



U.S. Department of Housing and Urban Development, Washington, DC

Grants Oversight and New Efficiency Act

**Office of Audit
New York, NY**

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OFFICE OF INSPECTOR GENERAL
U.S. Department of Housing and Urban Development

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From: Kilah S. White
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Subject: HUD Did Not Implement Adequate Grant Closeout and Reporting Processes To Ensure Consistent Application of GONE Act Requirements

Attached are the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of HUD's grant closeout processes and compliance with the Grants Oversight and New Efficiency (GONE) Act.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, appendix 8M, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call Kimberly S. Dahl, Audit Director, at (212) 264-4174.

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Highlights

What We Audited and Why

We audited the U.S. Department of Housing and Urban Development's (HUD) grant closeout processes and compliance with the Grants Oversight and New Efficiency (GONE) Act. The GONE Act required that we conduct a risk assessment to determine whether an audit of HUD's grant closeout process was warranted. We initiated this review based on the results of our risk assessment conducted in fiscal year 2018, which found that an audit was warranted. Our objectives were to determine whether HUD (1) implemented adequate grant closeout processes to ensure compliance with GONE Act requirements and (2) ensured that reports related to its compliance with the GONE Act were accurate.

HUD Did Not Implement Adequate Grant Closeout and Reporting Processes To Ensure Consistent Application of GONE Act Requirements

What We Found

HUD did not implement adequate GONE Act grant closeout processes, and related data and reports were not always accurate. Specifically, it implemented bulk closeout procedures that bypassed requirements, and its data used to compile reports included inconsistencies and incorrect information. These conditions occurred because HUD (1) focused on closing its backlog of expired grants as quickly as possible; (2) did not have adequate controls over its GONE Act grant closeout, data, and reporting processes; and (3) had not developed and implemented clear and consistent guidance on GONE Act requirements for its program offices. As a result, HUD made errors in grant closeouts and was unable to ensure that related data and reports to Congress and other stakeholders were accurate. Although HUD's reporting responsibilities under the GONE Act have ended, it should address the weaknesses identified to ensure future compliance with grant closeout requirements and consistent and accurate reporting of grant information to stakeholders.

What We Recommend

We recommend that HUD develop and implement controls (1) for use of the bulk grant closeout process going forward to ensure that grants are closed in accordance with all applicable requirements and (2) to ensure that future grant data reporting to stakeholders is consistent and accurate.

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Background and Objectives

On January 28, 2016, President Obama signed the Grants Oversight and New Efficiency (GONE) Act, Public Law 114-117. The Act required Federal agencies to report expired Federal grant and cooperative agreement awards with periods of performance (POP)¹ that had been expired for at least 2 years. The Act also required the agencies to take appropriate action to close out these expired grants and awards in accordance with regulations at 2 CFR (Code of Federal Regulations) 200.16 and 200.343.² The agencies were to submit an initial report to Congress and the Secretary of Health and Human Services by December 31, 2017, and provide an update to this initial report within 1 year after the initial submission. The Act designated the Office of Management and Budget (OMB) to provide agencies with the instructions³ for reporting these expired grants. OMB was also required, in consultation with the U.S. Department of Health and Human Services, to submit to Congress a report on any recommendations for legislation to improve accountability and oversight in grant management, including the timely closeout of Federal grant awards.

The U.S. Department of Housing and Urban Development (HUD) submitted its initial GONE Act report in November 2017 and an updated report in November 2018 in accordance with the requirements. The table below shows the open expired grants reported.

HUD office	Records in HUD's 2017 GONE Act data		Records in HUD's 2018 GONE Act data	
	# of grants	Balance	# of grants	Balance
Office of Community Planning and Development (CPD)	31,934	\$49,082,088	330	\$4,931,607
Office of Fair Housing and Equal Opportunity (FHEO)	4,287	570,488	8	6,383
Office of Housing (HSNG)	909	44,240	111	44,240
Office of Lead Hazard Control and Healthy Homes (OLHCHH)	1,024	5,650	0	0
Office of Policy Development and Research (PD&R)	1,539	0	0	0
Office of Public and Indian Housing (PIH)	146,613	20,885,083	8	477,765
Totals	186,306	70,587,549	457	5,459,995

HUD's initial 2017 report contained 186,306 grant records with balances totaling more than \$70.5 million, which was the largest number of expired grants of all Federal agencies. HUD's Office of

¹ Regulations at 2 CFR 200.1 define POP as the total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions.

² Regulations at 2 CFR 200.16 were moved to be part of 2 CFR 200.1 on February 22, 2021, and 2 CFR 200.343 was moved to 2 CFR 200.344 on November 12, 2020. These regulations specify the actions the grantee and Federal awarding agency must take to complete the closeout process at the end of the POP.

³ OMB provided agencies the templates for the 2017 and 2018 GONE Act reports and related guidance.

the Chief Financial Officer (OCFO), Office of Business Transformation (OBT),⁴ and the six program offices shown above closed or removed a significant number of grants within a year. Specifically, HUD closed 127,859 grant records between its 2017 and 2018 reports and removed 57,990 grant records that it determined were incorrectly⁵ included in its initial report. As a result, HUD's 2018 report contained only 457 grant records reported as open expired grants.

The GONE Act did not require agencies to take further action after submitting their updated second report; however, the agencies were required to comply with the regulations at 2 CFR part 200 to close out all awards in a timely manner going forward. Based on lessons learned from the implementation of 2 CFR part 200 and the GONE Act, OMB revised 2 CFR 200.344 on the closeout of Federal awards to support timely closeout, improve the accuracy of reporting, and reduce recipient burden. OMB issued a final Guidance for Grants and Agreements on August 13, 2020, which became effective November 12, 2020. HUD updated its Grants Management Handbook in May 2021 to reflect the revised regulations.

Section 2(c) of the GONE Act required that the Office of Inspector General (OIG) of an agency with more than \$500 million in annual grant funding, such as HUD, conduct a risk assessment to determine whether an audit or review of the agency's grant closeout process was warranted. We conducted a risk assessment in fiscal year 2018 and found that a moderate risk existed and a full audit should be performed. Our objectives were to determine whether HUD (1) implemented adequate grant closeout processes to ensure compliance with GONE Act requirements and (2) ensured that reports related to its compliance with the GONE Act were accurate.

⁴ OBT was previously known as the Office of Strategic Planning and Management. Since then, OBT has been moved to within OCFO.

⁵ HUD determined that the 57,990 records were incorrectly included in its initial 2017 report due to inaccurate POP dates and, thus, did not need to be closed.

Results of Audit

Finding 1: HUD Did Not Implement Adequate GONE Act Grant Closeout Processes

HUD did not implement adequate GONE Act grant closeout processes to ensure that applicable requirements were met. Specifically, it implemented bulk closeout procedures that bypassed requirements when closing grants identified in its 2017 GONE Act report. This condition occurred because HUD focused on closing the backlog of expired grants identified in its 2017 GONE Act report as quickly as possible and weaknesses existed in its controls over GONE Act grant closeout procedures. As a result, HUD made errors in grant closeouts by improperly deobligating⁶ and closing grants while the underlying projects were ongoing or the grantees were in the process of repaying HUD for unallowable grant drawdowns.

HUD's Bulk Closeout Process Bypassed Requirements

HUD used a bulk closeout process that bypassed requirements to close out approximately 106,000 grant records during the period December 2017 through October 2018. This number represents nearly 83 percent⁷ of the grant records closed between HUD's 2017 and 2018 GONE Act reports.

For this process, HUD deviated from its normal procedures, which required it to close out grants only after confirming that grantees had completed all applicable administrative actions and required work in accordance with Federal and HUD grant closeout⁸ and program⁹ requirements. Instead, HUD closed the grants in bulk based on certifications that were made without verifying the grants were all ready to be closed. HUD believed that a large number of these grants were programmatically closed in accordance with Federal regulations and were ready to be financially closed. HUD also believed that staff conducted final inspections and relevant records were maintained. However, program offices did not always confirm that HUD staff had verified that each of the underlying projects and administrative actions had been completed before certifying that the grants were ready to be closed. HUD also stated that it could continue to use these grant closeout processes going forward.

⁶ An obligation is a legally binding agreement that will require an outlay or expenditure of funds. To close out a grant obligation, HUD program offices are required to determine whether the unliquidated funds remaining should be deobligated or retained. The grants that have been determined to be deobligated must be closed out, and grantees are no longer able to draw down funds.

⁷ 105,956 grant records closed between the two reports by using the bulk closeout process / 127,859 grant records closed between the two reports = 82.9 percent

⁸ Grants awarded before December 26, 2014 (the date 2 CFR part 200 became effective), and not modified on or after that date were governed by 24 CFR part 84 or 85. The rest of the grants reviewed were governed by regulations at 2 CFR 200.343, which was moved to 2 CFR 200.344 on November 12, 2020.

⁹ In addition to procedures used for all Federal grant closeouts, HUD was required to follow the program-specific requirements such as regulations at 24 CFR 570.509 for Community Development Block Grant closeouts and its Capital Fund Guidebook for Capital Fund Program grant closeouts.

This condition occurred because HUD was focused on closing its backlog of expired grants quickly and because of weaknesses in its controls over GONE Act grant closeout procedures. HUD recognized that it had the largest number of expired grants of all Federal agencies, and its underlying data indicated that more than 44 percent of the open expired grants reported in HUD’s initial 2017 GONE Act report were expired for more than 10 years at the time of the report. The bulk closeout was generally conducted at the OCFO and program office headquarters level, and program field offices were not involved because HUD believed that the GONE Act closeouts needed to be completed quickly and that staff would be overly burdened if field office involvement was required. Also, OCFO¹⁰ believed that grant closeout was a program management activity and that it was beyond its scope to ensure program compliance, including completion of activities, so it relied on the program offices to ensure these requirements had been met. However, the issues identified showed that HUD did not implement adequate procedures to ensure that all grants were ready to be closed before using the bulk closeout process.

As a result, HUD made errors in grant closeouts. Specifically, out of the grants reviewed, HUD prematurely deobligated two CPD grants while the underlying projects were ongoing and closed four PIH grants that needed to remain open because the grantees were in the process of repaying HUD for unallowable grant drawdowns identified in a prior OIG audit or because the grants still had outstanding balances, indicating that HUD had not verified whether underlying projects had been completed. The table below provides the details of the six grants at the time they were prematurely deobligated or closed. The data and files we reviewed confirmed that HUD later replenished funds or reopened these grants.

Condition	Program office	Grant program	Grant balance
Underlying project was ongoing	CPD	Shelter Plus Care	\$229,167.00
	CPD	Supportive Housing Program	47,181.44
Grant had outstanding balance	PIH	Resident Opportunity & Self-Sufficiency	40,283.35
	PIH	Resident Opportunity & Self-Sufficiency	32,465.00
Grant under repayment plan	PIH	Resident Opportunity & Self-Sufficiency	N/A
	PIH	Public Housing Capital Fund	N/A

Conclusion

Because HUD focused on closing its backlog of expired grants as quickly as possible and had weaknesses in its controls over GONE Act grant closeout, it did not implement adequate GONE Act grant closeout procedures when it used a bulk closeout process. As a result, HUD made errors in grant closeouts by improperly deobligating and closing grants. Because HUD stated that the bulk closeout process could be used for grant closeout going forward, it should address the weaknesses identified to ensure future compliance with grant closeout requirements.

¹⁰ OCFO was given the responsibility of overseeing HUD’s GONE Act grant closeout processes.

Recommendations

We recommend that HUD's Office of the Chief Financial Officer

- 1A. Develop and implement controls for use of the bulk grant closeout process going forward to ensure that grants are closed in accordance with all applicable requirements, including that administrative actions and required work under the grant award have been completed by the grantee before the grant is closed out. These controls should include but not be limited to increased collaboration and communication between headquarters and field offices.

Finding 2: HUD’s GONE Act Data and Reports Contained Inconsistencies and Inaccuracies

HUD’s data and reports related to its compliance with the GONE Act were not always consistent and accurate. The data used to compile the reports included inconsistencies and potentially incorrect information, including (1) inconsistencies in HUD’s counting of grant records resulting in duplicate grants and understated balances, (2) inaccurate grant POP dates, and (3) inaccurate grant statuses. These conditions occurred because weaknesses existed in HUD’s controls over GONE Act grant data and reporting and it had not developed and implemented clear and consistent guidance on GONE Act requirements for its program offices. As a result, HUD was unable to ensure that its GONE Act data and reports to Congress and other stakeholders were accurate.

Data and Reports Were Not Always Consistent and Accurate

HUD was not always consistent and correct when compiling GONE Act data and reports. This included inconsistencies and inaccuracies related to the counting and inclusion of grant records, creation of grant POP dates, and use of grant statuses as detailed below.

Inconsistencies in HUD’s Counting of Grant Records

HUD did not consistently include grant records in its GONE Act reports. Specifically,

- HUD’s initial 2017 GONE Act report disclosed that it had 186,306 expired grants that were open. However, this number of expired grants included 14,893 records related to grant identification numbers that appeared multiple times in the data and, thus, were duplicated. HUD explained that it maintained multiple records for grants in its financial systems when they were funded from multiple-year sources, and HUD believed it was required to report these records separately to comply with GONE Act requirements.
- Although HUD believed all records for grants funded from multiple-year sources were to be counted for the GONE Act report, this was not always the case. For example, 5 of the 53 sample grants reviewed had outstanding balances totaling \$105,111 but were incorrectly reported as having zero balances because the records with balances were excluded from the data.
- HUD’s initial 2017 GONE Act report stated that it closed more than 68,000 Continuum of Care grants in 2016. However, the supporting documents HUD was able to provide indicated that only 63,751 of these grants had been closed, and it was unable to explain the difference.

Inaccurate Period of Performance Dates

HUD included POP end dates in its initial 2017 GONE Act report that may have been inaccurate, and these dates were then carried over to its updated 2018 report. The GONE Act required Federal agencies to report POP end dates for each grant in the required reports. HUD stated in its updated 2018 report that 57,990 grant records were “reported in error” in 2017 due to inaccurate POP data. When grants did not have POP dates identified in program regulations, grant agreements, or HUD’s financial systems, HUD created POP ending dates as placeholders to meet GONE Act reporting requirements. In addition, HUD did not report correct POP end

dates for other grants that had the information available within its systems. For example, while HUD's Line of Credit Control System (LOCCS)¹¹ contained POP end dates for 25 Self-Help Homeownership Opportunity Program (SHOP)¹² grants, HUD decided to use other dates in the GONE Act data for these grants. HUD was unable to provide support for its decision.

Inaccurate Use of Grant Statuses

HUD did not always accurately use the available grant statuses in its GONE Act data and reports. The GONE Act required HUD's 2018 report to provide an updated status of the expired grants identified in its initial 2017 report. OMB instructed agencies to use the "reported in error" status for grants that were erroneously included in their initial 2017 GONE Act reports. As mentioned, HUD's 2018 report indicated that 57,990 grant records were "reported in error" in its 2017 report due to inaccurate POP data. However, for some of these grants, the "reported in error" status may not have been accurate and used for its intended purpose. For example,

- HUD classified some Section 8 Moderate Rehabilitation grants as "reported in error" in its 2018 GONE Act report because it was keeping them open to be renewed. However, based on the data provided, these 221 open grants were expired as of the cutoff dates used for HUD's GONE Act reporting. HUD did not provide support showing that these were still active grants, and we found that some were awarded as far back as the late 1980s. It may have been more accurate to classify these grants as "open" in the 2018 report.
- HUD classified SHOP grants awarded after 2005 as "reported in error" in its 2018 GONE Act report due to a lack of POP end dates. However, the SHOP program requirements, guidebook, and grant agreements indicated that grantees were to complete the projects within 24 or 36 months after the funds became available. In addition, LOCCS contained information indicating that these grants expired before the GONE Act reporting cutoff date of September 30, 2015, and, thus, should have been closed. It would have been more accurate to classify these grants as "open" because using the "reported in error" status could give the impression that these grants were still active and not expired.
- HUD classified Public Housing Operating Fund grants awarded after 2010 as "reported in error" in its 2018 GONE Act report based on a change to the POP end date used for reporting. HUD used a 1-year POP end date in its initial 2017 GONE Act report, which aligns with the 12-month term of the grants. However, PIH believed it should have used a 5-year POP end date because appropriation law¹³ allowed the funds to continue to reside in LOCCS for 5 years until the cancellation of the account. Therefore, it believed that 34,321 Operating Fund grants should not have been considered expired as of the September 30, 2015, cutoff date used for HUD's initial 2017 GONE Act report.

¹¹ LOCCS is HUD's primary grant payment control system, handling disbursements for most HUD programs.

¹² SHOP awards grant funds to eligible national and regional nonprofit organizations and consortia to purchase home sites and develop or improve the infrastructure needed to set the stage for sweat equity and volunteer-based home-ownership programs for low-income persons and families.

¹³ Appropriation law (31 United States Code, Section 1552) provided that on September 30 of the 5th fiscal year after the period of availability for an obligation account ends, the account should be closed and any remaining balance in the account should be canceled and thereafter should not be available for obligation or expenditure for any purpose.

However, since there was no clear policy used to determine the POP end dates for these Operating Fund grants, it is not clear whether “reported in error” was accurate and used as intended.

HUD Did Not Have Adequate Controls and Guidance

These conditions occurred because weaknesses existed in HUD’s controls over GONE Act grant data and reporting and because HUD did not develop and implement clear and consistent guidance for GONE Act requirements including defining how records should be counted, POP dates should be reported, and the “reported in error” grant status should be used. As a result, HUD was unable to ensure that its GONE Act data and reports to Congress were accurate. Also, HUD’s 2018 GONE Act report contained inaccuracies regarding its grant statuses which were carried over from its 2017 report. Further, since HUD’s GONE Act reports were publicly available on its website, other stakeholders had access to inaccurate information.

HUD stated that it implemented additional steps and issued new guidelines to improve its procedures and controls after its reporting responsibilities under the GONE Act ended. Specifically, it began maintaining five core award dates within LOCCS and began using grant award POP rather than period of availability of funds in its systems. If these and any further improvements to HUD’s systems and controls are implemented effectively, they will help to ensure that system data and reports are accurate going forward.

Conclusion

Because HUD had weaknesses in its controls over GONE Act grant data and reporting and did not implement clear guidance on GONE Act requirements, its GONE Act data and reporting were not always accurate. As a result, HUD was unable to ensure that data and reports provided to Congress were accurate. Although HUD’s reporting responsibilities under the GONE Act have ended, it should address the weaknesses identified to ensure consistent and accurate reporting to stakeholders in the future.

Recommendations

We recommend that HUD’s Office of the Chief Financial Officer

- 2A. Develop and implement controls to ensure that future grant data reporting to stakeholders is consistent and accurate, including defining how records should be counted and data should be presented and ensuring that accurate POP dates are maintained in HUD’s systems.

Scope and Methodology

We conducted the audit from November 2018 through August 2020 at our offices in Newark, NJ, and Buffalo, NY. The audit covered the period January 2016 through November 2018 and was expanded to review the actions taken by HUD to improve its grant processes through May 2021.

To accomplish our objectives, we interviewed applicable HUD officials. We also reviewed

- applicable laws and regulations;
- HUD’s policies, procedures, and memorandums;
- HUD OIG’s prior audit reports;
- HUD’s November 2017 and 2018 GONE Act reports;
- HUD’s grant data used for its November 2017 report, June 2018 update, and November 2018 report; and
- Data from HUD’s LOCCS and Program Accounting System (PAS).¹⁴

To determine whether HUD (1) implemented adequate grant closeout processes and (2) ensured that reports related to its compliance with the GONE Act were accurate, we selected four samples,¹⁵ as detailed below.

Closed Grants

HUD’s 2017 GONE Act report identified 186,306 expired grant records that were still open. Its 2018 report data disclosed that 127,859 of the 186,306 were closed as of November 2018. After removing duplicate grant identification numbers, we identified 120,084 unique closed grants across 6 program offices. From this population, we selected a nonstatistical representative sample of 12 closed grants (2 from each program office) using the random selection command in ACL Analytics.¹⁶ We chose this sampling methodology because the grants were administered by six program offices under various grant programs following different closeout procedures and it allowed us to gain an understanding of any issues unique to each office. We reviewed the supporting documents to determine whether HUD properly closed these grants while addressing its backlog of expired grants in accordance with GONE Act requirements.

“Reported in Error” Grants

HUD’s 2018 GONE Act report data classified 57,990 of the 186,306 grant records disclosed as “reported in error.” After removing duplicate grant identification numbers, we identified 50,879

¹⁴ PAS is HUD’s project-level funds control system and is used to record, control, and report on the commitment, obligation, and expenditure of funds. PAS is integrated with LOCCS. A new LOCCS module called Award Funding took over all PAS functionality on November 25, 2019. The basic award funding structure and keys did not change. Awards still go through the committed, obligated, and contracted funding phases, but these funding actions are initiated in LOCCS instead of PAS.

¹⁵ Appendix B includes a table of deficiencies identified during our review of the 53 sample grants selected.

¹⁶ ACL Analytics is a data extraction and analysis software for fraud detection and prevention and risk management. By sampling large data sets, ACL Analytics is used to find irregularities or patterns in transactions that could indicate control weaknesses or fraud.

unique grants under 2 program offices (CPD and PIH) that were classified as “reported in error.” From this population, we selected a nonstatistical representative sample of eight grants (four from each program office) using the random selection command in ACL Analytics. We chose this sampling methodology because the grants were administered by two program offices under various programs following different closeout procedures and it allowed us to gain an understanding of any issues unique to each office. We reviewed the supporting documents to determine whether HUD properly classified these grants in accordance with GONE Act reporting requirements.

Potentially Reopened Grants

HUD provided three sets of grant data related to its GONE Act compliance, which included expired grants open as of November 2017, expired grants open as of June 2018, and all grants from the November 2017 dataset with updated statuses as of November 2018. Using the data processing features of ACL Analytics, we compared these three datasets and identified a population of eight unique grants that were closed or removed as of the June 2018 data but became “open” in the November 2018 data. These eight grants had total balances of \$477,765 as of November 2018. Since we had concerns that these grants might have been improperly closed and had to be reopened later, we decided to review 100 percent of this population to determine whether this had occurred.

Grants With Increased Balances

Comparing the three datasets using ACL Analytics, we also identified a population of 26¹⁷ unique grants that showed increases in balance amounts from the November 2017 data. We decided to review 100 percent of this population based on indicators identified during our risk assessment that some of these grants may have been improperly deobligated.

Although our sampling methods for the closed grants and “reported in error” grants did not allow us to make projections to the universes from which our samples were drawn, they were sufficient to meet our objectives to evaluate HUD’s grant closeout process and related reporting.

To achieve our objective, we relied in part on the grant data provided by HUD from its Financial Data Mart¹⁸ and the information maintained in LOCCS. While we did not conduct a detailed assessment of the reliability of the data, we did perform a minimal level of testing and found the data to be sufficient for our purposes. The testing consisted of using ACL data analysis tools to examine the integrity of various grant datasets and comparing data in the supporting program files to information found in HUD’s systems. We verified all information for our samples using the supporting program files maintained by HUD.

We determined that the internal controls over program operations, compliance with laws and regulations, validity and reliability of data, and safeguarding of assets were relevant to our audit objectives. We assessed HUD’s internal controls over its GONE Act grant closeout processes to

¹⁷ One of the 26 grants was also selected in the sample of potentially reopened grants.

¹⁸ HUD’s Financial Data Mart is a warehouse of data extracted from a variety of its financial systems and supported by a number of query tools for the purpose of improved financial and program data reporting. It is the primary reporting tool used to generate internal ad hoc reports, scheduled event-driven reports, and queries.

determine whether they were logical, reasonably complete, and likely to deter or detect any potential problems or indicators. We determined that HUD did not have adequate controls over its GONE Act grant closeout, grant data management, and reporting processes to ensure that applicable requirements were followed and data and reports were accurate and consistent.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendixes

Appendix A

Auditee Comments and OIG's Evaluation

We provided HUD a copy of the draft report for review on February 4, 2022. On February 17, 2022, we held an exit conference with staff from HUD's Office of the Chief Financial Officer to discuss the results of our audit. HUD chose not to provide written comments for this report.

Appendix B

Schedule of Sample Grant Deficiencies

Sample group ¹⁹	Federal award ID	HUD office	Closeout documents not provided ²⁰	Improper deobligation-closeout	Duplicate record	Incorrect balance	Inaccurate POP date ²¹	Inaccurate grant status
1	CA0457L9D001205	CPD	X					
1	KY-H110012	CPD	X					
1	FF204K104014	FHEO	X					
1	FF207K077003	FHEO	X		X		X	
1	127GG003	HSNG					X	
1	CT26ECR0901	HSNG	X					
1	NCLHT0158-07	OLHCHH			X		X	
1	NYLHH0113-03	OLHCHH	X					
1	H-21150SG	PD&R						
1	HSIAC01-NY-65	PD&R					X	
1	B-95-SR-48-0001	PIH						
1	RI02400105J	PIH	X				X	
2	B-04-UC-36-0001	CPD						X
2	B94-MC-36-0104	CPD			X			X
2	B99-MC-20-0002	CPD						X
2	M07-MC060219	CPD					X	X
2	CT00300002913D	PIH					X	X
2	NC03600000113D	PIH					X	X
2	NM02300000114D	PIH					X	X
2	TX08700001112D	PIH			X		X	X
3	B10SR040281	PIH					X	X
3	B10SR400584	PIH					X	X
3	B10SR490124	PIH					X	X

¹⁹ Sample group 1 included “closed” grants, sample group 2 included “reported in error” grants, sample group 3 included “potentially reopened” grants, and sample group 4 included grants with increased balances in 2018 compared with 2017.

²⁰ We requested that HUD provide closeout documents for the 12 “closed” grants only (sample 1) because the “reported in error” (sample 2) and “potentially reopened” grants (sample 3) had not been closed. Some of the “increased balances” grants (sample 4) were closed; however, we did not request closeout documents for these because our focus with this sample was to determine whether there were any instances of improper deobligation.

²¹ Since HUD acknowledged that POP end dates were inaccurate and had difficulty determining them due to their not being required for some HUD programs and a lack of information in its systems, we did not request that HUD confirm the accuracy of these dates in its GONE Act data and reports. Therefore, we noted deficiencies in this area only if obvious errors were identified during our review.

Sample group	Federal award ID	HUD office	Closeout documents not provided	Improper deobligation-closeout	Duplicate record	Incorrect balance	Inaccurate POP date	Inaccurate grant status
3	B12SR401582	PIH					X	X
3	MD001RPS186A011	PIH		X			X	
3	SD001RIS097A010	PIH		X			X	
3 & 4	OH12P01850111	PIH		X			X	
3	VT003FSH693A014	PIH		X				
4	AR0045B6F031100	CPD						
4	CA-H070003	CPD				X		
4	CA-H070005	CPD				X		
4	CA0376L9D001205	CPD						
4	CA0399L9D001205	CPD						
4	CA0476L9D001205	CPD						
4	CA0504L9D001205	CPD						
4	CA0706L9D011205	CPD						
4	CA0784L9D001204	CPD						
4	E11-DC-42-0001	CPD						
4	E12-MC-08-0003	CPD						
4	LA0165L6H011203	CPD						
4	MA-H120013	CPD						
4	MA0259L1T171205	CPD				X		
4	MO0159B7P001100	CPD		X				
4	NC0229C4F001100	CPD						
4	NJ0376C2F201100	CPD		X			X	
4	PA0584B3T101100	CPD						
4	RI0043L1T001205	CPD						
4	SH12001	CPD					X	X
4	TX0173L6E001205	CPD						
4	FF206K136001	FHEO			X			
4	FL29R00750214	PIH				X	X	
4	IL00100103M	PIH				X		
4	NY05900000114D	PIH					X	X
			7	6	5	5	21	14

Note – We discuss the six grants that were improperly deobligated or closed out in finding 1 and the five grants that had incorrect balances in finding 2. Because we determined that the other issues identified above were more widespread, we did not specifically discuss the sampled grants in the findings.