. HUD also committed to the Equal Access Rule, which requires HUD grantees to ensure equal access for transgender and gender-nonconforming people to Office of Community Planning and Development programs and shelters. As a result, HUD had reasonable assurance that its regional offices and Fair Housing Assistance Program agencies were properly identifying and addressing allegations of gender identity and sexual orientation discrimination in HUD programs and HUD-assisted housing shelters. HUD OIG did not make any recommendations in this report. **(HUD OIG Report No. 2024-BO-0003, Office of Fair Housing and Equal Opportunity)**

#### **FHEO Faces Challenges in Completing Title VIII Investigations Within 100 Days**

HUD OIG also audited FHEO's challenges in completing Title VIII housing discrimination investigations within 100 days. The objective of the audit was to survey and assess the challenges FHEO faced in completing investigations within 100 days in accordance with the Fair Housing Act. Due to a number of factors, FHEO did not complete 70.2 percent of its investigations within 100 days from 2020 to 2022. However, despite being unable to control all of the factors that lead to a timely investigation, FHEO has opportunities to review its investigative processes across regions to make processes more efficient and increase the number of timely outcomes. Based on OIG's survey, FHEO faces several challenges in completing investigations of complaints, including (1) limited staffing and training, (2) staff workload, (3) complexity of the case work, (4) uncooperative or unresponsive parties, and (5) inconsistent review processes with the Office of General Counsel (OGC). To address these challenges, FHEO took steps to address its limited staffing and increase the availability of training. However, FHEO does not have control over the complexity of the cases it receives and whether the parties to each case are cooperative or responsive.

HUD OIG made three recommendations based on its findings, centered around updating protocols and procedures to improve complaint processing and reviewing memorandums of understanding with OGC to remove inefficiencies that lead to longer investigation times. **(HUD OIG Report No. 2024-BO-0005, Office of Fair Housing and Equal Opportunity)**



## Recent Related Investigations

### [Former Chester Housing Authority Director of Public Housing, His Chief Assistant, and Contractor Sentenced for Bribery and Fraud Schemes](#)




On May 13, 2024, three defendants were collectively sentenced to more than 50 months incarceration and 7 years supervised release and ordered to pay jointly and severally \$613,469 in restitution to a PHA for their role in committing theft from a program receiving Federal funds, theft from an organization receiving Federal funds, aiding and abetting, wire fraud, and bribery concerning Federal programs. The defendants admitted that from 2014 through 2022, they participated in two schemes: (1) a bribery scheme in which a defendant paid off two defendants in exchange for contracting work awarded to a third defendant at a PHA and (2) a fraud scheme in which two defendants created a contracting company that they used to fraudulently bill the PHA and obtain hundreds of thousands of dollars in proceeds. **(Press Release, USAO, Eastern District of Pennsylvania)**

### [Former Asset Manager of South Bend Housing Authority Sentenced to 135 Months in Prison, and Former Executive Director of South Bend Housing Authority Sentenced to 108 Months in Prison](#)

On May 16, 2024, and July 25, 2024, a former executive director and a former asset manager for a PHA were collectively sentenced to 243 months incarceration and 4 years supervised release and ordered to pay jointly and severally with other codefendants more than \$3.2 million in restitution to the PHA for their role in committing conspiracy, wire fraud, bank fraud, and Federal program theft. The defendants were convicted at a jury trial of conducting a years-long illegal fraud scheme involving the issuance of PHA payments to four outside contractors for work that did not occur. The contractors would then deposit the payments, withdraw a portion of each check in cash, and then hand-deliver the cash to their coconspirators at the PHA. Hundreds of fraudulent documents were created to conceal the fraud. These defendants are the last of six defendants to be sentenced related to this scheme. **(Press Release, USAO, Northern District of Indiana)**

## 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 HUD Property Manager Pleads Guilty to Embezzlement](#)
-  [San Francisco Resident Pleads Guilty to Stealing Over \\$340,000 in Funds Intended for Low-Income Families](#)
-  [Former Clermont Housing Official Pleads Guilty to Federal Program Theft](#)



## Mitigating Counterparty Risks in Mortgage Programs

The partnership between FHA 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 their mortgage insurance and mortgage-backed securities portfolios, especially in their reverse mortgage portfolios.

### Recent HUD OIG Reports

#### [Servicers Followed the COVID-19 Foreclosure Moratorium Requirements but Could Have Better Communicated the Requirements to Borrowers](#)

HUD OIG conducted an audit of FHA, Office of Single-Family Housing’s moratorium on foreclosures during the COVID-19 pandemic to determine whether servicers followed the requirements of the moratorium. The review also focused on whether delinquent borrowers were notified that as a condition of the moratorium, foreclosures would be paused if the borrower remained in the home. HUD OIG found that while servicers followed the COVID-19 pandemic foreclosure moratorium requirements, they could have communicated the requirements more effectively to delinquent borrowers who were subject to foreclosure proceedings. Because HUD did not require servicers to notify borrowers directly about the foreclosure moratorium and explain that occupancy would pause the foreclosure process, borrowers may not have realized they were protected from foreclosure by remaining in their homes. As a result, servicers missed an opportunity to inform as many as 25 of 88 borrowers sampled, who vacated their homes. HUD OIG made three recommendations to assist HUD in protecting the FHA fund and borrowers from foreclosure. **(HUD OIG Report No. 2024-KC-0002, Office of Single Family Housing)**

### New and Ongoing Related Oversight

[Challenges FHA Borrowers Face in Foreclosure, announced July 2024](#)

#### [HUD’s FHA Appraiser Roster Is Generally Reliable but Opportunities To Improve Data Management Exist](#)

HUD OIG conducted an audit of HUD’s management of its FHA appraiser roster to determine whether the roster was accurate and reliable. The audit found that HUD’s FHA appraiser roster was generally reliable; however, HUD could improve its data management by removing ineligible appraisers with expired licenses or disciplinary actions within specified timeframes and better maintaining historical information and supporting documentation. OIG made two recommendations to HUD to improve data management practices for the roster. **(HUD OIG Report No. 2024-NY-0001, Office of Single Family Housing)**

#### [HUD Addressed Multifamily Mortgage Application Processing Delays, but Additional Action Is Needed to Manage Future Backlogs](#)

HUD OIG audited HUD’s, Office of Multifamily Housing Programs’ efforts to address multifamily mortgage application processing delays. When applications for these loans are delayed, it slows the



production and availability of affordable multifamily housing units. During the COVID-19 pandemic, HUD took action to eliminate a backlog of more than 500 applications waiting to be assigned to underwriters for review. HUD OIG did this audit to assess HUD's efforts in receiving and screening applications and assigning them to underwriters. The audit found that HUD took steps to address delays in assigning applications to underwriters, but its methods and systems could be improved to help it manage applications and future challenges. HUD used several methods to address delays, including implementing (1) a nationwide queue, (2) an application completeness screening, (3) priority application processing, (4) use of contract underwriters, (5) workload sharing, and (6) an option to bypass initial feasibility reviews for certain applications (one-step processing). Although HUD eliminated the nationwide queue in November 2022, it was unable to transition successfully to a state-of-the-art processing platform. As a result, HUD still uses multiple systems, email, and other manual methods to process applications. HUD OIG found that this process creates a future risk that HUD cannot process applications as quickly and effectively as possible. With a more integrated system and a plan for which methods will be used when applications exceed underwriter capacity, HUD can more easily identify, monitor, and address processing delays; evaluate its performance and processes; and manage future challenges, such as fluctuations in application volume. **(HUD OIG Report No. 2024-NY-0002, Office of Multifamily Housing Programs)**

## Recent Related Investigations

### [Putnam County Man Sentenced to Prison for FHA Fraud Scheme](#)

On July 29, 2024, a defendant was sentenced to 18 months incarceration and 3 years supervised release and ordered to pay \$65,302 in restitution to HUD for his role in committing false statements. The defendant was convicted at a jury trial for submitting falsified bank statements to a lender to obtain an FHA-insured mortgage. **(Press Release, USAO, Southern District of West Virginia)**

### [James B Nutter & Company To Pay \\$2.4 Million for Allegedly Causing False Claims for Federal Mortgage Insurance](#)

On September 20, 2024, a former FHA-approved lender agreed to pay \$2.4 million to resolve allegations that it violated the False Claims Act and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 by knowingly underwriting home equity conversion mortgages insured by FHA that did not meet program eligibility requirements. Between January 2007 and December 2010, the defendant knowingly violated FHA underwriting requirements when it allowed inexperienced temporary staff to underwrite FHA-insured loans and submitted loans for FHA insurance with underwriter signatures that were falsified or affixed before all of the documentation the underwriter should have reviewed was complete. **(Press Release, U.S. Department of Justice, Office of Public Affairs)**

### [Loan Originator Convicted in \\$2.6 Million Mortgage Fraud Scheme](#)

On September 6, 2024, a defendant was convicted at a jury trial of bank fraud. The defendant was a loan originator for mortgage lending businesses that originated and processed loans for real estate purchase. From January 2012 through December 2013, the defendant engaged in a scheme to fraudulently obtain approximately \$2.6 million in federally guaranteed mortgage loans in connection with the purchase of 14 properties. The defendant recruited buyers and caused them to make false representations to lenders about, among other things, the source of their downpayments and their intention to occupy the properties as their primary residences. The defendant provided or caused others to provide funds to the buyers for use as downpayments, knowing that the lenders would be



falsely led to believe that the money belonged to the buyers. After a closing and the issuance of the government-insured mortgage loans, the defendant made payments to the buyers – describing them as “grants” – and then pocketed payments from the sellers without notifying the lenders. **(Press Release, USAO, Northern District of Illinois)**

### **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.

-  [Third Mortgage Professional Pleads Guilty to Mortgage Fraud Scheme](#)
-  [Real Estate Professional Pleads Guilty to \\$55 Million Mortgage Fraud Conspiracy](#)
-  [Real Estate Executive Sentenced for Conspiracy To Falsify Financial Statements](#)



## 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

#### [Housing and Community Development Should Improve Its Fraud Risk Management Practices for Its ESG CARES Act Program](#)

HUD OIG audited the California Department of Housing and Community Development (HCD) to evaluate HCD's fraud risk management practices for its Emergency Solutions Grants Coronavirus Aid, Relief, and Economic Security Act (ESG CARES Act) program and assess the maturity of its efforts to prevent, detect, and respond to fraud. The audit found that HCD was not adequately prepared to prevent, detect, and respond to fraud due to the lack of focus it placed on fraud risks and establishing a robust fraud risk management framework. Although HCD established a departmentwide enterprise risk management framework, it was not robust enough to proactively identify fraud risks, and it was not developed with leading industry standards and best practices. This deficiency resulted in the lowest desired maturity goal state – ad hoc – for the organization's antifraud initiatives. HCD noted that it had limited resources and believed that it was not necessary to create a separate fraud risk management framework or build upon its existing enterprise risk management (ERM) framework to incorporate fraud risk management practices. HUD OIG recommended that HUD instruct HCD to establish a separate fraud risk management framework or build upon its ERM framework and obtain technical assistance or training on fraud risk management practices. **(HUD OIG Report No. 2024-LA-1001, Office of Community Planning and Development)**

### New and Ongoing Related Oversight

[Assessment of HUD's Implementation and Tracking of the President's National Drug Control Strategy, announced April 2024](#)

[Audit Series: Following audits of their fraud risk management programs, OIG is auditing three grantees in California, Hawaii, and New York City for improper payments within their ESG CARES Act programs.](#)

[HUD Oversight of Lead Grants, announced August 2024](#)



### [The City and County of Honolulu Should Improve Its Fraud Risk Management Practices for Its ESG CARES Act Program](#)

HUD OIG audited the City and County of Honolulu’s Department of Budget and Fiscal Services’ and Department of Community Services’ fraud risk management practices for its ESG CARES Act program to assess the maturity of the City’s fraud risk management framework that encompasses control activities to prevent, detect, and respond to fraud. The audit found that the City did not adequately develop a fraud risk management framework for the ESG CARES Act program to prevent, detect, and respond to fraud. The City’s approach to fraud risk management was reactive, not proactive, and it did not institute robust antifraud practices, resulting in the lowest maturity level (ad hoc) for organizations’ antifraud initiatives. The City had implemented some specific fraud controls and activities but did not implement best practices, including (1) establishing a dedicated antifraud component to design and oversee fraud risk management activities, (2) promoting fraud awareness throughout its departments, (3) performing a fraud risk assessment or developing a process to regularly conduct such assessments, (4) considering the use of data analytics tools to identify potential fraud, (5) having a dedicated hotline for external entities to report fraud for the ESG CARES Act program, or (6) having a process to evaluate the effectiveness of fraud risk management activities. As a result, the \$25.6 million allocated to the City for the ESG CARES Act program is at an increased risk of fraud. HUD OIG recommended that HUD instruct the City to enhance its fraud risk management practices and obtain technical assistance or training. **(HUD OIG Report No. 2024-LA-1002, Office of Community Planning and Development)**

### [HUD Grantees Need To Enhance Monitoring of ESG CARES Act Subrecipients](#)

HUD OIG audited HUD’s and its grantees’ monitoring of subrecipients and contractors in HUD’s ESG CARES Act program to assess subrecipient monitoring in the program. ESG and ESG CARES Act grantees often rely on subrecipients and contractors to carry out ESG CARES Act-funded activities on behalf of the grantees and are required to monitor subrecipients to ensure that the purpose of the grant funds awarded is achieved and funds are spent only on eligible applicants and activities. HUD is responsible for ensuring that grantees perform this oversight.

In August 2022, HUD OIG found that 87 percent of ESG CARES Act grantees provided funds to subrecipients and of that group, 84 percent reported that the pandemic affected their ability to effectively monitor subrecipients. HUD conducts risk-based monitoring of its ESG CARES Act grantees to ensure that grantee monitoring of subrecipients meets regulatory requirements. Through this monitoring, HUD identified deficiencies in grantees’ subrecipient monitoring and took steps to resolve these findings with the grantees. HUD’s efforts to ensure that ESG CARES Act grantees appropriately monitored their subrecipients helped to safeguard \$3.96 billion in ESG CARES Act funds. HUD OIG recommended that HUD develop additional training and guidance for all ESG CARES Act grantees and address subrecipient monitoring and agreement deficiencies cited for the eight ESG CARES Act grantees reviewed. **(HUD OIG Report No. 2024-LA-0001, Office of Community Planning and Development)**



## A Review of Pandemic Relief Funding and How It Was Used in Six U.S. Communities: Springfield, MA, Coeur d’Alene, ID, and Sheridan County, NE

During this reporting period, three reports were issued from a developing series of six reports taking an in-depth look at how six communities used the pandemic funding they received to address a wide range of needs. The first report was focused on [Springfield, MA](#), with a detailed look at 9 of the 52 pandemic programs that provided funding to the community. The second report was focused on [Coeur d’Alene, ID](#), with a detailed look at 8 of the 45 pandemic programs that provided funding to the community. The third report was focused on [Sheridan County, NE](#), and took a detailed look at 6 of the 31 pandemic programs that provided funding to the community.



### Recent Related Investigations

#### [City of Los Angeles Agrees To Pay \\$38.2 Million To Resolve a False Claims Act Suit for Alleged Misuse of Department of Housing and Urban Development Grant Funds](#)

On August 22, 2024, a local municipality agreed to pay more than \$38.2 million to resolve allegations that it knowingly failed to meet Federal accessibility requirements when it sought and used HUD grant funds for multifamily affordable housing. The settlement resolves allegations that for more than a decade, the local municipality failed to follow Federal accessibility laws when building and rehabilitating affordable multifamily properties, failed to make its affordable multifamily housing program accessible to people with disabilities, and failed to maintain a publicly available list of accessible units and their accessibility features. **(Press Release, USAO, Central District of California)**

### 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.

- [Amarillo City Employee Pleads Guilty to Embezzling \\$465,000 From Homeless Program](#)
- [Leessa Augustine, Former Sewerage & Water Board Special Agent and New Orleans Police Officer, Indicted for Multiple Fraud Schemes](#)





## 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 authorization for the programs.

### Recent HUD OIG Reports

#### Status of Puerto Rico Electrical System Enhancements Efforts

HUD OIG reviewed the Puerto Rico Department of Housing’s (PRDOH) Electrical Power System Enhancements and Improvements programs to provide (1) background and funding information, (2) an update on the status of the programs and their progress, and (3) other relevant program information for interested stakeholders, including Congress and the public.

In June 2021, HUD allocated nearly \$2 billion in Community Development Block Grant Disaster Recovery (CDBG-DR) funds to PRDOH to enhance and improve electrical power systems in areas impacted by Hurricanes Irma and Maria. PRDOH budgeted most of its \$1.93 billion in CDBG-DR funds for its two main electrical grid programs: (1) \$500 million for the Energy Grid Rehabilitation and Reconstruction Cost Share Program (ER1) and (2) \$1.3 billion for the Electrical Power Reliability and Resilience Program (ER2). PRDOH launched both the ER1 and ER2 electrical grid programs in 2023, and both programs are in their early implementation stages. As of July 12, 2024, PRDOH had spent less than 1 percent of its total budget for both programs (only \$179,760 of \$1.93 billion). For ER1, PRDOH is working with its partners, the Central Office for Recovery, Reconstruction, and Resilience and the Puerto Rico Electric Power Authority. For ER2, PRDOH opened and closed its competitive application process and expects to award funds by the end of 2024. In addition, on August 5, 2024, it announced 20 ER2 projects and expects to finalize the selection and award of the remaining strategic projects by the end of the first quarter of 2025.

PRDOH requested from HUD an extension to use grant funds for both programs until May 2033, which is nearly 5 years after the original August 2028 deadline and 15 years after Congress appropriated funds for electrical grid needs in Puerto Rico. As part of HUD OIG’s ongoing strategic planning, it will periodically evaluate the status of both the ER1 and ER2 programs to determine how far along they are with their respective timelines, any challenges encountered, and any significant risks that may warrant additional work by HUD OIG. **(HUD OIG Report No. 2024-FW-1004, Office of Community Planning and Development)**

#### New and Ongoing Related Oversight

[South Carolina CDBG-DR Mapping of Buyout and Rehabilitation Program, announced April 2024](#)

[Puerto Rico Community Energy and Water Resilience Installations Program, announced September 2024](#)




## Recent Related Investigations

### [Houstonian Admits to Hurricane Harvey House Fraud](#)

On June 12, 2024, a defendant pleaded guilty to fraudulently applying for and receiving a newly rebuilt house worth \$314,416 between June 2020 and June 2023. The defendant admitted to theft of government funds after he knowingly applied for relief intended for hurricane victims through a HUD-administered CDBG-DR program. **(Press Release, USAO, Southern District of Texas)**

## 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.

-  [Defendant Who Admitted to Filing Thousands of COVID-Relief Applications Sentenced to 6 Years in Prison](#)
-  [Two Sentenced in Scheme To Steal More Than \\$850,000 in COVID-19 Housing Assistance Funds](#)
-  [Virgin Islands Government Officials Charged in \\$4 Million HUD Fraud Scheme](#)
-  [Montgomery Woman Pleads Guilty to COVID-19 Era Relief Fraud](#)



## Managing Fraud Risk and Improper Payments

Fraud and improper payments pose 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. Improper payments are payments that should not have been made or that were made in an incorrect amount. While all fraudulent payments are considered improper, not all improper payments are due to fraud.

While HUD recently took steps toward maturing its fraud risk management program, HUD remains 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.

### Recent HUD OIG Reports

#### [HUD Did Not Comply With the Payment Integrity Information Act of 2019](#)

HUD OIG conducted an audit of HUD's compliance with the Payment Integrity Information Act of 2019 (PIIA) to assess whether HUD met PIIA requirements for FY 2023 to prevent and reduce improper and unknown payments. HUD OIG found that for the seventh consecutive year, HUD is unable to estimate improper payments for FY 2023 for two of its 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 was able to make a compliant estimate was in 2016 when it estimated \$1.7 billion in improper payments. Since then, payments for the PIH-TBRA and PBRA programs have grown from \$30.7 billion per year in 2016 to \$45.3 billion in FY 2023, which makes up 67.5 percent of HUD's total FY 2023 expenditures. The lack of proper planning and coordination from leadership in HUD's program and support offices has prevented HUD from addressing the root causes behind the failure to comply with improper payment laws. HUD OIG did not make any new recommendations in this report because three recommendations from prior reports remain open and will help to address the current year's findings. **(HUD OIG Report No. 2024-FO-0006, Office of the Chief Financial Officer)**

### Recent Related Investigations

#### [Yolo County Insurance Broker Sentenced for Identity Theft](#)

On April 15, 2024, a defendant was sentenced to 2 years incarceration and 1 year supervised release and ordered to pay \$126,799 in restitution for his role in committing aggravated identity theft. Between 2012 and 2016, the defendant served as an insurance broker for a company that owned multifamily and commercial properties and was responsible for obtaining several types of insurance coverage for the company's properties, including umbrella liability coverage. The defendant admitted to fraudulently representing to the company that he obtained umbrella coverage for properties, then invoiced and was



paid for purported premiums associated with the umbrella liability policies, which he had never obtained. At times, after the defendant received full payment for premiums associated with coverage he obtained for the company, as well as umbrella coverage he did not obtain, he secured loans purportedly to pay for the same premiums. He did so by falsely representing that he was financing the premiums on the company's behalf and using the identities of a managing principal and employee of the company without their authorization. **(Press Release, USAO, Eastern District of California)**

**[Former Scranton Police Officer and Police Union President Sentenced to Prison for Federal Program Fraud in Connection With Overtime Patrol Shifts at Scranton Area Housing Complexes](#)**

On June 4, 2024, a defendant was sentenced to 6 months incarceration, 100 hours of community service, and 2 years supervised release and ordered to pay \$17,831 in restitution to several entities, including a PHA. The defendant admitted that from approximately March 2021 to May 2022, while serving as the coordinator of a local police department's extra duty overtime program, the defendant knowingly obtained by fraud more than \$5,000 in compensation that was paid to him for certain extra duty patrol shifts at lower income housing complexes where the defendant claimed to work but did not. **(Press Release, USAO, Middle District of Pennsylvania)**

**[Former Newark Deputy Mayor and Director of Newark Department of Economic and Housing Development Admits Scheming With Two Newark Businessmen To Obtain Bribes](#)**

On June 26, 2024, a defendant pleaded guilty to conspiracy to commit honest services wire fraud facilitated by use of interstate wire transmissions, honest services wire fraud facilitated by use of interstate wire transmissions, and bribery involving a local government and agency receiving Federal funds. The defendant admitted that between 2015 and 2019, he conspired with business owners to obtain corrupt payments intended to influence and reward him for assisting the business owners with the acquisition and redevelopment of various local municipality-owned properties. **(Press Release, USAO, District of New Jersey)**

### 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.

-  **[Maryland Woman Sentenced for Theft of Federal Housing and Food Assistance Payments](#)**
-  **[Former Attorney Sentenced to 25 Years in Federal Prison on Embezzlement and Fraud Charges in Connection With Collapse of Washington Federal Bank](#)**
-  **[Clarksville Felon Sentenced to 1.5 Years in Federal Prison for Stealing More Than \\$125,000 in Federal Benefits After Prior Conviction for a Similar Scheme](#)**
-  **[Former West Carthage Housing Authority Executive Director Sentenced in Embezzlement Scheme; More Than \\$48,000 in Restitution Recovered](#)**
-  **[Quincy Landlord Agrees to \\$15,200 Settlement for False Claims Act Violations](#)**
-  **[San Francisco Resident Sentenced to 1 Year in Prison for Stealing More Than \\$340,000 in Funds Intended for Low-Income Families](#)**
-  **[Former Employee of Global Security and Aerospace Company Charged With Mail Fraud, Theft of Government Property](#)**



## 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 2024 Federal Information Security Modernization Act Cyberscope

HUD OIG conducts Federal Information Security Modernization Act of 2014 (FISMA) evaluations annually to assess HUD’s information security (InfoSec) program, assess its compliance with Federal guidance, and respond to Office of Management and Budget (OMB) reporting requirements. HUD continued to take positive steps to improve its IT security posture and its InfoSec program, reaching a maturity level 3, consistently implemented, in the FY 2024 Inspector General FISMA metrics reported to OMB and the U.S. Department of Homeland Security (DHS). On July 24, 2024, HUD OIG transmitted HUD’s score to the DHS Cyberscope. HUD’s InfoSec program scored a 3.08 for the core metrics and a 3.30 for the FY 2024 supplemental metrics, both of which were at maturity level 3, consistently implemented, and were considered ineffective. HUD made commendable progress on increasing maturity for 22 of the 37 metrics assessed in FY 2024 and should continue to focus on prioritizing maturity in the 20 core metrics and key cyber executive orders and requirements. HUD OIG’s FY 2024 FISMA evaluation is ongoing.



## Managing Human Capital and Increasing Effectiveness in Procurement

HUD must recruit and retain a diverse, skilled, and accountable workforce that effectively meets its business needs to accomplish its mission.<sup>4</sup> Recognizing its challenges in human capital management, HUD has identified several strategies in its Strategic Plan. These 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.

Additionally, 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.

### New and Ongoing Related Oversight

[HUD Field Service Management Monitoring, announced June 2024](#)

<sup>4</sup> Following the SAR period, HUD OIG removed “Human Capital Management” as a top management challenge. The 2025 Top Management Challenges report may be viewed at: <https://www.hudoig.gov/library/top-management-challenges>.



## Additional Significant Reports

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

### [HUD Has Met the Responsibilities of the Geospatial Data Act of 2018 During the Implementation Phase](#)

The Geospatial Data Act of 2018 governs the collection, production, acquisition, maintenance, distribution, use, and preservation of geospatial data of covered agencies, including HUD. We audited HUD's efforts to meet the geospatial data requirements stated in the Act. The Act requires the Inspector General of a covered agency to audit HUD's efforts to meet the geospatial data requirements stated in 43 U.S.C. (United States Code) 2808 at least once every 2 years and report the findings to Congress.

The 16 covered agencies, including HUD, will remain in the implementation stage of the Act until the Federal Geographic Data Committee establishes formal standards for use in determining compliance with the responsibilities stated in the Act. HUD met all 13 responsibilities stated in the Act, regarding its collection, production, acquisition, maintenance, distribution, use, and preservation of geospatial data, as part of the implementation phase of the Act.

Two previous audits during fiscal years 2020 and 2022 identified a lack of adequate resources as a recurring challenge that prevented HUD from fully meeting its responsibilities under the Act. However, this year, OIG found that HUD now has the necessary resources to meet the responsibilities and implement the geospatial program. Additionally, HUD successfully executed a formal 5-year contract for the management of its Geocode Services Center, which is used to help meet geospatial objectives and responsibilities. As a result, HUD is meeting the responsibilities and is positioning itself to meet the responsibilities stated in the Act once the implementation phase ends. HUD's efforts during this audit period promote transparency and accountability by providing accurate information, achieving the Act's purpose of minimizing duplication of geospatial activities across agencies, and improving collaboration. (HUD OIG Report No. 2024-LA-0002, Office of Policy Development & Research)

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

[HUD Nondisclosure Agreements' Incorporation of Whistleblower Protections, announced July 2024](#)

[Review of HUD's Monetary Closed Audit Recommendations, announced August 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 (HUD), Office of Inspector General (OIG), continues to ensure that HUD and HUD OIG employees are aware of their rights to disclose fraud, waste, or abuse in HUD programs without reprisal and to seek redress when employees believe that they have been subject to retaliation for whistleblowing. 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) 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. In turn, HUD OIG reviews these retaliation complaints and, when appropriate, investigates the allegations and provides a report of findings to the HUD Secretary for a determination as to whether unlawful reprisal has occurred.

The chart below provides further information on Section 4712 whistleblower retaliation complaints received by HUD OIG during the period covered by this report.

Number of complaints alleging whistleblower retaliation	78
Complaints meeting threshold requirements for investigation	7

### Whistleblower Protections for Employees of Contractors, Subcontractors, Grantees, and Subgrantees

On May 31, 2023, HUD OIG issued a management alert (2023-IG-002) identifying a substantial gap in whistleblower protections for thousands of contractor employees who work under contracts that predate Section 4712, the 2013 antiretaliation statute that safeguards from retaliation individuals who make protected disclosures. In the management alert, HUD OIG made five recommendations to HUD to take steps to ensure that contractor employees who make disclosures of wrongdoing are protected from retaliation. HUD OIG designated three of the five recommendations as a priority. See [Management Alert: HUD Should Take Additional Steps To Protect Contractor Employees Who Disclose Wrongdoing](#). As of September 30, 2024, HUD provided to the OIG a Management Plan that identifies actions HUD is taking to address the HUD OIG’s open recommendations. HUD OIG and HUD have not reached agreement that the actions proposed will fully address the recommendations. Additionally, HUD has not completed several of the proposed actions and is still collecting information that responds to the recommendations.

However, HUD OIG continues to investigate complaints of whistleblower retaliation, including those that are related to contracts that predate the 2013 antiretaliation statute.





Alongside HUD OIG’s investigative role, the Whistleblower Protection Coordinator also assists covered employees by providing training and information related to:

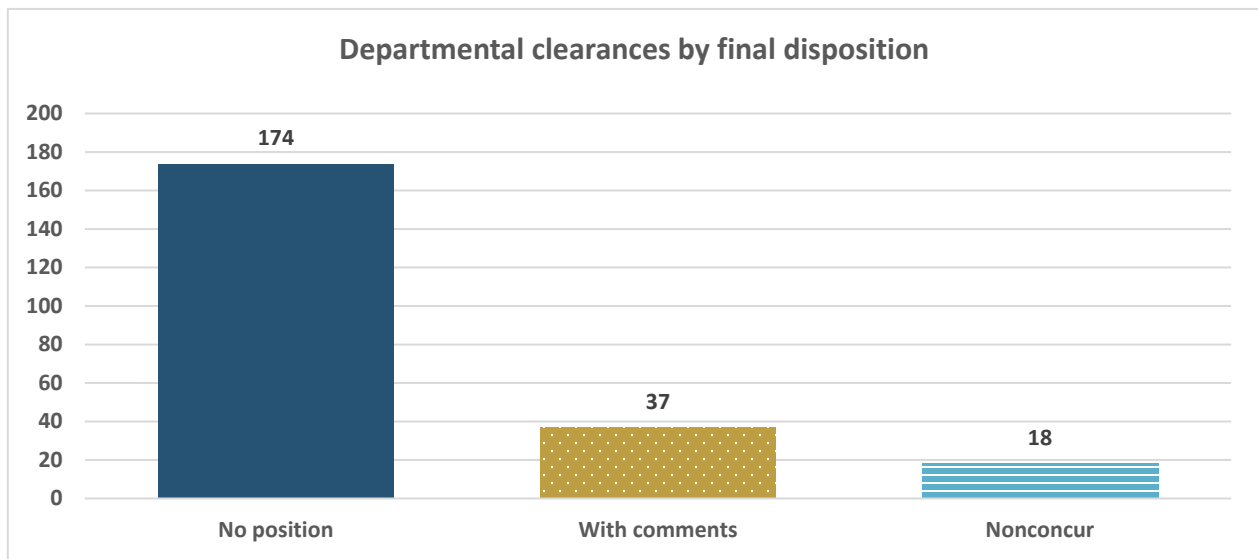
- options for disclosing misconduct, waste, or abuse in HUD programs;
- statutory protections for employees who make such disclosures; and
- the process for filing a complaint when an employee believes he or she has been retaliated against for making protected disclosures.

On July 30, 2024, National Whistleblower Day, HUD OIG’s Whistleblower Protection Coordinator hosted a hybrid training on the Whistleblower Protection Act for approximately 373 HUD and HUD OIG employees. The training included examples of protected disclosures, what constitutes retaliation, and how to report retaliation if an employee is subjected to reprisal for making covered disclosures. Additionally, HUD OIG has mandatory whistleblower training for HUD OIG personnel, which is an interactive, virtual training about whistleblower rights and protections, making protected disclosures, and how to report wrongdoing. The Whistleblower Protection Coordinator can be contacted via 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 229 issuances. HUD OIG provided comments on 37 (16.2 percent) of the issuances and nonconcurred on 18 (7.9 percent). The draft directives consisted of 133 notices, 20 mortgagee letters, and 91 other directives. Of the 91 other directives, HUD OIG reviewed 17 handbooks-guidebooks, 10 final rules, 8 proposed rules, 13 research reports, 19 congressional reports, 3 policy statements, and 21 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. 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 CDBG-DR funding reaches vulnerable communities quickly. HUD OIG had recommended that HUD seek permanent authorization of the CDBG-DR program through 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.

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.

### **Legislation Addressing Critical Gaps in HUD Whistleblower Protections**

To address the gap in whistleblower protection for employees of thousands of contractors who receive HUD funding, [OIG recommended](#) that HUD seek legislative authority to expeditiously include 41 U.S.C. (United States Code) 4712 protections within contracts for which HUD believes it must otherwise wait until there is a major modification. Legislation to protect whistleblowers by addressing this critical gap has been introduced in the House and Senate: [Section 245](#) of S.4796, Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2025, and [H.R. 9721](#), the Ensuring Access to Whistleblower Protections Act.

### **Warnings and Certifications**

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. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802).

HUD OIG has nonconcurred on 14 clearances due to warnings and certifications language. 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 the 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. 4712 to notify their employees about their rights as whistleblowers in Federal programs. HUD also incorporated Section 4712 language into the update of the single-room occupancy housing assistance payments contract renewal forms.



Implementation guidance and inspection standards for the Housing Opportunities for Persons with AIDS program – HUD continues to work on implementation guidance on the physical inspection standards under the Economic Growth Regulatory Relief and Consumer Protection Act: Implementation of National Standards for the Physical Inspection of Real Estate rule for the Housing Opportunities for Persons With AIDS program.

Housing counseling services rule – HUD continues its work to modernize housing counseling services; specifically, to allow alternatives to in-person counseling. HUD published a final rule titled “Modernizing the Delivery of Housing Counseling Services.” The final rule amends HUD's regulations to allow housing counseling agencies to use alternative communication methods, including virtual meeting tools, in lieu of providing in-person services.

HUD’s Lead Safe Housing Rule – HUD is considering whether to modify its elevated blood lead level threshold for children under age 6. HUD is seeking public input on a potential revision to make its threshold consistent with the Centers for Disease Control and Prevention’s current blood lead reference value of 3.5 micrograms of lead per deciliter of blood.

Public housing lease termination for nonpayment – HUD continues to work toward finalizing its proposed rule, which would require that public housing agencies (PHA) and owners of properties receiving project-based rental assistance to provide written notification to tenants facing eviction for nonpayment of rent 30 days before filing a formal judicial eviction procedure for lease termination. This rule would apply to the following programs: Section 8 Project-Based Rental Assistance, Section 202/162 Project Assistance Contract, Section 202 Project Rental Assistance Contract, Section 811 Project Rental Assistance Contract, Section 811 Project Rental Assistance Program, and Senior Preservation Rental Assistance Contract Projects.

Rent Reform Demonstration – HUD is working on a randomized assignment test of alternative methods of setting rents in the Housing Choice Voucher (HCV) Program, with the goal of determining whether an alternative to the income-based rent calculation could incentivize employment and reduce administrative burden while protecting families from financial hardship.

Accumulation of capital funds by small PHAs – HUD is working on a regulation to provide PHAs additional flexibility in saving for future capital expenses for public housing. Specifically, HUD may amend public housing regulations to provide PHAs with additional options to save for future capital expenses.

Rate Reduction Incentive in public housing – HUD is working to update guidance to PHAs on the use and eligibility of the Rate Reduction Incentive. This guidance would supplement information in the Energy Performance Contracting, Utility Partnership Program, and Operating Fund grant processing notices.

Family Unification Program – HUD announced a funding opportunity for assistance related to PHAs partnering with public child welfare agencies to provide HCV Program assistance to (1) families for whom the lack of adequate housing is a primary factor in the imminent placement of the family’s child or children in out-of-home care or the delay in the discharge of the child or children to the family from out-of-home care and (2) youth at least 18 years of age and not more than 24 years of age who left foster care or will leave foster care within 90 days, in accordance with a transition plan, and are homeless or are at risk of becoming homeless at age 16 or older.



## 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	September 30, 2024	DOT* 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. Department of Transportation

\*\* 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-0006 [HUD Did Not Comply With the Payment Integrity Information Act of 2019, 05/17/2024.](#)

### Community Planning and Development

2024-LA-1001 [The California Department of Housing and Community Development Should Improve Its Fraud Risk Management Practices for Its ESG CARES Act Program, 08/02/2024.](#)

2024-LA-1002 [The City and County of Honolulu Should Improve Its Fraud Risk Management Practices for Its ESG CARES Act Program, 8/06/2024.](#)

2024-FW-1004 [Status of Puerto Rico Electrical System Enhancements Efforts, 8/09/2024.](#)

2024-LA-0001 [HUD Grantees Need To Enhance Monitoring of ESG CARES Act Subrecipients, 09/17/2024.](#)

### Fair Housing and Equal Opportunity

2024-BO-0003 [HUD Developed and Implemented a Plan To Address Executive Order 13988, 6/05/2024.](#)

2024-BO-0004 [HUD’s Office of Fair Housing and Equal Opportunity Is Making Progress in Addressing Civil Rights Compliance Review Challenges, 09/13/2024.](#)

2024-BO-0005 [FHEO Faces Challenges in Completing Investigations Within 100 Days, 09/24/2024.](#)

### Housing

2024-KC-0001 [HUD Can Improve Its Loan Purchaser Qualification Vetting To Better Achieve Its Mission Objectives, 4/08/2024.](#)

2024-KC-0002 [Servicers Followed the COVID-19 Foreclosure Moratorium Requirements but Could Have Better Communicated the Requirements to Borrowers, 5/24/2024.](#)

2024-NY-0001 [HUD’s FHA Appraiser Roster Is Generally Reliable but Opportunities To Improve Data Management Exist, 7/30/2024.](#)

2024-NY-0002 [HUD Addressed Multifamily Mortgage Application Processing Delays, but Additional Action Is Needed To Manage Future Backlogs, 8/09/2024.](#)

### Policy Development & Research

2024-LA-0002 [HUD Has Met the Responsibilities of the Geospatial Data Act of 2018 During the Implementation Phase, 9/20/2024.](#)



## Public and Indian Housing

2024-CH-1001	<a href="#">The Columbus Metropolitan Housing Authority, Columbus, OH, Did Not Always Comply With HUD's Requirements for Its Housing Choice Voucher Program Units, 6/28/2024. Questioned: \$15,427. Unsupported: \$10,233. Better use: \$35,651,526.</a>
2024-CH-1002	<a href="#">The Cuyahoga Metropolitan Housing Authority, Cleveland, OH, Did Not Have Adequate Oversight of Lead-Based Paint in Its Public Housing, 7/12/2024.</a>
2024-CH-1003	<a href="#">The Housing Authority of the City of Los Angeles Did Not Adequately Manage Lead-Based Paint in Its Public Housing Units, 8/20/2024.</a>
2024-CH-1004	<a href="#">The Boston Housing Authority Did Not Always Comply With HUD's Requirements for Its Housing Choice Voucher Program Units, 8/23/2024. Questioned: \$106,477. Better use: \$34,487,989.</a>

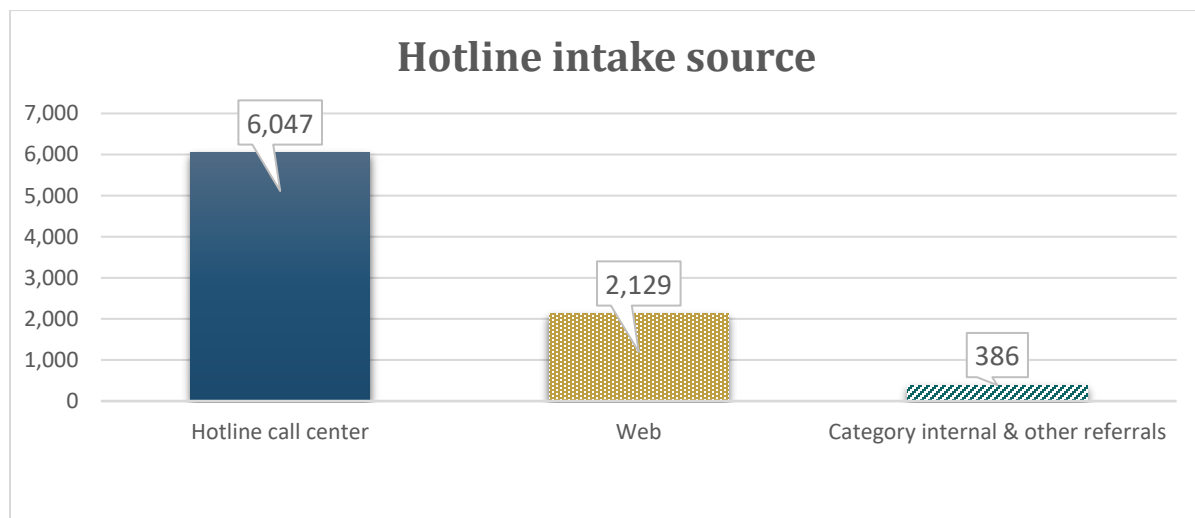


## Appendix 2 - Hotline Data

### Hotline Intakes:

The hotline is the primary means to submit allegations of fraud, waste, abuse, mismanagement, or whistleblower-related matters within the U.S. Department of Housing and Urban Development (HUD) and HUD-funded programs to the Office of Inspector General (OIG). During this semiannual reporting period, the hotline received 8,562 intakes, referred 7,703 to HUD program offices, and referred 404 to OIG components for further evaluation. Figure 1 provides a summary of the total number of intakes received as of September 30, 2024. Figure 2 provides a summary of the total number of intakes referred to HUD program offices as of September 30, 2024.

**Figure 1: Summary of hotline intakes**



**Figure 2: Summary of hotline intakes referred to HUD program offices**

HUD program office	Count of program office
Public and Indian Housing	5,882
Housing & Federal Housing Administration	1,363
Community Planning and Development	205
Fair Housing and Equal Opportunity	198
Refer to external agency	10
Chief Human Capital Officer	10
Chief Information Officer	9
Labor Standards and Enforcement	8
Field Policy and Management	5
General Counsel	4
Equal Employment Opportunity	3
Healthy Homes and Lead Hazard Control	2
Government National Mortgage Association	2
Public Affairs	1
Office of Hearings and Appeals	1
<b>Grand total</b>	<b>7,703</b>





## Appendix 3 - 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 September 30, 2024, HUD OIG and HUD had not identified any systems that were noncompliant with the three elements of section 803(a) 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 Framework MVC 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	169
B. Total number of persons referred to the U.S. Department of Justice for criminal prosecution during the reporting period	36
C. Total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period	11
D. Total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	99

#### 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.

HUD OIG's FISMA Cyberscope report is not released to the public because the report is a controlled document and should be released only to those within HUD or to employees of an information technology contractor with a need to know. The report contains information on vulnerabilities within information systems and HUD processes that should not be released publicly.

### **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 within 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 required by the Trafficking Victims Prevention and Protection Reauthorization Act of 2022.



## Appendix 4 - 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 cost 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="#">37</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="#">37</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="#">37</a>
(a)(11)	statistical tables showing (A) the total number of investigative reports issued during the reporting period; (B) the total number of persons referred to the Department of Justice for criminal prosecution during the reporting period; (C) the total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period; and (D) the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities;	<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)	(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 actually imposed to hold the official described in subparagraph (A) accountable;	None
(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 where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly	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 are closed and not disclosed to the public.</p>	None

\* National Defense Authorization Act



## Appendix 5 - Acronyms and Abbreviations

**CARES Act**—Coronavirus Aid, Relief, and Economic Security Act

**CDBG**—Community Development Block Grant

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

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

**EBLL**—elevated blood lead level

**ERM**—enterprise risk management

**ESG**—Emergency Solutions Grant

**FFMIA**—Federal Financial Management Improvement Act

**FHA**—Federal Housing Administration

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

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

**FR**—Federal Register

**FY**—fiscal year

**Ginnie Mae**—Government National Mortgage Association

**HCD**—California Department of Housing and Community Development

**HCV**—Housing Choice Voucher (Program)

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

**IG**—Inspector General

**InfoSec**—information security program

**IT**—information technology

**NDAA**—National Defense Authorization Act

**OMB**—Office of Management and Budget

**OGC**—Office of General Counsel

**OIG**—Office of Inspector General

**PBRA**—Project-Based Rental Assistance

**PHA**—public housing agency

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

**PIIA**—Payment Integrity Information Act of 2019

**PRDOH**—Puerto Rico Department of Housing

**SAR**—Semiannual Report to Congress

**SOC**—Security Operations Center

**TBRA**—Tenant-Based Rental Assistance

**USAO**—U.S. Attorney's Office

**U.S.C.**—United States Code



## Appendix 6 - HUD OIG Directory

### Office of Audit

<b>HEADQUARTERS</b>	Washington, DC	202-402-8221
<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	212-264-8000
	Buffalo, NY	716-551-5755
	Newark, NJ	973-776-7200
<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
	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>
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**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
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	St. Louis, MO	913-551-5866
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	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
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