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HUD OIG Audit Finds HUD Could Not Test Improper Payments for 8th Consecutive Year

WASHINGTON, DC— Today, the U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) issued its annual audit report assessing HUD’s efforts to estimate, test, and reduce improper payments under the Payment Integrity Information Act of 2019.

The audit found that for the eighth consecutive year, HUD was unable to estimate improper payments for its two largest rental assistance programs.

Together, the Office of Public and Indian Housing’s Tenant Based Rental Assistance (PIH-TBRA) program and the Office of Multifamily Housing’s Project-Based Rental Assistance (MF-PBRA) program payments total \$50 billion in fiscal year (FY) 2024, which is approximately two-thirds of HUD’s total expenditures for FY 2024.

HUD leadership has failed to coordinate effectively across offices to collect and test payment information made by the thousands of local housing administrators who determine payment amounts and eligibility for HUD rental assistance recipients. Prior OIG audits noted that the lack of a detailed plan and timeline is a major contributing factor to HUD’s noncompliance.

The last time HUD was able to make a compliant estimate was in 2016, when it estimated \$1.7 billion in improper payments. In the intervening 8 years, the Department has paid a total of \$315 billion through its PIH-TBRA and MF-PBRA programs.

“We are encouraged that HUD leadership has committed to addressing the Department’s systemic challenges with estimating and preventing improper payments,” said Acting Inspector General Stephen Begg. “Protecting taxpayer funds from fraud, waste, and abuse starts with identifying and assessing the most critical risks to payment integrity.”

The audit also found that in 2019, the Department allowed a critical data sharing agreement to lapse with the U.S. Department of Treasury’s Do Not Pay system, raising the risk of improper payments. HUD is required to use Do Not Pay to check multiple data sources to verify its recipients' eligibility for payment. In the report, the OIG issued a priority recommendation that HUD improve its governance of

the Do Not Pay program to define responsibilities for payment verification to ensure that preaward and prepayment verification are consistently performed.¹

Anyone with knowledge of potential fraud, waste, abuse, misconduct, or mismanagement related to HUD programs should contact the HUD OIG Hotline at 1-800-347-3735 or visit <https://www.hudoig.gov/hotline>. For media inquiries, contact us at OIGMediaRelations@hudoig.gov.

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¹ The OIG designates 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. The OIG updates the status of priority open recommendations on the public OIG [Recommendations Dashboard](#).