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

Summary of HUD OIG's Single Audit Oversight Activities for the Period October - December 2025

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Office of Audit and Evaluation | Office of Inspector General
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Highlights

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Why We Performed This Work

Entities that spend or administer Federal funds are required to obtain annual audits conducted by independent auditors. These non-Federal audits are known as single audits and are an important oversight mechanism for the billions of dollars distributed annually by the U.S. Department of Housing and Urban Development (HUD). It is critical that single audits are effectively planned, performed, and reported on to help ensure that non-Federal entities follow applicable laws and regulations while maintaining proper stewardship of Federal funds. The Office of the Inspector General (OIG) helps oversee single audits covering HUD program funds by reviewing single audit reporting packages, and in some cases supporting audit documentation, and notifying the relevant parties of any quality deficiencies identified.

This report provides stakeholders with information on the OIG's single audit oversight activities between October and December 2025. During this period, we focused our desk reviews on the 51 single audits submitted between April and June 2025 by non-Federal entities for which HUD was the designated Federal cognizant agency. In this report, we summarized key data from the 51 single audit reports and the results of desk reviews we performed on the single audit reporting packages.

What We Found

We identified report quality, data quality, or timeliness deficiencies in 23 of the 51 single audits reporting packages reviewed, or 45 percent of the desk reviews performed. For example, we found that required information was sometimes incorrect or missing from the reporting packages, the data submitted to the Federal Audit Clearinghouse (FAC) did not always match the information presented in the report files, and some reporting packages were submitted significantly after the deadlines. When single audit reporting packages are not timely and are incomplete or inaccurate, HUD and other users have less assurance that the audited entities properly managed and used their program funds.

These results apply only to the single audit reporting packages reviewed and should not be used to form a conclusion related to the quality of all single audits covering HUD funds.

What Happens with Our Work

In cases where we identify quality deficiencies, we followed up with the audited entity and auditor to request corrective action for the engagement reviewed or for future engagements. We also follow up with HUD and other Federal agencies, as needed. When needed, we can recommend that HUD reject an audit or reporting package that is unreliable, which could result in action against the audited entity. Last, we also consider whether to refer independent auditors to the relevant State Boards of Accountancy, the American Institute of Certified Public Accountants (AICPA), and HUD's Departmental Enforcement Center when warranted based on the severity of issues identified. We did not make any referrals between October and December 2025.

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Background

Each year, the Federal government distributes billions of dollars to non-Federal entities such as States, local governments, tribes, and nonprofit organizations. The mission of HUD is to foster strong communities by supporting access to quality, affordable housing, expanding the housing supply, and unlocking homeownership opportunities for the American people. It is committed to furthering the promise of self-sufficiency in every American while promoting economic development to revitalize rural, tribal, and urban communities across the country. HUD accomplishes its mission through hundreds of programs, including many involving grants, loans, and loan guarantees.

In accordance with the Single Audit Act of 1984 ("the Act"), as amended, and Office of Management and Budget guidance, non-Federal entities that expend $750,000 or more in Federal funds, or $1 million or more for fiscal years beginning on or after October 1, 2024, are required to have an annual audit. Rather than receiving separate audits of each federal program, the Act provides that non-Federal entities are subject to one annual comprehensive audit of all its Federal programs, known as a single audit. Single audit reporting packages include the (a) financial statements; (b) schedule of expenditures of Federal awards; (c) summary schedule of prior audit findings; (d) auditor's reports covering financial statements, internal controls, compliance, and findings and questioned costs; and (e) correction action plan.

Single audits are conducted by independent auditors and are intended to promote sound financial management and serve as a critical oversight mechanism for Federal programs. They help hold recipients accountable for their use of Federal funding by reviewing areas that include their internal controls, financial reporting, and compliance with applicable laws and regulations. They also provide valuable insights that help HUD OIG fulfill its mission to safeguard HUD programs from fraud, waste, and abuse and identify opportunities for HUD programs to progress and succeed.

To oversee the quality and reliability of single audits, the OIG's Office of Audit, Single Audit Division performs desk reviews and quality control reviews (QCRs). A desk review is an analysis and evaluation of the data in Single Audit reporting package that has been submitted to the FAC to ensure compliance with professional auditing standards and Federal reporting requirements. During desk reviews, we evaluate the audit reporting package, which includes the financial statements, schedule of expenditures of Federal awards, summary schedule of prior audit findings, correction action plan, and the independent auditor's report(s). We also use desk reviews to identify any issues that may require appropriate attention from audited entity management or HUD program staff. A QCR is a single engagement review that expands the scope of a desk review by analyzing and evaluating the documentation the independent auditors used to support the planning, fieldwork, and results reported in the single audit.

The purpose of this report is to provide stakeholders with information on the OIG's single audit oversight activities between October and December 2025. During this period, we began 2 QCRs and focused our desk reviews on the 51 single audits submitted between April and June 2025 by non-Federal entities for which HUD was the designated Federal cognizant agency.[1] In this report, we summarize key data from the 51 single audits submitted and the results of desk reviews we performed on all the single audit reporting packages.

[1] A cognizant agency is the Federal agency responsible for reviewing and resolving audit findings when an audited entity expends over $50 million in Federal funds.

Results

Summary of Single Audit Oversight Performed During the Period October - December 2025

We identified report quality, data quality, or timeliness deficiencies in 23 of the 51 single audit reporting packages reviewed, or 45 percent of the desk reviews performed. For example, we found that required information was sometimes incorrect or missing from the reporting packages, the data submitted to the Federal Audit Clearinghouse (FAC) did not always match the information presented in the report files, and some reporting packages were submitted significantly after the deadlines.

Single Audits Reviewed During Period

Between April and June 2025, 51 single audits were submitted by non-Federal entities for which HUD was the designated Federal cognizant agency. Between October and December 2025, we performed desk reviews on all 51 single audits. The 51 single audits cover dozens of HUD programs, such as rental assistance programs and community development grant programs. Further, we began two QCRs, which were ongoing as of December 2025. The results below apply only to the single audit reporting packages reviewed and should not be used to form a conclusion related to the quality of all single audits covering HUD funds.

Results of OIG Desk Reviews

As shown below, we identified report quality, data quality, or timeliness deficiencies in 23 of the 51 single audit reporting packages reviewed, or 45 percent of the desk reviews performed.[2]

Type of deficiency	Number of single audit reporting packages reviewed with deficiency	Percent
Report Quality	9	18%
Data Quality	6	12%
Timeliness	16	31%

Report quality deficiencies decrease the reliability of the audits, weakening their role. HUD and other users of single audit reporting packages with quality deficiencies have less assurance that the audited entities properly managed and used their program funds. We identified report quality deficiencies in 9 of the 51 single audits reviewed. For example, we identified instances in which the:

- Schedule of expenditures of Federal awards did not accurately identify Federal Assistance Listing Numbers (ALNs) for expenditures listed or properly cluster programs.
- Schedule of expenditures of Federal awards did not identify pass-through entities when funds were received as a subrecipient or state that funds were received directly.

[2] Some reporting packages had more than one type of deficiency.

- Schedule of findings and questioned costs did not identify all major Federal programs.
- Schedule of findings and questioned costs did not identify all required information for findings, such as whether findings were repeated from the previous year and how questioned costs were determined.
- Report on compliance for major programs did not contain the auditor's opinion on each major Federal program identified.

It is also important for audited entities to ensure data is properly entered when submitting single audit reporting packages. We identified deficiencies in the FAC data for 6 of the 51 single audit reporting packages reviewed. For example, we identified instances in which the data did not properly cite which Federal agency findings were related to, correctly identify the type of finding, or correctly indicate whether material weaknesses were identified. In each case, the data entered did not align with the information in the audit report. We also identified instances in which the data for ALNs did not align with the schedule of Federal expenditures and were not valid ALNs. These issues reduce the reliability of FAC data, requiring HUD and other users to review the full reporting package to obtain accurate information. Accurate FAC data is critical to allow HUD to efficiently review and analyze its single audit data effectively.

Finally, it is important for non-Federal entities to submit their single audit reporting packages on time. Of the 16 packages submitted late, 2 were submitted more than 6 months after the submission deadlines. This can impact on the usefulness of the report and result in delays in finding and correcting deficiencies identified by the independent auditors.

Follow-up on OIG Reviews

OIG categorizes desk reviews based on whether we identified any quality deficiencies and when any corrective actions must be taken. If the OIG determines that the reporting package contains deficiencies that may affect the reliability of the audit, we will require corrective action for the single audit or reporting package we reviewed. If we determine that the control deficiencies do not impact the reliability of the audit, corrective action is only needed for future single audit engagements. The table below summarizes how we categorized the 11 packages that contained quality deficiencies and what action is needed.

Category	Action needed	Number of single audits reviewed
Fail	The deficiencies identified must be corrected in the single audit or reporting package reviewed, and the package should be resubmitted.	1
Pass with deficiencies	The deficiencies identified should be corrected in future single audits.	10

We follow up with the audited entity, auditor, HUD, and other Federal agencies as needed depending on the results of our review. For example, we notified auditors and audited entities when we rated a package as failing or passed with deficiencies, or when we needed clarification. When needed, we can recommend that HUD reject an audit that is unreliable, which could result in action against the audited entity for failure to submit an audit as required. We also consider whether to refer independent auditors to their relevant State Boards of Accountancy, the AICPA, and HUD's Departmental Enforcement Center when warranted. We did not refer any cases during the 3-month period covered by this report. We will share any updates regarding categorizing reviews, follow-up, and referrals in future summary reports.

Findings Identified by Independent Auditors

We determined that 24 of the 51 single audit reporting packages that we reviewed contained findings identified by the independent auditors. In total, independent auditors reported 97 incidents of significant noncompliance, including 46 repeat findings related to 17 reporting packages. Further, of the 97 findings, 96 directly or indirectly impact HUD programs. HUD offices are responsible for monitoring the single audit reports for non-Federal entities receiving HUD awards and for following up on audit findings directly impacting HUD awards.

Scope and Methodology

Our summary covers single audit oversight work conducted by HUD OIG between October and December 2025.

During this period, we focused our desk review work on single audit reports submitted and accepted by the FAC between April and June 2025. We limited our desk reviews to the 51 single audits for which HUD was the designated Federal cognizant agency. We conducted desk reviews on the 51 reports using the applicable Council of the Inspectors General on Integrity and Efficiency (CIGIE) Desk Review Guide for Single Audits and summarized the results of our desk reviews. The issues cited in our results section cover only the 51 desk reviews completed and should not be used to form a conclusion related to the quality of all single audits covering HUD funds. We also summarized key information related to the findings identified by the independent auditors.

During the period, we also began QCRs of two single audits using the applicable CIGIE Quality Control Review Guide for Single Audits. The reviews were ongoing as of December 2025 and the results will be summarized in a future report.

We relied on computer-processed data contained in the FAC to identify single audit reports accepted between April and June 2025, summarized information contained in them, and selected reports for desk reviews. The data included information about the non-Federal entity audited; the independent auditor; the HUD programs and funds covered by the engagement; and the results of the review. We assessed the reliability of the computer processed data and determined that the data were sufficiently reliable to achieve our objective.

This work was conducted in accordance with Quality Standards for Federal Offices of Inspectors General issued by the CIGIE (August 2012). The work adheres to the professional standards of independence, due professional care, and quality assurance, and followed procedures to ensure accuracy of the information presented.