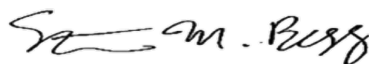




# MEMORANDUM

April 22, 2025

To: Scott E. Turner  
*Secretary*  
*U.S. Department of Housing and Urban Development*

From: Stephen M. Begg   
*Acting Inspector General*  
*U.S. Department of Housing and Urban Development*

Subject: 2025 Priority Open OIG Recommendations

Each year, the U.S. Department of Housing and Urban Development (HUD or Department) Office of Inspector General (OIG) provides the Department with a memorandum of priority open recommendations the OIG issued in its reports. The OIG designated these recommendations as “priority” because, if implemented, the recommendations will have the most significant impact on increasing efficiency in HUD programs, reducing fraud and wasteful spending, and assisting HUD with addressing its top management challenges.<sup>1</sup>

HUD has made progress since we identified 35 recommendations as priority in our January 2024 memorandum and took action sufficient to close nine of those recommendations. The Office of Public and Indian Housing (PIH) addressed three priority recommendations by (1) establishing a nationwide protocol for HUD field staff to use in reviewing deficiencies identified during physical inspections of unit conditions, (2) better tracking of corrective actions PHAs take to remedy deficiencies identified during physical inspections, and (3) developed and provided training to HUD field office staff on how to verify that deficiencies have been corrected.<sup>2</sup> The Government National Mortgage Association (Ginnie Mae) closed four priority recommendations by updating its procedures related to the purchase and sale of troubled mortgage servicing portfolios to promote consistency and integrity in portfolios sales, making them more efficient and reducing the risk that the sales result in loss to the government or disruption to the mortgage market.<sup>3</sup> The Office of the Chief Information Officer (OCIO) closed two priority recommendations by updating its Cybersecurity Incident Response Plan with enhanced monitoring of

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<sup>1</sup> Throughout the year, the OIG updates the status of priority open recommendations on the public OIG [Recommendations Dashboard](#).

<sup>2</sup> See OIG Recommendations 1A, 1B, and 1C from audit report 2023-CH-0004, titled “[HUD Can Improve Its Oversight of the Physical Condition of Public Housing Developments](#).”

<sup>3</sup> See OIG Recommendations 1A, 1B, 1C, and 1D from audit report 2023-KC-0003, titled “[Opportunities Exist for Ginnie Mae To Improve Its Guidance and Process for Troubled Issuers](#).”

network traffic for cybersecurity threats, and by aligning its IT Modernization strategy with its IT modernization roadmap.<sup>4</sup>

In this year's memorandum, 24 recommendations from prior years remain open, and we identified seven new recommendations as priority. As we describe below, resolving these 31 priority open recommendations will: (1) better protect billions of dollars in HUD's programs against fraud, waste, and abuse; (2) produce safer living conditions for the millions of households living in HUD-assisted housing; and (3) make HUD's IT modernization and cybersecurity more effective and efficient. We include a full description of all 31 priority recommendations and status updates in Appendix 1. OIG will periodically update the status of HUD's efforts to close priority recommendations on our publicly available Recommendations Dashboard.<sup>5</sup> These recommendations fall into the areas described below and align with the Department's top management and performance challenges identified in our October 2024 report, titled [HUD's Top Management Challenges in FY 2025](#).

### Managing Fraud Risk and Improper Payments

Fraud against HUD programs reduces HUD's ability to meet the most critical housing needs and results in lost taxpayer dollars. Robust fraud risk management frameworks, to include fraud risk assessments, will help HUD better integrate anti-fraud controls and accountability measures into its programs. We recommend that HUD perform a complete fraud risk assessment of all programs and use the results to develop and implement an agency-wide plan to mitigate those risks. Doing so will help HUD manage fraud risk proactively and better prevent fraud rather than chase it.

Similarly, HUD needs to take action to identify and mitigate improper payments in its largest grant programs. The OIG has identified that, for 7 consecutive years, HUD has been unable to accurately estimate the amount of potential improper and unknown payments in its PIH Tenant-Based Rental Assistance (TBRA) program and the Multifamily Housing Project-Based Rental Assistance (PBRA) program. These are the two largest program expenditures in HUD's portfolio, representing approximately 62 percent of HUD's total expenditures, and are the two programs most at risk of making improper payments. Yet, the last year that HUD reported a compliant estimate for these programs was 2016. In that year, payments in the programs totaled \$30.7 billion, and HUD estimated that \$1.7 billion of those payments were paid improperly.

Lastly, whistleblowers play a critical role in identifying fraud, waste, and abuse in HUD programs. We have recommended that HUD take several actions to ensure that employees of federal contractors, subcontractors, grantees, and subgrantees who disclose information about fraud, waste, or abuse are safeguarded against retaliation.

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<sup>4</sup> See OIG Recommendation 16 from evaluation report 2019-OE-0002, titled "[HUD Fiscal Year 2019 Federal Information Security Modernization Act of 2014 \(FISMA\) Evaluation Report](#)" and OIG Recommendation 1 from evaluation report 2021-OE-003, titled "[HUD IT Modernization Roadmap Evaluation Report](#)," respectively.

<sup>5</sup> HUD OIG Recommendations Dashboard, available at: <https://www.hudoig.gov/open-recommendation/search?f%5B0%5D=priority%3A1>.

### Mitigating Counterparty Risks

In executing its mortgage insurance programs that provide important homeownership opportunities to Americans, HUD's Federal Housing Administration (FHA) relies on mortgage lenders and servicers, or counterparties, to provide loans to eligible borrowers and to service properties in accordance with HUD's requirements. OIG recommended in 2014, 2018, and 2019 that FHA enhance several internal controls to better prevent ineligible borrowers with delinquent federal debt from obtaining HUD-insured mortgage loans. Doing so would keep billions of dollars in mortgage loan balances out of FHA's insurance fund and reduce the risk that losses on the loans impact taxpayers.

Similarly, in 2016 and 2018 OIG recommended that HUD enhance its rules to limit the costs that mortgage servicers pass on to HUD in claims for insurance for loan defaults and foreclosed properties. By completing action on these long-standing recommendations, HUD can save billions of dollars in unnecessarily paid insurance claims for costs that servicers can and should have avoided incurring.

### Promoting Health and Safety in HUD-Assisted Housing

HUD faces significant challenges in overseeing health and safety conditions in the properties that receive HUD rental assistance. From 2020 to 2023, the OIG made eight health and safety priority recommendations that HUD has not yet addressed. Several recommendations urge HUD to take steps to reduce tenants' exposure to lead hazards in assisted housing, including that HUD should: require property owners to maintain documentation that supports their compliance with the Lead Safe Housing Rule; implement the now lower the intervention threshold when a child has lead in their blood; implement an action plan to improve oversight of lead in the water of Multifamily properties; determine the number of public housing developments and units that contain lead-based paint and lead-based paint hazards; and better ensure that cases of children with elevated blood lead levels in public housing are appropriately reported and monitored; and research and address potential causes of variances in PHAs reporting of lead poisoning to HUD.

In addition, the OIG recommended that HUD improve its response to health and safety deficiencies by (1) developing policies and procedures for the timely intake, monitoring, and tracking of complaints related to such deficiencies in Multifamily properties; (2) improving processes to ensure that public housing properties are inspected in a timely manner; and (3) implementing a nationwide protocol that describes for HUD field office staff how they review self-inspections done by PHAs. Although HUD took action toward providing better oversight of PHA self-inspections, the action failed to detail how HUD staff should receive and review PHAs' self-inspections to determine compliance, which leaves HUD's ability to identify and remedy health and safety deficiencies in public housing compromised.

This year, the OIG has identified six new priority open recommendations that would improve HUD's ability to provide oversight of health and safety requirements. We recommended that Multifamily Housing develop and implement controls to ensure that notices of violation and default are timely issued to owners and clearly identify the owners' inspection responsibilities and related documentation requirements. Furthermore, we urged HUD to improve its oversight of the physical conditions of public housing units converted under the Rental Assistance Demonstration by conducting timely management and occupancy reviews of these properties.

### Improving IT Modernization and Cybersecurity

HUD and its stakeholders increasingly rely on HUD's IT systems that maintain over 16 billion records containing personally identifiable information (PII) and facilitate thousands of transactions daily. In 2020 and 2022, the OIG made four recommendations for HUD to mature its infosec posture to better protect sensitive HUD systems and data, including requiring the use of multifactor authentication, blocking unauthorized software and operating systems from executing on HUD's network, and improving HUD's compliance with cybersecurity and supply chain risk management program requirements.

This year, the OIG is designating one additional priority open recommendation to help HUD protect sensitive, private data in its IT systems. By addressing these recommendations and obtaining a better understanding of the characteristics of its most sensitive data, HUD will also be able to address other infosec weaknesses that the OIG has identified.

### Increasing Effectiveness in Procurement

HUD's program offices require contracting and procurement services to effectively achieve their mission. Procurement and program officials are simultaneously responsible for timely coordinating their procurement needs, but program officials must promptly provide complete and accurate information at each stage of the procurement process. We recommended that HUD evaluate IT acquisition process workflows and identify ways to simplify the processes, facilitate more effective stakeholder coordination across program offices, and create efficiencies where possible.

In closing, I look forward to working with you and your administration on improving how HUD delivers for the American people. As always, the OIG stands ready to collaborate with your team to create positive, meaningful change in the Department. Addressing the OIG's priority open recommendations will make a significant impact on HUD's programs and assist you in your efforts to improve and deliver excellent services to the households and communities that rely on HUD's important programs.

### **Appendix 1: Detailed Status Updates for All Priority Open Recommendations**

## Appendix 1: Detailed Status Updates for All Priority Open Recommendations

Detailed Status of HUD OIG's 2025 Priority Open Recommendations (March 31, 2025)

### Managing FRAUD RISK AND IMPROPER PAYMENTS

NUMBER	RECOMMENDATION	STATUS	ANALYSIS
<p><b><u>2024-IG-0001-001-A</u></b></p> <p><i>REPLACED 2021-AT-0002-001-A AND 2022-FO-0005-001-A</i></p>	<p><b><u>Management Alert: Action Is Needed From HUD Leadership To Resolve Systemic Challenges With Improper Payments, 2024-IG-0001 (January 23, 2024)</u></b></p> <p>Recommendation 1A: Develop and execute a detailed plan and timeline for both testing and reporting estimates of improper payments in the PIH-TBRA and PBRA programs in compliance with federal law and OMB guidance.</p>	<p>In response to the Management Alert, the Deputy Secretary stated that she would provide a plan in 30 days. On April 10, 2024, the Chief Financial Officer, Assistant Secretary for Housing, and Principal Deputy Assistant Secretary for Public and Indian Housing (PIH) stated their respective executives had been working together to develop a plan to accelerate HUD's ability to produce statistically valid estimates. With respect to PBRA, HUD plans to use ongoing data collection for fiscal year (FY) 2023 tier 1 and tier 2 payments to develop a statistical estimate in FY 2024.</p> <p>However, our ongoing Payment Integrity Information Act audit has determined that neither program produced a compliant estimate in fiscal year 2024. For multifamily-PBRA, HUD made some progress and reported an estimate that captured part of the payment cycle; however, the estimate did not include testing to ensure that housing assistance payments from contract administrators to owners were calculated correctly and supported by tenant-level documentation. The PIH-TBRA program did not produce an estimate at all, noting that IT system modernization must occur first. However, PIH has not yet provided a plan that indicates how the system upgrades will address this issue or a timeline for implementation. As of January 31, 2025, a detailed plan or timeline has not been provided.</p>	<p>As of January 31, 2025, HUD has not provided a detailed plan or timeline for OIG review. It remains unclear how HUD will produce a complete estimate of the PBRA programs in future years, and when it will be able to produce an estimate for PIH-TBRA.</p> <p>For HUD to close this recommendation, it must finish testing the full life cycle of payments in these programs and publicly report estimates of the improper payments in them. Merely producing a plan with future action target dates is not sufficient to meet the spirit of this recommendation.</p> <p>PBRA and PIH-TBRA are the two largest program expenditures in HUD's portfolio, totaling \$50 billion in FY 24, or 62.4 percent of HUD's total expenditures. HUD has been challenged with developing a compliant sampling methodology that can test the full payment cycle and that can be executed within the required timeframes. To fully address this recommendation, the sampling methodology should test the full payment cycle, and the associated sample testing and statistical estimation must be completed in time to be included in the Annual Financial Report.</p> <p>Implementation of this recommendation will result in HUD better-safeguarding taxpayer dollars and decrease improper payments.</p>
<p><b><u>2023-FO-0001-001-A</u></b></p>	<p><b><u>Improvements are Needed in HUD's Fraud Risk Management Program, 2023-FO-0001 (October 26, 2022)</u></b></p> <p>Recommendation 1A: Perform a complete agency-wide fraud risk assessment (which incorporates the fraud risk assessments performed at the program level) and use the results to develop and implement an agency-wide plan to move HUD's fraud risk management program out of the ad hoc phase.</p>	<p>HUD has made steady progress in building its Fraud Risk Management program. In FY 2024, HUD received Congressional approval to establish the Office of the Chief Risk Officer (OCRO). With its Fraud Risk Management Policy in place since 2022, OCRO worked with the HUD Risk Management Council to develop the Department's approach and establish a cross-functional approach for Fraud Risk Management program accountability. The CRO also completed a fraud risk exposure assessment method that enables the Department to provide a risk-based approach to prioritize program fraud risk assessments and a department-level Fraud Risk Management Playbook to align HUD's cross-functional activities and accountability to the GAO Fraud Risk Framework and CFO Council practices. The CRO is also working on tools and templates that are being customized for HUD program offices to</p>	<p>While HUD has made progress in the area of fraud risk management, there is still work to be done for HUD to complete an entity-wide fraud risk assessment. HUD's exposure analysis will help it to determine where to focus its efforts. The Department still needs to conduct program-specific fraud risk assessments. Based on the demonstration by Multifamily Housing (MFH), we believe that MFH has made great progress in its fraud risk assessment, and we are encouraged that it has identified areas of weakness that it plans to target. However, Public and Indian Housing (PIH) and Community Planning and Development (CPD) have not been able to demonstrate progress in this area. We believe that the tools and templates the OCRO is developing, along with the continued support, will help PIH and CPD to complete these assessments.</p>

## Appendix 1: Detailed Status Updates for All Priority Open Recommendations

*Detailed Status of HUD OIG's 2025 Priority Open Recommendations (March 31, 2025)*

		help them complete their fraud risk assessments. Priority program offices are targeted to complete fraud risk assessments in 2025.	To fully address this recommendation, HUD must provide evidence that it has performed an agency-wide fraud risk assessment performed at the program level, adopted and implemented its fraud risk assessment program departmental policy, and that each HUD program office has established office-specific risk programs.
<a href="#"><u>2023-IG-002-1</u></a>	<p><b><u>Management Alert: HUD Should Take Additional Steps to Protect Contractor Employees Who Disclose Wrongdoing, 2023-IG-002 (May 31, 2023)</u></b></p> <p>Recommendation 1: HUD (a) identify all contracts related to its programs that pre-date July 1, 2013, and that have not yet been modified to include Section 4712 whistleblower protections; and (b) review all contracts entered into on or after July 1, 2013, to ensure they include a clause that requires contractors to comply with Section 4712.</p>	HUD provided a Management Plan that identifies actions HUD is taking to address the recommendation. The OIG and HUD have not reached an 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.	<p>To fully address this recommendation, HUD must (a) identify all contracts related to its programs that pre-date July 1, 2013, and that have not yet been modified to include Section 4712 whistleblower protections; and (b) review all contracts entered on or after July 1, 2013, to ensure they include a clause that requires contractors to comply with Section 4712.</p> <p>Implementation of this recommendation will ensure that Section 4712 whistleblower protections will apply to all individuals working for HUD contractors.</p>
<a href="#"><u>2023-IG-002-2</u></a>	<p><b><u>Management Alert: HUD Should Take Additional Steps to Protect Contractor Employees Who Disclose Wrongdoing, 2023-IG-002 (May 31, 2023)</u></b></p> <p>Recommendation 2: Seek voluntary cooperation from program participants to proactively modify pre-2013 contracts for the purpose of including a clause requiring compliance with Section 4712.</p>	HUD provided a Management Plan that identifies actions HUD is taking to address the recommendation. The OIG and HUD have not reached an 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.	<p>To fully address this recommendation, HUD must provide evidence that it has sought voluntary cooperation from program participants to proactively modify pre-2013 contracts for the purpose of including a clause requiring compliance with Section 4712.</p> <p>Implementation of this recommendation will ensure that Section 4712 whistleblower protections will apply to all individuals working for HUD contractors.</p>
<a href="#"><u>2023-IG-002-3</u></a>	<p><b><u>Management Alert: HUD Should Take Additional Steps to Protect Contractor Employees Who Disclose Wrongdoing, 2023-IG-002 (May 31, 2023)</u></b></p> <p>Recommendation 3: Use its best efforts to include a clause requiring compliance with Section 4712 at the time of major modifications to contracts with program participants with whom HUD is unable to gain voluntary cooperation.</p>	HUD provided a Management Plan that identifies actions HUD is taking to address the recommendation. The OIG and HUD have not reached an 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.	<p>To fully address this recommendation, HUD must provide evidence that it has taken steps to ensure that it includes a clause requiring compliance with Section 4712 at the time of major modifications to contracts with program participants with whom HUD is unable to gain voluntary cooperation.</p> <p>Implementation of this recommendation will ensure that Section 4712 whistleblower protections will apply to all individuals working for HUD contractors.</p>

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*Detailed Status of HUD OIG's 2025 Priority Open Recommendations (March 31, 2025)*

*Mitigating* COUNTERPARTY RISKS

NUMBER	RECOMMENDATION	STATUS	ANALYSIS
<p><b><u>2014-KC-0002</u></b> <b><u>-001-B</u></b></p> <p><i>OIG Disagrees with HUD Closure</i></p>	<p><b><u>The Data in CAIVRS Did Not Agree with the Data in FHA's Default and Claims System, 2014-KC-0002 (July 02, 2014)</u></b></p> <p>Recommendation 1B: Update selection rules for CAIVRS to provide for complete reporting of all ineligible borrowers to put \$9.5 million to better use.</p>	<p>In 2020, HUD suspended reporting delinquencies and defaults to the Credit Alert Verification Reporting System (CAIVRS) because these debts are owed to the lender and are not delinquent federal debt. A debt is not delinquent until payment is overdue to HUD for a deficiency judgment against the borrower in connection with an FHA claim. Rather than add the missing borrowers to CAIVRS, the Office of Single Family Housing directed HUD's National Servicing Center to cease including borrower creditworthiness information in CAIVRS and to solely use the system to report deficiency judgments until the delinquent debt is resolved. HUD provided the Interface Control Document (ICD) showing what data is sent to CAIVRS related to deficiency judgments. The ICD shows that incomplete delinquent federal debt is still being reported as only 3 years of data, rather than all debts being reported until resolved. HUD OIG objects to the closure of this recommendation as the system updates did not provide for the complete reporting of all ineligible borrowers.</p>	<p>To fully address this recommendation, HUD must provide evidence that all deficiency judgments are reported in CAIVRS until resolved.</p> <p>Implementation of this recommendation should result in HUD putting \$9.5 million to better use.</p>
<p><b><u>2017-KC-0001</u></b> <b><u>-001-A</u></b></p>	<p><b><u>FHA Paid Claims for an Estimated 239,000 Properties That Servicers Did Not Foreclose Upon or Convey on Time, 2017-KC-0001 (October 14, 2016)</u></b></p> <p>Recommendation 1A: Issue a change to regulations at 24 CFR Part 203, which would avoid unnecessary costs to the FHA insurance fund, allowing an estimated \$2.23 billion to be put to better use. These changes include (1) a maximum period for filing insurance claims and (2) disallowance of expenses incurred beyond established timeframes.</p>	<p>The Federal Housing Administration (FHA) reported that the recommendation cannot be closed out without the publication of the FHA Maximum Claim Rule. The proposed changes have been on HUD's regulatory agenda since Spring 2020 but, as of February 2025, the Office of Single Family Housing does not have an estimated publication date.</p>	<p>To fully address this recommendation, HUD must publish the FHA Maximum Claim Rule.</p> <p>Implementation of this rule should result in HUD putting \$2.23 billion to better use.</p>
<p><b><u>2018-KC-0001</u></b> <b><u>-001-A</u></b></p>	<p><b><u>FHA Insured \$1.9 Billion in Loans to Borrowers Barred by Federal Requirements, 2018-KC-0001 (March 26, 2018)</u></b></p> <p>Recommendation 1A: Develop a method for using the Do Not Pay portal during the underwriting process to identify delinquent child support and delinquent federal debt to prevent future FHA loans to ineligible borrowers to put \$1.9 billion to better use.</p>	<p>The Office of Housing has approved prioritization of funding for Integration between the Treasury's Do Not Pay portal and HUD's Computerized Homes Underwriting Reporting System (CHUMS). Funding was allocated to the CHUMS IT contractor on January 26, 2024, to integrate Treasury's Do Not Pay system with CHUMS, and the IT development project was kicked off the week of February 5, 2024. As of February 2025, the Office of Single Family Housing reported that it is in the process of completing the necessary documentation and systems connection with the Do Not Pay portal. Single Family plans to</p>	<p>To fully address this recommendation, HUD must provide evidence that it has implemented applicant screening against the Do Not Pay portal to identify delinquent child support and delinquent federal debt to prevent future FHA loans from going to ineligible borrowers.</p> <p>Implementation of this rule should result in HUD putting \$1.9 billion to better use.</p>

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		submit an update on the system interface project or request another extension in March 2025.	
<p><b><u>2018-LA-0007-001-A</u></b></p>	<p><b><u>HUD Paid an Estimated \$413 Million for Unnecessary Preforeclosure Claim Interest and Other Costs Due to Lender Servicing Delays, 2018-LA-0007 (September 27, 2018)</u></b></p> <p>Recommendation 1A: Implement a change to regulations at 24 CFR Part 203 to require curtailment of preforeclosure interest and other costs that are caused by lender servicing delays, resulting in \$413,513,975 in funds to be put to better use. This should include updating or seeking statutory authority to update HUD's regulations as necessary and coordinating with HUD's Office of Finance and Budget, well before any changes go through departmental clearance, to ensure that planned curtailment requirements can be consistently enforced through the claims process.</p>	<p>FHA reported that the audit recommendation cannot be closed without the publication of the FHA Maximum Claim Rule. The proposed changes have been on HUD's regulatory agenda since Spring 2020 but, as of February 2025, the Office of Single Family Housing does not have an estimated publication date.</p>	<p>To fully address this recommendation, HUD must provide evidence that it has published and adopted the rule.</p> <p>Implementation of this rule should result in HUD putting \$413 million to better use.</p>
<p><b><u>2019-KC-0003-001-A</u></b></p>	<p><b><u>FHA Insured at Least \$13 Billion in Loans to Ineligible Borrowers with Delinquent Federal Tax Debt, 2019-KC-0003 (September 30, 2019)</u></b></p> <p>Recommendation 1A: Require lenders to obtain the borrowers' consent to verify the existence of delinquent federal taxes with the IRS during loan origination and deny any applicant with delinquent federal tax debt and no payment plan or a noncompliant payment plan or an applicant refusing to provide consent from receiving FHA insurance to put at least \$6.1 billion to better use by avoiding potential future costs to the FHA insurance fund.</p>	<p>The Office of Single Family Housing will need additional tax information to complete the planned action. In July 2024, Single Family Housing proposed closing the recommendation with no action because the primary action discussed would require Congressional authorization, and another option discussed would place an undue burden on borrowers and lenders and was not practical. OIG disagreed with the request. Single Family maintains that without an automated solution from the Internal Revenue Service (IRS), it is not practical for individual borrowers and/or lenders to manually check tax status with the IRS. However, OIG's position is that action is required since delinquent tax debtors are ineligible for FHA loans under existing FHA and Office of Management and Budget (OMB) guidelines.</p>	<p>To fully address this recommendation, HUD will need to provide evidence that it established a method of borrower consent to verify the existence of delinquent federal taxes.</p> <p>Implementation of this rule should result in HUD putting \$6.1 billion to better use.</p>



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### Promoting HEALTH AND SAFETY IN HUD-ASSISTED HOUSING

NUMBER	RECOMMENDATION	STATUS	ANALYSIS
<p><a href="#"><u>2020-CH-0005-001-A</u></a></p>	<p><a href="#"><u>HUD Needs to Improve Its Oversight of Lead in the Water of Multifamily Housing Units, 2020-CH-0005 (August 21, 2020)</u></a></p> <p>Recommendation 1A: Develop and implement an action plan that includes sufficient policies, procedures, and controls that address households living in multifamily housing units having a sufficient supply of safe drinking water [...]</p>	<p>In April 2022, HUD created draft standard operating procedures to address lead in the water of its multifamily housing units. On May 11, 2023, HUD published its National Standards for the Physical Inspection of Real Estate (NSPIRE) regulations that addressed lead in the water. Further, on June 30, 2023, HUD published its <i>Implementation of National Standards for the Physical Inspection of Real Estate</i> Administrative Procedures, which requires property owners and agents to provide information about water supply providers and water safety alerts, if applicable, prior to the commencement of a Real Estate Assessment Center (REAC) inspection. As a result, the Office of Multifamily Housing is revising its procedures and consulting with the Office of Lead Hazard Control and Healthy Homes (OLHCHH). As of February 2025, the OIG was waiting for additional information from the Office of Multifamily Housing demonstrating whether it has addressed the recommendation.</p>	<p>To fully address this recommendation, the Office of Multifamily Housing must provide evidence of an action plan that includes its procedures that address households living in multifamily units to ensure that they have a sufficient supply of safe drinking water.</p> <p>Implementation of this recommendation will enable HUD to have sufficient oversight and control activities in place to ensure households living in multifamily housing have a sufficient supply of safe drinking water.</p>
<p><a href="#"><u>2021-KC-0004-001-A</u></a></p>	<p><a href="#"><u>HUD's Office of Multifamily Housing Programs' Complaint Process Did Not Ensure That Health and Safety Complaints Were Resolved in a Timely Manner, 2021-KC-0004 (July 28, 2021)</u></a></p> <p>Recommendation 1A: Develop a comprehensive process to ensure that complaints received by HUD's Multifamily Housing Clearinghouse are resolved in a timely manner.</p>	<p>In October 2023, the Office of Multifamily Housing reported that it had sought funding for system enhancements to coordinate tenant complaints. HUD is transitioning the Multifamily Clearinghouse responsibilities to the Federal Housing Administration (FHA) Resource Center. The FHA Resource Center has a system that will allow tracking and monitoring of customer calls. As of November 2024, the Office of Multifamily Housing requested the closure of this recommendation because it did not receive the requested funding for system enhancements, and its alternative action of using the FHA Resource Center to track and monitor customer calls did not work. As of January 2025, the Office of Multifamily plans to propose a revised management decision to HUD OIG with alternative actions to address the recommendation.</p>	<p>To fully address this recommendation, HUD needs to develop a comprehensive process to ensure that complaints received by HUD are resolved in a timely manner.</p> <p>Implementation of this recommendation will result in a timelier resolution of complaints submitted by those living in multifamily member housing units.</p>
<p><a href="#"><u>2021-KC-0004-001-B</u></a></p>	<p><a href="#"><u>HUD's Office of Multifamily Housing Programs' Complaint Process Did Not Ensure That Health and Safety Complaints Were Resolved in a Timely Manner, 2021-KC-0004 (July 28, 2021)</u></a></p> <p>Recommendation 1B: Develop agencywide policies and procedures for the intake, monitoring, and tracking of health and safety complaints.</p>	<p>In October 2023, HUD stated that it will develop policies and procedures for Multifamily properties for the intake, monitoring, and tracking of health and safety complaints it receives. The Office of Multifamily Housing has not yet updated its policies and procedures. With no comprehensive, automated, real-time system in place, there was no direction to give the field staff, Multifamily Clearinghouse, or the</p>	<p>To fully address this recommendation, HUD must provide evidence that it has developed and implemented policies and procedures for the Multifamily properties for the intake, monitoring, and tracking of health and safety complaints it receives when using the FHA's automated monitoring system.</p>

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NUMBER	RECOMMENDATION	STATUS	ANALYSIS
		<p>Performance Based Contract Administrators other than what they were already doing. HUD was in the process of developing an automated monitoring system in the FHA resource center to allow tracking of individual calls and the call's subject, such as health and safety. HUD missed the final action target date of December 31, 2022, and a new completion goal was set for February 2025. As of November 2024, the Office of Multifamily Housing requested the closure of this recommendation because it did not receive the requested funding for system enhancements, and its alternative action of using the FHA Resource Center to track and monitor customer calls did not work. As of January 2025, the Office of Multifamily plans to submit a revised management decision to HUD OIG with alternative actions to address the recommendation.</p>	<p>Implementation of this recommendation will result in HUD having a more efficient process for taking in, monitoring, and tracking health and safety complaints and aid HUD in more efficiently addressing those complaints.</p>
<p><b><u>2023-IG-0001-001-A</u></b></p>	<p><b><u>Management Alert: Action Needed to Ensure That Assisted Property Owners, Including Public Housing Agencies, Comply with the Lead Safe Housing Rule, 2023-IG-0001 (October 4, 2022)</u></b></p> <p>Recommendation 1A: Update applicable requirements to require assisted property owners, including PHAs, to maintain adequate documentation to support their determinations that maintenance and hazard reduction activities that disturb surfaces with lead-based paint qualify for the de minimis exemption from the lead-safe work practices under the Lead Safe Housing Rule.</p>	<p>To address this recommendation, OLHCHH agreed to:</p> <ol style="list-style-type: none"> <li>1. Issue a notice to assisted target housing owners and public housing agencies on the de minimis exception citing the correct application of the de minimis threshold; describing appropriate documentation methods for the application of the de minimis threshold; and recommendations of best practices for documenting applications.</li> <li>2. Collect additional data regarding the use of the de minimis threshold, including information on how private and public housing owners: (a) determine how much paint in target housing will be disturbed during a maintenance or rehabilitation project; (b) use the paint disturbance area information; (c) monitor the amount of paint disturbed in projects that are designed to disturb de minimis amounts of paint in target housing.</li> <li>3. Design and conduct webinars, including at least one for each program office's major categories of stakeholders on requirements and best practices pertaining to the de minimis exception under the Lead Safe Housing Rule and its implementation; record the webinars on the HUD website (e.g., on HUD Exchange) for future viewing by stakeholders; and conduct outreach promoting the webinars</li> </ol> <p>The Office of Lead Hazard Control and Healthy Homes had drafted guidance on the de minimis exception to the Lead Safe Housing Rule for PIH, Multifamily Housing, and CPD and submitted it through the clearance process on September 26, 2024, with an October 9, 2024, due date. Through October 17, six concurring comments were received as was one non-</p>	<p>To implement this recommendation, HUD needs to provide evidence that it has implemented the three actions OLHCHH agreed to complete.</p> <p>Implementation of this recommendation and associated corrective actions will ensure assisted property owners are sufficiently informed regarding the requirements to support their determinations that maintenance and hazard reduction activities that disturb surfaces with lead-based paint qualify for the de minimis exemption from the lead-safe work practices under the Lead Safe Housing Rule and that assisted property owners are conducting this work safely, thereby ensuring households are residing in safe and healthy HUD-assisted housing.</p>

**Appendix 1: Detailed Status Updates for All Priority Open Recommendations**  
*Detailed Status of HUD OIG's 2025 Priority Open Recommendations (March 31, 2025)*

NUMBER	RECOMMENDATION	STATUS	ANALYSIS
<a href="#"><u>2023-CH-0001-001-B</u></a>	<p><a href="#"><u>HUD Lacked Adequate Oversight of Lead-Based Paint Hazard Remediation in Public Housing, 2023-CH-0001 (October 11, 2022)</u></a></p> <p>Recommendation 1B: Requires the REAC in coordination with OFO to determine the number of developments and associated units that contain lead-based paint and lead-based paint hazards.</p>	<p>concurring comment. The OLHCHH continues to revise the draft guidance in consideration of the comments.</p> <p>In May 2023, HUD published a final rule establishing a new approach to defining and assessing housing quality: <i>The National Standards for the Physical Inspection of Real Estate</i>. Public Housing regulations were amended, and Public Housing program participants were required to comply with this final rule and use the NSPIRE standards starting July 1, 2023. The Real Estate Assessment Center and Office of Field Operations will collaborate with the Office of Lead Hazard Control and Healthy Homes, the Office of Policy Development and Research, and a statistician to evaluate data collected under the NSPIRE inspection program to estimate the number of public housing developments and associated units that contain lead-based paint and lead-based paint hazards. As of November 2024, PIH reported that inspections have had a slow start due to procurement delays. Additionally, the NSPIRE system did not get the requested functionality to collect lead inspections. The final action target date is March 31, 2025.</p>	<p>To address this recommendation, HUD will need to provide evidence that it collected and evaluated data under NSPIRE and estimated the number of public housing developments and associated units that contain lead-based paint and lead-based paint hazards.</p> <p>Implementation of this recommendation will assist HUD in working with PHAs to address the public housing units that contain lead-based paint and lead-based paint hazards and help HUD's oversight of units in need of hazard reduction.</p>
<a href="#"><u>2023-CH-0003-001-B</u></a>	<p><a href="#"><u>Improvements Are Needed To Ensure That Public Housing Properties Are Inspected in a Timely Manner, 2023-CH-0003 (May 23, 2023)</u></a></p> <p>Recommendation 1B: Implement adequate policies, procedures, and controls to ensure that public housing properties will be inspected within the required timeframes.</p>	<p>NSPIRE regulations clarified and modified the timing for which inspections should occur. The date for inspection of each public housing property must then be programmed into HUD's system to ensure that inspections occur within the required timeframes. The Real Estate Assessment Center (REAC) continues to work with its management and system support contractors on the list of public housing properties to inspect and the date the inspections should be completed under the new NSPIRE regulations. REAC is in the process of adjusting the list based on information relating to small, rural public housing. As of November 2024, the NSPIRE regulations on inspection timing are completed. However, REAC is not able to make the required modifications in the NSPIRE system to enforce the regulatory guidelines. REAC previously indicated that new IT funding is needed to make the system modifications but had not provided information about whether additional funding has been allocated. The final action target date was revised from May 31, 2024, to September 30, 2025.</p>	<p>To fully address this recommendation, HUD must provide evidence demonstrating that it has implemented control activities that ensure public housing properties are inspected within the required timeframes.</p> <p>Implementation of this recommendation will result in HUD accurately tracking the dates on which public housing properties should be inspected and that they are timely completed.</p> <p>Due to the uncertainty of when software changes to NSPIRE can take place to enforce the timing of inspections, REAC cannot enforce the requirements of inspection timing.</p>
<a href="#"><u>2021-OE-0011B-01</u></a>	<p><a href="#"><u>Improvements are Needed to the U.S. Department of Housing and Urban Development's Processes for Monitoring Elevated Blood Lead Levels and Lead-</u></a></p>	<p>On January 17, 2025, the Office of Lead Hazard Control and Healthy Homes (OLHCHH) informed HUD OIG that the Office of the Federal Register published a notice, <a href="#"><u>Modifying HUD's</u></a></p>	<p>To fully address this recommendation, OLHCHH must provide evidence that it has updated its regulations, policies, and</p>

## Appendix 1: Detailed Status Updates for All Priority Open Recommendations

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NUMBER	RECOMMENDATION	STATUS	ANALYSIS
	<p><b><u>Based Paint Hazards in Public Housing, 2021-OE-0011b (February 28, 2023)</u></b></p> <p>Recommendation 1: Update HUD regulations, policies, and procedures following the regulatory process required by the amended Lead Safe Housing Rule, in consideration of CDC's lowered BLRV of 3.5 ug/dL.</p>	<p><b><u>Elevated Blood Lead Level Threshold for Children Under Age 6 Who Are Living in Certain HUD-Assisted Target Housing Covered by the Lead Safe Housing Rule.</u></b> The notice announced that HUD is lowering its EBLL threshold from 5 to 3.5 µg/dL for a child under the age of 6, consistent with the CDC's current blood lead reference value of 3.5 µg/dL, effective January 17, 2025. Next, OLHCHH will assist the Office of Community Planning and Development, the Office of Multifamily Housing Programs, and the Office of Public and Indian Housing to draft, circulate, and publish EBLL notices. The estimated completion date is June 30, 2025.</p>	<p>procedures so that they are consistent with CDC's lowered blood lead reference value of 3.5 ug/dL.</p> <p>Implementation of this recommendation will help ensure children living in public housing with elevated blood lead levels receive effective environmental interventions.</p>
<p><b><u>2021-OE-0011B-06</u></b></p>	<p><b><u>Improvements are Needed to the U.S. Department of Housing and Urban Development's Processes for Monitoring Elevated Blood Lead Levels and Lead-Based Paint Hazards in Public Housing, 2021-OE-0011b (February 28, 2023)</u></b></p> <p>Recommendation 6: PIH in coordination with other HUD offices as necessary, research and address potential causes of the variance in the number of EBLL cases among States on the EBLL tracker and identify solutions that are within HUD's control.</p>	<p>As of November 13, 2024, the PIH Office of Field Operations (OFO) had completed its outreach data collection and identified 9 public housing authorities that had not completed the required EBLL reporting actions and that OFO informed the field office directors overseeing the appropriate PHAs that they had until November 6, 2024, to upload the proper information to the trackers. As of January 29, 2025, OFO field office directors and their staff were still updating and inputting EBLL cases and relevant documentation into the EBLL tracker due to delays in responses from PHAs.</p> <p>The estimated completion date is February 28, 2025.</p>	<p>To fully address this recommendation, OFO must provide evidence that it coordinated with other HUD offices and identified the causes of the variances in the number of EBLL cases among states on the EBLL tracker. OFO must also demonstrate that it fully remedied the causes of the variances.</p> <p>Alternatively, OFO must provide an explanation sufficient to support a claim that it could not identify the causes of the variances or develop and implement solutions for problems it identified in its research.</p> <p>Implementation of this recommendation will result in improved HUD data of EBLL cases of children living in public housing across the country. Accurate reporting of EBLL cases to HUD is essential so that HUD can ensure PHAs take effective environmental interventions that help prevent additional lead exposure.</p>
<p><b><u>2023-CH-0004-002-C</u></b></p> <p><i>OIG Disagrees with HUD Closure</i></p>	<p><b><u>HUD Can Improve Its Oversight of the Physical Conditions of Public Housing Developments, 2023-CH-0004 (May 30, 2023)</u></b></p> <p>Recommendation 2C: Develop and implement a nationwide protocol for field offices, describing how PHA self-inspections should be reviewed, based on REAC's determination of the number and frequency of PHA self-inspections.</p>	<p>HUD closed this recommendation in August 2024, an action which HUD OIG disagrees with. HUD provided guidance for field office staff to send to PHAs with NSPIRE inspections that scored below 60 points. However, HUD did not provide a protocol detailing how it would receive and review PHAs' self-inspections for compliance with HUD requirements. Therefore, HUD has not fully addressed the gap in controls identified in the audit that hinders HUD's oversight over PHA self-inspections.</p>	<p>To fully resolve this recommendation, HUD needs to provide a policy or procedure that provides guidance to the field offices on how public housing self-inspections should be reviewed for compliance with its requirements.</p> <p>Implementation of this recommendation will result in public housing units that are decent, safe, and sanitary because it mandates oversight to ensure PHAs are addressing identified deficiencies.</p>

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NUMBER	RECOMMENDATION	STATUS	ANALYSIS
<p><b><u>2024-CH-0001-001-A</u></b> <i>NEW</i></p>	<p><b><u>HUD Lacked Adequate Oversight of Multifamily Housing Properties With Failing REAC Scores or Life-Threatening Deficiencies, 2024-CH-0001 (February 13, 2024)</u></b></p> <p>Recommendation 1A: Develop and implement adequate procedures and controls to ensure that (1) staff issues notices of violation and default within 15 calendar days of the inspection report release date and (2) the Office of Multifamily Asset Management and Portfolio Oversight is made aware when notices are not issued within 15 calendar days after the inspection report release date and take action as appropriate to ensure that future notices are issued in a timely manner.</p>	<p>HUD has implemented a process of sending notifications to the field offices' centralized inboxes when a failed inspection has been released with instructions to issue a Notice of Default or Notice of Violation within 15 days. The field office logs this task into the Asset Management Processing System (AMPS) and assigns it to an Account Executive. Field office management tracks the progress of the task in AMPS. HUD is building a reporting tool to see if the task has been properly entered into iREMS and addresses the field office instances where it has not. The construction of this tool has been delayed due to limited staff resources.</p> <p>As of January 2025, the reporting tool was undergoing review and testing prior to implementation. The final action target date was November 29, 2024.</p>	<p>Implementing procedures and controls for the timely issuing of notices would ensure that property owners are held accountable for correcting life-threatening deficiencies in a timely manner thus reducing the risk of families living in units that are unsafe for longer periods.</p> <p>The implementation of this recommendation has the potential to directly impact the health and safety of families.</p>
<p><b><u>2024-CH-0001-002-A</u></b> <i>NEW</i></p>	<p><b><u>HUD Lacked Adequate Oversight of Multifamily Housing Properties With Failing REAC Scores or Life-Threatening Deficiencies, 2024-CH-0001 (February 13, 2024)</u></b></p> <p>Recommendation 2A: Include language in future notices of violation and default clearly stating that owners are required to inspect all units (including vacant units), common areas, grounds, building systems, and sites as part of the owner survey and require owners to include sufficient detail in the surveys to show (1) when the survey was conducted and (2) that the survey was a complete survey of the project.</p>	<p>HUD will update the Notice of Default and Notice of Violation in conjunction with updates related to NSPIRE. These updates have been delayed by limited staff resources and pending policy clarifications and system changes for NSPIRE.</p> <p>The final action target was November 29, 2024.</p>	<p>The inclusion of language in the notices would ensure that property owners are aware of their responsibilities to inspect all units, common areas, grounds, building systems, and sites and perform repairs of identified deficiencies to protect families from living in units that are not decent, safe, and sanitary.</p> <p>The implementation of this recommendation has the potential to directly impact the health and safety of families.</p>
<p><b><u>2025-CH-0001-001-B</u></b> <i>NEW</i></p>	<p><b><u>HUD's Office of Multifamily Needs To Improve Its Oversight of PBRA and FHA-Insured PBV Properties Converted Under RAD, 2025-CH-0001 (December 18, 2024)</u></b></p> <p>Recommendation 1B: Determine the appropriate timeframe for when initial management and occupancy reviews (MORs) should be completed for all properties that convert under the Rental Assistance Demonstration and issue updated guidance that includes a system to track the timeliness of initial MORs.</p>	<p>HUD has not provided a draft plan for corrective action yet.</p>	<p>Failure to determine the timing of the initial MORs could delay HUD's performance of the MORs, which may result in property owners' untimely corrective actions, and thus potentially impact the health and safety of families.</p> <p>The implementation of this recommendation has the potential to directly impact the health and safety of families.</p>

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NUMBER	RECOMMENDATION	STATUS	ANALYSIS
<p><b><u>2025-CH-0001-001-C</u></b> <i>NEW</i></p>	<p><b><u>HUD's Office of Multifamily Needs To Improve Its Oversight of PBRA and FHA-Insured PBV Properties Converted Under RAD, 2025-CH-0001 (December 18, 2024)</u></b></p> <p>Recommendation 1C: Complete the initial management and occupancy reviews (MORs) for the Rental Assistance Demonstration properties that have not had an initial MOR.</p>	<p>HUD has not provided a draft plan for corrective action yet.</p>	<p>Completing initial MORs would assist HUD in holding property owners accountable for maintaining the conditions of their properties and sufficient reserve for replacement accounts balances, which could impact property owners' ability to make needed capital repairs.</p> <p>The recommended corrective action has the potential to directly impact the health and safety of families.</p>
<p><b><u>2025-CH-0001-001-D</u></b> <i>NEW</i></p>	<p><b><u>HUD's Office of Multifamily Needs To Improve Its Oversight of PBRA and FHA-Insured PBV Properties Converted Under RAD, 2025-CH-0001 (December 18, 2024)</u></b></p> <p>Recommendation 1D: Develop and implement a plan to determine how to implement the risk-based approach to review the Rental Assistance Demonstration properties that have not had subsequent management and occupancy reviews (MORs) in more than 3 years and to require periodic MORs going forward.</p>	<p>HUD has not provided a draft plan for corrective action yet.</p>	<p>Developing a plan to implement the risk-based approach would establish the criteria for identifying properties that are at a higher risk of noncompliance.</p> <p>The recommended corrective action would help HUD to monitor property owners' compliance with its requirements and thus, potentially protect families from living in unsafe units.</p>
<p><b><u>2025-CH-0001-002-B</u></b> <i>NEW</i></p>	<p><b><u>HUD's Office of Multifamily Needs To Improve Its Oversight of PBRA and FHA-Insured PBV Properties Converted Under RAD, 2025-CH-0001 (December 18, 2024)</u></b></p> <p>Recommendation 2B: Determine an appropriate timeframe in which non-FHA-insured Project-Based Rental Assistance (PBRA) properties converted under the Rental Assistance Demonstration should be initially inspected, work with HUD's Real Estate Assessment Center (REAC) to ensure that inspections are ordered and completed within that timeframe, and update HUD's publicly available and internal guidance to ensure consistent messaging in accordance with HUD's determination.</p>	<p>HUD has not provided a draft plan for corrective action yet.</p>	<p>Determining the appropriate timeframe for initial inspections would result in the timely identification and correction of life-threatening and non-life-threatening deficiencies.</p> <p>The recommended corrective action has the potential to directly impact the health and safety of families.</p>

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### Improving IT MODERNIZATION AND CYBERSECURITY

NUMBER	RECOMMENDATION	STATUS	ANALYSIS
<a href="#"><u>2020-OE-0001-01</u></a>	<p><a href="#"><u>HUD Fiscal Year 2020 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report, 2020-OE-0001 (November 30, 2020)</u></a></p> <p>Recommendation 1: Implement a software asset management capability for software and operating systems to ensure that software executes only from the authorized software inventory and that all unauthorized software is blocked from executing on HUD's network.</p>	<p>In April 2024, the Office of the Chief Information Officer reported that it was in the process of implementing a software management tool that would allow it to control which software is authorized to access the network. This is the first step to creating rules for allowing only authorized software to be used through HUD's endpoint security software. The final implementation of this new tool is expected by Quarter 2 of FY 2025.</p>	<p>To fully address this recommendation, HUD must provide evidence that it has an automated whitelist and it is implemented as per the NIST Special Publication 800-167 or accept the risk and document mitigating measures via a Risk-Based Decision memorandum.</p> <p>Implementation of this recommendation will result in HUD having the capability to ensure only authorized software is used on HUD's network based on its software asset listing.</p>
<a href="#"><u>2020-OE-0001-15</u></a>	<p><a href="#"><u>HUD Fiscal Year 2020 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report, 2020-OE-0001 (November 30, 2020)</u></a></p> <p>Recommendation 15: Implement multifactor authentication mechanisms for all nonprivileged users who access information systems that process, store, or transmit PII.</p>	<p>The Office of the Chief Information Officer reported that it has implemented a new software security solution to implement multifactor authentication, starting with a pilot on 15 FHA systems. In October 2024, HUD received additional funds through the Technology Modernization Fund for this project enterprise-wide.</p>	<p>To fully address the recommendation, HUD must implement multifactor authentication enterprise-wide.</p> <p>Implementation of this recommendation will result in an enterprise-wide identity and access management solution. Users will be required to use multifactor authentication methods to access HUD data, networks, and devices.</p>
<a href="#"><u>2020-OE-0001-16</u></a>	<p><a href="#"><u>HUD Fiscal Year 2020 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report, 2020-OE-0001 (November 30, 2020)</u></a></p> <p>Recommendation 16: Implement multifactor authentication mechanisms for all privileged users who access information systems that process, store, or transmit PII.</p>	<p>The Office of the Chief Information Officer reported that it has implemented a new software security solution to implement multifactor authentication, starting with a pilot on 15 FHA systems. In October 2024, HUD received additional funds through the Technology Modernization Fund for this project enterprise-wide.</p>	<p>To fully address this recommendation, HUD must implement the eICAM plan it developed with the funding it received.</p> <p>Implementation of this recommendation will result in an enterprise-wide identity and access management solution. Users will be required to use multifactor authentication methods to access HUD data, networks, and devices.</p>

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<p><b><u>2021-OE-0001</u></b> <b>-08</b></p>	<p><b><u>Fiscal Year 2021 Federal Information Security Modernization Act (FISMA) Evaluation Report, 2021-OE-0001 (February 17, 2022)</u></b></p> <p>Recommendation 8: Define and communicate policies and procedures to ensure that its products, system components, systems, and services comply with its cybersecurity and [supply chain risk management (SCRM)] requirements. This recommendation includes:</p> <p>Identification and prioritization of externally provided systems (new and legacy), components, and services.</p> <p>How HUD maintains awareness of its upstream suppliers.</p> <p>The integration of acquisition processes tools, and techniques to use the acquisition process to protect the supply chain.</p> <p>Contract tools or procurement methods to confirm that contractors are meeting their obligations.</p>	<p>The Office of the Chief Information Officer (OCIO) estimated it would complete corrective action for this recommendation by August 2023. In May 2024, HUD OIG reviewed the OCIO progress in closing this recommendation as part of the FY 2024 FISMA evaluation. At that time, OCIO provided its draft SCRM Policy, draft SCRM Procedures, final SCRMEs Charter, and a SCRM Technical Roadmap. Additionally, HUD provided agency-specific clauses. As of January 2025, HUD has not issued finalized SCRM policies and procedures.</p>	<p>To fully address this recommendation, HUD must establish that it has defined and communicated policies and procedures to ensure that its products, system components, systems, and services comply with its cybersecurity and SCRM requirements.</p> <p>Implementation of this recommendation will result in HUD continuing to mature in supply chain risk management, establishing and defining the policies and procedures of SCRM requirements as they relate to systems and system components.</p>
<p><b><u>2023-OE-0007</u></b> <b>-03</b></p> <p><i>NEW</i></p>	<p><b><u>HUD Personally Identifiable Information Risk Management in a Zero Trust Environment, 2023-OE-0007 (December 11, 2024)</u></b></p> <p>Recommendation 3: The CDO should coordinate with HUD's Records Office, Privacy Office, and program offices to develop data policies and procedures for data inventory, categorization, and labeling in support of zero trust architecture.</p>	<p>HUD is working on a plan to address the recommendation. HUD OIG anticipates receiving a corrective action plan no later than April 11, 2025, with a plan for resolving this recommendation.</p>	<p>By addressing the recommendation, HUD will be positioned better to protect and prioritize protection for data in its IT systems. This will allow HUD to have a better understanding of the specifics of the most sensitive data as well as enhance its data loss prevention efforts and analytics .</p> <p>HUD maintains billions of records of PII and sensitive data within IT systems and the IT environment. Knowing more specifics about the data is essential in the ability to protect and recover from attempted exfiltration attempts.</p>



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*Increasing* **EFFECTIVENESS IN PROCUREMENT**

<b>NUMBER</b>	<b>RECOMMENDATION</b>	<b>STATUS</b>	<b>ANALYSIS</b>
<b><u>2020-OE-0004-03</u></b>	<b><u>HUD's Processes for Managing IT Acquisitions, 2020-OE-0004 (November 17, 2021)</u></b>  Recommendation 3: Evaluate IT acquisition process workflows and identify ways to simplify the processes, facilitate more effective stakeholder coordination across offices, and create efficiencies when possible.	The Office of the Chief Procurement Officer (OCPO) had agreed to an estimated completion date of March 2024. In November 2024, OCPO submitted additional evidence for closure; however, the evidence did not identify how the revisions to the process will address efficiency issues. The OIG requested further information that identifies improvements in the IT acquisition process.	To fully address this recommendation, HUD must provide evidence that it has published its standard operating procedures resulting from its evaluation of workflows and efforts to simplify processes and facilitate more effective coordination.  Implementation of this recommendation will result in a defined IT acquisition process workflow standard operation procedure to ensure coordination across program offices.