



AUDIT PLAN
As of September 1, 2009
OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Overview

The U.S. Department of Housing and Urban Development's (HUD) primary mission is to increase homeownership, support community development, and increase access to affordable housing free from discrimination. For fiscal year 2010, the Obama Administration has requested a budget of \$46 billion, an increase of 10.8 percent over the fiscal year 2009 budget of \$41.8 billion. The Department intends to respond aggressively to the housing crisis as well as contribute to broader national priorities on energy, sustainable growth, community revitalization and poverty alleviation. In addition, Congress appropriated \$13.6 billion for HUD as part of the 2009 American Recovery and Reinvestment Act (the "Recovery Act").

This audit plan provides coverage of HUD's program areas and management and organizational reforms. It gives full consideration to the Department's management challenges identified by the Office of Inspector General (OIG) and reported to Congress annually, the most recent President's Management Agenda for improving government performance, and OIG's strategic 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. While physically located with the Department, the OIG provides independent oversight of HUD's programs and operations.

The Office of Audit's activities are designed to promote economy, efficiency, and effectiveness in the administration of HUD programs; detect and deter fraud, waste, 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 is responsible for managing the Office of Audit. The office has four headquarters divisions, the Financial Audits Division, the Information Systems Audits Division, the Headquarters Audit Division, and the Technical Oversight and Planning Division. There are nine regional offices in the country including a Gulf Coast Region in New Orleans, which is responsible for auditing disaster recovery funds provided to areas affected by Hurricanes Katrina, Rita, and Wilma. Each regional office is supervised by a Regional Inspector General for Audit.

The Audit Planning Process

Audit planning is a continuing process to focus resources on areas of greatest benefit to the taxpayer and the Department. Our broad goal in developing an audit plan is to help HUD resolve its major management challenges while maximizing results and providing responsive audits.

The process is dynamic in order to address requests and other changes throughout the year. We identify audits through discussions with program officials, the public, and Congress; conducting audits; and reviewing proposed legislation, regulations, and other HUD issuances. We also conduct audits HUD and Congress request, as well as those identified from our HOTLINE.



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Audit Environment at HUD

The Department's primary mission is to increase homeownership, support community development, and increase access to affordable housing free from discrimination. HUD does this through a variety of housing and community development programs and insured mortgages.

While HUD is a relatively small agency in terms of staff, it relies on a large number of entities to administer its diverse programs. Among HUD's administrators are hundreds of cities and directly funded grantees that manage HUD's Community Development Block Grant funds, thousands of public housing agencies 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 approximately \$500 billion in long-term federal financial commitments. HUD is actively involved in foreclosure mitigation, homeownership counseling and a myriad of efforts to curb mortgage abuse.

HUD's public and Indian housing and community development programs impact the lives of millions of low-income households and the condition 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.

Audit Plan Objectives

The audit plan has the following objectives:

- ***Contribute to improving the integrity of single-family insurance programs***
- ***Contribute to the oversight objectives of the American Recovery and Reinvestment Act of 2009***
- ***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 OIG's stakeholders***

Improving the Integrity of Single-Family Insurance Programs

FHA is the federal government's single largest program to extend homeownership to individuals and families who lack the savings, credit history, or income to qualify for a conventional mortgage. FHA had 23.7 percent of single family mortgage dollar volume in the last quarter of 2008, up from 1.9 percent in 2006, serving 2 million households in 2009. In addition, HUD is actively involved in foreclosure mitigation, homeownership counseling and a myriad of efforts to curb mortgage abuse and lending discrimination.



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Significant changes in the single-family mortgage industry and the meltdown of the subprime market require a new emphasis on single-family lenders by OIG. Further, HUD received \$4 billion for the Neighborhood Stabilization Program in 2008 and another \$2 billion in 2009 (part of the Recovery Act). The program aids localities to deal with neighborhoods adversely affected by foreclosures. Therefore, OIG plans to increase its efforts in external and internal audits of HUD's activities in the single-family mortgage industry.

Lenders are 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 Investigation.

The Office of Audit is also placing an emphasis on civil mortgage fraud and will actively seek out instances involving false claims deserving civil complaints to recover federal funds.

Recovery Act

The Recovery Act invested \$13.6 billion in HUD programs to modernize and "green" the public and assisted housing inventory, increase the low-income housing tax credit market, stabilize neighborhoods hit by foreclosures, and prevent homelessness. The Office of Audit oversight objectives of HUD funding under the Recovery Act are to determine whether:

- Funds are awarded and distributed in a prompt, fair, and reasonable manner;
- The recipients and uses of all funds are transparent to the public, and the public benefit of these funds are reported clearly, accurately, and in a timely manner;
- Funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated;
- Projects funded under the Act avoid unnecessary delays and cost overruns; and
- Program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

The OIG has over 50 audits in process involving the Recovery Act. These include reviews of the Department's front end risk assessments the Office of Management and Budget required for each program area receiving Recovery Act funds. We are also conducting several capacity reviews of entities that have applied for or are scheduled to receive Recovery Act funds. Our objective in the capacity audits is to determine whether the entities have the necessary financial and personnel resources to properly handle the increase in funding. We will conduct reviews of selected competitive funding portions of the Recovery Act programs to determine that HUD carries out the grant competitions in accordance with applicable requirements and in a fair and equitable manner. As the Recovery Act matures, the regional offices will use risks assessments to identify appropriate grantees in their regions to audit Recovery Act expenditures.



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Reducing Erroneous Payments in Rental Assistance Programs

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

The Office of Public and Indian Housing provides funding for rent subsidies through its public housing operating subsidies and tenant-based Section 8 rental assistance programs. These programs are administered by about 3,200 public housing agencies, which are to provide housing to low-income families or make assistance payments to private owners who lease their rental units to assisted families. In fiscal year 2009, HUD anticipates that there will be approximately 1.2 million public housing units occupied by tenants. These units are under the direct management of the public housing agencies.

The Office of Housing administers a variety of assisted housing programs including parts of the Section 8 program and the Sections 202 and 811 programs. The subsidies provided through these programs are called “project-based” subsidies because they are tied to particular properties; therefore, tenants who move from such properties may lose their rental assistance. For this fiscal year, HUD requested \$8 billion for Section 8 project-based rental assistance.

HUD has made significant improvements in the area of erroneous payments. To reduce improper rental assistance payments, HUD’s Office of Public and Indian Housing and Office of Housing worked with their housing industry partners and tenant advocacy groups to improve program guidance, training, and automated systems support. HUD developed and implemented the Enterprise Income Verification System (EIV)—a Web-based, state-of-the-art system—to share income data in other federal databases with public housing authorities to improve their income verification process.

OIG will continue to focus on this program area. Our reports continue to target significant issues related to this program area.

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’s efforts resulted in HUD programs being removed from GAO’s high-risk list in January 2007.

HUD is focused on HUD-specific information technology (IT) management improvements. It 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, using full cost accounting principles, and emphasizing program



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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, in which OIG plans to perform at least 20 reviews of various functions and entities.

Working Significant Mandated Audits

Congress has tasked the Office of Audit with legislated audit work. For example, the Appropriations Committee tasked OIG with audit responsibility for the \$3.5 billion in disaster recovery assistance funding provided to New York City as a result of the September 11, 2001, terrorist attacks. The task involves reporting every six months. The Office of Audit also reviews HUD's activities related to Gulf Coast hurricane disaster relief efforts. This effort resulted in the establishment of a Gulf Coast Region to be the focal point for all audits in the coming years relating to HUD's relief efforts and to coordinate with other agencies that are involved in the overall effort.

In addition to the HUD-specific mandates issued by 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 (FISMA).



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ONGOING AND PLANNED INTERNAL AUDITS

- * *Audit contributes to improving the integrity of single-family insurance programs*
 - ** *Audit contributes to a reduction in erroneous payments in rental assistance programs*
 - *** *Audit contributes to improving HUD's execution and accountability of fiscal responsibilities*
 - **** *Contributes Working Significant Mandated Audits*
- (a) *Audit contributes to initiatives created under the Neighborhood Stabilization Program*
- (b) *Audit contributes to initiatives legislated by the American Recovery and Reinvestment Act*

Program areas/objectives	Lead region	Start date	Final report target date
Single Family Housing/FHA			
* Review of the 602 Program [a.k.a. Asset Control Area (ACA) Program] (NY 09 0001): To determine whether ACA objectives of increasing homeownership for low- and moderate-income borrowers and contributing to the revitalization of blighted communities are being met	New York	October 2008	September 2009
* FHA's single-family lender insurance (LA 09 0016): To determine the effectiveness of Office of Single Family Housing's review process for the lender insurance program	Los Angeles	January 2009	September 2009
* Underwriting of Reverse Mortgages (CH 09 0004): To determine if HUD has adequate oversight of the underwriting of Federal Housing Administration-insured Home Equity Conversion Mortgages (HECM).	Chicago	October 2008	September 2009
* FHA Single Family Lender Approval Process (LA 09 0016): FHA's oversight and controls over the approval of new FHA lenders	Seattle	February 2009	September 2009



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Program areas/objectives	Lead region	Start date	Final report target date
* HUD Monitoring of FHA Lenders Loan Origination Practices (PH 09 0012): To determine whether the Philadelphia HOC processed FHA loan applications in accordance with applicable policies and procedures, and whether it ensured that required background investigations were completed for its contracted employees that performed functions associated with FHA loans.	Philadelphia	April 2009	January 2010
* FHA oversight of Reverse Mortgagor's payment of taxes and insurance: Determine why HUD is deferring foreclosure when borrowers do not pay property taxes or other required fees and the impact of the deferrals on HUD insurance claims.	Fort Worth	January 2010	August 2010
* FHA oversight of Reverse Mortgagor's Foreclosures for deceased mortgagors: Determine if HUD is timely foreclosing on properties of deceased mortgagors.	Fort Worth	January 2010	August 2010
* FHA controls over obtaining Indemnification Agreements: To determine whether HUD has adequate controls to track and obtain indemnification agreements from lenders for materially deficient loans.	Kansas City	November 2009	April 2010
* FHA's oversight of its Post endorsement Reviews: Determine the effectiveness of FHA's polices over post-endorsement technical review	Chicago	November 2009	April 2010
* FHA Annual Approval of Lenders: To determine what controls are in place at FHA to ensure timely submission and review of required annual lender audited financial reports.	Seattle	October 2009	August 2010
* FHA's Automated Underwriting: To determine if HUD's automated underwriting systems have weaknesses that were, or could be, exploited to circumvent FHA underwriting standards	Los Angeles	March 2010	September 2010
* Ginnie Mae's Monitoring of Mortgage Delinquencies (HA 10 00XX): To determine whether Ginnie Mae's approved issuers are monitoring mortgage delinquencies and defaulted loans per its requirements.	Headquarters	October 2009	April 2010
* FHA's Information System Capabilities: To determine and assess HUD's efforts to ensure that its IT systems are capable of handling increased demand for FHA loans.	IS	February 2010	September 2010
*** FHA's oversight and collection of Partial Claims: To determine if HUD is appropriately accounting for and collecting on partial claims.	Fort Worth	January 2010	September 2010



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Program areas/objectives	Lead region	Start date	Final report target date
Community Planning and Development			
*** Supportive Housing Program (SHP) grant award process: To determine whether the SHP grants application and award process is efficient and effective	Los Angeles	Suspended	Suspended
*** CPD HOME Investment Partnerships Program's commitment of funds: To determine whether HUD's instruction for commitment of funds is consistent with the program regulations	Atlanta	March 2009	September 2009
*** CPD effectiveness of its risk assessments: To determine whether CPD has established and properly implemented a risk assessment process that uses appropriate performance measures that measure performance of an operation rather than the activity of an operation.	Boston	November 2009	April 2010
*** HUD's Oversight of Resale and Recapture Provisions for HOME-funded Homeownership Projects (CH 09 0037): Determine if HUD's HOME Investment Partnerships Program (Program)-funded homeownership projects has adequate controls over the use of resale and recapture provisions to enforce HUD's affordability requirements.	Chicago	July 2009	January 2010
Public and Indian Housing			
*** HUD's oversight over fee-for-service by Housing Authorities: Determine the appropriateness of HUD's fee-for-service for management and bookkeeping	Los Angeles	March 2010	September 2010
*** Effectiveness of HUD's Recovery and Prevention Corps (RPC) At New London CT Housing Authority (BO 09 0011): To evaluate to the RPC's effectiveness in identifying and helping to correct deficiencies at the New London CT PHA, and 2) determine whether additional audit work is warranted.	Boston	January 2009	November 2009
** HUD's oversight of Section 8 rent reasonableness: To determine the effectiveness of PIH's Quality Assurance Division's review of rent reasonableness	Los Angeles	Suspended	Suspended
** HUD's oversight of excessive Section 8 funding held by Housing Authorities: To determine whether the housing authorities are appropriately holding and reporting unused Section 8 housing choice vouchers funds	Los Angeles	Suspended	Suspended



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**HUD's controls over HCV payments to deceased tenants and invalid social security numbers (FW 09 0015): Determine if HUD's controls identify and prevent Section 8 payments for deceased tenants.	Fort Worth	January 2009	October 2009
*** HUD's Oversight of Protecting and Preserving Affordable Housing: To determine whether HUD adequately established criteria to protect and preserve the stock of affordable homeownership units developed with HOME funds within its resale and recapture provisions	Chicago	July 2009	March 2010
** HUD's oversight of enhanced vouchers: To determine whether funds associated with enhanced vouchers were paid to families housed in appropriate-size units and whether the rents were reasonable	Philadelphia	June 2010	January 2011
** HUD's oversight Housing Authorities Section 8 voucher Program: Determine whether HUD is adequately monitoring PHA's Section 8 Programs and taking enforcement actions against authorities	Seattle	December 2009	August 2010
*** HUD's oversight of Capital Bond Financing Activities: HUD's Implementation and oversight of the Capital Fund Financing Program	Atlanta	November 2009	September 2010
*** HUD's oversight of Housing Authorities Energy Conservation Programs: Determine whether Public Housing has adequate controls and oversight of its energy conservation programs	New York	February 2010	September 2010
*** HUD's oversight Housing Authorities over payments to Section 236 Projects (BO 10 00XX): Determine housing authorities' overpayments of Section 8 payments to Section 236 Project Owners.	Boston	March 2010	August 2010
Multifamily Housing/FHA			
*** Multifamily Housing's PBCA Contract Award - Cost Effectiveness and Efficiency (LA 08 0021): Determine whether HUD is appropriately monitoring the contract administrators with respect to the PBCA program.	Los Angeles	June 2008	September 2009
*** Cost effectiveness of HUD's PBCA contacts program (LA 08 0032): To determine the cost effectiveness and efficiency of HUD's PBCA contracts	Los Angeles	September 2008	September 2009
*** HUD's oversight of projects with commercial rents (KC 09 0011): To determine whether HUD ensures that rental receipts from commercial space go to the project	Kansas City	February 2009	September 2009



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*** HUD's oversight of rent increases for projects with commercial rents (KC 09 0011): Determine if assisted multifamily properties with commercial revenue receive appropriate annual OCAF rent increases	Kansas City	October 2009	April 2009
*** HUD's oversight of the Yorkville Cooperative, Fairfax, VA (PH 09 0029): To determine if HUD and the Yorkville Cooperative entered into an appropriate Regulatory Agreement for participants of its Section 221 (d) (3) program.	Philadelphia	September 2009	January 2010
*** HUD's oversight of Section 232 Projects: Determine if HUD has implemented adequate controls to properly monitor Section, 232 insured mortgages.	Fort Worth	January 2010	September 2010
American Recovery and Reinvestment Act (ARRA)			
***(b) Analysis of Front End Risk Assessment (FERA) for Homeless Grants (BO 09 0015): To determine if HUD's front end risk assessment for the Homelessness Prevention program complied with requirements	Boston	April 2009	Issued
***(b) Analysis of Front End Risk Assessment (FERA) For Public Housing Capital Fund (NY 09 0014): To determine if HUD's front end risk assessment for the public Housing Capital program complied with requirements	New York	April 2009	September 2009
***(b) Analysis of the FERA for the Tax Credit Assistance Program (PH 09 0016): To determine if HUD's front end risk assessment for the tax assistance credit program complied with requirements	Philadelphia	April 2009	September 2009
***(b) Analysis of Front end risk assessment (FERA) for the Neighborhood Stabilization Program (NSP) (AT 09 0020): To determine if HUD's front end risk assessment for the Neighborhood Stabilization program complied with requirements	Atlanta	April 2009	September 2009
***(b) HUD's Office of Multifamily Housing Green Retrofit Program FERA (CH 09 0032): To determine if HUD's front end risk assessment of the Multifamily Housing Green Retrofit program complied with requirements	Chicago	April 2009	September 2009



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Program areas/objectives	Lead region	Start date	Final report target date
<p>***(b) Analysis of Front End Risk Assessment (FERA) for Community Development Block Grant (CDBG) Program (FW 09 0022): To determine if HUD's front end risk assessment of the CDBG program complied with requirements</p>	Fort Worth	April 2009	September 2009
<p>***(b) Review of Office of Native American programs (ONAP) Front End Risk Assessment (LA 09 0026): To determine if HUD's front end risk assessment of the ONAP program complied with requirements</p>	Seattle	April 2009	September 2009
<p>***(b) Analysis of Front End Risk Assessment for Office of Healthy Homes and Lead Hazard Controls (HA 09 0001): To determine if HUD's front end risk assessment for the Healthy Homes program complied with requirements</p>	Headquarters	April 2009	September 2009
<p>*** (b) ARRA-Formula Based Allocations (FO 09 0041): To recalculate amounts awarded by HUD under ARRA and determine if the proper amounts were awarded by HUD.</p>	Financial Audit	April 2009	September 2009
<p>***(a)(b) HUD's oversight of ARRA information submitted and reported by recipient (FW 10 00XX): To determine if data submitted by ARRA grantees is complete and accurate</p>	Fort Worth	January 2010	September 2010
<p>***(a)(b) HUD's Oversight of NSP special conditions (CH 09 00XX) To determine if HUD implemented appropriate controls over NSP 1 and 2 special conditions</p>	Chicago	October 2009	June 2010
<p>***(a)(b) Review of Selected Controls Within the Disaster Recovery Grant Reporting (DRGR) System (DP 09 0009): Determine if Neighborhood Stabilization Program (NSP) funds are properly safeguarded by the access controls related to the DRGR System.</p>	IS Audit	February 2009	September 2009
<p>***(b)Review of Selected Controls Within the Recovery Act management and Reporting Systems (RAMPS) (DP 09 0014): HUD's oversight and, access controls, related to the Recovery Act Management and Reporting Systems (RAMPS) to determine if it meets OMB's requirements for reporting under the American Recovery and Reinvestment Act</p>	IS Audit	April 2009	September 2009



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Program areas/objectives	Lead region	Start date	Final report target date
<p>***(b)Review of HUD’s Plans for Ensuring ARRA Data Quality (DP 09 0015) To determine whether Federal agencies have established a process to perform limited data quality reviews intended to identify material omissions and/or significant reporting errors, and notify the recipients of the need to make appropriate and timely changes.</p>	IS Audit	September 2009	October 2009
<p>***(b)Recovery Act Management and Reporting Systems (RAMPS) Phase II: HUD’s oversight and, access controls, related to the Recovery Act Management and Reporting Systems (RAMPS) to determine if it meets OMB’s requirements for reporting under the American Recovery and Reinvestment Act</p>	IS Audit	January 2010	June 2010
Information Systems (IS) audits			
<p>*** Review of HUD's Web Application Systems (DP 09 0006): determine if HUD’s controls over its web application environment are effective</p>	IS Audit	December 2008	September 2009
<p>*** Review of Ginnie Mae’s Controls Over its Information Technology Resources (DP 09 0007): Determine whether Ginnie Mae’s information systems are compliant with HUD information technology policies and other federal requirements</p>	IS Audit	January 2009	November 2009
<p>****FY 2009 Evaluation of HUD Security Required by Federal Information Security Management Act (FISMA) (DP 09 0010): Annual independent evaluation of HUD’s information security program and practices to determine if they meet the security responsibilities of the FISMA.</p>	IS Audit	February 2009	November 2009
<p>*** *FY 2009 Federal Information System Controls Audit Manual (FISCAM) (DP 09 0011): To assess computer-related controls over the integrity, confidentiality, and availability of computerized data, particularly financial data, for the FY 2008 Consolidated Financial Statement Audit in accordance with FISCAM</p>	IS Audit	March 2009	January 2010
Administrative/Other			
<p>**** Evaluate HUD Chief Financial Officer’s (CFO) oversight of internal controls: To determine whether the CFO ensures HUD’s compliance with GAO internal control standards and HUD’s established standards</p>	Kansas City	Suspended	Suspended



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Program areas/objectives	Lead region	Start date	Final report target date
**** Evaluate HUD's recruitment process: To assess the HUD Office of Human Resources' recruitment process and to determine whether it is recruiting staff in accordance with federal and internal requirements and policies.	Philadelphia	February 2010	October 2010
*** Evaluate HUD's closeout of contracts: To determine whether OCPO is timely performing closeout procedures on completed and expired contracts	Headquarters	October 2009	June 2010



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EXTERNAL AUDITS

Planning for external audits is subject to a number of 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 enable OIG 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's stakeholders, particularly Congress. Of particular interest this year are Recovery Act related 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.

Single-family and lender audits: Single-family lender audits continue to be a priority for FY 2010 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-risk indicators. In addition to being a goal in HUD OIG's strategic plan, there continues to be congressional interest in OIG's audits of the single-family program. OIG plans to perform audits of mortgage companies using FHA's home equity conversion mortgages, FHA Secure loans, and the Hope for Homeowners program. We also plan additional audits of Ginnie Mae participants.

Community planning and development: In an effort to continue emphasis on improving efficiency and effectiveness, OIG is increasing its emphasis on this program area. In addition, hurricane recovery funding is being provided primarily through Community Development Block Grants. Congress continues to take interest in the use of hurricane funds to ensure that they are reaching those who need them. OIG also plans to perform audits of grantees receiving funding from the \$5.92 billion Neighborhood Stabilization Program.

Public and Indian housing: The low-income program serves approximately 1.2 million households. The Section 8 Housing Choice Voucher program serves more than two million households. As part of an overall OIG initiative, tenant eligibility and accuracy of rental assistance payments will also be an area of audit focus. However, we will be increasing our focus on the public housing capital fund, in light of the \$4 billion in Recovery Act funds being directed toward that program. The quality of housing and the cost of administering these programs continue to be concerns that will be addressed as workload permits. Public housing agency development activities carried out by affiliated nonprofit entities is another area of emphasis that will be addressed as resources permit.

Multifamily project audits: Audits of multifamily project operations continue to be an area of interest in FY 2009. The focus of these audits will be on the misuse of project operating funds, also known as equity skimming.

Nonprofit grantees: Continued concerns over the capacity of nonprofit entities receiving funding from HUD programs require that audits of such activities be given priority. Of



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particular concern are several Office of Community Planning and Development 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 subrecipients of HUD grant funds, to determine whether these controls provide the review and oversight necessary to ensure that funds are spent on eligible activities and put to good use.