



FOR IMMEDIATE RELEASE

January 25, 2024

CONTACT HUD OIG MEDIA RELATIONS: OIGMediaRelations@hudoig.gov

Statement of Inspector General Rae Oliver Davis: Immediate Action is Needed from HUD Leadership to Resolve Systemic Challenges with Improper Payments

WASHINGTON DC— Today, the U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) issued a management alert urging HUD leadership to address the Department’s longstanding challenges with identifying and preventing improper payments. For 11 consecutive years, HUD has been noncompliant with federal laws requiring agencies and departments to identify, report, and mitigate improper or unknown payments in their programs. These laws exist to promote integrity in federal programs and protect taxpayer funds from fraud, waste, and abuse.

During an ongoing audit, HUD OIG learned that for the seventh consecutive year, the Department is unable to estimate improper payments for its two largest rental assistance programs, the Office of Public and Indian Housing’s Tenant Based Rental Assistance (PIH-TBRA) program and the Office of Multifamily Housing’s Project-Based Rental Assistance (PBRA) program, for fiscal year 2023 (FY23).

The last time HUD produced sufficient estimate of improper payments in these programs was 2016 and at that time HUD estimated \$1.7 billion in improper payments. Since then, these rental assistance programs’ payments have increased substantially from \$30.7 billion in FY16 to \$45.3 billion in FY23, which is 67.5% of HUD’s total expenditures for that fiscal year. Without sound estimates, HUD is unable to develop appropriate corrective actions and target resources to fix the root cause of improper payments, resulting in higher risk for potential fraud, waste, and abuse.

Further, HUD OIG noted a significant concern that HUD may not be able to estimate improper payments in these programs until FY27. If left unaddressed until then, hundreds of billions of dollars in HUD rental assistance payments will continue to be at heightened risk of waste, mismanagement, and fraud.

“Reducing improper payments in its rental assistance programs remains a top management challenge for HUD,” said Inspector General Rae Oliver Davis. “This management alert stresses the need for HUD leadership to set the tone for coordinated action across HUD’s offices to identify improper payments, determine why they are occurring, and act quickly to better protect billions of taxpayer dollars from being misspent.”

HUD OIG’s management alert identified the lack of proper planning and coordination among the Department’s senior leadership, including its program and support offices, as a root cause of the continued failure to comply with improper payment requirements.

HUD OIG recommended the Deputy Secretary develop and execute a detailed plan and timeline for both testing and reporting estimates of improper payments in the two rental assistance programs in compliance with federal law and Office of Management and Budget guidance. HUD's Deputy Secretary concurred with the recommendations and committed to developing a plan of action within 30 days.

Anyone with knowledge of potential fraud, waste, abuse, misconduct, or mismanagement related to HUD programs should contact the HUD OIG Hotline at 1-800-347-3735 or visit, <https://www.hudoig.gov/hotline>. For media inquiries, contact us at OIGMediaRelations@hudoig.gov.

###

Learn about more about HUD OIG and subscribe to our [mailing list](#) to receive updates about our upcoming, ongoing, and recently published oversight work.