



MEMORANDUM

January 5, 2024

To: Marcia L. Fudge
Secretary, U.S. Department of Housing and Urban Development

From: Rae Oliver Davis 
Inspector General, U.S. Department of Housing and Urban Development

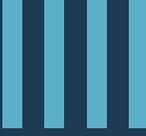
Subject: Priority Open Recommendations for Fiscal Year 2024

The purpose of this memorandum is to provide an update on the overall status of the U.S. Department of Housing and Urban Development's (HUD) implementation of HUD Office of Inspector General's (OIG) [Priority Open Recommendations](#) and to transmit the attached list of Priority Open Recommendations for fiscal year (FY) 2024. Our goal is to highlight key open recommendations from prior OIG reports that if implemented, would have the greatest impact on helping HUD achieve its mission and address its top management challenges. We track HUD's progress in addressing all OIG recommendations, including those designated as priorities, on a [Recommendations Dashboard](#) that we launched in March 2023.

Progress on Recommendations Identified in Last Year's Report

We are pleased to report that since September 2022, HUD closed seven priority recommendations, each of which marks HUD's progress in addressing a top management challenge identified in our [FY 2023 Top Management Challenges Report](#). The actions that HUD took to resolve these recommendations are detailed in the FY 2024 Top Management Challenges report and include:

- Improving PIH's oversight of Public Housing Authorities (PHAs') compliance with the Lead Safe Housing Rule by clarifying what is required when a PHA determines target housing is exempt from the Rule, and updating guidance to PIH staff to help determine whether a child under 6 years of age resides in an exempted development and what actions should be taken to protect those children;
- Issuing a HUD-wide directive that requires approval by the Office of the Chief Information Officer for HUD's web applications and services;
- Allowing private flood insurance and developing a control to detect HUD-insured loans that do not maintain required flood insurance;
- Establishing and implementing a plan for unused and unfunded vouchers under the Housing Choice Voucher Program, including through using a landlord taskforce and listening sessions, issuing guidance to PHAs on optimizing budget and utilization, and developing research on the best methods for adjusting fair market rents;

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- Creating and implementing a knowledge management strategy to address the loss of knowledge at HUD caused by attrition; and
 - Updating policies and procedures for tracking expenditures related to slow-spending disaster recovery grantees, including steps for assisting the grantees to expedite spending, identifying the reasons for the delays with the grant, and documenting the outcome of its efforts.

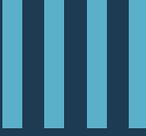
In this year's report, we identify 35 open OIG recommendations as priorities among the over 800 recommendations awaiting final action from HUD. We have organized the recommendations as they relate to areas identified as Top Management Challenges for HUD in FY 2024.

Promoting Health and Safety in HUD-Assisted Housing

HUD is responsible for ensuring that its assisted properties are decent, safe, sanitary, and in good repair. All properties proposed for use in HUD programs must be free of hazardous materials, contamination, toxic chemicals and gases, and radioactive substances that could affect the health and safety of occupants. HUD is also responsible for ensuring that HUD-assisted programs and projects comply with HUD's environmental regulations.

HUD should take additional action to improve its oversight of lead in the water of Multifamily Housing by developing and implementing an action plan that would help HUD receive and disseminate key information and enhance requirements for property owners and management agents. By addressing that prior priority open recommendation and the following eleven new priority open recommendations HUD will be able to better protect the health and safety of HUD's beneficiaries in HUD-assisted housing:

- [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 \(July 28, 2021\)](#), recommendations 1A and 1B. Multifamily could resolve health and safety complaints more efficiently if it: (1) developed a comprehensive process to ensure that complaints received by HUD's Multifamily Housing Clearinghouse are resolved in a timely manner, and (2) developed agencywide policies and procedures for the intake, monitoring, and tracking of health and safety complaints.
- [Management Alert: Action Needed to Ensure That Assisted Property Owners, Including Public Housing Agencies, Comply with the Lead Safe Housing Rule, 2023-IG-0001 \(October 04, 2022\)](#), recommendation 1A. HUD should take immediate steps to address a significant gap in its maintenance and hazard reduction work requirements to better protect residents and staff from potential exposure to lead-based paint hazards. HUD should require assisted property owners, including Public Housing Authorities (PHA), 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.
- [HUD Lacked Adequate Oversight of Lead-Based Paint Hazard Remediation in Public Housing, 2023-CH-0001 \(October 11, 2022\)](#), recommendation 1B. Without determining the extent of lead-



based paint hazards in public housing, HUD cannot effectively assess its progress in making assisted units lead safe or effectively communicate its funding needs to Congress to address lead-based paint in the public housing program. The Real Estate Assessment Center (REAC) in coordination with the Office of Field Operations should determine the number of developments and associated units that contain lead-based paint and lead-based paint hazards.

- [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 \(February 28, 2023\)](#), recommendations 1 and 6. HUD's threshold blood lead reference value (BLRV) used for reporting and monitoring lead poisoning in children is higher than the BLRV used by the Centers for Disease Control and Prevention (CDC). HUD should update its regulations, policies, and procedures, in consideration of the CDC's lowered BLRV threshold, to better ensure that cases of children with elevated blood lead levels (EBLL) are appropriately reported and monitored. Additionally, there were significant gaps and variances in EBLL data maintained by the Office of Public and Indian Housing (PIH) about children in public housing resulting from a confirmed EBLL. HUD should 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.
- [Improvements Are Needed To Ensure That Public Housing Properties Are Inspected in a Timely Manner, 2023-CH-0003 \(May 23, 2023\)](#), recommendation 1B. Before HUD postponed physical inspections due to COVID-19, REAC did not consistently ensure that public housing properties were inspected within the required timeframes. REAC later experienced delays in inspecting properties identified as high-priority. REAC should implement adequate policies, procedures, and controls to ensure that public housing properties will be inspected within the required timeframes, which would better position PIH to know whether the physical conditions in public housing properties are decent, safe, and sanitary.
- [HUD Can Improve Its Oversight of the Physical Conditions of Public Housing Developments, 2023-CH-0004 \(May 30, 2023\)](#), recommendations 1A, 1B, 1C, and 2C. HUD field offices were inconsistent in overseeing whether PHAs corrected life-threatening deficiencies during REAC inspections and generally did not monitor PHAs for compliance with HUD's requirements for self-inspection. HUD should develop and implement nationwide inspection review protocols for field offices to standardize and improve how HUD field office staff follow-up on both REAC inspections and PHA self-inspections should be reviewed. HUD should also implement a system to track field office inspection review activities, create a repository to collect documentation that life-threatening deficiencies have been corrected, and train field office staff on reviewing or following up with PHAs about the correction of life-threatening and non-life-threatening deficiencies.

Mitigating Counterparty Risks

The Federal Housing Administration (FHA) and the Government National Mortgage Association (Ginnie Mae) work with property owners, banks, nonbank lenders, appraisers, issuers, and servicers to complete



their missions. Each one of these program participants, or counterparties, has responsibilities and obligations they must meet in responsibly doing business with the government. FHA and Ginnie Mae must identify, mitigate, and manage risks related to each counterparty it works with to protect the Mortgage Insurance Fund and the Guaranty Fund.

HUD has not yet fully addressed several open recommendations related to counterparty risk that we previously designated as priorities. Resolving these recommendations would address servicing delays, putting \$2.23 billion to better use by establishing maximum periods for FHA servicers to file claims, and putting over \$413 million to better use by requiring the curtailment of pre-foreclosure interest and other costs that are caused by lender servicing delays. Resolving two additional related priority open recommendations would prevent riskier, ineligible borrowers from obtaining an FHA-insured loan, putting at least \$14.9 billion to better use by improving the loan origination processes for identifying delinquent child support, Federal debt, or Federal taxes. HUD should also take additional steps to prevent ineligible debtors from obtaining new Federal loans and loan insurance guarantees by completely reporting to HUD's own Credit Alert Verification Reporting System all FHA borrowers' default, foreclosure, and claims activity.

By addressing the above recommendations and the following four new priority open recommendations, FHA and Ginnie Mae will be able to better mitigate counterparty risks.

- [Opportunities Exist for Ginnie Mae To Improve Its Guidance and Process for Troubled Issuers, 2023-KC-0003 \(May 28, 2023\)](#), recommendations 1A, 1B, 1C, and 1D. We found gaps in Ginnie Mae's policy and procedures for rapid relocation extinguishments and its implementation of a previous HUD OIG recommendation to develop and implement controls to identify the total impact of a large or multiple-issuer default and individual issuers' ability to adapt to changing market conditions. Ginnie Mae could better address the risk posed by these weaknesses by updating its policy and procedures to define its authority for marketing troubled issuer portfolios and the conditions that must exist to extinguish issuers using rapid relocation. Ginnie Mae should also determine (1) how and what type of information it may disclose before extinguishment, (2) how it will determine the portfolio value and price before sale, and (3) how it intends to evaluate prospective buyers to ensure its ability to absorb the extinguished portfolio before executing a purchase and sale agreement.

Improving IT Modernization and Cybersecurity

HUD and its stakeholders increasingly rely on HUD's information technology systems, which maintain at least a billion records containing personally identifiable information and facilitate thousands of transactions daily.

- [HUD Fiscal Year 2020 Federal Information Security Modernization Act of 2014 \(FISMA\) Evaluation](#)

HUD should continue to take action to close the two prior recommendations designated as priorities including by defining and communicating policies and procedures addressing supply chain risk management and fully implementing its capabilities to monitor all inbound and outbound traffic and HUD network devices. This year, HUD OIG is designating three additional priority open recommendations to assist HUD in addressing existing cybersecurity issues to achieve an effective information security program and protect its data. By addressing the prior two priority open recommendations and the following four new priority open recommendations, HUD will be able to better protect personally identifiable information (PII) and modernize its information technology (IT) infrastructure.

[Report, 2020-OE-0001 \(November 30, 2020\)](#), recommendations 1, 15, and 16. Users who access information systems that process, store, or transmit PII should use multifactor authentication, as required by Executive Order 14028 on Improving the Nation's Cybersecurity. Accordingly, HUD should take additional steps to improve multifactor authentication for both privileged and nonprivileged users. Additionally, effective information security risk management practices help protect information and information systems, including through robust software asset management capabilities. HUD should take additional steps to block unauthorized software and operating systems from executing on HUD's network.

- [HUD IT Modernization Roadmap Evaluation Report, 2021-OE-0003 \(June 29, 2021\)](#), recommendation 1. To support HUD's execution of the initiatives and timelines in its departmentwide IT modernization roadmap, HUD should outline roles and responsibilities, prioritization of key initiatives, how offices should coordinate, important considerations at each phase of modernization, and support future initiatives through lessons learned.

Ensuring Whistleblower Protections for Contractor Employees

Whistleblowers play a critical role in keeping Government programs honest, efficient, and accountable. Ensuring that all potential whistleblowers know they are protected from retaliation is a key step that HUD can take to mitigate fraud risk, and employees of Federal contractors, subcontractors, grantees, and subgrantees are protected by law from retaliation when they disclose information that they reasonably believe to be evidence of gross waste; gross mismanagement; abuse of authority; or a violation of a law, rule, or regulation related to a Federal grant or contract. Addressing the 3 priority open recommendations below would help HUD close this critical gap in HUD's protection of potential whistleblowers:

- [Management Alert: HUD Should Take Additional Steps to Protect Contractor Employees Who Disclose Wrongdoing](#), May 31, 2023, recommendations 1, 2, and 3. The employees of thousands of HUD contractors working under pre-2013 contracts, such as Housing Assistance Payment contracts are not protected against retaliation for blowing the whistle. Our recommendations urge HUD to take immediate action to (1) identify all pre-2013 contracts without clauses protecting potential whistleblowers and review post-2013 contracts for the protections, (2) seek voluntary cooperation from pre-2013 contractors to comply with laws protecting whistleblowers, and (3) use best efforts to include required whistleblower protection clauses in contracts at the time of major modifications.



Improving Fraud Risk Management

Fraud risk management is a challenge throughout the Federal Government. Beyond the monetary loss to taxpayers, fraud against HUD programs reduces HUD's ability to meet the needs of vulnerable communities with critical housing needs. Robust fraud risk assessments and fraud risk frameworks will help HUD better integrate accountability measures into its programs.

We had previously designated as a priority open recommendation the need for HUD to perform program specific fraud risk assessment inventories for the Community Development Block Grant and Emergency Solutions Grant programs, with emphasis on pandemic funding. This year, we are replacing that recommendation with a newer, broader recommendation to move HUD's fraud risk management program out of the ad hoc phase. By addressing the new priority open recommendation, HUD will be better positioned to identify and manage fraud risk in all of its programs.

- [Improvements are Needed in HUD's Fraud Risk Management Program, 2023-FO-0001 \(October 26, 2022\)](#), recommendation 1A. Although HUD has taken positive steps, HUD's fraud risk management program was in the early stages of development, or at an "ad hoc" maturity level. HUD's program is still in its infancy because HUD had not previously dedicated sufficient resources to lead and implement fraud risk management activities. HUD should perform a complete agencywide fraud risk assessment, which incorporates program-level fraud risk assessments, and use the results to develop and implement an agencywide plan to move HUD's fraud risk management program out of the ad hoc phase.

Addressing Improper Payments

Improper payments – those that should not have been made or that were made in incorrect amounts – continues to be an area of concern for HUD. For the tenth consecutive year, HUD is noncompliant with the improper payment laws because it cannot accurately estimate the amount of potential improper and unknown payments in its most programs that are most at risk for such payments to occur.

HUD should address prior priority open recommendations by ensuring its improper payments rate estimates adequately test for and include improper payments of Federal funding that are made by state and local partners administering PIH's Tenant-Based Rental Assistance (PIH-TBRA) program and the Office of Multifamily Housing Programs' Project-Based Rental Assistance (PBRA) programs. To accomplish this, HUD must first develop and implement a sampling methodology that allows for a sample size that reasonably allows for the testing of the complete payment cycle. Addressing these two prior priority open recommendations and the new following priority recommendation would help HUD take coordinated action across programs and support offices to overcome these systemic challenges.

- [HUD Did Not Comply with the Payment Integrity Information Act of 2019, 2023-FO-0009 \(May 22, 2023\)](#), recommendation 1A. HUD did not report improper and unknown payment estimates for [the PIH-TBRA] program and the [PBRA] program, which spent \$41 billion in fiscal year 2022 and represented over 60 percent of HUD's total expenditures. To ensure proper coordination, OCFO should establish an improper payment council that consists of senior accountable officials from



across the Department with a role in the effort that would work to identify risks and challenges to compliance and identify solutions as a collaborative group.

Increasing Effectiveness in Procurement

HUD's program offices require contracting and procurement services to sustain and effectively achieve their mission. While the Office of the Chief Procurement Officer (OCPO) has primary responsibility for HUD's contracting and procurement activities, program offices are responsible for timely coordination with OCPO on their procurement needs, to include promptly providing OCPO with complete and accurate information at each stage of the procurement process. HUD's IT systems and its modernization plans depend heavily on contractors, yet HUD has historically faced significant challenges with implementing effective acquisition processes. By addressing the following recommendation, HUD could find opportunities to streamline and improve acquisition processes in support of a critical function – information technology.

- [HUD's Processes for Managing IT Acquisitions, 2020-OE-0004 \(November 17, 2021\)](#), recommendation 3. HUD should evaluate IT acquisition process workflows and identify ways to simplify the processes, facilitate more effective stakeholder coordination across offices, and create efficiencies when possible.
- In closing, I want to thank you and your staff for the continued coordination and collaboration on priority open recommendations. My office appreciates the opportunity to assist HUD in its efforts to improve continuously to deliver excellent services to the households and communities that rely on HUD's important programs.

HUD OIG's FY 2024 Priority Open Recommendations - Appendix 1



Related Top Management Challenge - Promoting Health and Safety in HUD-Assisted Housing

Number	Recommendation	Status	Analysis
<u>2020-CH-0005</u> <u>-001-A</u>	<u>HUD Needs to Improve Its Oversight of Lead in the Water of Multifamily Housing Units, 2020-CH-0005 (August 21, 2020)</u> 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 [...]	In April 2022, HUD created draft standard operating procedures (SOP) to address lead in the water of its multifamily housing units. On May 11, 2023, HUD published its 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> (NSPIRE) Administrative Procedures, which requires property owners and/or agents to provide information about water supply provider and water safety alerts, if applicable, prior to the commencement of a 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.	To fully address this recommendation, HUD's Office of Multifamily Housing must provide evidence of an action plan that includes its procedures that address households living in multifamily housing units to ensure that they have a sufficient supply of safe drinking water. Implementation of this recommendation will enable HUD to have sufficient oversight and control activities in place to ensure households living in multifamily housing units have a sufficient supply of safe drinking water.
<u>2021-KC-0004</u> <u>-001-A</u> <i>New</i>	<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> Recommendation 1A: Develop a comprehensive process to ensure that complaints received by HUD's Multifamily Housing Clearinghouse are resolved in a timely manner.	As of October 2023, HUD reported that it has 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 for tracking and monitoring of customer calls. HUD Staff is currently working through developing the automated monitoring system in the resource center to allow tracking of individual calls and the subject, such as health and safety, of the call. The anticipated timing of this transition is to begin in July 2024 and system development is expected to be completed by February 2025.	To fully address this recommendation, HUD must provide evidence that it has transitioned the Multifamily Clearinghouse responsibilities to the FHA resource center and that it has finished developing, has implemented, and is successfully using the FHA's automated monitoring system. Implementation of this recommendation will result a timelier resolution of complaints submitted by those living in multifamily member housing units.
<u>2021-KC-0004</u> <u>-001-B</u> <i>New</i>	<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> Recommendation 1B: Develop agencywide policies and procedures for the intake, monitoring, and tracking of health and safety complaints.	As of 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. Multifamily 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 Performance Based Contract Administrators other than what they were currently doing. HUD is 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 is set for February 2025.	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. Implementation of this recommendation will result in HUD having a more efficient process for taking in, monitoring, and tracking of health and safety complaints and aid HUD in more efficiently addressing those complaints.

* The information contained in this report is based upon information available to HUD OIG as of January 2, 2024.



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<p><u>2023-IG-0001</u> <u>-001-A</u> <i>New</i></p>	<p><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></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 Office of Lead Hazard Control and Healthy Homes (OLHCHH) agreed to:</p> <ol style="list-style-type: none"> 1. Issue a notice to assisted target housing owners and public housing agencies on the de minimis exception citing 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. 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. 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 <p>The OLHCHH stated that they planned to complete the work for the corrective action by September 20, 2023. However, as of January 2, 2024, the recommendation is still open. The final action target date for the recommendation is January 31, 2024.</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>
<p><u>2023-CH-0001</u> <u>-001-B</u> <i>New</i></p>	<p><u>HUD Lacked Adequate Oversight of Lead-Based Paint Hazard Remediation in Public Housing, 2023-CH-0001 (October 11, 2022)</u></p> <p>Recommendation 1B: Requires the REAC in coordination with OFO to determine the number of developments and associated units that</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> (NSPIRE). 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</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</p>

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	contain lead-based paint and lead-based paint hazards.	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. The final action target date is March 31, 2025.	contain lead-based paint and lead-based paint hazards and help HUD's oversight of units in need of hazard reduction.
<u>2023-CH-0003</u> <u>-001-B</u> <i>New</i>	<u>Improvements Are Needed To Ensure That Public Housing Properties Are Inspected in a Timely Manner, 2023-CH-0003 (May 23, 2023)</u> Recommendation 1B: Implement adequate policies, procedures, and controls to ensure that public housing properties will be inspected within required timeframes.	NSPIRE regulations clarified/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 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 by under the new NSPIRE regulations. REAC is in the process of adjusting the list based on information relating to small, rural public housing. REAC believes that it is on track to meet the final action target date of May 31, 2024.	To fully address this recommendation, HUD must provide evidence demonstrating that it has implemented control activities that ensure public housing properties are inspected within required timeframes. Implementation of this recommendation will result in HUD accurately tracking the dates in which public housing properties should be inspected and that they are timely completed.
<u>2021-OE-0011b</u> <u>-01</u> <i>New</i>	<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> 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.	As of December 12, 2023, the Office of Lead Hazard Control and Healthy Homes (OLHCHH) is considering lowering HUD's elevated blood lead level to 3.5 µg/dL. OLHCHH is researching the scientific literature of the efficacy of environmental interventions at the CDC's current blood lead reference value and is preparing to issue a contract for a more intensive study into the efficacy. OLHCHH plans to publish a notice in the Federal Register for a 60-day public comment period by June 30, 2024.	To fully address this recommendation, OLHCHH must provide evidence that it has updated its regulations, policies, and procedures so that they are consistent with CDC's lowered blood lead reference value of 3.5 ug/dL. Alternatively, OLHCHH must establish that its research led it to determine that environmental interventions in cases of children with elevated blood lead levels between 3.5 and 4.9 µg/dL were ineffective in reducing the children's blood lead levels and that lowering HUD's elevated blood lead level regulation to 3.5 µg/dL is unnecessary. Implementation of this recommendation will help ensure children living in public housing with elevated blood lead levels receive effective environmental interventions.

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<p><u>2021-OE-0011b</u> -06 <i>New</i></p>	<p><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></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 29, 2023, the Office of Field Operations (OFO) was coordinating with other HUD offices as necessary to determine causes of the variance in the number of elevated blood lead level (EBLL) cases among States on the EBLL tracker and identify solutions that are within HUD's control. If no determination occurs, OFO will request closure of this recommendation. The estimated completion date is June 30, 2024.</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 provide evidence 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><u>2023-CH-0004</u> -001-A <i>New</i></p>	<p><u>HUD Can Improve Its Oversight of the Physical Conditions of Public Housing Developments, 2023-CH-0004 (May 30, 2023)</u></p> <p>Recommendation 1A: Develop and implement a nationwide inspection review protocol, which includes but is not limited to (1) whether field office staff should mark verification of PHA corrections of life-threatening deficiencies in PASS or any future tracking systems, (2) acceptable documentation for offsite verifications, and (3) whether field office staff should discuss or verify corrections of non-life-threatening deficiencies.</p>	<p>The Office of Field Operations (OFO) will develop and implement a nationwide inspection review protocol for life-threatening deficiencies. Field offices will be required to ensure PHAs are timely certifying the correction of all life- threatening deficiencies. Included in the protocol, staff will be instructed to mark verification of a sample of these deficiencies. For the non-life-threatening deficiencies, OFO will implement a protocol for deficiencies with developments with physical inspection scores below 60 percent that are designated as standard performers, in compliance with 24 CFR 902.73. The final action target date is August 15, 2024.</p>	<p>To fully address this recommendation, HUD must develop and implement a nationwide review protocol that includes (1) PHA timely certification of correction of all life-threatening deficiencies, and (2) field office verification of PHA corrections of life-threatening deficiencies in PASS or any future tracking systems.</p> <p>Further, HUD must provide evidence of the protocol implemented for non-life-threatening deficiencies.</p> <p>Implementation of this recommendation will ensure PHAs will correct life-threatening deficiencies within required timeframes.</p>
<p><u>2023-CH-0004</u> -001-B <i>New</i></p>	<p><u>HUD Can Improve Its Oversight of the Physical Conditions of Public Housing Developments, 2023-CH-0004 (May 30, 2023)</u></p>	<p>The Office of Field Operations (OFO) plans to provide dates of office hours and specific training related to NSPIRE and the expectations for all types of defects. The final action target date to complete these actions is August 15, 2024.</p>	<p>To fully address this recommendation, OFO must provide evidence that the training it develops and implements addresses reviewing or following up with PHAs about the correction of life-threatening and non-life-threatening</p>

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Number	Recommendation	Status	Analysis
	<p>Recommendation 1B: Develop and implement training for field offices that addresses reviewing or following up with PHAs about the correction of life-threatening and non-life-threatening deficiencies and how (1) to review physical inspection reports to effectively ensure that PHAs correct physical deficiencies, (2) PHAs should address or correct each type of deficiency observed in the REAC physical inspection report, and (3) to use PASS or any future tracking system.</p>		<p>deficiencies and how (1) to review physical inspection reports to effectively ensure that PHAs correct physical deficiencies, (2) PHAs should address or correct each type of deficiency observed in the REAC physical inspection report, and (3) to use PASS or any future tracking system.</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>
<p><u>2023-CH-0004</u> <u>-001-C</u> <i>New</i></p>	<p><u>HUD Can Improve Its Oversight of the Physical Conditions of Public Housing Developments, 2023-CH-0004 (May 30, 2023)</u></p> <p>Recommendation 1C: Implement a system to track field office inspection review activities and create a repository for the support documentation collected to verify the correction of life-threatening deficiencies.</p>	<p>The Office of Field Operations (OFO) will implement a system to track field office inspection review activities and create a repository for the support documentation collected to verify the correction of life-threatening deficiencies. OFO will continue to work on the corrective actions to ensure closure by the final action target date of August 15, 2024.</p>	<p>To fully resolve this recommendation, HUD must provide evidence to demonstrate the implementation of a system that tracks office inspection review activities and includes a mechanism to collect support documentation collected to verify the correction of life-threatening deficiencies, and that is fully operational and in use.</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>
<p><u>2023-CH-0004</u> <u>-002-C</u> <i>New</i></p>	<p><u>HUD Can Improve Its Oversight of the Physical Conditions of Public Housing Developments, 2023-CH-0004 (May 30, 2023)</u></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>The Office of Field Operations will develop and implement a nationwide protocol for field offices, describing how Public Housing Agency (PHA) self-inspections should be reviewed, based on Real Estate Assessment Center's determination of the number and frequency of PHA self-inspections. The final action target date is August 15, 2024.</p>	<p>To fully resolve this recommendation, HUD must provide evidence that demonstrates it developed a nationwide protocol and implemented it across all HUD field offices.</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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Related Top Management Challenge - Mitigating Counterparty Risks

Number	Recommendation	Status	Analysis
<u>2014-KC-0002-001-B</u>	<p><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></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>As of January 2024, the Office of Single Family Housing stated that 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 a payment is past due to HUD for a deficiency judgment against the borrower in connection with an FHA claim. Rather than add the missing borrowers to CAIVRS, HUD determined it would remove default and claim data from the system and use it to exclusively identify borrowers with delinquent Federal debt. This will resolve the issue of incomplete reporting of delinquent federal debts greater than 3 years old. The final action target date is June 28, 2024.</p>	<p>To fully address this recommendation, HUD must provide evidence that it removed default and claim data from CAIVRS.</p> <p>Implementation of this recommendation should result in HUD putting \$9.5 million to better use.</p>
<u>2017-KC-0001-001-A</u>	<p><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></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>As of October 2023, 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, but at this time the Office of Single Family Housing does not have an estimated publication date.</p>	<p>The proposed rule has been published on HUD's regulatory agenda since Spring 2020. As of the Fall 2023 publication, the status remains listed as proposed rule stage. 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>
<u>2018-KC-0001-001-A</u>	<p><u>FHA Insured \$1.9 Billion in Loans to Borrowers Barred by Federal Requirements, 2018-KC-0001 (March 26, 2018)</u></p> <p>Recommendation 1A: Develop a method for using the Do Not Pay portal during the underwriting process to identify delinquent</p>	<p>As of October 2023, the Office of Housing has reported it prioritized resources for integration between the Do Not Pay portal and CHUMS. Staff of the Office of Single Family Housing are working closely with the Office of the Chief Information Officer and have engaged the Treasury Department in preparation for this project. The final action target date is May 22, 2024.</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 going to ineligible borrowers.</p>

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Number	Recommendation	Status	Analysis
	child support and delinquent Federal debt to prevent future FHA loans to ineligible borrowers to put \$1.9 billion to better use.		Implementation of this rule should result in HUD putting \$1.9 billion to better use.
<u>2018-LA-0007-001-A</u>	<p data-bbox="284 402 854 540"><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></p> <p data-bbox="284 565 854 1019">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>	As of October 2023, the audit recommendation cannot be closed out without the publication of the Federal Housing Administration (FHA): Single Family Mortgage Insurance Maximum Time Period for Filing Insurance Claims, Curtailment of Interest and Disallowance of Operating Expenses Incurred beyond Certain Established Timeframes Maximum Claim Rule. The proposed changes have been published on HUD's regulatory agenda since Spring 2020 , but Single Family Housing does not yet have an estimated publication date.	<p data-bbox="1849 402 2529 459">To fully address this recommendation, HUD must provide evidence that it has published and adopted the rule.</p> <p data-bbox="1849 483 2529 540">Implementation of this rule should result in HUD putting \$413 million to better use.</p>
<u>2019-KC-0003-001-A</u>	<p data-bbox="284 1044 854 1146"><u>FHA Insured at Least \$13 Billion in Loans to Ineligible Borrowers with Delinquent Federal Tax Debt, 2019-KC-0003 (September 30, 2019)</u></p> <p data-bbox="284 1170 854 1442">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</p>	As of October 2023, the Office of Single Family Housing will need additional tax information from the Internal Revenue Service to complete the planned action. The Office of the Chief Financial Officer will assist the Office of Single Family Housing. The final action target date is May 23, 2024.	<p data-bbox="1849 1044 2529 1182">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 data-bbox="1849 1206 2529 1263">Implementation of this rule should result in HUD putting \$6.1 billion to better use.</p>

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Number	Recommendation	Status	Analysis
	billion to better use by avoiding potential future costs to the FHA insurance fund.		
2023-KC-0003-001-A <i>New</i>	<p><u>Opportunities Exist for Ginnie Mae to Improve its Guidance and Process for Troubled Issuers, 2023-KC-0003 (March 28, 2023)</u></p> <p>Recommendation 1A: Update its policy and procedures to define its authority for marketing troubled issuer portfolios and the conditions that must exist to extinguish issuers using rapid relocation.</p>	<p>As of October 2023, Ginnie Mae planned to incorporate more detailed guiding principles within the default strategy procedures clarifying selection criteria for each termination or extinguishment method, specifically rapid relocation. Ginnie Mae also plans to offer additional training to its employees. The final action target date is May 30, 2024.</p>	<p>To fully address this recommendation, Ginnie Mae must provide evidence that it has updated and implemented its policies, procedures, and training to clearly define its authority for marketing troubled issuer portfolios and the conditions that must exist to extinguish issuers using rapid relocation.</p> <p>Implementation of this recommendation will result in Ginnie Mae more effectively protecting its portfolio.</p>
2023-KC-0003-001-B <i>New</i>	<p><u>Opportunities Exist for Ginnie Mae to Improve its Guidance and Process for Troubled Issuers, 2023-KC-0003 (March 28, 2023)</u></p> <p>Recommendation 1B: Update its policy and procedures to define what type of information Ginnie Mae may disclose and how it will handle protected information before extinguishment.</p>	<p>As of October 2023, Ginnie Mae planned to incorporate the existing Ginnie Mae Confidential Information Policy into its Default Playbook and identify and log information that can be selectively shared in rapid relocation execution. The final action target date is May 30, 2024.</p>	<p>To fully address this recommendation, Ginnie Mae must provide evidence that it has updated its policies and procedures to define what type of information it may disclose and how it will handle protected information before extinguishment. Ginnie Mae stated that it is currently on track to fully address the recommendation on time.</p> <p>Implementation of this recommendation will result in Ginnie Mae more effectively protecting its portfolio.</p>
2023-KC-0003-001-C <i>New</i>	<p><u>Opportunities Exist for Ginnie Mae to Improve its Guidance and Process for Troubled Issuers, 2023-KC-0003 (March 28, 2023)</u></p> <p>Recommendation 1C: Update its Policies and procedures to define how Ginnie Mae will determine the portfolio value and price before Sale.</p>	<p>As of October 2023, Ginnie Mae planned to update its valuation models, timing, and pricing strategies within its rapid relocation procedure. The final action target date is May 30, 2024.</p>	<p>To fully address this recommendation, Ginnie Mae must provide evidence that it has updated its policies and procedures to define how it will determine the portfolio value and price before sale. Ginnie Mae stated that it is currently on track to fully address the recommendation on time.</p> <p>Implementation of this recommendation will result in Ginnie Mae more effectively protecting its portfolio.</p>
2023-KC-0003-001-D <i>New</i>	<p><u>Opportunities Exist for Ginnie Mae to Improve its Guidance and Process for Troubled Issuers, 2023-KC-0003 (March 28, 2023)</u></p>	<p>As of October 2023, Ginnie Mae planned to incorporate impact analysis evaluation of each prospective buyer to confirm compliance post-transfer. This will include key portfolio indicators and will mirror similar activities</p>	<p>To fully address this recommendation, Ginnie Mae must provide evidence that it has updated its policies and procedures to define how it intends to identify and evaluate prospective buyers to ensure its ability to absorb</p>

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Number	Recommendation	Status	Analysis
	<p>Recommendation 1D: Update its policies and procedures to define how Ginnie Mae intends to identify and evaluate prospective buyers to ensure its ability to absorb the extinguished portfolio before executing the purchase and sale agreement.</p>	<p>currently performed on select standard pool transfer participants. The final action target date is May 30, 2024.</p>	<p>the extinguished portfolio before executing the purchase and sale agreement. Ginnie Mae stated that it is currently on track to fully address the recommendation on time.</p> <p>Implementation of this recommendation will result in Ginnie Mae more effectively protecting its portfolio.</p>

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Related Top Management Challenge - Improving IT Modernization and Cybersecurity

Number	Recommendation	Status	Analysis
<u>2019-OE-0002-16</u>	<p><u>HUD Fiscal Year 2019 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report, 2019-OE-0002 (June 25, 2020)</u></p> <p>Recommendation 16: Fully implement the capability for the HUD [Security Operation Center] to monitor all inbound and outbound traffic and all HUD network devices.</p>	<p>As of October 2023, the Office of the Chief Information Officer stated that this is one of their recommendations that they do not believe they can achieve at this time. OIG reviews this recommendation annually as part of our Federal Information Security Modernization Act evaluations.</p>	<p>To fully address this recommendation, HUD must provide evidence that it has finished developing and implementing procedures for the capability to monitor all inbound and outbound traffic and implement a central monitoring capability. HUD OIG will assess this recommendation during the FY 2024 FISMA evaluation (fieldwork from March – May 2024).</p> <p>Implementation of this recommendation will result in an enterprise-wide monitoring capability to detect and respond to potential malicious activity on all HUD network devices.</p>
<u>2020-OE-0001-01</u> <i>New</i>	<p><u>HUD Fiscal Year 2020 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report, 2020-OE-0001 (November 30, 2020)</u></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 all unauthorized software is blocked from executing on HUD's network.</p>	<p>As of October 2023, the Office of the Chief Information Officer stated that it could not implement the requirements of this recommendation due to a lack of resources. OIG requested a risk-based decision or plan of actions and milestones as documentation of a plan to move forward when resources become available, which has not yet been provided.</p>	<p>To fully address this recommendation, HUD must provide evidence that it has an automated whitelist and implement as per the NIST Special Publication 800-167 or accept the risk and document mitigating measures via a Risk Based Decision (RBD) 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>
<u>2020-OE-0001-15</u> <i>New</i>	<p><u>HUD Fiscal Year 2020 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report, 2020-OE-0001 (November 30, 2020)</u></p> <p>Recommendation 15: Implement multifactor authentication mechanisms for all nonprivileged users who access information systems that process, store, or transmit PII.</p>	<p>In FY 2021, OCIO stated that new technologies were needed to implement HUD's strategy for Identity, Credential, and Access Management (ICAM) and that the previous ICAM plan would no longer be effective. HUD attempted to implement a new ICAM solution that year but did not progress past the planning phase. Executive Order 14028 required HUD to implement multifactor authentication by November 8, 2021.</p> <p>HUD received half of the funding it requested from the Technology Modernization Fund (TMF) to implement another ICAM solution that is</p>	<p>To fully address this recommendation, HUD must implement the eICAM plan it developed with the funding it received. HUD OIG plans to assess this recommendation during the FY 2024 FISMA evaluation (fieldwork from March – May 2024) and add to our monthly recommendation meeting with HUD OCIO in late January 2024.</p> <p>Implementation of this recommendation will result in an enterprise-wide identity and access management solution which addresses the requirements in Executive Order 14028. Users will be required to use multifactor authentication methods to access HUD data, networks, and devices.</p>

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Number	Recommendation	Status	Analysis
<u>2020-OE-0001-16</u> <i>New</i>	<p><u>HUD Fiscal Year 2020 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Report, 2020-OE-0001 (November 30, 2020)</u></p> <p>Recommendation 16: Implement multifactor authentication mechanisms for all privileged users who access information systems that process, store, or transmit PII.</p>	<p>in-progress, and HUD held a strategic ICAM summit in late August 2023 to develop a strategy for implementation.</p> <p>In FY 2021, the Office of the Chief Information Officer (OCIO) stated that new technologies were needed to implement HUD's strategy for Identity, Credential, and Access Management (ICAM) and that the previous ICAM plan would no longer be effective. HUD attempted to implement a new ICAM solution that year but did not progress past the planning phase. Executive Order 14028 required HUD to implement multifactor authentication by November 8, 2021.</p> <p>HUD received half of the funding it requested from the Technology Modernization Fund (TMF) to implement another ICAM solution that is in-progress, and HUD held a strategic ICAM summit in late August 2023 to develop a strategy for implementation.</p>	<p>To fully address this recommendation, HUD must implement the eICAM plan it developed with the funding it received. HUD OIG plans to assess this recommendation during the FY 2024 FISMA evaluation (fieldwork from March – May 2024) and add to our monthly recommendation meeting with HUD OCIO in late January 2024.</p> <p>Implementation of this recommendation will result in an enterprise-wide identity and access management solution which addresses the requirements in Executive Order 14028. Users will be required to use multifactor authentication methods to access HUD data, networks, and devices.</p>
<u>2021-OE-0003-01</u> <i>New</i>	<p><u>HUD IT Modernization Roadmap Evaluation Report, 2021-OE-0003 (June 29, 2021)</u></p> <p>Recommendation 1: Develop an enterprise-wide IT modernization strategy that establishes a framework to align with the IT modernization roadmap....</p>	<p>The Office of the Chief Information Officer (OCIO) agreed to an estimated completion date of September 2022. However, as of December 2023 the recommendation remained open.</p>	<p>To fully address this recommendation, HUD must provide evidence that it has developed and implemented an updated IT modernization strategy. During a meeting in December 2023, HUD stated that this is a priority and HUD OCIO is working with PIH and FHA to complete a strategy for modernization efforts.</p> <p>Implementation of this recommendation will result in HUD OCIO having a modernization strategy to coordinate and prioritize with program offices on their modernization efforts. It will also result in a defined modernization roadmap that lays out the projects, timelines, and prioritization of modernization efforts across HUD.</p>

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Number	Recommendation	Status	Analysis
<p>2021-OE-0001-08 <i>*Originally this combined three recommendations, 6, 7, and 8 - Now includes only recommendation 8</i></p>	<p>Fiscal Year 2021 Federal Information Security Modernization Act (FISMA) Evaluation Report, 2021-OE-0001 (February 17, 2022) Recommendation 8: Define and communicate policies and procedures to ensure that its products, system components, systems, and services comply with its cybersecurity and SCRM requirements. This recommendation includes:</p> <ul style="list-style-type: none"> • Identification and prioritization of externally provided systems (new and legacy), components, and services. • How HUD maintains awareness of its upstream suppliers. • The integration of acquisition processes tools, and techniques to use the acquisition process to protect the supply chain. • Contract tools or procurement methods to confirm that contractors are meeting their obligations (derived from OIG FISMA metric 14). 	<p>The Office of the Chief Information Officer (OCIO) estimated it would complete corrective action for this recommendation by August 2023. However, as of December 2023, HUD has not provided a complete corrective action or evidence sufficient to close this recommendation.</p> <p>HUD OIG previously consolidated three related recommendations focused on HUD implementing foundational supply chain risk management (SCRM) processes as one Priority Open Recommendation. HUD made progress on implementing those recommendations, including by implementing an SCRM strategy and communicating it to stakeholders. In part because of that progress, OIG is no longer consolidating the three recommendations to focus on establishing core processes to advance HUD's SCRM program.</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 it relates to systems and system components.</p>

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Related Top Management Challenge - Managing Fraud Risk and Improper Payments

Number	Recommendation	Status	Analysis
<u>2021-AT-0002-001-A</u>	<p><u>HUD Did Not Fully Comply with the Payment Integrity Information Act of 2019, 2021-AT-0002 (May 17, 2021)</u></p> <p>Recommendation 1A: For the MF-RAP, PIH-TRA, and CPD-HIM programs, ensure that the program's improper payments rate estimates adequately test for and include improper payments of Federal funding that are made by State, local, and other organizations administering these programs and adequately disclose any limitations imposed or encountered when reporting on improper payments, to a degree that fairly informs users of the respective reported information.</p>	<p>As of October 2023, the Office of the Chief Financial Officer believed it has taken sufficient action to close this recommendation by developing a methodology for testing for improper payments but has not actually done so. OIG analyzed OCFO's methodology and determined that it did not test the fully payment cycle. Consequently, OIG will continue to identify this as a priority open recommendation.</p>	<p>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. HUD's sampling methodology did not test the full payment cycle. Further, the associated sample testing and statistical estimation of improper payments could not be completed in time for the required annual reporting of improper payment estimates in the Agency Financial Report (AFR), normally issued in November. 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 AFR.</p> <p>Implementation of this recommendation will result in HUD better safeguarding taxpayer dollars and decrease improper payments.</p>
<u>2022-FO-0005-001-A</u>	<p><u>HUD Did Not Comply with the Payment Integrity Information Act of 2019, 2022-FO-0005 (June 27, 2022)</u></p> <p>Recommendation 1A: We recommend that the Deputy Chief Financial Officer...In collaboration with all involved program offices, develop and implement a sampling methodology that allows for a sample size that reasonably allows for the testing of the complete payment cycle within the PIIA reporting timeframe.</p>	<p>As of October 2023, the Office of the Chief Financial Officer believed it has taken sufficient action to close this recommendation because it provided sampling and estimation plans developed for 2023 testing of improper payments. However, the sampling plans have not produced statistically valid samples in time for HUD to complete testing of its payment cycle within the PIIA reporting timeframe. OIG will continue to identify this as a priority open recommendation.</p>	<p>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 timeframe. HUD's sampling methodology, associated sample testing, and statistical estimation of improper payments could not be completed in time for the required annual reporting of improper payment estimates in the Agency Financial Report (AFR), normally issued in November. To fully address this recommendation, HUD must use a sampling methodology that tests the full payment cycle, and the associated sample testing and statistical estimation must be completed in time to include in the AFR.</p> <p>Implementation of this recommendation will result in HUD better safeguarding taxpayer dollars and decrease improper payments.</p>

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Number	Recommendation	Status	Analysis
<p><u>2023-FO-0001-001-A</u></p> <p><i>Replaced 2022-FO-0801-001-A</i></p>	<p><u>Improvements are Needed in HUD's Fraud Risk Management Program, 2023-FO-0001 (October 26, 2022)</u></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 had initiated several responsive actions to resolve this recommendation to include: developing a fraud risk assessment program departmental policy, compiling program level oversight reports, establishing a fraud risk working group to strengthen HUD's fraud risk culture, and supporting program offices with establishing risk programs within their offices to draw more direct attention to their risk management activities. HUD reported that all of these are ongoing activities working in an integrated manner towards achievement of this recommendation. Further, Congress approved HUD's reorganization proposal to establish the Office of the Chief Risk Officer, allowing HUD to dedicate full time employees to focus on Enterprise and Fraud Risk Management. The final action target date is September 30, 2024.</p>	<p>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.</p> <p>Implementation of this recommendation will result in HUD better safeguarding taxpayer dollars and decrease improper payments.</p>
<p><u>2023-FO-0009-001-A</u></p> <p><i>New</i></p>	<p><u>HUD Did Not Comply with the Payment Integrity Information Act of 2019, 2023-FO-0009 (May 22, 2023)</u></p> <p>Recommendation 1A: Establish an improper payment council within HUD that consists of senior accountable officials from across the Department with a role in the effort that would work to identify risks and challenges to compliance and identify solutions as a collaborative group.</p>	<p>HUD agreed to capture and monitor the risks related to improper payment compliance through the Risk Management Council (RMC), chaired by the HUD Deputy Secretary, which meets quarterly. Consistent with guidance issued by the GAO in June 2023 (GAO-23-106585), HUD will assign Senior Accountable Officials at the Program Office level. While we are generally agreeable to this being handled through the Risk Management Council, we informed HUD that we needed assurance that the Risk Management Council will accept this as a risk and work on it in the immediate future. We communicated our position to OCFO who agreed to update the proposed language and include as evidence deliverables from the Chief Risk Officer showing that this risk is being worked on. However, OCFO has not yet updated they're corrective action plan to reflect our agreement. As of January 2, 2024, we do not have official agreement on HUD's corrective actions, and therefore do not have a final action target date.</p>	<p>To fully address this recommendation, HUD must provide evidence that it has established a process by which the Risk Management Counsel (RMC) has accepted that improper payment compliance as a risk, identifies sub-risks and challenges to achieving compliance, identifies solutions to those risks and challenges, and provide evidence that the RMC is implementing the solutions that will position HUD towards compliance.</p> <p>Implementation of this recommendation will result in HUD better safeguarding taxpayer dollars and decrease improper payments.</p>

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Number	Recommendation	Status	Analysis
<p><u>2023-IG-002</u> -1 <i>New</i></p>	<p><u>Management Alert: HUD Should Take Additional Steps to Protect Contractor Employees Who Disclose Wrongdoing, 2023-IG-002 (May 31, 2023)</u></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>	<p>As of January 2024, OIG has not yet reached agreement with HUD regarding how the Department will address this recommendation. I</p>	<p>To fully address this recommendation, HUD must (a) identify all contracts related to its programs that pre-date July 1, 20213 and that have not yet been modified to include Section 4712 whistleblower protections; and (b) review all contracts entered on or after July 1, 20213, 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>
<p><u>2023-IG-002</u> -2 <i>New</i></p>	<p><u>Management Alert: HUD Should Take Additional Steps to Protect Contractor Employees Who Disclose Wrongdoing, 2023-IG-002 (May 31, 2023)</u></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>	<p>As of January 2024, OIG has not yet reached agreement with HUD regarding how the Department will address this recommendation.</p>	<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>
<p><u>2023-IG-002</u> -3 <i>New</i></p>	<p><u>Management Alert: HUD Should Take Additional Steps to Protect Contractor Employees Who Disclose Wrongdoing, 2023-IG-002 (May 31, 2023)</u></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>	<p>As of January 2024, OIG has not yet reached agreement with HUD regarding how the Department will address this recommendation.</p>	<p>To fully address this recommendation, HUD must provide evidence that it has taken steps to ensure that it is including 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>

* The information contained in this report is based upon information available to HUD OIG as of January 2, 2024.



Top Management Challenge - Increasing Effectiveness in Procurement

Number	Recommendation	Status	Analysis
<p><u>2020-OE-0004-03</u> <i>New</i></p>	<p><u>HUD's Processes for Managing IT Acquisitions, 2020-OE-0004 (November 17, 2021)</u> 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.</p>	<p>HUD agreed to an estimated completion date of March 2024. As of October 2023, HUD is currently working on this recommendation and is within the agreed-upon completion date.</p>	<p>To fully address this recommendation, HUD must provide evidence that it has published its standard operating procedures (SOP). During a meeting with HUD in October 2023, HUD OCPO stated that it will publish the SOPs by March 2024.</p> <p>Implementation of this recommendation will result in a defined IT acquisition process workflow standard operation procedure to ensure coordination across program offices.</p>

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