



OFFICE of  
**INSPECTOR GENERAL**  
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UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT

# HUD's Subaward Data on USASpending.gov Were Not Complete nor Accurate

Audit Report Number: 2025-FO-0005

March 10, 2025

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Michelle Miller, Acting Director, OLHCHH, L  
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**//signed//**

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Subject: HUD's Subaward Data on USASpending.gov were not Complete nor Accurate

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) results of our audit assessing the completeness of HUD's subaward data on USASpending.gov.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, as amended, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call Brittany Wing, Audit Director, at (202) 320-7296.

## Highlights

### HUD's Subaward Data on USASpending.gov were not Complete nor Accurate | 2025-FO-0005

#### What We Audited and Why

In an effort to increase transparency and accountability in the use of Federal funding in program activities, Federal law and guidance requires the U.S. Department of Housing and Urban Development (HUD) and its prime recipients to ensure that complete and accurate subaward data is posted on USASpending.gov. We audited HUD to determine whether the prime award recipients of HUD funding met all of the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements for their subawards on USASpending.gov<sup>1</sup>, including the amount of the subaward and a description of the products or services provided.

#### What We Found

HUD's prime award recipients of the Offices of Community Planning and Development (CPD) and Office of Lead Hazard Control and Healthy Homes (OLHCHH) programs did not always report their subawards of \$30,000 or greater as required by FFATA. Specifically, 25 prime awards in CPD programs and 10 prime awards in OLHCHH programs from 2 separate statistical samples of 70 prime awards made at least 1 subaward that they did not report to USASpending.gov. In total, our sampled CPD prime award recipients made 63 subawards, and OLHCHH prime award recipients made 18 subawards that should have been reported. With a statistical margin of error, we estimated that at least 6,843 (26.91 percent) and 16 (13.52 percent) of the prime awards' program offices' populations had deficiencies in CPD and OLHCHH programs, respectively. One CPD grantee provided evidence that it had 133 other subawards made from other HUD prime awards that were not reported.

Additionally, we found that 31 of 68 sampled subawards (45.40 percent) under the CPD programs were noncompliant with subaward reporting requirements, primarily because the subaward description was not adequate to provide the stakeholders with an understanding of the purpose of the awarded funds. With a statistical margin of error, we estimated that 14,028 (34.79 percent) or more subawards of the 40,325 subawards reported by prime award recipients for all of HUD's programs had deficiencies.

HUD's prime award recipients lacked knowledge of the FFATA subaward reporting requirements due to insufficient guidance and oversight by HUD program offices and lack of an enterprise-level policy. This

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<sup>1</sup> FFATA requires the prime award recipient to report certain information on its subawards in the FFATA Subaward Reporting System (FSRS), which is ultimately displayed for public viewing on USASpending.gov. The General Service Administration is retiring the FSRS.gov in March 2025. After it is retired, subaward reporting will be made in SAM.gov.

noncompliance impairs the transparency and accountability of Federal spending, limiting stakeholders' ability to fully evaluate the use of Federal funds within their communities.

## **What We Recommend**

We recommend that the Deputy Assistant Secretary for Community Planning and Development and the Director of OLHCHH work with prime award recipients that had subaward reporting deficiencies, and ensure that the correct subaward information is reported. In addition, we recommend that these program offices implement a detailed training program tailored to subaward reporting requirements, increase communication through targeted outreach, and integrate subaward reporting requirements into program offices' monitoring.

Lastly, we recommend that the Chief Financial Officer develop a policy or update the existing Grants Management Policy to include the process and controls that HUD will use to hold prime award recipients accountable for subaward reporting compliance and develop training materials and tools that will assist program offices in monitoring their grant portfolios for subaward reporting compliance.

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## Background and Objective

In an effort to increase transparency and reduce fraud, waste, and abuse in the use of Federal funding in program activities, Congress enacted the Federal Funding Accountability and Transparency Act of 2006 (FFATA).<sup>2</sup> The purpose of FFATA was to increase transparency and accountability in Federal spending by giving the American public access to information on how their tax dollars are being spent. The Digital Accountability and Transparency Act of 2014<sup>3</sup> (DATA Act) expanded FFATA to include all direct agency spending and link Federal contract, grant, and loan spending to specific agency programs, as well as additional requirements to hold Federal agencies accountable for the completeness and accuracy of data submitted.

In several HUD programs, grantees have the option of executing the grant themselves or entering into an agreement with a separate entity to carry out a portion of the Federal award<sup>4</sup>. If grantees choose the second option, the grantee is referred to as the prime award recipient, and the separate entity carrying out of a portion of the award is called the subrecipient. The agreement between them is called a subaward, and it creates a Federal assistance relationship.<sup>5</sup> FFATA requires the prime award recipient to report certain information on its subawards in the FFATA Subaward Reporting System<sup>6</sup> (FSRS), which is ultimately displayed for public viewing on USAspending.gov.

As required by FFATA, the Office of Management and Budget (OMB) issued regulations<sup>7</sup> and guidance<sup>8</sup> requiring Federal agencies to report Federal awards and the prime award recipients to report subaward information. According to the regulations, prime award recipients must report all subawards of \$30,000 or greater no later than the end of the month following the month in which the subaward was issued. When reporting a subaward, prime award recipients must report the subrecipient's name and address, the subaward date and amount, and a description of the purpose of the subaward and if applicable, a description of the primary place of performance and the activity being performed.

While prime award recipients are responsible for entering the information into FSRS, HUD is responsible for monitoring and outreach. Regarding reporting subawards, OMB states that Federal agencies are responsible for holding prime award recipients accountable and have a role in ensuring that prime award recipients understand the reporting requirements and helping to resolve subaward reporting challenges.<sup>9</sup>

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<sup>2</sup> Public Law 109-282

<sup>3</sup> Public Law 113-101.

<sup>4</sup> See 2 CFR (Code of Federal Regulations) 170, Appendix A, (e) defining subaward; 2 CFR 200.1 defining subaward; and 2 CFR 200.331, Subrecipient and contractor determinations, in the Criteria section for details. Per 2 CFR 200.331 a subaward is for the purpose of carrying out a portion of the Federal award and creates a Federal financial assistance relationship with a subrecipient. For further information on what is considered "carrying out" a portion of the Federal award and how that differs from a contractor refer to the CFR. Contrary to subawards, OMB regulations do not require prime award recipients to report payments to contractors on [www.FSRS.gov](http://www.FSRS.gov).


<sup>5</sup> 2 CFR 200.1 – Subrecipient means an entity that receives a subaward from a pass-through entity to carry out part of a Federal award. The term subrecipient does not include a beneficiary or participant. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

<sup>6</sup> [www.fsrs.gov](http://www.fsrs.gov)

<sup>7</sup> 2 CFR part 170, Reporting Subawards and Executive Compensation Information, and 2 CFR part 200, Grants and Cooperative Agreements, sections 200.300 and 200.332

<sup>8</sup> Refer to OMB memorandums M-24-11, M-18-16, M-17-04, and M-10-34.

<sup>9</sup> OMB Memorandum M-24-11, Reducing the Burden in the Administration of Federal Financial Assistance



OMB states that this oversight can include checking USASpending.gov to verify reporting, technical assistance, and training.

While our audit considered all of HUD's programs, we determined that a large majority of subawards occur in Office of Community Planning and Development (CPD) programs. We also identified programs in the following three offices as likely to have subawards: the Office of Lead Hazard Control and Healthy Homes (OLHCHH), the Office of Public and Indian Housing (PIH), and the Office of Fair Housing and Equal Opportunity (FHEO).<sup>10</sup> However, during our audit, we noted that subawards over the \$30,000 reporting threshold are not prevalent in PIH and FHEO programs; therefore, this report is focused on the results of our work regarding CPD and OLHCHH programs. We are communicating the results of work related to PIH and FHEO in a separate management letter to HUD.

Our audit objective was to determine whether the prime award recipients of HUD funding met all of the FFATA reporting requirements for their subawards on USASpending.gov, including the amount of the subaward and a description of the products or services provided.

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<sup>10</sup> See the Scope and Methodology section for additional details on how we made this determination.

## Results of Audit

### HUD's Subaward Data on USASpending.gov Were Not Complete or Accurate

HUD's prime award recipients in its CPD and OLHCHH programs did not always report their subawards, and several subawards that were reported did not include accurate descriptions of the goods and services provided. Specifically, 25 of 70 prime awards sampled from the CPD programs and 10 of 70 awards sampled from the OLHCHH programs had at least 1 subaward that was not reported to USASpending.gov. Collectively, from these prime awards, 81 subawards were not reported. Additionally, 31 of 68 subawards that were reported by CPD prime award recipients had subaward descriptions that did not describe the purpose of the award as required. This condition occurred because prime award recipients lacked knowledge of FFATA subaward reporting requirements, HUD's outreach and oversight were not fully effective, and HUD lacked an enterprise-level policy to ensure compliance with FFATA. Incomplete and inaccurate subaward data and subaward descriptions impair the transparency and accountability of HUD spending, limiting stakeholders' ability to fully evaluate the use of HUD funds.

### CPD and OLHCHH Prime Award Recipients Did Not Always Report Subawards

We selected 2 representative statistical samples of 70 prime awards each from 25,429 CPD prime awards and 206 OLHCHH awards from the award data reported by HUD on USASpending.gov from fiscal years 2021 to 2023.<sup>11</sup> We sent prime award recipients a questionnaire to determine whether subawards were made under the selected awards during the reporting period. For prime award recipients that acknowledged making a subaward, we asked the reasons for not reporting it to identify the cause and reviewed the subaward agreement to confirm that it was a subaward.

For CPD programs, 25 of 70 prime awards did not meet FFATA subaward reporting requirements because the prime award recipient made at least 1 subaward that was not reported to USASpending.gov. These 25 prime award recipients made a total of 63 subawards that should have been reported. Additionally, 1 grantee provided evidence that it had 133 other subawards made from other HUD prime awards that were not reported. Similarly, we found that 10 of the 70 prime OLHCHH awards did not meet FFATA subaward reporting requirements. These 10 prime award recipients made a total of 18 subawards that should have been reported.

Projecting the results with a statistical margin of error, we estimated that at least 26.91 percent and 13.52 percent of the CPD and OLHCHH prime awards tested had deficiencies with their subaward reporting, respectively. Extending this percentage to the universe of CPD's 25,429 and OLHCHH's 206 records, at least 6,843 and 16 prime awards were likely to have reporting deficiencies, respectively.

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<sup>11</sup> See the Scope and Methodology section for information on universe and sample selection.



## Prime Award Recipients Reported Inaccurate Descriptions of Subawards on USA Spending.gov

OMB guidance requires prime award recipients to report subaward information sufficient for the public to understand the purpose of the award and funding allocation to provide the public with an understanding of the purpose of the Federal award provided to the recipient and subrecipient. To determine the accuracy of reported subawards descriptions and amounts, we selected a second representative statistical sample of 68 subawards from a universe of 40,325 subawards reported by prime award recipients for all of HUD's programs on USASpending.gov. Although we included all of HUD's programs in our sample, a large majority of the subawards were under CPD programs;<sup>12</sup> therefore, our sample was mostly comprised of CPD subawards. For each subaward in our sample, we reviewed the subaward agreement to confirm the accuracy of the subaward data reported, including the subaward amount and subaward description to ensure that what was reported to USASpending.gov included adequate information for the public to understand the purpose of the award and funding action.<sup>13</sup>

Of the 68 subawards reviewed, 28 did not include enough information for the public to understand the purpose of the award. Rather, subrecipients tended to provide Federal or agency-specific terminology, such as the name of the Federal or local program, which OMB says should be avoided.<sup>14</sup> If descriptions contain agency-specific terminology, such as names of government or local programs, they are not useful to the public because the public is not privy to what kinds of activities take place under those programs and it is unclear how the money will be used. We also identified three subawards that reported the dollar amount of the subaward incorrectly and two that did not meet the definition of a subaward, and therefore, should not have been reported<sup>15</sup>. The table below provides additional detail on the 31 deficiencies identified.

Deficiencies	Total
Subaward description included only the name of the subrecipient or local program.	15

<sup>12</sup> Of the 40,325 subawards, 38,611 belonged to CPD programs.

<sup>13</sup> OMB Memorandum for Senior Accountable Officials, Open Directive, Federal Spending Transparency and Subaward and Compensation Data Reporting, Appendix C, Grant Reporting Data Model #12 Subaward Project Description, Grant Definition, "Award title and description of the purpose of each funding action, if any. The description should capture the overall purpose of the subaward and, if there are multiple funding actions, sufficient description to define the need for each funding action." See an OMB example in the Criteria section (appendix C) of this report.

<sup>14</sup> OMB M-24-11 states that, "the descriptions should include award-specific activities and avoid acronyms or Federal or agency-specific terminology."

<sup>15</sup> Contrary to subawards, OMB regulations do not require prime award recipients to report payments to contractors on [www.FSRS.gov](http://www.FSRS.gov). See 2 CFR 170, Appendix A, (e) defining subaward; 2 CFR 200.1 defining subaward; and 2 CFR 200.331, Subrecipient and contractor determinations, in the Criteria section for details.

Deficiencies	Total
Subaward description included only HUD program name (example, CDBG [Community Development Block Grant] entitlement).	9
Subaward did not meet the definition of a subaward (it was a subcontract)	2
Subaward description included only the name of the activity and amount.	2
Subaward amount field included incorrect amount.	3
Total	31

Including a statistical margin of error, with a one-sided confidence interval of 95 percent, we determined that there was a deficiency in at least 34.79 percent of the subawards tested. Extending this percentage to the universe of 40,325 records, at least 14,028 subawards reported inaccurate or incomplete information; however, it could be more. While this population was a statistical sample of all of HUD’s subawards, a large majority of the subawards were CPD prime award recipients (27 of 31, or 85.3 percent).

## Prime Award Recipients Lacked Knowledge of FFATA and Its Reporting Requirements

According to OMB guidance<sup>16</sup>, HUD is responsible for overseeing the reporting process, providing guidance to prime award recipients, and taking actions to ensure compliance. As part of our assessment of the effectiveness of the HUD program offices’ communication regarding FFATA and its reporting requirements, we designed survey questions to determine whether prime recipients were aware of the FFATA subaward reporting requirements and processes. For prime recipients that were aware, we also asked questions to discern the role that HUD played in their awareness. For example, we asked if HUD provided guidance, training, and if the requirements were contained in the grant agreement or notices of funding opportunity. We also asked why prime recipients did not report subawards.<sup>17</sup>

<sup>16</sup> OMB Memorandum M-24-11 provides guidance to Federal agencies to support reporting to USASpending.gov in accordance with FFATA. Agencies are responsible for holding prime recipients accountable for doing this reporting, assisting with the reporting, and resolving prime recipients’ reporting challenges.

<sup>17</sup> To measure the scope and effectiveness of the communication methods, we designed questions to measure the prime award recipients’ knowledge of the FFATA subaward reporting requirements and process. Refer to the Scope and Methodology section in this report for details.

Of the 25 CPD and 10 OLHCHH prime awards with deficiencies, 17 of 25 CPD and 6 of 10 OLHCHH prime award recipients responded that they either had no knowledge of FFATA or did not know about its reporting requirements. Therefore, we believe that this lack of knowledge was the main cause of the deficiencies. Further, although several prime awards in the sample did not have subawards to report, we found a similar lack of knowledge of prime awardees throughout our sample, which indicates that future subawards may not be reported. From the CPD samples of 70 awards selected, 69 CPD prime award recipients provided responses. Of the 69 CPD respondents, 44 (63.8 percent) prime award recipients responded that they lacked knowledge about the FFATA reporting requirements or reporting process, and 20 of the 44 had no knowledge at all. From the OLHCHH sample of 70 prime award recipients that responded, 35 (50.0 percent) lacked knowledge about the FFATA reporting requirements or reporting process. Although most of LCHHH recipients did not make a subaward that needed to be reported, improving prime recipient knowledge of subrecipient award reporting requirements will help with future awards.

In addition to the general lack of knowledge, some prime award recipients reported that they experienced challenges in interpreting FFATA requirements or using FSRS. Specifically, five prime award recipients expressed having challenges in discerning between a subrecipient and a subcontractor,<sup>18</sup> and six had difficulties in using the FSRS website.

## **Outreach and Oversight Are Needed To Ensure Prime Award Recipient Compliance With FFATA**

We attributed the lack of knowledge of FFATA subaward reporting requirements reported above to the lack of active oversight, outreach, and training provided by HUD to ensure prime award recipients' compliance with FFATA.

In addition to the prime award recipients that reported not having any knowledge of FFATA reporting requirements, many prime award recipients that reported having some knowledge noted issues with HUD's outreach. The table below shows the responses received from the 49 CPD and 61 OLHCHH prime award recipients that reported having some knowledge of FFATA requirements.

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<sup>18</sup> Regulations at 2 CFR 200.331, Subrecipient and contractor determinations, state that the pass-through entity must make case-by-case determinations on whether the entity receiving the Federal funds meets the criteria of a subrecipient or a contractor. Subrecipients' characteristics include making federal program eligibility determinations, having performance measured in relation to whether federal program objectives were met, having programmatic decision-making responsibility, and being responsible for adhering to applicable federal program requirements. Contractor characteristics includes providing good and services, within normal business hours, that are ancillary to implementation of a federal program and not being subject to compliance requirements of a federal program. These types of contracts are not required to be reported on [www.FSRS.gov](http://www.FSRS.gov).

Response from prime award recipient	CPD prime award recipient responses	OLHCHH prime award recipient responses
HUD did not provide notices or guidance on requirements.	30 (61.2%)	21 (34.4%)
HUD did not include requirements in notice of funding opportunity.	26 (53.0%)	21 (34.4%)
Grant agreement did not include requirements.	29 (59.1%)	12 (19.7%)
Prime award recipients did not receive training, technical assistance, or seminars.	38 (77.5%)	42 (68.9%)

HUD program officials stated that the FFATA requirements were included in the grant agreements and notices of funding opportunity, that guidance was available on the program website, and that the field offices performed monitoring reviews on prime award recipients based on their risk assessments. We reviewed grant agreements, notices, and other methods of outreach and oversight. We found that not all programs with subaward activity included specific clauses related to FFATA compliance in their grant agreements, which could create awareness or increase knowledge of FFATA. We also found that most programs did not have monitoring handbooks that included procedures to review the prime award recipients' compliance with FFATA. Further, none of the programs in the scope of our review issued notices regarding the requirements, and few offices provided technical assistance or training. The table below shows which programs did and did not include FFATA reporting requirements in their (1) award agreement, (2) notice of funding opportunity, (3) notices, (4) technical assistance and training, and (5) monitoring procedures.

Was the FFATA reporting requirement included in any of the following?					
Program name	Award agreement	Notice of funding opportunity	Notices	Technical assistance and training	Monitoring procedures
CPD					
14.218 Community Development Block Grants-Entitlement Grants	Yes	N/A	No	Yes	No
14.218 Community Development Block Grants-States and Nonentitlement Grants	Yes	N/A	No	No	No
14.231 Emergency Solutions Grant Program	Yes	N/A	No	No	Yes

Was the FFATA reporting requirement included in any of the following?					
14.239 HOME Investment Partnerships	Yes	N/A	No	No	No
14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	No	No	No	No	No
14.252 Section 4 Capacity Building for Community Development and Affordable Housing	Yes	Yes	No	Yes	Yes
14.259 Community Compass Technical Assistance and Capacity Building	No	Yes	No	Yes	Yes
14.261 Homeless Response System Data and Performance	No	No	No	No	No
14.265 Rural Capacity Building for Community Development and Affordable Housing Grants	No	Yes	No	Yes	Yes
14.267 Continuum of Care Program	No	Yes	No	No	Yes
14.275 Housing Trust Fund	Yes	N/A	No	No	No
<b>OLHCHH</b>					
14.9 Lead Hazard Reduction and Lead-Based Paint Hazard Control in Privately Owned Housing Grant Programs	Yes	Yes	No	No	No
14.9 Lead Hazard Reduction Demonstration Grant Program	Yes	Yes	No	No	No

In addition to reviewing the methods listed above to inform prime award recipients about FFATA, we searched HUD program websites to identify other information available to prime award recipients with FFATA subaward reporting requirements. We found a general lack of training materials available to prime award recipients. We found that, unlike HUD, other agencies<sup>19</sup> had fully dedicated websites on FFATA that were easy to find by performing a basic search and provided comprehensive information on FFATA reporting. While CPD and OLHCHH had some information available on their websites, the websites primarily contained links to FSRS and the FFATA law without additional information. The websites also did not provide comprehensive information to help prime award recipients navigate the process, such as definitions, instructions on how to register and report subawards, or information on how to get help. Having sufficient and easily accessible information available for prime award recipients could improve compliance with the FFATA requirements.

## HUD Did Not Have an Enterprise-Level Policy for Overseeing Subaward Reporting

HUD’s Office of the Chief Financial Officer (OCFO) is responsible for ensuring that HUD complies with financial management legislation and directives and evaluating internal controls over HUD’s business processes. It is also designated as the Senior Accountable Official (SAO) for DATA Act reporting, which makes it responsible for providing reasonable assurance that HUD’s internal controls support the

19 Other agency websites that we reviewed included: 1) The [National Institute of Health](#), 2) [Heath Resource & Services Administration](#), 3) [United States Election Assistance Commission](#), and 4) [Administration for Children & Families](#).

reliability and validity of the agency account-level and award-level data reported to USASpending.gov.<sup>20</sup> In this role, OCFO maintains and updates HUD's DATA Act Quality Plan (DQP)<sup>21</sup> and is responsible for coordinating DATA Act activities across HUD to ensure reliability and that consistent data are reported to www.USASpending.gov.

We reviewed the OCFO's Grant Management Handbook<sup>22</sup> and found that it included requirements for program offices to include FFATA language in the terms and conditions of the award and assess recipient compliance in post-award monitoring; however, the policy is silent on OCFO's role to assist and ensure compliance with these requirements. The policy also does not describe how HUD would hold the prime award recipients accountable for the required reporting or how the responsibility would be shared throughout HUD programs and OCFO. Without an enterprise-level policy to ensure compliance with subaward reporting requirements, HUD program offices may be unclear about their responsibilities or how to fulfill them and less likely to prioritize action.

## Conclusion

The intent of FFATA is to empower every American with the ability to hold the government accountable for each spending decision.<sup>23</sup> Our audit found that prime award recipients in CPD and OLHCHH programs were challenged with reporting complete or accurate subaward data to USASpeinding.gov. In addition, we found that prime award recipients sampled generally lacked an understanding of FFATA subaward reporting requirements. This general lack of knowledge creates an increased risk that prime award recipients will not report subawards. These conditions impair the transparency and accountability of Federal spending, limiting stakeholders' ability to fully evaluate the use of Federal funds within their communities. Comprehensive guidance, training, and monitoring by CPD and OLHCHH will help ensure that prime award recipients are aware of requirements and available tools to accurately report subaward data.

## Recommendations

We recommend that the General Deputy Assistant Secretary for Community Planning and Development

1A. Work with the prime award recipients that had subaward reporting deficiencies to ensure that their subaward information is reported or reported accurately.

1B. Update and expand the guidance on FFATA subaward reporting requirements provided to prime award recipients by (1) updating program website(s) with comprehensive information about FFATA, (2) implementing training, (3) issuing formal communication, and (4) implementing a feedback mechanism to ensure that all prime award recipients have the opportunity to share challenges with HUD and ask questions.

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<sup>20</sup> This requirement is outlined in OMB Memorandum M-17-04.

<sup>21</sup> The DATA Act amended FFATA in 2014 and requires agencies to report spending information in a standardized format, making it publicly accessible, to increase transparency and accountability. The DATA Act requires agencies to establish the DQP as the framework to ensure the accuracy, consistency, and reliability of data submitted by Federal agencies under the DATA Act.

<sup>22</sup> HUD Handbook 2210.17 Discretionary Grants and Cooperative Agreement Policies and Procedures

<sup>23</sup> This intent is stated on FSRS.gov.

1C. Integrate FFATA reporting requirements into program monitoring procedures for all programs and conduct regular reviews to assess compliance.

1D. Ensure that programs with subaward activity include specific clauses related to FFATA compliance in their grant agreements, and notices of funding opportunities.

We recommend that the Director of OLHCHH

1E. Work with the prime award recipients that had subaward reporting deficiencies to ensure that their subaward information is reported or reported accurately.

1F. Update and expand the guidance provided to prime award recipients by (1) updating program website(s) with comprehensive information about FFATA, (2) implementing training, (3) issuing formal communication, and (4) implementing a feedback mechanism to ensure that all prime award recipients have the opportunity to share challenges with HUD and ask questions.

1G. Integrate FFATA reporting requirements into the program monitoring procedures for all programs and conduct regular reviews to assess compliance.

We recommend that the Deputy Chief Financial Officer

1H. Develop a policy or update the existing Grants Management Policy to include 1) the process and controls that HUD will use to hold the prime recipients accountable for FFATA compliance and 2) clearly defined roles and responsibilities between OCFO and the program offices to ensure that action is prioritized by the correct responsible parties regarding FFATA compliance.

1I. Work with applicable program offices to develop training materials and tools, such as dashboards, to assist program offices in monitoring their grant portfolios for subaward reporting compliance.

## Scope and Methodology

We performed the audit work in Washington, DC, from December 2023 to September 2024. We obtained HUD’s USASpending.gov award data for fiscal years 2021-2023 and determined which HUD programs were likely to have subawards (see appendix B) based on the program funding process, administrator or intermediary, and beneficiary type. Based on this analysis, we identified 23 programs under CPD, OLHCHH, PIH, and FHEO likely to have subawards.

To select the representative statistical samples, we extracted all prime awards of \$30,000 or greater without a subaward reported during fiscal years 2021-2023 under the 23 programs likely to have subawards. We selected a representative statistically valid sample of 70 prime awards from the population of awards. See the table below for details.

HUD office	Prime awards without subawards reported	Total awarded amount	Average funding per award	Sample total
CPD	25,429	\$35,643,013,289	\$1,401,668	70
OLHCHH	206	517,431,419	2,511,803	70
FHEO	463	188,802,428	407,781	70
PIH	1,339	4,158,450,519	3,105,639	70

After selecting the award sample, we searched the USASpending.gov data or financial records publicly available and confirmed that all prime recipients selected were not exempted from subaward reporting under 2 CFR Part 170 Appendix A, I (d) Exceptions. All prime award recipients selected had at least a gross income of \$300,000 in the year prior to the award. Then, we obtained the prime award recipients’ contact information from HUD program officials. We sent prime award recipients a questionnaire to help us determine whether subawards were made under the selected grant during the reporting period. We also asked the prime award recipient to verify the prime award data reported by HUD to USASpending.gov to validate the information reported. In addition, we designed the questionnaire to provide prime award recipients with information about FFATA that would help them discern between subaward and a subcontract.

Our questionnaire also included questions to measure the level of knowledge on the FFATA subaward reporting process and requirements. We asked where the prime award recipient obtained its knowledge by asking it to select sources, such as the grant agreement, the notice of funding opportunity, notices, training, or technical assistance. For prime award recipients that acknowledged making a subaward, we asked the reasons for not reporting it to determine the cause, and we reviewed the subaward agreement to confirm that it was a subaward.

To assess the accuracy of the subaward data reported by prime award recipients, we obtained the USASpending.gov subaward data for fiscal years 2021-2023 to determine whether the prime award recipients reported information in accordance with the requirements. We selected one representative



statistically valid sample of 68 subawards reported by prime recipients from all HUD programs with reported subawards. See the table below with the population of subawards subject to audit testing.

Program office	Total subawards	Sample count
CPD	38,611	58
FHA*	1,045	2
FHEO	13	2
OLHCHH	536	2
PD&R**	31	2
PIH	89	2

\* FHA = Federal Housing Administration

\*\* PD&R = Office of Policy Development and Research

We sent prime award recipients a questionnaire to help us determine whether subawards were accurately reported by obtaining and reviewing the subaward agreement.

Lastly, we assessed whether HUD program offices had internal controls and means to inform prime award recipients about FFATA and their requirements to report subawards to USASpending.gov. We reviewed grant agreements, notices, and notices of funding opportunity to determine whether they contained the requirements. We also reviewed program monitoring handbooks to determine whether they had steps to check for prime award recipients' compliance with FFATA subaward reporting.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

# Appendixes

## Appendix A – Auditee Comments and OIG’s Evaluation

We provided OCFO, CPD, and OLHCHH with the draft report on December 18, 2024. We obtained comments to the draft report from CPD on February 6, 2025 and OLHCHH on February 14, 2025. On February 4, 2025, we received an email from the Assistant CFO for Financial Management, stating OCFO had no comments to the draft report. CPD’s and OLHCHH’s comments, and our evaluation, are shown below:

### Auditee Comments from CPD



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-7000

February 6, 2025

MEMORANDUM FOR: Brittney Wing, Director, Financial Audits Division, OIG  
FROM: **DARRELL CLARK** Digitally signed by DARRELL CLARK  
Date: 2025.02.06 13:28:37 -05'00'  
Darrell Clark, Deputy Assistant Secretary for Operations, DH  
SUBJECT: OIG Audit Report on HUD’s Subaward Data on  
USASpending.gov

This memorandum serves as the Office of Community Planning & Development’s (CPD) official response to the subject draft audit. CPD and its program offices are appreciative of the work done to complete this report and OIG’s engagement as we provide our response.

While CPD does concur with portions of OIG’s report, our program offices have identified areas of non-concurrence that are specified below. CPD looks forward to the exit conference to further engage in the aforementioned report and our official response.

#### CPD Program Offices’ Non-Concurrence with OIG Recommendations

##### Special Needs Programs (SNAPS)

SNAPS disagrees with the auditor’s statement that FFATA is not mentioned in any notices for ESG.

SNAPS contends that the ESG Interim Rule governs ESG and outlines the required FFATA language. Additionally, FFATA is also referenced in the CPD Monitoring Handbook under our Recipient Overall Grant Management exhibits.

##### Strategic Transformation Division (STRAND)

###### RCB

STRAND does not agree with the audit’s interpretation of the RCB grant agreements. According to OGC, “we discussed FFATA language with Admin Law, who confirmed that FFATA language is not required in the grant agreement, as the NOFO includes these requirements and is incorporated by reference in the grant agreement.”

###### Section 4

The Monitoring Exhibits outline the necessary accountability measures and transparency standards required by FFATA, ensuring full compliance with federal guidelines. STRAND remains committed to oversight and periodic updates to our procedures.

[www.hud.gov](http://www.hud.gov) [espano@hud.gov](mailto:espano@hud.gov)

## OIG Evaluation of CPD Comments

CPD agreed with portions of the report and provided information on specific areas where it did not concur with the findings.

First, CPD disagrees that the ESG program does not mention FFATA in any of the Notices. However, our research of CPD's notices did not find any mention of FFATA for the ESG program. CPD did not provide any supporting documentation, such as a Notice with FFATA information, instead it referred us to the ESG interim rule. We understand that the FFATA requirement is named in the ESG Interim Rule regulations, however, our report found that prime recipients were still not aware of these requirements. Therefore, current practices can be improved upon to enhance compliance. In our report, we were specifically looking for Notices because they would communicate more than just the requirement. Notices provide guidance, instruction, and clarification, which could help grantees understand the FFATA requirement on how and when to report subawards.

Secondly, CPD stated that it did not agree with the audit's interpretation and that including FFATA language is not required to be in the grant agreement. We understand that adding the FFATA language is not a requirement. However, we believe adding the FFATA requirements in the grant agreements will increase awareness, which could increase compliance by prime award recipients.

Lastly, CPD stated that their monitoring exhibits outline the necessary accountability measures required by FFATA. We reviewed the two monitoring handbooks of the Rural Capacity Building (RCB) Exhibits 32-1 and Capacity Building for Community Development and Affordable Housing (CBCD) Section 4 Exhibit 33-1. We verified that the FFATA subaward reporting requirement is included as part of the monitoring procedures. The final audit report was updated with the correct information.

# Auditee Comments from OLHCHH



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-3000

OFFICE OF LEAD HAZARD CONTROL  
AND HEALTHY HOMES

MEMORANDUM FOR: Kilah S. White, Assistant Inspector General for Audit,  
Office of Inspector General, GA

FROM: Michelle Medeiros, Deputy Director, Office of Lead Hazard Control  
and Healthy Homes, *Michelle Medeiros*

SUBJECT: OLHCHH Review of OIG draft report, "HUD's Subaward Data  
on USASpending.gov were not Complete nor Accurate"

The Office of Lead Hazard Control and Healthy Homes (OLHCHH) thanks the Office of Inspector General (OIG) for providing the subject draft for review. Attached are the OLHCHH's comments, in order of appearance of the text being commented upon in the draft.

The OLHCHH concurs with the draft's recommendations for it numbered 1E, 1F(3), 1F(4), and 1G. For the reasons discussed in the attached review, the OLHCHH will concur with recommendations 1F(1) and 1F(2) upon their being revised to reflect, respectively, website streamlining (i.e., being non-duplicative) and, for consistency with draft recommendation 1J, OCFO's (rather than program offices') developing Federal Funding Accountability and Transparency Act of 2006 subaward reporting training materials and providing them to the program offices.

If you or your staff wish to discuss this review, please contact Jonnette H. Simmons, Director, Grants Services Division, OLHCHH, at 678-732-2625 (TTY 711), by email, or by Teams.

Attachment

In addition to the memo above, OLHCHH submitted additional comments for consideration. Due to the length and duplication of the comments included in the attachment, we grouped and summarized the major comments below:

- OLHCHH had concerns that some of the subawards that we reported as unreported were not subawards and were contracts instead. It supported this statement by saying that the prime award recipients we cited with deficiencies included 2 grantees that had contracts for lead-based paint inspection, risk assessment, and lead hazard control work, but no subawards.
- OLHCHH felt that it did provide technical assistance to grantees and noted that it provided a FFATA reporting training to its grantees, including at New Grantee Orientation. It also noted that, when appropriate, technical assistance covers FFATA reporting.
- OLHCHH requested a revision to recommendation 1F to the OCFO to state, "updating program website(s) with *summaries of, and descriptive links to* comprehensive information about, FFATA". OLHCHH also wanted OIG to clarify the scope of the training materials that OCFO should provide in 1I.

## OIG Evaluation of OLHCHH Comments

Overall, OLHCHH generally agrees with the audit results and recommendations 1E, 1F, 1G. OLHCHH also indicated the importance of concurring with recommendation 1F being contingent upon OCFO agreeing to providing training materials to the program offices as part of recommendation 1I<sup>24</sup>. During our audit, OCFO has verbally concurred with this recommendation and we will work with the OCFO during the audit resolution process to agree upon a corrective action plan that will adequately address the recommendation.

OLHCHH had concerns that some subawards we reported as unreported were actually contracts. The 2 grantees that OLHCHH mentioned in their comments provided agreements to us that indicate that the grantee made a subaward and not a subcontract. For the first, the award refers to the awardee as a “subgrantee” and the awardee is responsible for several activities that directly address the purpose of the grant, which was to reduce lead-based paint hazards and provide healthy home interventions. For the second, the scope of the subaward agreements included assisting the grantee in fulfilling the terms of the grant awarded by HUD and included application intake, eligibility and enrollment of properties, bid processes, and hiring and oversight of contractors. Based on a corrected response from a different grantee after the draft report, we reduced the number of unreported subawards by one. All of the other subawards reported in this report are supported by subawards that met the requirements for a subaward as noted in 2 CFR 200 331- Subrecipient and Contractor determinations.

OLHCHH also believed that it had provided technical assistance to grantees through New Grantee Orientation. While OLHCHH mentioned the requirement in its New Grantee Orientation training as an “Other Reporting Requirement,” the training was not comprehensive about what to report and how. Based on recent meetings with OIG, OLHCHH recently updated its training slides to include more comprehensive information.

Lastly, OLHCHH requested a revision to recommendation 1F. This recommendation, as currently written, does not preclude OLHCHH from including links as it deems appropriate. Further, it requested to clarify the scope for recommendation 1I. This recommendation was made to the OCFO, not OLHCHH, and we did not want to be overly prescriptive in our recommendation. We updated the recommendation to say that OCFO will work with program offices to develop training and tools.

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<sup>24</sup> OLHCHH commented on 1J from the draft report in their response, however, we eliminated one recommendation since the draft report. Therefore, 1J is now 1I in the final report.

## Appendix B – HUD Programs Likely To Have Subawards Reported

To determine which HUD programs were likely to have subaward activity made by prime award recipients, we considered the program objective, funding type, entity or administrator type, and beneficiary type. We obtained the information from the Catalog of Federal Domestic Assistance (CFDA) and from HUD program officials. The 23 programs below are administered by 4 of HUD’s program offices: CPD, PIH, FHEO, and OLHCHH. Two of the programs are administrated by more than one program office. Each HUD office is responsible for establishing directives, establishing internal controls, and managing its resources to ensure that recipients comply with the regulations. We evaluated the FFATA compliance by the HUD offices responsible for their award recipients’ performance. We took a statistical sample of the awards representative of each HUD office separately. The following table contains the office and program name likely to have subawards.

HUD program office	CDFA	Program name
CPD	14.218	Community Development Block Grants-Entitlement Grants
CPD	14.228	Community Development Block Grants-States Program and Nonentitlement Grants in Hawaii
CPD	14.231	Emergency Solutions Grant Program
CPD	14.239	HOME Investment Partnerships
CPD	14.241	Housing Opportunities for Persons With AIDS
CPD	14.249	Section 8 Moderate Rehabilitation Single Room Occupancy
CPD	14.251	Economic Development Initiative, Community Project Funding, and Miscellaneous Grants
CPD	14.252	Section 4 Capacity Building for Community Development and Affordable Housing
CPD	14.259	Community Compass Technical Assistance and Capacity Building
CPD	14.265	Rural Capacity Building for Community Development and Affordable Housing Grants

HUD program office	CDFA	Program name
CPD	14.267	Continuum of Care Program
CPD	14.275	Housing Trust Fund
CPD	14.870	Resident Opportunity and Supportive Services - Service Coordinators
FHEO	14.401	Fair Housing Assistance Program
FHEO	14.401	Fair Housing Assistance Program State and Local
FHEO	14.418	Private Enforcement Initiatives
OLHCHH	14.900	Lead Hazard Reduction Grant Program
OLHCHH	14.900	Lead-Based Paint Hazard Control in Privately Owned Housing
OLHCHH	14.905	Lead Hazard Reduction Demonstration Grant Program
PIH	14.862	Indian Community Development Block Grant Program
PIH	14.867	Indian Housing Block Grants
PIH	14.870	Resident Opportunity and Supportive Services - Service Coordinators
PIH	14.873	Native Hawaiian Housing Block Grants
PIH	14.888	Lead-Based Paint Capital Fund Program
PIH	14.889	Choice Neighborhoods Implementation Grants

## Appendix C – Criteria

Public Law 109-282, FFATA, requires OMB to issue regulations and guidance requiring Federal agencies to report Federal awards and the prime award recipients to report subrecipient award information. OMB regulations also require Federal agencies to ensure that subaward data under FFATA are accurately reported, readily accessible, and transparent to the public. Significant OMB regulations and guidance are listed below.

Regulations at 2 CFR Part 170, Reporting Subawards and Executive Compensation Information, provide guidance to Federal awarding agencies on reporting Federal awards to establish requirements for recipients' reporting of information on subawards and executive total compensation, as required by FFATA (Public Law 109-282), as amended by Section 6202 of Public Law 110-252.

- Section 170.210, Requirements for notices of funding opportunities, regulations, and application instructions. Each Federal awarding agency that makes awards of Federal financial assistance subject to FFATA must include the requirements in each notice of funding opportunity, regulation, or other issuances to the award recipient subject to FFATA reporting requirements and be issued on or after the effective date of this part.
- Section 170.220, Award term. A Federal awarding agency must include the award term in appendix A to this part in each Federal award to a recipient under which the total funding is anticipated to equal or exceed \$30,000 in Federal funding.
- Section 170.320, Federal financial assistance subject to FFATA. Federal financial assistance subject to FFATA is applicable to grants, cooperative agreements, loans, loan guarantees, subsidies, insurance, and others.
- Appendix A to part 170—Award Term a. Reporting of first-tier subawards. You must report each action that equals or exceeds \$30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency to [www.fsrs.gov](http://www.fsrs.gov) not later than the end of the following month in which the obligation was made.

The primary regulation governing grants and cooperative agreements issued by the U.S. Government is 2 CFR part 200.

- Section 200.300, Statutory and National Policy Requirements: (a) The Federal awarding agency must communicate to the non-Federal entity all relevant public policy requirements, including those in general appropriations provisions, and incorporate them either directly or by reference in the terms and conditions of the Federal award. (b) The non-Federal entity is responsible for complying with all requirements of the Federal award. For all Federal awards, this includes the provisions of FFATA, which includes requirements on executive compensation, and requirements implementing the Act for the non-Federal entity at 2 CFR parts 25 and 170.
- Section 200.332, Requirements for Pass-Through Entities. All pass-through entities must: Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.
- Section 200.331, Subrecipient and contractor determinations. The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities.



Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

- Section 200.339. Consider imposing additional conditions or taking additional actions as appropriate if award recipients fail to comply with the U.S. Constitution, Federal statutes, regulations, or the terms and conditions of a Federal grant.

OMB guidance delineates agency responsibilities for communicating and monitoring prime award recipients' subaward data reporting requirements. OMB guidance describes specific responsibilities for awarding agencies to help ensure that prime recipients are aware of and comply with certain subaward reporting requirements. Federal agencies are responsible for the content they disseminate and should take affirmative steps to maximize their quality, such as identifying, when appropriate, error sources affecting the data quality. OMB guidance also states that agencies should optimize and organize online content to help the public find what they are looking for as efficiently as possible, with the fewest number of steps or clicks.

- Memorandum M-24-11 provides additional guidance to Federal agencies to support reporting to USASpending.gov in accordance with FFATA. Agencies are responsible for holding prime recipients accountable for doing this reporting, assisting with the reporting, and resolving prime recipients' reporting challenges. Agencies can also check the USASpending.gov website to verify that subaward reporting is taking place as outlined by the Federal award term. Federal agencies also have a role in ensuring that prime recipients understand the reporting requirements and helping to resolve subaward reporting challenges.
- Memorandum M-23-22 provides additional guidance to agencies on how to design and deliver websites and digital services to the public and to assist agencies as they continue to implement the 21st Century Integrated Digital Experience Act. It summarizes relevant statutory requirements, clarifies policy requirements, and expands best practices for agency websites and digital services.
- Memorandum M-17-04 provides additional guidance to Federal agencies to support reporting to USASpending.gov in accordance with FFATA. The memorandum reminds Federal agencies to continue to comply with current regulatory requirements, such as requiring Federal prime awardees to report to FSRS and the System for Award Management (SAM) as part of the terms and conditions of the award to promote accurate and complete awardee and subawardee data in FSRS and SAM. Also, it states that SAOs or their designees must provide a quarterly assurance that their agency's internal controls support the reliability and validity of the agency account-level and award-level data reported for display on USASpending.gov. It also mentions that the Management Procurement Memorandum 2016-03 specifies that this assurance should leverage data quality and management controls established in statute, regulation, and Federal-wide policy and be aligned with the internal control and risk management strategies in OMB Circular No. A-123.
- Memorandum M-18-16 states that under FFATA, agencies must have controls in place to ensure that the data reported in accordance with the law meet the strategic objective of providing reliable information connecting financial information to awards for management decision making and for public accountability.

- OMB Memorandum for Senior Accountable Officials Federal Spending Transparency and Subaward and Compensation Data Reporting, dated August 27, 2010. The memorandum provides Federal guidance to continue efforts to increase the availability of public information related to Federal spending and to improve the data quality of information so reported. This guidance directs agencies to require prime awardee reporting of first-tier subawards associated with new Federal contracts and grants and require prime awardee reporting of executive compensation for new Federal contracts and grants as of October 1, 2010, as set forth in FFATA.
- OMB Memorandum for Senior Accountable Officials, Appendix C, Grant Reporting Data Model #12, states, “Subaward Project Description contains the award title and description of the purpose of each funding action. Award title and description of the purpose of each funding action, if any. The description should capture the overall purpose of the subaward and, if there are multiple funding actions, sufficient description to define the need for each funding action. Example of project description: *‘Investment in public transportation: replace four 10-year-old electric commuter train cars. In addition, funds will be used to construct a multi-modal Park and Ride facility featuring: commuter parking, transit hub, bicycle accommodations, and a potential future platform.’* For a second funding action to this grant, an example of an additional description: *‘Replace 2 additional electric commuter trains cars that are 8+ years old.’”*