



AUDIT PLAN
As of December 30, 2005
OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

OIG Audit Plan

Overview

HUD's primary challenge is to find ways to improve housing and expand opportunities for families seeking to better their quality of life. This audit plan provides coverage of HUD's program areas and management/organizational reforms. It gives full consideration to the Department's Management Challenges that are identified by the Office of Inspector General (OIG) and reported to Congress annually, the President's Management Agenda for improving government performance, and OIG's Strategic Plan.

The President's Management Agenda is designed to improve the overall efficiency and effectiveness of the Federal government and to address significant management deficiencies at individual agencies. HUD has made plans and taken action in an attempt to meet the goals set by the President.

The President's Management Agenda includes government-wide and HUD-specific initiatives that are tracked and scored in terms of both baseline goal accomplishment and the adequacy of plans and progress towards achieving established goals. At HUD, these initiatives are addressing longstanding management problems that will take multiple years to achieve the President's goals. This is clearly reflected in HUD's reporting on baseline goal accomplishment scores. According to their reporting, HUD has adequate plans and is making good progress towards achieving the President's goals for more efficient and effective management of HUD's resources.

The President's Management Agenda for improving government performance includes:

- Strategic Management of Human Capital
- Competitive Sourcing
- Improved Financial Performance
- Expanding Electronic Government
- Budget and Performance Integration

- HUD's Management and Performance
 - Improving the performance of housing intermediaries
 - Reducing overpaid rent subsidies
 - Improving Federal Housing Administration risk management
 - Strengthening program controls
 - Reducing meaningless compliance burdens

The President's Management Agenda basically mirrors the challenges that our office and the General Accounting Office have reported to Congress. Further discussion of the challenges and the relationship to planned and completed audit work is further discussed in the audit environment section of this plan.

The HUD Office of Inspector General – Office of Audit

The HUD OIG is one of the original 12 Offices of Inspector General established by the Inspector General Act of 1978. The OIG provides independent oversight of HUD's programs and operations. While organizationally located within the Department, it maintains independence to initiate and carry out audits and investigations.

The HUD OIG Office of Audit's activities are designed to: promote economy, efficiency and effectiveness in the administration of HUD's programs, detect and deter fraud and abuse in HUD programs and operations, and ensure compliance with applicable laws and regulations.

Under the leadership of the Inspector General, the Assistant Inspector General for Audit, along with the Deputy Assistant Inspector General for Audit, are responsible for managing the Office of Audit. The Office of Audit Headquarters staff conducts audits of HUD headquarters components, financial statement audits, information system audits, and support functions. The Headquarters offices, each supervised by a Director, include the Financial Audits Division, the Information System Audit Division, and the Technical Oversight and Planning Division.

There are 8 Regional Offices throughout the country, each supervised by a Region Inspector General for Audit. The Region Inspectors General for Audit are responsible for overseeing audits within their respective geographic areas.

The Audit Planning Process

Audit planning at OIG is a continuing process that focuses our resources on areas of greatest current benefit to our customers. Our broader goal in developing an audit plan is to help HUD resolve its Major Management Challenges while maximizing results and providing responsive audits.

Because the process is dynamic, the OIG can quickly make adjustments and address new requests throughout the year. Potential review areas are developed through: our discussions with program officials, the public, and the Congress; our audits in each Region; the annual financial statement audits; and our reviews of proposed legislation, regulations and other HUD issuances.

HUD management and the Congress are also encouraged to provide issues and concerns for potential inclusion in the Audit Plan. Formal updates to the Audit Plan are decided during periodic conferences with OIG Audit Managers. Final approval of the Audit Plan rests with the Assistant Inspector General for Audit, who monitors the progress of each audit.

Audit Environment at HUD

The Department's primary challenge is to find ways to improve housing and expand opportunities for families seeking to better their quality of life. HUD does this through a wide variety of housing and community development programs aimed at helping American families. These programs are funded through HUD's \$30+ billion annual budget. Additionally, HUD assists American families by insuring FHA mortgages for single-family and multifamily properties. FHA's outstanding mortgage insurance portfolio exceeds \$400 billion.

While HUD is a relatively small agency in terms of staff with about 9,300 nationwide, it relies on the performance and integrity of a large group of entities to administer its many diverse programs. Among HUD's administrators are hundreds of cities that manage HUD's Community Development Block Grant funds, thousands of Public Housing Authorities and Multifamily Housing projects that provide HUD assistance, and thousands of HUD-approved lenders that originate FHA insured loans.

HUD's housing finance and subsidy programs represent hundreds of billions of dollars of long-term federal financial commitments. Its public housing and community development programs impact the lives of millions of low-income households and on the conditions of most American communities. A shrinking HUD staff has led to an ever-growing reliance on outside program partners and contractors to perform many critical program functions.

Goal Number 1 of HUD-OIG's Strategic Plan is to help HUD resolve its "Major Management Challenges" by being a relevant and problem solving advisor to the Department. A new major challenge to HUD is addressing disaster relief in response to natural disasters. Pursuant to this goal, the Strategic Plan lays out three objectives:

- *Contribute to improving the integrity of Single Family Insurance Programs*
- *Contribute to a reduction in erroneous payments in Rental Assistance Programs*
- *Contribute to Improving HUD's execution and accountability of fiscal responsibilities*
- *Contribute to resolving significant issues raised or confronted by HUD and our stakeholders*

OIG will give priority to audits of Single Family loan origination abuses, rental assistance payment programs, and HUD fiscal systems. The overall objectives of our planned audits in these areas are to aid HUD in making sure management reforms are effective and address Congressional and taxpayer concerns about program delivery and financial integrity. Detecting and preventing fraud, waste and abuse are integral components of this work. The scope of our efforts will expand on recent OIG evaluations of HUD's management, audits of HUD program delivery, financial and management systems audits, and also reflect the President's Management Agenda.

Improving the integrity of Single Family Insurance Programs

FHA is the Federal Government's single largest program to extend access to homeownership to individuals and families who lack the savings, credit history or income to qualify for a conventional mortgage. In 2005, FHA insured over 363 billion in mortgages for approximately 4 million households.

FHA has made a commitment to address deficiencies in the loan origination performance of FHA-approved lenders by monitoring loans and terminating lenders that make loans with excessive loss rates. Under FHA's Credit Watch initiative, lenders whose portfolio default and claim rates are twice the rate experienced in their geographic area are identified for termination.

Consistent with the GAO's identification of single-family mortgage insurance programs as a high-risk area, the President's Management Agenda has committed HUD to tackling long-standing

management problems that expose FHA homebuyers to fraudulent practices. HUD is taking steps to reduce fraud and improve program controls. FHA has committed to combat predatory lending practices that encourage families to buy homes they cannot afford and cause homeowners to lose their homes by refinancing into loans with high interest rates.

Elderly and minority homeowners are particularly vulnerable to predatory lending practices, which include loan “flipping” (schemes where lenders buy homes and quickly resell them at inflated prices to uninformed buyers), home improvement scams, unaffordable mortgage loans, and repeated refinancings with no borrower benefit.

OIG will continue to give priority to audits of Single Family lenders and loan origination abuses during FY 2006. Lenders will be targeted for audit through the use of data mining techniques along with prioritizing audit requests from outside sources. All appropriate enforcement actions will be pursued against lenders through referrals to the Mortgagee Review Board, the Enforcement Center, and our own Office of Investigations. OIG plans to complete at least 30 single family related reviews during 2006.

Reducing erroneous payments in rental assistance programs

HUD provides housing assistance funds under various grant and subsidy programs to multifamily project owners (both nonprofits and for profit) and Public Housing Authorities (PHAs). These intermediaries, in-turn, provide housing assistance to benefit primarily low-income households.

The Office of Public and Indian Housing (PIH) provides funding for rent subsidies through its public housing operating subsidies and tenant-based Section 8 rental assistance programs. These programs are administered by PHAs who are to provide housing to low-income families or make assistance payments to private owners who lease their rental units to assisted families. In FY 2006, HUD anticipates that there will be approximately 1.2 million public housing units occupied by tenants. These units are under the direct management of approximately 3,500 PHAs.

The Office of Housing administers a variety of assisted housing programs including parts of the Section 8 program and the Section 202/811 programs. These subsidies are called “project-based” subsidies because they are tied to particular properties, therefore tenants who move from such properties may lose their rental assistance. Project Based Rental Assistance under Section 8 will exceed \$5 billion.

In 2001, a HUD study found that 60 percent of all rent and subsidy calculations performed by administrative intermediaries contained some type of error. HUD overpays hundreds of millions of dollars in low-income rent subsidies due to the incomplete reporting of tenant income and the improper calculation of tenant rent contributions. Weaknesses exist in HUD’s control structure such that HUD cannot be assured that these funds are expended in accordance with the laws and regulations authorizing the grant and subsidy programs. Under the President’s Management Agenda, HUD’s goal is to reduce rental assistance program errors and resulting erroneous payments 50 percent by 2005. HUD’s Rental Housing Improvement Project is a Secretarial initiative designed to reduce errors and improper payments by 1) simplifying the payment process, 2) enhancing administrative capacity, and 3) establishing better controls, incentives, and sanction.

OIG will continue to give priority to the Section 8 program during FY 2006. The OIG plans to accomplish 30 reviews of the section 8 program at various housing authorities identified using a risk-based approach to designate the more significant candidates.

Improving HUD's execution and accountability of fiscal responsibilities

HUD has moved forward over the past two years to enhance and stabilize its existing financial management systems operating environment to better support the Department and produce auditable financial statements in a timely manner. HUD continues to pursue several major efforts to improve its management and performance by strengthening internal controls to eliminate material weaknesses and remove HUD programs from the GAO's high-risk list.

HUD is focused on HUD-specific information technology management improvements. HUD's continues its efforts to improve the IT capital planning process, convert to performance-based IT service contracts, strengthen IT project management to better assure results, extend the data quality improvement program, and improve systems security on all platforms and applications.

HUD developed a new budget process with a focus on collecting and using quality performance information, utilizing full cost accounting principles and emphasizing program evaluations and research to inform decision makers. Staffing and other resources are intended to align with strategic goals, objectives and accomplishments.

As in the past OIG will review a variety of HUD programs with the objective of improving efficiency and effectiveness. One area of particular emphasis will be Community Planning and Development where we plan at least 11 reviews of various functions.

Resolving significant issues raised or confronted by HUD and our stakeholders

The Congress has increasingly tasked the Office of Audit with unfunded legislated audit work. For example, the Appropriations Committee tasked OIG with audit responsibility for the \$3.5 billion in disaster assistance funding provided to New York City as a result of the September 11, 2001 terrorist attacks. The task involves reporting every 6 months. Further, we have increased audits of public housing agencies' administration of the Section 8 voucher program based on Congressional requests.

In addition to the HUD-specific mandates issued by the Congress, all OIGs must meet several government-wide legislative mandates annually. The two most significant requirements are the financial audits required by the Chief Financial Officers Act and the review of information security policies required by the Federal Information Security Management Act.

More recently, the Office of Audit has been tasked to review HUD's activities related to Gulf Coast hurricane disaster relief efforts. This has resulted in the establishment of a Hurricane Recovery Task Force to be the focal point for all audits in the coming years relating to HUD's relief efforts and to coordinate with other agencies' OIGs that are involved in the overall effort.

ONGOING AND PLANNED INTERNAL AUDITS

- *Audit addresses goal to reduce fraud in Single Family Lending
- **Reduce erroneous payments in Rental Assistance Programs
- ***Improve HUD’s execution of fiscal responsibilities

Program Areas/ Objectives	Lead Region	Start Date	Final Report Target Date
Single Family Housing/FHA			
<p>*FHA Approval of Loan Correspondents (KC 05 0026): To determine if HUD’s controls of the approval and recertification process of loan correspondents are sufficient to ensure lenders entering the program meet HUD’s minimum requirements. In addition, to determine whether the controls are adequate to prevent senior officers of loan correspondents that have been sanctioned and terminated by HUD from re-entering the program by establishing a new lending institution.</p>	Kansas City	6/05	2/05
<p>Housing Counseling Agencies (NY 05 0013): To determine whether HUD is administering and monitoring the Housing Counseling Program in accordance with applicable regulations and Departmental objectives.</p>	New York	7/05	4/06
<p>* Effectiveness of Single Family Loan Processes in Ensuring Endorsement Eligibility (SE 05 0009): To determine if HUD has adequate controls to ensure claims are only paid for eligible loans.</p>	Los Angeles	1/05	2/06
<p>*Downpayment Assistance Programs (FW 06 xxxx): To determine if risks have been evaluated and adequate controls established to protect the insurance fund against unnecessary losses.</p>	Fort Worth		Deferred
<p>*HUD’s Monitoring of Single Family FHA Lenders (KC 06 xxxx): To determine if Single Family Housing is monitoring lender compliance with FHA origination requirements and imposing appropriate sanctions to protect the insurance fund.</p>	Kansas City	6/06	
<p>Field Reviews of Property Appraisals (NY 06 xxxx): To determine if HUD adequately reviews 10 percent of appraisals on Real Estate Owned properties and takes appropriate corrective actions.</p>	New York	9/06	
<p>Unauthorized Investments in Single Family Real Estate Owned Property Sales (PH 06 xxxx): To determine if investors are inappropriately obtaining Real Estate Owned properties.</p>	Philadelphia	3/06	

Program Areas/ Objectives	Lead Region	Start Date	Final Report Target Date
FHA Insurance Requirements for Late Endorsement Submissions (LA 06 xxxx): To determine if loans submitted for late endorsements that have had a missed payment are at a higher risk for default than loans submitted late without a missed payment.	Los Angeles	1/06	
***FHA Partial Claims (FW 05 0027): To determine whether use of the partial claim option by lenders has been cost-effective in preventing property foreclosures and reducing claims against the insurance fund.	Fort Worth	8/05	In Survey
Community Planning and Development			
***Economic Development Initiative (Special Purpose Grants) (CH 05 0022): To determine whether the grantees: (1) used special purpose grant funds in accordance with the purposes contained in their grant agreements, budgets, and Federal requirements; and (2) recorded HUD's interest in the assisted properties.	Chicago	2/05	5/06
Public And Indian Housing			
***Use of Section 8 Housing Choice Vouchers in Tax Credit Projects (SF 05 0026): To determine whether housing agencies provide excess Section 8 Housing Choice Voucher assistance to housing projects that are subject to maximum rents under the IRS Low-income Housing Tax credit program. To evaluate the necessity or reasonableness of allowing the use of Housing Choice Vouchers in these tax credit projects.	Los Angeles	9/05	5/06
***Mandatory Conversion of Low-income units to Section 8 Vouchers (CH 06 xxxx): To determine whether housing authorities properly identify units meeting the conversion requirement.	Chicago	1/06	
***Housing Authority Screening (KC 06 xxxx): To evaluate the effectiveness of screening procedures and application of the one strike and you are out policy	Kansas City	1/06	
***Utility Costs Provided to Public Housing Agencies (BO 06 xxxx): To evaluate the accuracy of Utility Cost calculations.	Boston	7/06	
***Operating Subsidy for Phase Down for Demolition Add-ons (BO 05 0015): To determine whether HUD obtained required supporting documentation to determine the correct amount of phase down for demolition add-ons for Fiscal Years 2004 and 2005.	Boston	9/05	7/06

Program Areas/ Objectives	Lead Region	Start Date	Final Report Target Date
Enterprise Income Verification System (KC 06 xxxx): To evaluate the accuracy of information in the Enterprise Income Verification System.	Kansas City	1/06	
Rent Reasonableness (FW 06 xxxx): To evaluate the accuracy of payment standards set by public housing agencies.	Fort Worth	2/06	
Use of Nonprofit Housing Providers by Tribal Housing Entities (LA 06 xxxx): Determine if the Native American Housing Agencies have adequate controls to ensure effective use of resources controlled by outside entities retained to help develop housing.	Los Angeles	6/06	
Multifamily Housing/FHA			
Evergreen Terrace (KC 05 0032): To determine if HUD appropriately determined the eligibility and exception rents for Evergreen Terrace (located in Joliet, Illinois), under the Mark to Market Program.	Kansas City	9/05	3/06
*** Use and Distribution of Residual Receipts (KC 06 xxxx): To determine (1) if HUD is using residual receipts as a source of funds when renewing expiring Section 8 HAP contracts for insured multifamily projects. (2) if HUD has adequate controls over residual receipts. (3) if HUD receives and monitors financial information about uninsured Section 8 assisted properties managed by State Housing Agencies that generate significant residual receipts.	Kansas City	7/06	
Processing of Multifamily Mortgage Insurance Applications using Multifamily Accelerated Processing (BO 06 xxxx): To determine if Multifamily Accelerated Processing results in an acceptable level of risk.	Boston	9/06	
Information Systems Audits			
FY 2005 FISCAM (DP 05 0007): To assess computer-related controls over the integrity, confidentiality, and availability of computerized data, particularly financial data, for the FY 2005 Consolidated Financial Statement Audit in accordance with the GAO Federal Information System Controls Audit Manual (FISCAM).	IS Audit	11/04	2/06
HUD Procurement Systems (DP 06 xxxx): To assess functionality and controls for accurate, prompt and secure processing of transactions.	IS Audit	1/06	<u>9/06</u>
FY 2005 FISMA – Entity Wide Security (DP 05 0013): The Federal Information Security Management Act requires Executive Branch OIG to perform an annual evaluation of their Department's IT security management program.	IS Audit	7/05	2/06

Program Areas/ Objectives	Lead Region	Start Date	Final Report Target Date
IT Contingency Planning and Preparedness (DP 06 xxxx): To evaluate the availability of HUD's systems, equipment, and services to be able to perform mission critical functions in a timely manner should a disaster occur. The scope of this audit is the IT component of HUD's contingency planning and preparedness. The audit meets a FISCAM and FISMA requirement for review of service continuity.	IS Audit	12/05	<u>7/06</u>
Review of HUD Firewall Implementation (DP 06 xxxx): To determine if HUD's firewall provides adequate controls to prevent abuse or unauthorized access to the agency's information resources.	IS Audit	1/06	<u>9/06</u>
FY 2006 FISCAM (DP 06 xxxx): To assess computer-related controls over the integrity, confidentiality, and availability of computerized data, particularly financial data, for the FY 2006 Consolidated Financial Statement Audit in accordance with the GAO Federal Information System Controls Audit Manual (FISCAM).	IS Audit	1/06	<u>12/06</u>
FY 2006 FISMA – Entity Wide Security (DP 06 xxxx): Federal Information Security Management Act requires Executive Branch OIG to perform an annual evaluation of their Department's IT security management program and report to OMB in a prescribed questionnaire.	IS Audit	4/06	<u>10/06</u>
HITS Contract and Modification Process (DP 06 xxxx): To determine if the HITS contract is meeting intended economies and benefits, performance measures currently in place are effective, and HUD's processes to determine the need and cost reasonableness for contract modifications are adequate.	IS Audit	1/06	<u>7/06</u>
Reorganization/Other			
*** HUD's Emergency Contract Award Process (AT 06 xxxx): To evaluate the process for awarding emergency disaster contracts.	Atlanta	1/06	
HUD's Use of Small and Disadvantaged Businesses (CH 06 xxxx): Determine if HUD's emphasis on small and disadvantaged businesses limits competition and efficiency.	Chicago	4/06	

EXTERNAL AUDITS

Planning for external audits is subject to numerous factors such as, complaints, requests from HUD and Congressional staff, and media attention, all of which cannot be predicted or anticipated. The planning of external audits therefore is intended to be flexible to perform the highest priority work on hand. Depending on the volume and nature of audit requests, OIG intends to selectively target high-risk programs and jurisdictions. Priorities have been determined based on the HUD-OIG Strategic Plan and areas of interest to OIG stakeholders, particularly the Congress. Of particular interest this year is disaster relief efforts. With this in mind, the following types of external audits have been identified as priority areas during this planning cycle. As the opportunity permits, OIG audit managers will focus their audit resources in the following areas.

Mortgagee Audits: Single Family lender audits will be a priority for FY 2006 due to the abuses being experienced in Single Family programs. A specialized audit program has been developed for the purpose of targeting lenders for audit considering a number of high risks indicators. In addition to being a part of Goal #1 in HUD-OIG's Strategic Plan, there continues to be Congressional interest in our audits of the single family program.

Multifamily Project Audits: Audits of multifamily project operations continue to be an area of emphasis in FY 2006. The focus of these audits will be on the misuse of project operating funds, also known as equity skimming.

Public and Indian Housing: The Low-income program serves approximately 1.2 million households. The Section 8 Voucher Program serves over 1.8 million households. Of immediate concern is the overpayment of Section 8 housing assistance payments. This area is highlighted as part of Goal #1 in the HUD-OIG Strategic Plan. As part of an overall OIG initiative, tenant eligibility and accuracy of rental assistance payments will also be an area of audit focus. The quality of housing and the cost of administering these programs continues to be a concern that will be addressed as workload permits. Further, PHA development activities carried out by affiliated nonprofit entities is another area of emphasis that will be addressed as resources permit.

Nonprofit Grantees: Continued concerns over the capacity of nonprofit entities receiving funding from HUD programs require that audits of such activities be given priority. HUD's emphasis on the "Faith-Based" initiative will increase the level of funding to organizations that have traditionally not participated in federal programs and may lack the capacity to comply with all grant requirements. Of particular concern are several CPD programs including Entitlement and Supportive Housing Grants. Based on referrals from HUD program staff we will give priority attention to auditing nonprofits. For those selected, we will evaluate the control systems in place, especially for sub-recipients of HUD grant funds, to determine whether these controls provide the review and oversight necessary to ensure funds are spent on eligible activities and put to good use

SIGNIFICANT ONGOING EXTERNAL AUDITS

- *Audit addresses goal to reduce fraud in Single Family Lending
- **Reduce erroneous payments in Rental Assistance Programs
- ***Improve HUD’s execution of fiscal responsibilities

Auditee/Objective	Region	Start Date	Final Report Target Date
Multifamily Audits			
***Idaho Housing Finance Agency (SE 05 0019): To determine if Idaho Housing monitors projects in accordance with its Annual Contributions Contract with HUD to ensure that project funds are expended appropriately.	Los Angeles	4/05	1/06
Public and Indian Housing			
**Housing Authority of the City of Los Angeles Tenant Eligibility (LA 05 0028): To determine whether the Housing Authority performed Section 8 tenant eligibility in accordance with HUD rules and regulations.	Los Angles	9/05	7/06
Boston Housing Authority (BO 06 00XX): To determine whether the PHA is operating its Section 8 program in accordance with HUD requirements.	Boston	1/06	
Utica Municipal Housing Authority (UMHA), Hope 6 Program (NY 06 xxxx): To determine whether the UMHA is implementing it Hope VI program in accordance with applicable rules and regulations.	New York	3/06	
**Orlando Housing Authority (AT 05 0025): To determine whether the PHA is operating its Section 8 program in accordance with HUD requirements.	Atlanta	8/05	6/06
**Cook County Housing Authority Section 8 Program (CH 05 0042): To determine whether the Authority's: housing units were decent, safe, and sanitary; proper selection of tenants from the waiting list; and the adequacy of the Authority's quality control process.	Chicago	9/05	6/06
** Cook County Housing Authority Section 8 Program (CH 06 0012): To determine whether the Housing Authority administered its Section 8 Program efficiently and effectively.	Chicago	11/05	8/06

Auditee/Objective	Region	Start Date	Final Report Target Date
Single Family Audits			
* Major Mortgage Company (DE 05 0022): To determine whether the lender submitted its late requests for endorsement while the payments on the loans were not current.	Kansas City	3/05	1/06
* American Mortgage, Inc. (PH 05 0009): To determine whether the mortgagee originated FHA-insured loans in accordance with prudent lending practices and HUD requirements.	Philadelphia	2/05	1/06
* K Hovnanian American Mortgage LLC (FW 05 0013): To determine whether the mortgagee originated FHA-insured loans in accordance with prudent lending practices and HUD requirements.	Fort Worth	2/05	2/06
* America's Mortgage Resource (FW-05-0016): To determine if mortgagee originated FHA loans in accordance with HUD requirements.	Fort Worth	4/05	2/06
* Premier Mortgage Funding, Inc. (FW-05-0025): To determine whether Premier and its Sponsor adhered to HUD origination requirements when processing and approving FHA insured mortgages.	Fort Worth	7/05	4/06
* Capital Mortgage Associates (BO 06 0008): To determine whether the mortgagee originated FHA-insured loans in accordance with prudent lending practices and HUD requirements.	Boston	11/05	9/06
* Pine State Mortgage Corporation (AT 06 0001): To determine whether the mortgagee originated FHA-insured loans in accordance with prudent lending practices and HUD requirements.	Atlanta	10/05	7/06
* National City Mortgage (CH 05 0041): To determine whether: (1) National City's Quality Control Plan, as implemented, met HUD's requirements, and (2) National City complied with HUD's regulations, procedures, and instructions in the underwriting of FHA-insured loans.	Chicago	8/05	5/06

Auditee/Objective	Region	Start Date	Final Report Target Date
Community Planning and Development			
LMDC – CDBG Disaster Assistance Funds – six months ended September 30, 2005 (NY 05 0017): To determine whether LMDC (1) disbursed funds to eligible grant applicants, (2) implemented adequate procedures for monitoring, (3) expended funds for eligible planning and administrative costs, and (4) has an adequate financial management system in place.	New York	10/05	3/06
LMDC – CDBG Disaster Assistance Funds – six months ended March 31, 2006 (NY 06 xxxx): To determine whether LMDC (1) disbursed funds to eligible grant applicants, (2) implemented adequate procedures for monitoring, (3) expended funds for eligible planning and administrative costs, and (4) has an adequate financial management system in place.	New York	4/06	9/06
Virginia HOME Program (PH 06 0002): To determine if the state of Virginia is properly administering its HOME Program.	Philadelphia	11/05	In Survey
Municipality of Humacao, PR (AT 06 0003): To determine whether the city administered its CDBG activities accordance with HUD requirements.	Atlanta	10/05	7/06