

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

SEMIANNUAL REPORT TO CONGRESS



— OFFICE *of* —
INSPECTOR GENERAL

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UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT



Message from the *Acting Inspector General* Stephen Begg

It is my pleasure to present the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) Semiannual Report to Congress for the period of October 1, 2024, to March 31, 2025. During this period, OIG audits resulted in \$387.4 million in collections and identified over \$42 million in funds that could be put to better use and \$8.1 million in questioned costs. OIG investigations resulted in over \$61 million in total recoveries and receivables, with over \$12 million ordered returned to HUD, and 59 administrative sanctions to remove or limit bad actors from participation in HUD programs.

Our oversight work has continued to drive important improvements at HUD. Our Semiannual Report highlights a new process for tracking the non-monetary, programmatic benefits generated when HUD takes action to address OIG recommendations. We are pleased to report that since October 2022 HUD has achieved 238 non-monetary benefits as a result of actions taken to close hundreds of OIG recommendations. These actions improved the efficiency and effectiveness of HUD programs and operations, increased program integrity, and reduced fraud, waste, and abuse.

In November 2024, we issued our annual report on the top management and performance challenges that HUD faces, and the actions HUD can take to address them. We recognized significant improvements HUD made and emphasized in the report that HUD's capacity to sufficiently address its top management challenges has been strained for years. HUD's information technology is outdated, and HUD does not have the data necessary to effectively oversee and monitor many of its programs. HUD must have the right people, processes, and systems in place to make meaningful progress in addressing its most serious challenges.

Throughout this period, our work continued to highlight the need for HUD to improve fraud risk management across its programs. For example, a March 2025 OIG audit of the New York City Housing Authority (NYCHA) found that NYCHA, which administers billions of dollars in annual HUD funding, has several anti-fraud measures in place but lacks a comprehensive strategy or framework for identifying and responding to fraud risks. To help prevent fraud before it occurs, the OIG audit recommended that HUD assess the fraud risk management practices at other extra-large public housing authorities with an eye toward improving their practices.

In addition to fraud risk, OIG also continued to prioritize oversight of the physical conditions of HUD-assisted housing. On this issue, we have focused on identifying ways that HUD can hold accountable bad actors who fail to abide by housing quality requirements, improve unit conditions, and reduce health hazards, such as lead, at HUD-assisted properties. For example, in December 2024, we reported that the Office of Multifamily Housing needs to develop and implement controls to ensure notices of violation and default are timely issued to owners and clearly identify the owners' inspection responsibilities and related documentation requirements.

In parallel, our investigations have resulted in convictions, settlements, lawsuits, and consent decrees against defendants for failing to disclose lead-based paint, falsely claiming abatement work in HUD-assisted housing, sexually harassing tenants, public-nuisance neglect of properties, and other misconduct. For example, in December 2024, an OIG investigation resulted in a 17-year sentence for a landlord who was convicted of fraudulently obtaining federal rental assistance funding and of race-based interference with tenants' housing and employment rights. This case was the first OIG investigation to result in a criminal conviction for violating the Fair Housing Act by discriminating against tenants based on their race. Additionally, in January 2025, an OIG investigation resulted in a Chicago businessman being sentenced to 17 years in prison for, among other offenses, constructing a reverse mortgage fraud scheme that preyed on over 100 financially vulnerable, elderly homeowners.

As reflected in this Semiannual Report, the OIG team is dedicated to helping HUD make its programs more effective and efficient. We remain committed to our mission of providing independent and objective oversight that helps HUD improve and fight against fraud, waste, and abuse in its programs and operations.



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Highlights



\$42,269,314

RECOMMENDED FUNDS PUT
TO BETTER USE



190

SUBPOENAS



\$8,148,979

QUESTIONED COSTS



40

CONVICTIONS PLEAS PRETRIAL
DIVERSIONS



\$387,408,986

COLLECTIONS FROM AUDITS



51

INDICTMENTS AND
INFORMATION



\$61,693,701

TOTAL RECOVERIES AND
RECEIVABLES



19

CIVIL ACTIONS



\$12,526,658

TOTAL RECOVERIES AND
RECEIVABLES TO HUD
PROGRAMS



59

TOTAL ADMINISTRATIVE
SANCTIONS

Profile of Performance

For the Period October 1, 2024, to March 31, 2025

Audit results ¹	This reporting period
Recommended funds put to better use	\$42,269,314
Questioned costs	\$8,148,979
Collections from audits	\$387,408,986

Investigative results ²	This reporting period
Total recoveries and receivables	\$61,693,701
Total recoveries and receivables to HUD programs	\$12,526,658
Arrests	36
Indictments, informations, and criminal complaints	58
Convictions, pleas, and pretrial diversions	47
Civil actions	22
Total administrative sanctions	92
Suspensions	22
Debarments	60
Administrative False Claims Act (Program Fraud Civil Remedies Act)	1
Program or professional license or certification	2
Evictions	3
Other ³	4
Search warrants	21
Subpoenas	190
Total administrative referrals	139
Suspensions referred	27
Debarments referred	95
AFCAs (PFCRA) referred	1
Program or Professional License/Certification Referrals	10
Eviction Referrals	1
Other Referrals	5

** 'Other' includes Employee Actions and LDOP; but excludes Cease & Desist and Witness Relocations

¹ During this semiannual period, U.S. Department of Housing and Urban Development, Office of Inspector General (HUD OIG), audits did not result in administrative actions, civil actions, or personnel actions. Therefore, HUD OIG did not include those categories under audit results in this Profile of Performance.

² Delays can occur in recording investigative results during a semiannual reporting period. These figures were accurate as of March 31, 2025.

³ Includes employee actions (reprimands, suspensions, demotions, or terminations of the employees of federal, state, or local governments or of federal contractors and grantees as the result of HUD OIG activities), limited denials of participation, and indemnifications.

Making an Impact



The U.S. Department of Housing and Urban Development, Office of Inspector General (HUD OIG) oversees the U.S. Department of Housing and Urban Development's (HUD or the Department) programs and operations to prevent and detect fraud, waste, abuse, and mismanagement while fostering efficiency, economy, and effectiveness. Using data-driven insights into the greatest areas of risk in HUD programs, this oversight is carried out through criminal, civil, and administrative investigations, as well as audits, evaluations, and other reviews.

HUD OIG's impact goes beyond the individual investigative outcomes or reports issued. Success and impact are also evidenced by how our oversight increases integrity in HUD programs and influences positive outcomes for HUD program partners and beneficiaries. That requires HUD OIG to find ways to expand our traditional investigative, audit, and evaluation portfolios to ensure that our oversight drives meaningful change. Below are some of the key actions throughout the past semiannual reporting period that are particularly noteworthy.

United States Attorney Dawn N. Ison and HUD Inspector General Rae Oliver Davis Hosted Safe Housing Summits

Then-United States Attorney for the Eastern District of Michigan Dawn N. Ison and HUD's then-Inspector General, Rae Oliver Davis held two summits on November 19, 2024, in Saginaw and Detroit to promote the health, safety, and civil rights of tenants in HUD-assisted housing. The events focused on combatting sexual misconduct and eliminating hazards like lead-based paint. Representatives from various organizations discussed the importance of tenant protections under federal law and highlighted efforts to hold housing providers accountable for ensuring safe living conditions. The summits aimed to raise awareness about recognizing and reporting sexual harassment and hazards in housing.

Status Update for New York City Housing Authority Bribery and Corruption Investigation

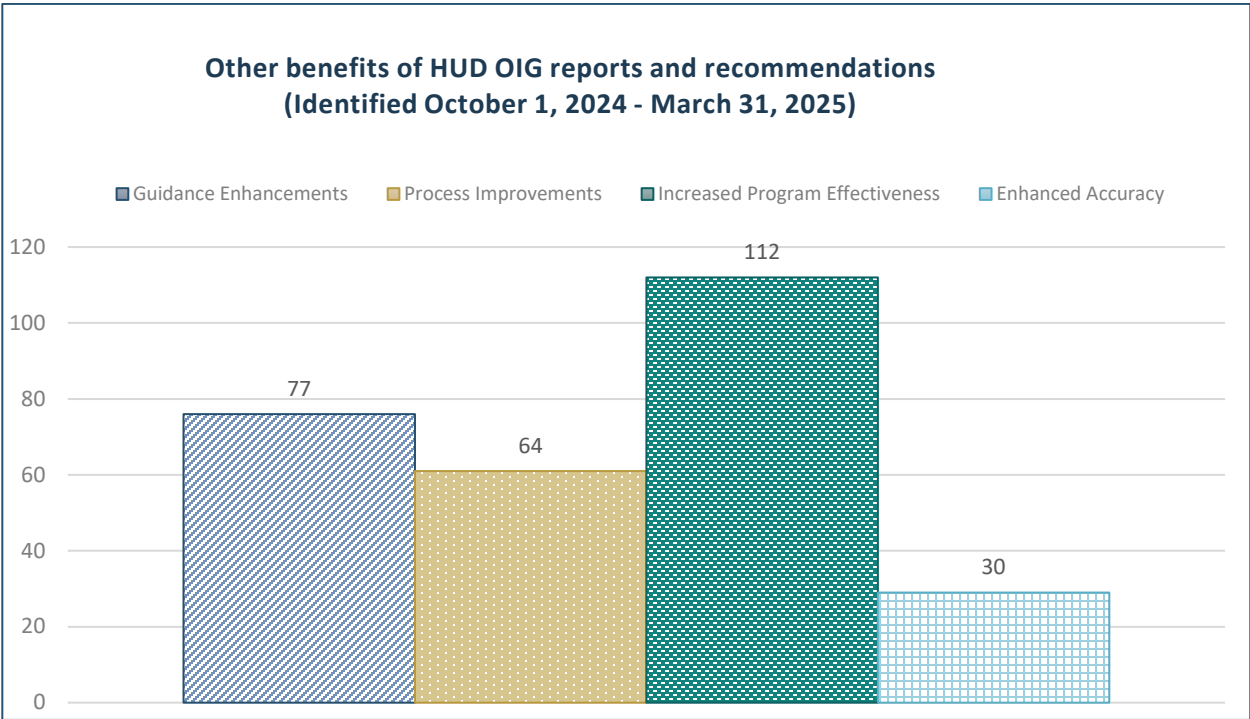
As we have [previously reported](#), in May 2024, 70 current and former employees of the New York City Housing Authority (NYCHA) were charged with bribery and extortion offenses related to accepting cash payments from contractors in exchange for awarding NYCHA contracts. This was the result of a multi-year investigation led by HUD OIG, in conjunction with other law enforcement partners. Of the 70 defendants, 61 have plead guilty, and three have been found guilty by trial by jury. This impactful work received substantial press attention, and sends a message to NYCHA employees, as well as public housing authority employees nationwide, that public corruption will be vigorously investigated and prosecuted.

Other Benefits Tracking System

Along with monetary benefits, HUD OIG has developed a robust method to track the nonmonetary and other benefits of its reports and recommendations. HUD OIG has defined four types of nonmonetary benefits: (1) guidance enhancements, (2) process improvements, (3) increased program effectiveness, and (4) enhanced accuracy. HUD OIG now tracks and reports the nonmonetary and other benefits that result from HUD's implementation of policy, guidance, technical, or other changes to address HUD OIG report recommendations. HUD OIG is pleased to report that for non-monetary recommendations that have closed since October 1, 2022,



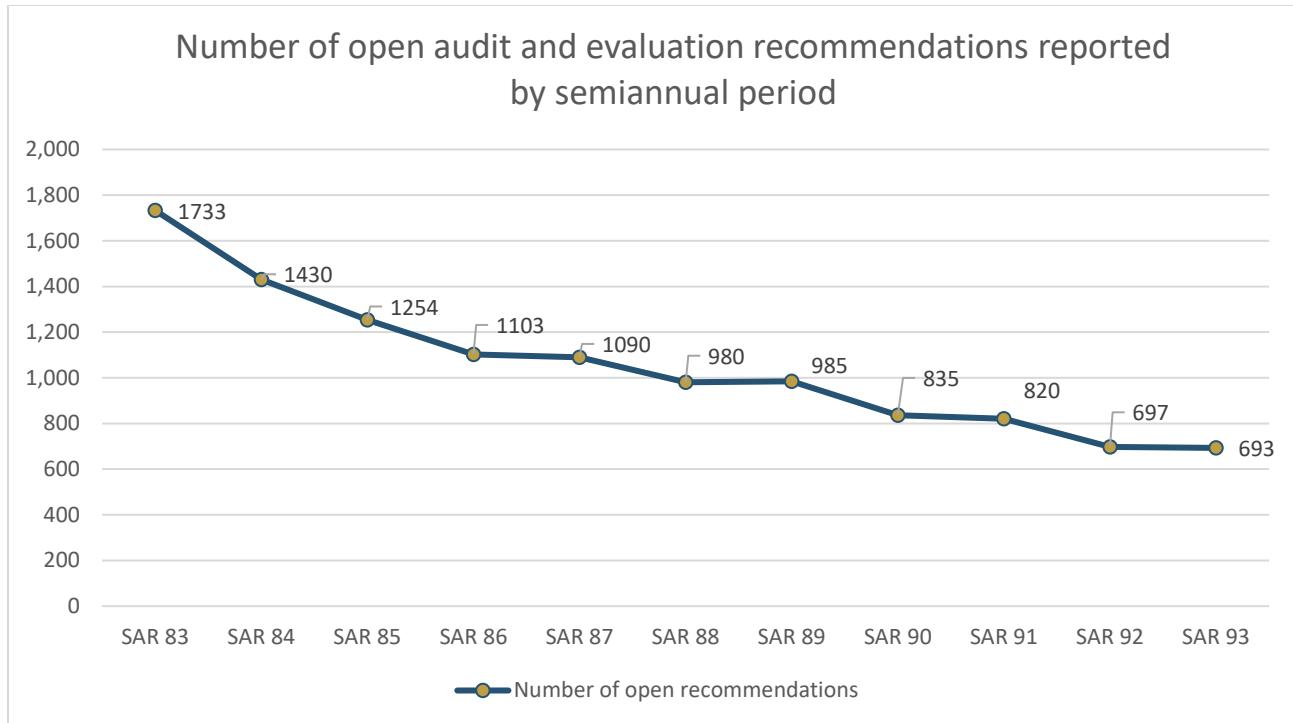
we have identified 283 nonmonetary benefits: 77 guidance enhancements, 64 process improvements, 112 increased program effectiveness, and 30 enhanced accuracies. See the chart below.



Resolution of HUD OIG Recommendations

The impact of HUD OIG audits and evaluations comes not just when reports are issued, but rather when HUD and its program partners have taken the necessary corrective action to address open recommendations. HUD OIG collaborates closely with HUD to ensure corrective action is focused, achieves intended results, and supports HUD's mission to ensure decent, safe, and sanitary housing for its beneficiaries, as well as reduces the risk of fraud, waste, and abuse. During this reporting period, HUD successfully resolved 135 open recommendations from previous audits and evaluations.

This collaborative effort has significantly reduced the total number of open recommendations. As of March 31, 2025, HUD had 578 outstanding audit recommendations and 115 outstanding evaluation recommendations, resulting in a total of 693 open recommendations for the reporting period. The accompanying chart illustrates the downward trend in the number of open recommendations over time.



Oversight Focused on HUD's Top Management Challenges

Under the mandate of the Reports Consolidation Act of 2000, the U.S. Department of Housing and Urban Development (HUD or the Department), Office of Inspector General (OIG) reports what it determines to be the most critical management and performance issues confronting the Department. This report provides HUD OIG's independent view on the principal management challenges that HUD faces in fiscal year (FY) 2025 and beyond. As HUD OIG's oversight also focuses on the Department's critical management and performance challenges, this semiannual report groups HUD OIG oversight accordingly.

Notably, HUD OIG has determined that human capital management is no longer a top management challenge for the Department, largely due to the sustained efforts of the Office of the Chief Human Capital Officer (OCHCO) in meeting key metrics such as: (1) reducing time to hire, (2) increasing staffing levels, (3) modernizing HUD's human capital policies, and (4) developing workforce planning systems to assess human capital needs. Over the past few years, OCHCO has consistently closed OIG priority recommendations, and HUD leadership across the Department has widely reported improved coordination with the assistance provided by OCHCO. HUD OIG determined that while HUD has made significant progress over the past year, eight top management challenges remain.

In this year's [Top Management Challenges for FY 2025](#), HUD OIG identified the following eight top management challenges:

- Promoting health and safety in HUD-assisted housing
- Increasing access to affordable housing
- Mitigating counterparty risks
- Grants management
- Enhancing oversight of disaster recovery
- Managing fraud risk and improper payments
- Improving information technology (IT) modernization and cybersecurity
- Increasing effectiveness in procurement

Each of the following sections includes summaries of completed oversight reports, investigations, and outreach activities conducted during this semiannual reporting period, as well as new oversight work to help HUD address its top management challenges.

 [READ PRESS RELEASE](#)

Promoting Health and Safety in HUD-Assisted Housing

HUD is responsible for ensuring that its assisted properties are decent, safe, sanitary, and well-maintained, in compliance with Department quality standards. The Department has made progress in its efforts to improve how it identifies, tracks, and eliminates health and safety hazards within these properties; however, several safety and health concerns remain unresolved. Related to this critical HUD responsibility is HUD OIG's investigation of sexual misconduct and other unsafe living conditions.



Recent HUD OIG Reports

[HUD's Office of Multifamily Needs to Improve Its Oversight of PBRA and FHA-Insured PBV Properties Converted Under RAD](#)

HUD OIG conducted an audit of the Office of Multifamily's Rental Assistance Demonstration Program (RAD) to assess HUD's oversight of the physical condition of public housing units that converted to Project-Based Rental Assistance (PBRA) and Federal Housing Administration (FHA)-insured project-based vouchers (PBV) under RAD. The audit found that of the 242 units HUD OIG observed, 65 percent contained 576 deficiencies, 63 of which were life-threatening deficiencies. Converted properties are required to maintain a reserve for replacement accounts to fund extraordinary maintenance, repair, and replacement of capital items. However, owners' reserve for replacement account balances were not supported for 13 of the 14 properties reviewed. Further, HUD did not ensure that initial inspections of converted properties occurred in a timely manner.

The unit deficiencies occurred because management officials did not ensure that staff or contractors inspected the physical condition of RAD units annually, and maintenance departments were understaffed, resulting in delayed inspections and repairs. Further, HUD did not ensure that its staff consistently performed management and occupancy reviews (MOR) to monitor the operation of the properties for compliance with HUD's requirements for the physical condition of RAD units and reserve for replacement accounts. Specifically, for the properties that HUD OIG reviewed, HUD's staff had not conducted the initial MORs for 50 percent of the properties even though they had been converted under RAD between three and 10 years ago, and timely initial MORs for nearly 48 percent of the properties. HUD also did not have a process for monitoring the timeliness of properties' initial inspections, and clear guidance specifying the timing of initial inspections for non-FHA-insured PBRA properties.

HUD OIG made several recommendations to HUD related to determining the timing and completion of initial and subsequent MORs, including issuing updated guidance to develop a system to track the timeliness of initial MORs. HUD OIG also made recommendations to help ensure that servicing lenders comply with HUD

NEW AND ONGOING RELATED OVERSIGHT

[HUD's Reporting of Elevated Blood Lead Levels in HUD-Assisted Multifamily Properties Receiving Section 8 Project-Based Rental Assistance announced September 2024](#)

[Management of Lead-Based Paint in a New York Public Housing Agency, announced February 2025](#)

[Management of Lead-Based Paint in a Maryland Public Housing Agency, announced March 2025](#)

time requirements in initial inspections of converted properties and determine an appropriate timeframe for when non-insured PBRA converted properties should be initially inspected. **(HUD OIG Report, 2025-CH-0001, Multifamily Housing)**

[Timing of PHAs' Lead-Based Paint Visual Assessments](#)

HUD OIG issued a memorandum to alert HUD to an issue that affects the timeliness with which public housing agencies with units that have lead-based paint are performing required lead-based paint visual assessments. HUD OIG recommended that HUD issue guidance to public housing authorities (PHA) clarifying the timing of unit inspections and lead-based paint visual assessments to address the misinterpretation caused by the terms “annual” and “every 12 months” while taking into account efficiencies that PHAs gain by conducting the inspections and assessments at the same time. **(HUD OIG Report, 2025-CH-0801, Public and Indian Housing)**

 [READ PRESS RELEASE](#)

[The Boston Housing Authority, Boston, MA, Did Not Always Comply with HUD's and Its Own Requirements for Its Public Housing Program Units](#)

HUD OIG conducted an audit of the Boston Housing Authority's public housing program to determine whether the physical condition of the Authority's program units complied with HUD's and the Authority's requirements. The audit found that the Authority did not (1) consistently perform annual self-inspections for all public housing units and correct deficiencies in a timely manner, (2) consistently correct life-threatening, non-life-threatening health and safety, and non-health and safety deficiencies identified during HUD's Real Estate Assessment Center's inspections in a timely manner, and (3) certify to HUD, within three business days, that the 41 life-threatening deficiencies had been corrected, remedied, or acted upon to abate within 24 hours. HUD OIG made several recommendations to HUD to help ensure that participants in the Authority's public housing program reside in housing that is decent, safe, sanitary, and in good repair. **(HUD OIG Report, 2025-CH-1001, Public and Indian Housing)**

 [READ PRESS RELEASE](#)

Recent Related Investigations

[United States Obtains Consent Decree Against Lilmor Management, Morris Lieberman, And Others to Abate Lead Paint and Improve Housing Conditions Across More Than 2,500 Apartments in Largely Low And Moderate-Income Neighborhoods](#)

On December 13, 2024, the United States filed a civil lawsuit against a management company and owner, and his related LLCs alleging that they violated federal law related to lead-based paint safety and public nuisance neglect in approximately 2,500 apartment units that they owned. For years, the defendants allegedly systematically failed to provide tenants residing in their apartments with disclosures about lead-based paint and lead-based paint hazards, as required by HUD's Lead Disclosure Rule. It is also alleged that the defendants failed to protect tenants when conducting renovation work as required by the Lead Repair, Renovation and Painting Rule, creating risks of exposure to toxic dust. Further, it is alleged that the defendants failed to properly maintain their residential properties, creating an environment that was so unsafe and unsanitary as to present a public nuisance. More than 130 children residing in the apartments

tested positive for elevated blood lead levels since 2012. A negotiated settlement remains subject to approval by the court. **(Press Release, USAO, Southern District of New York)**

Hampton Landlord Who Racially Harassed and Evicted Tenants Sentenced to 17 years in Prison

On December 18, 2024, a former Housing Choice Voucher Program (HCVP) landlord was sentenced in the U.S. District Court for the Eastern District of Virginia for wire fraud, criminal interference with the right to fair housing, aggravated identity theft, and criminal interference with federally protected activities. The defendant violated the Fair Housing Act by discriminating against his tenants based on their race. He also failed to maintain his HCVP properties in accordance with HUD's housing quality standards and fraudulently filed for assistance through HUD's Rent Relief Program (RRP). In at least two instances, the defendant received or attempted to receive duplicate payments for his HCVP properties totaling approximately \$35,856 in HCVP funds and \$152,470 in RRP funds. The defendant was sentenced to 17 years in prison and ordered to pay restitution in the amount of \$233,326, and a forfeiture of \$204,326. **(Press Release, USAO, Eastern District of Virginia)**

Justice Department Secures \$360,000 Settlement in Sexual Harassment Lawsuit Against New Mexico Property Manager and Apartment Complex

On February 13, 2025, a former property manager and several related companies agreed to pay \$350,000 to victims and a \$10,000 penalty to resolve allegations that they violated the Fair Housing Act. Between approximately 2010 and 2022, the former property manager is alleged to have sexually harassed numerous female tenants at an apartment complex by making inappropriate sexual requests and conducting sexual acts with tenants. The defendant allegedly coerced tenants into conducting sexual acts with him in return for reduced rent and avoiding eviction. Several tenants claimed they had sexual contact with the property manager, while others refused his advances. The consent decree permanently bars the defendant from contacting tenants harmed by his actions, and from managing residential rental properties. The business entities have also agreed to provide additional training and information on sexual harassment in their housing units. **(Press Release, DOJ, Office of Public Affairs)**

Additional Investigative Press Releases

The press releases below on HUD OIG work demonstrate the types of misconduct that impact HUD's programs and the communities that rely on them.

- [Helena Real Estate Agent Admits Failing to Provide Lead-Based Paint Disclosures for Veterans Residing in Rental Housing at Fort Harrison](#)
- [Kalispell Company Admits Filing False Claims for Payment to Federal Agency Claiming an Abatement of Lead Paint in Veterans Housing at Fort Harrison](#)
- [Justice Department Sues Kentucky Rental Property Manager and Owners for Sexual Harassment](#)
- [Justice Department Sues Kentucky Rental Property Owner for Sexual Harassment](#)
- [Justice Department Files Civil Rights Lawsuit Against Iowa Landlord for Sexually Harassing Tenants](#)

Increasing Access to Affordable Housing

The nationwide shortage in affordable housing limits availability and increases the cost of housing for renters and buyers. Aging housing stock leads to a decrease in available units and higher maintenance costs, which affects low-income and very low-income renters who are heavily reliant on HUD rental assistance programs. Against this backdrop, HUD must continue its efforts to support access to affordable housing through both its rental assistance and mortgage insurance programs.



Recent HUD OIG Reports

[FHA's Office of Asset Sales Did Not Have Adequate Information to Measure Its Loan Sales' Program Success](#)

HUD OIG conducted an audit of the FHA's, Office of Asset Sales' HUD-Held Vacant Loan Sales (HVLS) program to assess the extent to which HUD tracks and measures its loan sales program success and its achievement of mission outcomes as they relate to the Affordable Housing Action Plan. The audit found HUD did not have adequate information to measure its loan sales program success as it related to the affordable housing initiatives, including not requiring third-party purchasers to report their identifying information and not requiring them to report their final use of purchased properties. Further, there were inconsistencies in the sales outcome reports provided by purchasers to HUD, and purchasers across HVLS sales did not provide sufficient documentation to support their reported uses of the mortgage loans and underlying properties. HUD OIG made several recommendations to HUD that combined with better post-sale reporting, HUD could better assess whether the HVLS program outcomes are furthering HUD's goals to promote affordable housing, expand opportunities for home ownership, and revitalize communities. These recommendations were implemented by the Office of Asset Sales before the issuance of the final report. **(HUD OIG Report, 2025-KC-0001, Office of Finance and Budget)**

[HUD Has Challenges Measuring the Impact of Homeownership Counseling](#)

HUD OIG conducted an audit of HUD's Office of Housing Counseling to assess its processes for achieving its goal to advance homeownership through prepurchase and postpurchase homeownership counseling, including its use of performance metrics and the collection and use of outcome data. The Office of Housing Counseling acknowledged there are limitations in the data it collects about housing counseling agency performance. However, it believes that its periodic reviews of housing counseling agencies along with its existing data collection efforts are sufficient to measure performance in its programs. HUD OIG made several recommendations to HUD to enhance the use of performance metrics and data so that HUD can better assess how impactful prepurchase and postpurchase homeownership counseling is in advancing sustainable homeownership. **(HUD OIG Report, 2025-NY-0001, Office of Housing Counseling)**

NEW AND ONGOING RELATED OVERSIGHT

[HECM Life Expectancy Set Asides, announced November 2024](#)

[Assessing HUD's Office of Single Family Efforts to Increase the Supply of Affordable Housing, announced November 2024](#)

[The Changing Hazard Insurance Market and FHA, announced August 2024](#)

FRAUD BULLETINS

[Beware of Targeted Reverse Mortgage Schemes](#)

Fraudsters can take advantage of older adults by pressuring or helping them obtain funding for home repairs by applying for a reverse mortgage and then stealing the funds from the reverse mortgage. In this fraud bulletin, HUD OIG shares a recent case example where the fraudster was sentenced to more than 17 years in prison and provides tips on how senior homeowners can avoid reverse mortgage scams by purported contractors.

[HUD’s Office of Multifamily Housing Programs Can Improve Its Monitoring of Civil Rights Compliance](#)

HUD OIG conducted an audit of HUD’s Office of Multifamily Housing Programs’ monitoring of civil rights compliance. The audit found HUD and performance-based contract administrators (PBCA) perform minimal monitoring of civil rights compliance when conducting management and occupancy reviews (MOR) for multifamily properties due to (1) a lack of training and emphasis regarding civil rights monitoring and (2) contract issues with the PBCAs. From April 1, 2021, through December 31, 2023, HUD and the PBCAs monitored civil rights compliance for only 12 multifamily properties from a statistical sample of 132 properties. By performing minimal monitoring of civil rights compliance, HUD is missing opportunities to identify discriminatory practices or civil rights violations as well as opportunities to report these concerns to the Office of Fair Housing and Equal Opportunity (FHEO) for resolution. **(HUD OIG Report, 2025-BO-0001, Multifamily Housing)**

[HUD’s Office of Community Planning and Development Can Improve Its Monitoring of Civil Rights Compliance](#)

HUD OIG conducted an audit of CPD’s monitoring of grantees’ compliance with civil rights requirements. The audit found HUD CPD could improve its civil rights compliance monitoring reviews. Specifically, CPD performed civil rights monitoring reviews for two percent of the CDBG and HOME grantees it monitored in FY 2023. CPD suspended its limited civil rights monitoring in fiscal years 2021 and 2022 pending the Affirmatively Furthering Fair Housing (AFFH) rules. In fiscal year 2023, it resumed its limited civil rights monitoring. However, guidance issued by management did not instruct staff to conduct civil rights monitoring, which led to confusion among field staff. In addition, CPD could improve its monitoring by requiring its field staff to fully complete the CPD Handbook 6509.2, chapter 22, civil rights monitoring checklists, while conducting remote monitoring. Without clear guidance and in-depth monitoring reviews, CPD could miss opportunities to identify errors in grantees’ policies, procedures, and practices related to nondiscriminatory responsibilities in CPD programs, thus overlooking the potential to communicate fair housing concerns to FHEO for resolution. **(HUD OIG Report, 2025-BO-0002, Community Planning and Development)**

Recent Related Investigations

[Loan Originator Convicted in \\$2.6 Million Mortgage Fraud Scheme](#)

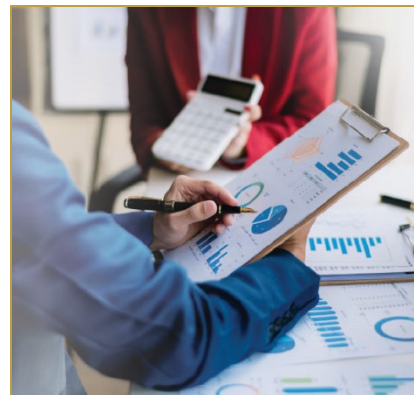
On February 4, 2025, a former loan officer was sentenced in U.S. District Court for the Northern District of Illinois for committing bank fraud. From January 2012 to December 2013, the defendant recruited 14 buyers to obtain mortgage loans, while serving as the loan officer on four of the properties. The defendant recruited buyers at real estate investment seminars and induced them to misrepresent the source of their down payment and their intention to occupy the property as their primary residence, among other things, to lenders. The defendant funded or caused others to fund the down payments for buyers resulting in lenders believing that the money belonged to the buyers. After the government-insured mortgage loans were issued, the defendant made payments to the buyers – describing them as “grants” – then pocketed payments from the sellers without

notifying the lenders. The defendant was sentenced to 118 months in prison, 48 months of supervised release, and ordered to pay a \$500 fine and restitution of more than \$2.3 million. **(Press Release, USAO, Northern District of Illinois)**

Mitigating Counterparty Risks

The FHA and the Government National Mortgage Association (Ginnie Mae) serve a pivotal role in fostering home ownership and enhancing access to affordable mortgage financing. HUD, in executing its mortgage insurance programs, relies on mortgage lenders, servicers, and other counterparties to provide loans to eligible borrowers and to service properties in accordance with HUD's requirements.

HUD OIG oversight focuses on identifying ways that HUD can improve oversight and support of counterparties to manage risk and ensure FHA and Ginnie Mae counterparties are following HUD requirements.



Recent HUD OIG Reports

[Carrington Mortgage Misapplied FHA's Foreclosure Requirements](#)

HUD OIG conducted an audit to determine whether Carrington complied with FHA's requirements for loss mitigation before initiating and continuing foreclosure. The audit found that Carrington did not follow FHA's requirements for more than 18 percent of its foreclosures in 2022. Based on a statistically valid sample drawn from a universe of 7,998 FHA-insured loans totaling \$907 million, Carrington did not complete the required loss mitigation activities before initiating or continuing foreclosure for an estimated 1,451 loans. HUD OIG made several recommendations to HUD to help Carrington better service its delinquent FHA-insured loans facing foreclosure that minimized the costs to the borrowers. **(HUD OIG Report, 2025-KC-1002, Single Family Housing)**

[MidFirst Bank Misapplied FHA's Foreclosure Requirements](#)

HUD OIG conducted an audit to determine whether MidFirst Bank complied with FHA requirements for loss mitigation before initiating and continuing foreclosure. The audit found that MidFirst Bank did not follow FHA's requirements for more than 14 percent of its foreclosures in 2022. Based on a statistically valid sample drawn from a universe of 7,363 FHA-insured loans totaling \$890 million, MidFirst did not complete the required loss mitigation activities before initiating or continuing foreclosure for an estimated 1,038 loans. HUD OIG made several recommendations to HUD to help MidFirst better service its delinquent FHA-insured loans facing foreclosure by minimizing costs to the borrowers while helping them stay in their homes. **(HUD OIG Report, 2025-KC-1001, Single Family Housing)**

[CMG Mortgage, Inc., Did Not Have a Sufficient Quality Control Program for FHA-Insured Loans](#)

HUD OIG conducted an audit of CMG Mortgage, Inc., to evaluate its quality control (QC) program for originating and underwriting Single Family FHA-insured loans. The audit found that CMG's QC program for originating and underwriting FHA-insured loans (1) did not select the proper number of loans for review and maintain complete and accurate data to document its loan selection process; (2) did not always complete key review steps and sometimes missed material deficiencies; and (3) did not adequately mitigate and report loan review findings,

NEW AND ONGOING RELATED OVERSIGHT

[HUD's Oversight of Section 232 Nursing Home Portfolios, announced November 2024](#)

[Ginnie Mae Concentration Risk Oversight, announced December 2024](#)

which included self-reporting loans to HUD when required. HUD OIG made several recommendations to HUD to help ensure that CMG's QC program achieves its intended purpose of protecting HUD and itself from unacceptable risk, guarding against fraud, and facilitating timely and appropriate corrective action. **(HUD OIG Report, 2025-NY-1001, Single Family Housing)**

[loanDepot.com Did Not Have a Sufficient Quality Control Program for FHA-Insured Loans](#)

HUD OIG conducted an audit of loanDepot.com to evaluate its QC program for originating and underwriting Single Family FHA-insured loans. The audit found that loanDepot's QC program for originating and underwriting FHA-insured loans was not sufficient. Specifically, loanDepot (1) did not select the proper number of loans for review and maintain complete and accurate data to document its loan selection process; (2) missed material deficiencies; and (3) did not adequately assess, mitigate, and report loan review findings, which included self-reporting loans to HUD when required. These issues occurred because loanDepot had insufficient controls over its QC program. HUD OIG made several recommendations to HUD to help ensure that loanDepot achieves its intended purpose of protecting the FHA insurance fund and lender from unacceptable risk, guarding against fraud, and ensuring timely and appropriate corrective action. **(HUD OIG Report, 2025-NY-1002, Single Family Housing)**

Recent Related Investigations

[Chicago Businessman Sentenced to More Than 17 Years in Prison for Bilking Elderly Homeowners in Reverse Mortgage Scheme](#)

On January 16, 2025, a former licensed loan originator and home repair general contractor was sentenced in U.S. District Court for the Northern District of Illinois for committing a home equity conversion mortgage (HECM) fraud scheme. From approximately 2008 to 2015, the defendant orchestrated a home repair and reverse mortgage loan fraud scheme that targeted financially vulnerable, elderly homeowners by getting them to sign up for repair work that was, in some instances, falsely promised to be funded by the government. The defendant deceived victims into applying for a reverse mortgage on their homes. Other times, the elderly homeowners would be informed they were obtaining a reverse mortgage, and the defendant would convince them to sign over the entirety of their loan proceeds but then never completed the promised work. The defendant pocketed more than \$6 million in loan proceeds and, in most cases, never performed substantive repairs. The defendant was sentenced to 17 years in prison, five years of supervised release, and ordered to pay more than \$2.7 million in restitution. **(Press Release, USAO, Northern District of Illinois)**

[Three Bay Area Real Estate Professionals Sentenced to Federal Prison for Their Roles in \\$55 Million Mortgage Fraud Conspiracy](#)

On November 26, 2024, two former realtors and a loan officer were sentenced in U.S. District Court for the Northern District of California for conspiracy to commit wire fraud. Between May 2019 and August 2023, the defendants and co-conspirators obtained more than \$55 million in residential mortgage loans for homebuyers in Northern California by creating fraudulent child support income and supporting documentation to qualify buyers for residential mortgage loans. The scheme caused two FHA-approved lenders to repurchase loans that had been sold on the secondary mortgage market at a loss, obligating HUD to pay partial claims to keep its FHA-backed mortgages from foreclosure. The defendants were collectively sentenced to 50 months in prison, 108



months of supervised release, and ordered to pay a total of \$906,534.08 in restitution. **(Press Release, USAO, Northern District of California)**

Additional Investigative Press Releases

The press releases below on HUD OIG work demonstrate the types of misconduct that impact HUD's programs and the communities that rely on them.

- [Illinois Man Sentenced in Scheme to Fraudulently Obtain Over \\$800K in Mortgages](#)
- [Brooklyn Business Owner Convicted of Multi-Million Dollar Real Estate Fraud Scheme](#)

Grants Management

HUD's grant portfolio encompasses a wide array of programs, making it a primary source of flexible grant funding for communities to support broad economic and development activities. HUD is tasked with overseeing and managing more than \$100 billion in grant programs, involving thousands of grantees and an even larger number of subrecipients.

HUD continues to face challenges in developing and implementing effective oversight controls to ensure grantee compliance across its programs. It is imperative that HUD manages grant funding efficiently to provide timely and effective assistance to its beneficiaries.



Recent HUD OIG Reports

[HUD's Subaward Data on USASpending.gov Were not Complete nor Accurate](#)

HUD OIG conducted an audit of HUD to determine whether the prime award recipients of HUD funding met all the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements for their subawards on USASpending.gov, including the amount of the subaward and a description of the products or services provided. The audit found HUD's prime award recipients of the Offices of Community Planning and Development (CPD) and Office of Lead Hazard Control and Healthy Homes (OLHCHH) programs did not always report their subawards of \$30,000 or greater as required by FFATA. Specifically, 25 prime awards in CPD programs and 10 prime awards in OLHCHH programs from two separate statistical samples of 70 prime awards made at least one such subaward that they did not report to USASpending.gov. Additionally, HUD OIG found that 31 of 68 sampled subawards under the CPD programs were noncompliant with subaward reporting requirements, primarily because the subaward description was not adequate to provide the stakeholders with an understanding of the purpose of the awarded funds. HUD's prime award recipients lacked knowledge of the FFATA subaward reporting requirements due to insufficient guidance and oversight by HUD program offices and the lack of an enterprise-level policy. This noncompliance impaired the transparency and accountability of Federal spending, which limited stakeholders' ability to fully evaluate the use of Federal funds within their communities. **(HUD OIG Report, 2025-FO-0005, Community Planning and Development and Office of Lead Hazard Control and Healthy Homes)**

[HUD Can Improve Its Efforts to Meet the National Drug Control Strategy Reporting Requirements](#)

On February 27, 2024, after determining HUD program-level performance measures were missing numeric data to determine the extent HUD's programs contributed to the Strategy, the Office of National Drug Control Policy (ONDCP) requested HUD OIG review HUD's FY 2023 performance measures. HUD OIG conducted an audit of HUD's FY 2023 performance measures for HUD's Continuum of Care Program (CoC) and Recovery Housing Program (RHP) to determine whether they accurately reflect program performance, and identify challenges the programs have experienced in developing and reporting performance measures. HUD OIG found that HUD does not provide ONDCP with annual numeric targets for its CoC and RHP performance measures, and was hesitant to set annual numeric targets for CoCs because the primary focus of the program was to provide housing to individuals and families experiencing homelessness and not specific to people with substance use issues, and was hesitant to set annual numerical targets for RHP grantees because the program was a pilot program and



there were potential issues with setting annual targets for multi-year RHP grants. HUD OIG made several recommendations to ensure HUD can improve its performance reporting measures by collaborating with ONDCP on reporting methodologies that ensure performance measures can be reported by ONDCP’s November 1st deadline. **(HUD OIG Report, 2025-LA-0001, Community Planning and Development)**

A Review of Pandemic Relief Funding and How It Was Used in Six U.S. Communities: Marion County, Georgia, and White Earth Nation Reservation in Minnesota

During this reporting period, two reports were issued from a developing series of six reports taking an in-depth look at how six communities used the pandemic funding they received to address a wide range of needs. The first report was focused on [Marion County, Georgia](#), with a detailed look at six of the 27 pandemic programs that provided funding to the community. The second report was focused on [White Earth Nation Reservation](#), Minnesota, with a detailed look at 10 of the 56 pandemic programs that provided funding to the community.

Recent Related Investigations

Amarillo City Employee Sentenced for Conspiracy to Embezzle from a Homeless Program

On October 22, 2024, a former management information specialist and grant manager was sentenced in the U.S. District Court for the Northern District of Texas for conspiracy to embezzle from a federally funded program. From September 2020 through April 2023, the defendant embezzled HUD Emergency Solutions Grant (ESG) funds through a fictitious landlord and clients that received ESG rental subsidies. In furtherance of the scheme, the defendant created fictitious home addresses, fake lease agreements, and inspection reports, resulting in approximately \$465,511 in rental subsidies being deposited into a bank account controlled by the defendant. The defendant was sentenced to 24 months in prison, one year of supervised release, and ordered to pay restitution in the amount of \$465,511.

Enhancing Oversight of Disaster Recovery

HUD is tasked with administering billions in disaster recovery and mitigation grants annually to a diverse range of public grantees. These grantees often redistribute funds to subgrantees and other subrecipients to aid individuals and communities in recovering from or mitigating disaster damage.

HUD faces unique challenges in effectively monitoring grantee performance as the disaster recovery program continues to grow in size and complexity. Additionally, HUD is challenged by managing a complex program without permanent authorization for these programs.



Recent HUD OIG Reports

[Grantees Were Delayed in Completing National Disaster Resilience Program Activities, but Remain on Track to Accomplish Goals](#)

HUD OIG conducted an audit of the project activity status for 12 grantees that received funds under HUD's Community Development Block Grant National Disaster Resilience (NDR) grant to determine whether the grantees have accomplished or are on track to accomplish the goals of the activities outlined in their action plans. The audit found that HUD NDR grantees should be able to accomplish their program goals by leveraging deadline flexibilities that HUD offered but also found that grantees lacked adequate policies and procedures for the timely expenditure of funds and had staffing and partner capacity challenges, which may have contributed to delays. HUD OIG made five recommendations to help HUD oversee the grantees, including enhancing action plans, conducting onsite monitoring by obtaining updated timelines for delayed projects, streamlining the action plan and quarterly performance checklists for more effective use, and requiring grantees to provide documentation showing that they have upfront collaboration with partnering entities. **(HUD OIG Report, 2025-FW-0001, Community Planning and Development)**

NEW AND ONGOING RELATED OVERSIGHT

[Florida Home Rehabilitation & Reconstruction Program, announced February 2025](#)

[Fraud Risk Inventories \(Capital Fund, Disaster Recovery, and Single-Family Housing programs\), announced March 2025](#)

[Interim Report: Opportunities Exist for CPD To Improve Collection of Disaster Recovery Grantee Data for Non-Federal Match Activities](#)

HUD OIG is currently auditing the use of Community Development Block Grant Disaster Recovery (CDBG-DR) funds as non-Federal match for the Federal Emergency Management Agency's (FEMA) Public Assistance Program to determine whether four grantees made improper payments and whether the Office of Community Planning and Development's Office of Disaster Recovery (CPD ODR) had sufficient and adequate controls to prevent improper payments. While performing this work, HUD OIG identified an issue that was outside the scope of our current work that required prompt attention from CPD ODR. HUD OIG determined that CPD does not collect accurate, reliable financial and activity data related to activities in which disaster recovery funds were

used to satisfy the matching requirement for other federal, state, or local programs (match activities). The four disaster recovery grantees reviewed either did not report or reported incomplete information related to their match activities. This occurred because CPD recommends but does not require that such information be reported. Therefore, there is a risk of incomplete or inaccurate reporting of match activity data for the remaining 75 active disaster recovery grantees. Due to the increased fraud risk that match activities may result in the possible duplication of payments for the same expenses, the collection of this information would be valuable to HUD's fraud risk management program. Requiring this data would also assist HUD in advancing its data analytics strategy, resulting in the prevention and detection of potential improper payments or fraud, increasing transparency, and improving HUD's overall grantee oversight. **(HUD OIG Report, 2025-FW-0801, Community Planning and Development)**

FRAUD BULLETINS

LA Wildfires: Fraud Risk Awareness for Affected Residents

The devastating and tragic wildfires in Los Angeles, like many natural disasters, have caused hardships that leave individuals, businesses, and communities vulnerable to bad actors who take advantage of those impacted by these severe weather emergencies.

Five Non-State Grantees Are on Track to Complete Eligible Activities by Grant Closeout

HUD OIG conducted an audit of five non-state grantees to assess whether they are on track to spend their remaining grant funds on eligible activities that benefit program participants within a reasonable amount of time. HUD OIG found the five grantees are on track to complete eligible activities and spend their remaining funds by grant closeout. As of May 2, 2024, four of the five grantees had obligated all their grant funds, and the fifth grantee was approved by HUD in February 2024 to obligate its remaining funds. Although, as of January 1, 2024, HUD had designated four of the five grantees as slow spenders, it appears all five grantees will complete their planned activities and ultimately assist program beneficiaries. However, the grantees will have taken from seven to 14 years from the date they signed their respective grant agreements with HUD to complete their action plans and expend all their grant funds to address their disaster recovery needs, including restoration or replacement of damaged properties and infrastructure. **(HUD OIG Report, 2025-FW-0002,**

Community Planning and Development)

Recent Related Investigations

Bob Dean Jr. and Affiliated Corporate Entities Agree to \$8.2 Million Consent Judgment to Resolve Allegations of Financial Misconduct Stemming from Evacuation of Nursing Homes During Hurricane Ida

On October 2, 2024, a nursing homeowner and affiliated corporate entities agreed to pay \$8.2 million to resolve allegations that they misappropriated and misused the assets and income of four nursing homes before and after a hurricane made landfall in August 2021. It was alleged that in the five years before the hurricane, the defendant funneled money that should have been used to prepare an evacuation site for nursing home residents to his personal bank accounts. Further, it was alleged that following the hurricane, the defendant did not use the nursing homes' income and assets solely to operate and maintain the nursing homes but instead used the money to purchase personal goods and services, including antiques, firearms, and cars. **(Press Release, USAO, DOJ, Office of Public Affairs)**

[South Carolina Construction Company to Pay \\$191,070 to the United States to Resolve False Claims Allegations](#)

On March 19, 2025, a disaster recovery consultant agreed to pay \$191,070 in damages, including \$95,535 restitution to HUD, to resolve allegations that it submitted inflated invoices in connection with HUD's Community Development Block Grant-Disaster Recovery (CDBG-DR) program. The defendant was contracted by a state entity to rebuild homes that had been destroyed by flood devastation in 2016. To assist with the recovery effort, HUD provided CDBG-DR funding to the state to demolish impacted homes and rebuild them. In September 2018, the defendant agreed to install crawl space drainage systems for homes constructed in a flood plain. It was alleged that the defendant submitted invoices to the state that contained charges for crawl space drainage systems associated with 33 reconstructed homes that were not installed. As part of the settlement, the defendant agreed to install crawl space drainage systems for each of the 33 homes, resulting in an additional recovery of between \$276,441 and \$310,959 based on the cost per drainage system in 2018. **(Press Release, USAO, Southern District of West Virginia)**

Managing Fraud Risk and Improper Payments

Fraud and improper payments threaten the integrity of federal programs and erode public trust in government. Improper payments are payments that should not have been made or were made in incorrect amounts. Beyond the monetary loss to taxpayers, fraud against HUD programs diminishes HUD's capacity to address the critical housing needs of vulnerable communities. While all fraudulent payments are considered improper, not all improper payments result from fraud.

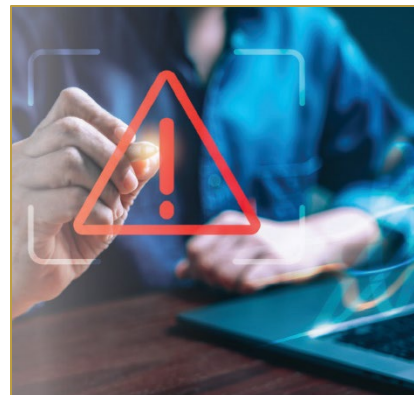
Despite recent steps taken by HUD to advance its fraud risk management program, HUD continues to face challenges in developing more robust fraud risk assessments and frameworks both at HUD and within its programs. Additionally, HUD must integrate program accountability measures and complete testing requirements for programs susceptible to significant improper payments.

Recent HUD OIG Reports

[The New York City Housing Authority Should Enhance Its Fraud Risk Management Practices](#)

Grantees are required to develop and maintain governance structures, controls, and processes to safeguard resources and assets. A robust fraud risk framework helps to ensure that programs fulfill their intended purpose and that funds are spent effectively. HUD relies on public housing authorities (PHAs) to detect and prevent fraud, waste, and abuse in their housing programs. Therefore, HUD OIG audited the maturity of New York City Housing Authority's (NYCHA) fraud risk management with the objective of assessing its fraud risk management practices for preventing, detecting, and responding to fraud when administering HUD-funded programs. HUD OIG chose NYCHA because it is HUD's largest PHA, administering billions of dollars in HUD funding and because its programs receive over 25 percent of HUD's rental assistance funding nationwide.

HUD OIG found that NYCHA has established several antifraud controls, but its processes to mitigate fraud risks are largely reactive. NYCHA is actively taking steps to formalize a more proactive fraud risk management approach and is progressing toward a more mature antifraud program. HUD OIG assessed NYCHA's antifraud efforts against established best practices to determine the maturity of its fraud risk management practices and found it to be at an "initial" maturity level. HUD OIG found NYCHA does not have a comprehensive strategy or framework for identifying and responding to fraud risks. Specifically, it did not (1) assess fraud risks across NYCHA or develop a process to regularly identify and rank fraud risks, (2) develop a response plan for fraud risks based on a fraud risk assessment, and (3) implement a process to monitor and evaluate the effectiveness of fraud risk management activities.



NEW AND ONGOING RELATED OVERSIGHT

[Audit of HUD's Compliance with Payment Integrity Information Act \(PIIA\) for fiscal year 2024, announced October 2024](#)

[Improper Payment Estimate for HUD's Public and Indian Housing Tenant-Based Rental Assistance \(PIH-TBRA\) Program, announced March 2025](#)

Further, due to the size and complexity of NYCHA, as well as its high fraud risk exposure, it should aim for a higher fraud risk maturity level. Without a comprehensive fraud risk management framework or antifraud strategy, HUD funding will continue to be at an increased risk of fraud, and NYCHA will not be positioned to understand how it can best improve its programs to detect fraud or potential fraud. Therefore, since HUD has not issued formal guidance to PHAs regarding its expectation that PHAs assist HUD with its responsibility to implement fraud risk management activities over HUD programs, it is likely that many PHAs have not implemented formal fraud risk management programs. As a result, HUD is missing a critical control and using leading practices that could detect and prevent and minimize fraud risk at the PHA level in the Office of Public and Indian Housing programs that spend approximately \$38.5 billion annually on voucher and public housing programs, representing over 50 percent of HUD's budget. **(HUD OIG Report, 2025-FO-1001, Public and Indian Housing)**

 [READ PRESS RELEASE](#)

Recent Related Investigations

[Former NYCHA Superintendent Sentenced To 41 Months in Prison for Bribery And Extortion](#)

On February 26, 2025, a former assistant superintendent and superintendent at four NYCHA developments was sentenced for solicitation and receipt of a bribe by an agent of an organization receiving federal funds and extortion under color of official right. From 2015 through 2021, the defendant demanded and accepted cash bribes from contractors in exchange for NYCHA contracts. She demanded that contractors pay 10 percent of the contract value upfront to be awarded a contract and accepted bribe payments after the work was finished when the contractor needed a signature to receive payment for the completed work. The defendant demanded and accepted more than \$54,150 in bribes in exchange for awarding no-bid contracts or approving payment on previously awarded contracts worth more than \$500,000. The defendant was sentenced to 41 months in prison, three years of supervised release, and ordered to pay restitution in the amount of \$54,150. During this reporting period, 36 defendants have been collectively sentenced to nearly 24 years in prison and ordered to pay more than \$1.2 million in restitution. Of the 70 individual NYCHA employees arrested and charged with bribery and extortion offenses in February 2024, 56 have been convicted and sentenced, and ordered to pay cumulative restitution of more than \$1.7 million. **(Press Release, USAO, Southern District of New York)**

[Low-Income Housing Employee Sentenced for Stealing Rent Money](#)

On January 9, 2025, a property manager was sentenced in the U.S. District Court for the Southern District of Alabama for wire fraud. Between August 2021 and June 2023, the defendant stole monthly housing rental payments from elderly tenants, including HUD Housing Choice Voucher Program participants. As part of her responsibilities as the property manager, the defendant collected the monthly rental payments from elderly tenants. The defendant took advantage of her knowledge that the tenants paid their monthly rent in the form of a money order or personal check and had the tenants sign their signature on the money order or check and leave the "PAY TO THE ORDER OF" section blank. She would then write her name in the "PAY TO THE ORDER OF" section and deposit the altered money order or personal check into her bank account. The defendant was sentenced to 14 months in prison, three years of supervised release, and ordered to pay restitution in the amount of \$26,469.65. **(Press Release, USAO, Southern District of Alabama)**

Additional Investigative Press Releases

The press releases below on HUD OIG work demonstrate the types of misconduct that impact HUD's programs and the communities that rely on them.

- [Brentwood Couple Sentenced for Making False Statements on Residential Loan Application](#)
- [Former Whitefish Housing Authority Executive Director Sentenced to Prison for Embezzling from Organization; \\$144,842 Restitution Ordered](#)

Improving Information Technology Modernization and Cybersecurity

The efficiency and effectiveness of HUD's programs depend on its ability to modernize information technology (IT) systems to support emerging program office needs and protect systems and data from cybersecurity vulnerabilities.

While HUD has made significant progress in addressing its IT and cybersecurity infrastructure, it must continue its efforts to strengthen IT, cybersecurity, and data management systems. This ongoing effort is essential for adapting to and implementing a secure and modernized IT environment.



Recent HUD OIG Reports

[HUD FY 2024 Federal Information Security Modernization Act \(FISMA\) Evaluation Report](#)

HUD OIG conducted its annual evaluation of HUD's information security (InfoSec) program in accordance with the FISMA. HUD improved its InfoSec program to maturity level 3, consistently implemented. However, at this level, HUD's InfoSec program is not considered effective. HUD's InfoSec program scored 3.08 for the core metrics and a 3.30 for the FY 2024 supplemental metrics, both of which were at maturity level 3 and consistently implemented. HUD increased in maturity for 22 metrics and maintained the same maturity for the remaining 15 metrics. Notably, not only did HUD achieve maturity level 4, managed and measurable, for the first time, but it did so in 14 metrics. The report makes five recommendations to help HUD improve in several InfoSec areas, including its inventory of assets, governance, risk, and compliance, security configuration of its systems, baseline configurations, and security training improvements. **(HUD OIG Report, 2024-OE-0002, Office of the Chief Information Officer)**

 [READ PRESS RELEASE](#)

[Fiscal Year 2024 Federal Information Security Modernization Act of 2014 Penetration Test](#)

HUD OIG conducted penetration testing of the technical implementation of a limited set of security controls for a selection of HUD information systems and applications: the Office of Housing's FHA Catalyst system, the Office of the Chief Financial Officer's (OCFO) Line of Credit Control System (LOCCS), the Office of Community Planning and Development's (CPD) Disaster Recovery Grant Reporting (DRGR) system, and the Office of Public and Indian Housing's (PIH) National Standards for the Physical Inspection of Real Estate (NSPIRE) system. The assessment identified nine significant weaknesses related to data protection and website security. To address these findings, HUD OIG provided 13 recommendations designed to enhance HUD's IT security posture by preventing

NEW AND ONGOING RELATED OVERSIGHT

[Fiscal Year \(FY\) 2025 Federal Information Security Modernization Act of 2014 \(FISMA\) Evaluation, announced November 2024](#)

[FY 2025 Operational Effectiveness of IT Security Controls, announced March 2025](#)

[PIH IT Modernization Resourcing, announced March 2025](#)

unauthorized data access, ensuring the integrity and confidentiality of sensitive information, and protecting against web-based threats. **(HUD OIG Report, 2024-OE-0002a, Office of Chief Information Officer)**

U.S. Department of Housing and Urban Development Personally Identifiable Information Risk Management in a Zero Trust Environment Evaluation Report

HUD OIG conducted an evaluation of HUD's progress in applying zero trust security principles to protect its personally identifiable information (PII). In a zero-trust cybersecurity model, no user, system, network, or service operating outside or within an organization's security perimeter is trusted. This strategy places significant emphasis on stronger enterprise identity and access controls. The evaluation found that HUD had not determined the volume of PII it manages, it had not updated its zero trust architecture (ZTA) implementation plan and lacked the resources to implement ZTA. The evaluation also found that HUD did not consistently identify risks associated with ZTA and that it was delayed in implementing phishing-resistant multifactor authentication. To address these findings, HUD OIG made six recommendations to improve HUD's ZTA planning and move forward in key ZTA areas, including data inventory and categorization, access control, and risk management. **(HUD OIG Report, 2023-OE-0007, Office of Chief Information Officer)**

FHA Catalyst Personally Identifiable Information Risk Management in a Zero Trust Environment Interim Evaluation Report

HUD OIG conducted an evaluation of the HUD Office of Housing's (Housing) progress in applying zero trust security principles to protect PII within the FHA Catalyst system. HUD OIG found repeated system ownership transitions and leadership changes continued to cause project management challenges for FHA Catalyst and the ability to implement ZTA. HUD also lacked automation capabilities and visibility into its data, increasing the risk of a data breach, as HUD is unable to monitor its data movement. Housing began to implement phishing-resistant multifactor authentication (MFA) on FHA Catalyst in FY 2024 but did not meet Executive Order 14028 and M-22-09 milestones. Fully implementing phishing-resistant MFA will reduce the risk of identity compromise and strengthen the security of FHA Catalyst. Housing lacked dynamic access controls, consistent reviews of logs and accounts, and automation capabilities. Without the ability to automate account management, there is an increased risk of an insider threat or a user with unnecessary access to personally identifiable information. This evaluation report contains three recommendations for Housing to improve its ZTA implementation. **(HUD OIG Report, 2023-OE-0007a, Office of the Chief Information Officer)**

Increasing Effectiveness in Procurement

HUD's program offices rely heavily on contracting and procurement services to sustain and effectively achieve their mission. HUD faces longstanding challenges related to procurement and acquisition management and has acknowledged the need to streamline and improve business function processes. Critical to improving the overall effectiveness of HUD's program office operations is improving its IT acquisitions.



Recent HUD OIG Reports

[Requirements Documentation in the U.S. Department of Housing and Urban Development's Acquisition Process](#)

HUD OIG conducted an evaluation to assess HUD's processes for developing requirements documents, which are a critical component of HUD's acquisition processes. HUD OIG found that even though HUD has processes to develop requirements documents, the acquisition workforce across HUD faces common challenges. The four challenges most frequently mentioned by both the Office of Chief Procurement Officer (OCPO) and program office staff members are related to requirements documents processes, collaboration, roles and responsibilities, and the capacity of OCPO, including turnover and understaffing. This evaluation report contains three recommendations to improve requirements, document processes, roles, and responsibilities. **(HUD OIG Report, 2023-OE-0006, Office of Chief Procurement Officer)**

Financial Statements

Inspectors General have a responsibility to audit the financial statements of their agency or select and participate in the contracting of independent public accounting (IPA) firms to perform the audit. During this reporting period, HUD OIG contracted with Sikich CPA LLC to audit the financial statements of HUD, FHA, and Ginnie Mae as of and for the fiscal years ending September 30, 2024, and 2023.

[Audit of Government National Mortgage Association's Fiscal Years 2024 and 2023 Financial Statements](#)

HUD OIG contracted with the independent public accounting firm Sikich CPA LLC to audit the financial statements of Ginnie Mae as of and for the years ending September 30, 2024, and 2023, and to provide reports on Ginnie Mae's (1) internal control over financial reporting, and (2) compliance with laws, regulations, contracts, and grant agreements and other matters. The audit found that Ginnie Mae's financial statements as of and for the fiscal year ending September 30, 2024, were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles; there were no material weaknesses or significant deficiencies for fiscal year 2024 in internal control over financial reporting, based on limited procedures performed; and there were no reportable noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements or other matters. **(HUD OIG Report, 2025- FO-0001, Government National Mortgage Association)**

NEW AND ONGOING RELATED OVERSIGHT

[FY 2025 Annual FHA Financial Statement Audit](#)

[FY 2025 Annual GNMA Financial Statement Audit](#)

[FY 2025 Annual HUD Financial Statement Audit](#)

[Audit of FHA's Fiscal Years 2024 and 2023 Financial Statements](#)

HUD OIG contracted with the independent public accounting firm Sikich CPA LLC to audit the financial statements of FHA as of and for the fiscal years ending September 30, 2024, and 2023, and to provide reports on FHA's (1) internal control over financial reporting and (2) compliance with laws, regulations, contracts, and grant agreements and other matters. The audit found that FHA's financial statements as of and for the fiscal year ending September 30, 2024, were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles; there were no material weaknesses or significant deficiencies for fiscal year 2024 in internal control over financial reporting, based on limited procedures performed; and there were no reportable noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements or other matters. **(HUD OIG Report, 2025-FO-0002, Office of Housing)**

[Audit of the U.S Department of Housing and Urban Development's Fiscal Years 2024 and 2023 Financial Statements](#)

HUD OIG contracted with the independent public accounting firm Sikich CPA LLC to audit the financial statements of HUD as of and for the fiscal years ending September 30, 2024, and 2023, and to provide reports on HUD's (1) internal control over financial reporting and (2) compliance with laws, regulations, contracts, and grant agreements and other matters, including whether financial management systems complied substantially with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA). The Audit found that HUD's financial statements as of and for the fiscal year ending September 30, 2024, were presented

fairly, in all material respects, in accordance with U.S. generally accepted accounting principles; there were no material weaknesses for fiscal year 2024 in internal control over financial reporting, based on limited procedures performed; there was one significant deficiency for fiscal year 2024 related to HUD's financial reporting controls over grant accruals; and there were no reportable noncompliance issues for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements or other matters. HUD OIG made two recommendations to HUD to enhance existing policies and procedures to establish a formal grant accrual risk management framework and to strengthen grant accrual governance within HUD's Community Planning and Development. **(HUD OIG Report, 2025-FO-0003, Chief Financial Officer)**

HUD Open Obligations Review Results

The OCFO coordinates annually an Open Obligation Review (OOR) of all program and administrative funds. HUD OIG conducted a review to identify HUD's open obligations marked for deobligation during the fiscal year 2024 OOR that had not been deobligated as of February 28, 2025. HUD OIG found 835 administrative obligations totaling \$38.5 million and 101 program obligations totaling just under \$2 million were identified for deobligation but had not been deobligated. HUD OIG recommended HUD deobligate the 835 administrative obligations and the 101 program obligations identified for deobligation during the fiscal year 2024 OOR that had not been deobligated as of February 28, 2025. **(HUD OIG Report, 2025-FO-0802, Chief Financial Officer)**

Additional Significant Reports

In addition to those addressing HUD’s top management challenges, HUD OIG’s oversight during the semiannual reporting period included the significant reports highlighted below.

[The U.S. Department of Housing and Urban Development’s Use and Oversight of Telework and Remote Work](#)

HUD OIG conducted an evaluation to assess HUD’s use of telework and remote work programs, how it administers locality pay to employees participating in each of these programs, and how it supports and trains supervisors overseeing employees who telework or work remotely. HUD OIG found that as of January 2024, 85 percent of HUD employees had approved telework agreements, and nine percent had approved remote work agreements. Most of HUD’s remote workers served in a limited number of occupations. The Office of the Chief Human Capital Officer (OCHCO) implemented multiple controls over the accuracy of telework and remote work data but did not review locality payments to teleworkers. According to HUD’s Flexiplace and performance management policies, supervisors are responsible for approving and enforcing Flexiplace agreements and managing employee performance and conduct using consistent standards for both in-office and teleworking or remote workers. HUD OIG recommended that OCHCO implement a process to identify teleworkers most at risk of receiving incorrect locality payments, verify that their official duty stations are correct, and verify that they are reporting to their official duty stations as required. **(HUD OIG Report, 2024-OE-0004, Office of Chief Human Capital Officer)**



[The U.S. Department of Housing and Urban Development Nondisclosure Agreements’ Incorporation of Whistleblower Protections](#)

HUD OIG conducted an evaluation of HUD’s nondisclosure agreements’ incorporation of whistleblower protections to determine whether HUD’s nondisclosure policies, forms, and agreements include the “anti-gag” provision specified in the Whistleblower Protection Enhancement Act (WPEA) of 2012, whether HUD processes ensure the inclusion of the anti-gag provision, and whether HUD posts the anti-gag provision on its agency website as required. The evaluation found that HUD’s nondisclosure policies, forms, and agreements applicable to HUD employees did not include the required anti-gag provision. It may also be a violation of the Antideficiency Act to use congressionally appropriated funds to implement or enforce nondisclosure policies, forms, and agreements that do not include the required anti-gag provision, which is a determination that must be made by OCFO. HUD program offices follow a decentralized process, and HUD can better communicate to program offices the need to include the required anti-gag provision. In response to our evaluation, HUD took corrective action to post the anti-gag provision on its agency website as required by WPEA. HUD OIG made six recommendations to assist HUD with complying with the WPEA requirements and in determining whether an Antideficiency Act violation occurred. **(HUD OIG Report, 2024-OE-0007, Office of General Counsel, Office of Administration, Office of Chief Financial Officer and Government National Mortgage Association)**

[HUD’s Office of Departmental Equal Employment Opportunity Complaint Processing](#)

HUD OIG conducted an evaluation of HUD’s handling of its equal employment opportunity (EEO) formal complaints process from FY 2017 to 2023. The evaluation found the Office of Departmental Equal Employment Opportunity (ODEEO) implemented changes to address the timeliness of HUD’s EEO complaint process. This evaluation report did not issue any recommendations due to ODEEO’s efforts to improve the timeliness of

ODEEO investigations and final agency decisions. **(HUD OIG Report, 2024-OE-0001, Office of Departmental Equal Employment Opportunity)**



Whistleblower Protection

Whistleblowers play a critical role in keeping government programs honest, efficient, and accountable. HUD OIG continues to ensure that HUD and HUD OIG employees are aware of their rights to disclose fraud, waste, or abuse in HUD programs without reprisal and to seek redress when they believe they have been subject to retaliation for whistleblowing. Generally, HUD OIG will refer these employees to the U.S. Office of Special Counsel.

In addition, HUD OIG receives complaints filed under 41 U.S.C. (United States Code) 4712, the statute that extends whistleblower protections to employees of federal contractors, subcontractors, grantees, subgrantees, and personal services contractors. Employees covered by Section 4712 may file whistleblower retaliation complaints with HUD OIG. In turn, HUD OIG reviews these retaliation complaints and, when appropriate, investigates the allegations and provides a report of findings to the HUD Secretary for a determination as to whether unlawful reprisal occurred.

The chart below provides further information on Section 4712 whistleblower retaliation complaints received by HUD OIG during the period covered by this report.

Number of complaints alleging whistleblower retaliation	68
Complaints meeting threshold requirements for initial inquiry and/or full investigation	31

Gap in Whistleblower Protections for Employees of Contractors, Subcontractors, Grantees, and Subgrantees

On May 31, 2023, HUD OIG issued [a Management Alert \(2023-IG-002\)](#) identifying a substantial gap in whistleblower protections for thousands of contractor employees who work under contracts that predate Section 4712, the 2013 antiretaliation statute that safeguards from retaliation individuals who make protected disclosures. In the management alert, HUD OIG made five recommendations to HUD to take steps to ensure that contractor employees who make disclosures of wrongdoing are protected from retaliation. HUD OIG designated three of the five recommendations as a priority. As of January 2025, HUD provided HUD OIG with a management plan that identifies actions HUD is taking to address HUD OIG’s open recommendations. HUD OIG and HUD have not reached an agreement that the proposed actions will fully address the recommendations. Additionally, HUD has not completed several of the proposed actions and is still collecting information that responds to the recommendations.

However, HUD OIG continues to investigate complaints of whistleblower retaliation, including those that are related to contracts that predate the 2013 antiretaliation statute.

Alongside HUD OIG’s investigative role, the HUD OIG Whistleblower Protection Coordinator also assists covered employees by providing training and information related to:

- Options for disclosing misconduct, waste, or abuse in HUD programs;
- Statutory protections for employees who make such disclosures; and

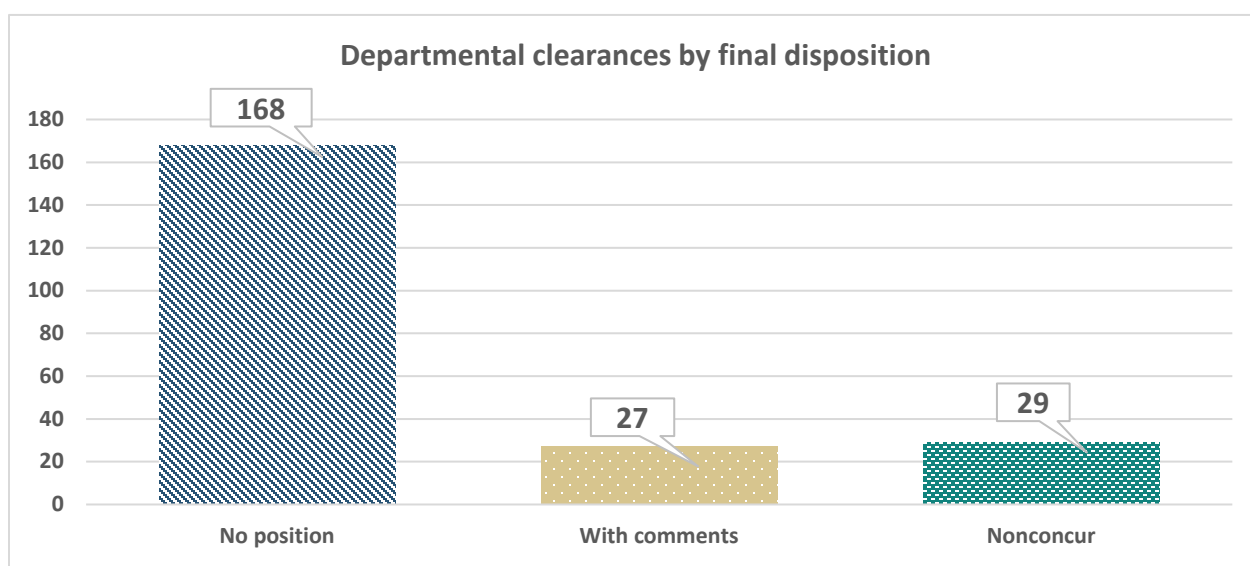
- The process for filing a complaint when an employee believes he or she has been retaliated against for making protected disclosures.

HUD OIG has mandatory whistleblower training for HUD OIG personnel, which is an interactive, virtual training about whistleblower rights and protections, making protected disclosures, and how to report wrongdoing. The Whistleblower Protection Coordinator can be contacted via email at whistleblower@hudoig.gov.



Legislation, Regulations, and Other Directives

Pursuant to its responsibilities under the Inspector General Act of 1978, as amended, the HUD OIG reviews proposed legislation and regulations concerning their impact on the economy and efficiency of HUD programs and the prevention and detection of fraud and abuse in HUD programs and operations. During this six-month reporting period, HUD OIG reviewed 224 issuances. HUD OIG provided comments on 27 (12 percent) of the issuances and nonconcurred on 29 (13 percent). The draft directives consisted of 138 notices, 20 mortgagee letters, and 66 other directives. Of the 66 other directives, HUD OIG reviewed 13 handbooks-guidebooks, seven final rules, two proposed rules, five research reports, 18 congressional reports, one research proposal, one statement of policy, and 19 other items.



Legislation

Permanent Authorization of the CDBG-DR Program

Unique for a program of similar size and scope, HUD's Community Development Block Grant Disaster Recovery (CDBG-DR) programs are not enacted through regulatory requirements in the Code of Federal Regulations. Instead, Congress provides disaster relief funds in supplemental appropriations, and HUD uses the existing CDBG program as an initial program framework. However, for each appropriation, HUD must issue one or more Federal Register notices with additional requirements, waivers, and allocations for its CDBG-DR grantees. As HUD allocates and amends requirements for each disaster through Federal Register notices, grantees historically have had to develop multiple action plans or amendments, often through synthesizing many notices with different requirements to implement plans for disaster recovery. HUD OIG and the U.S. Government Accountability Office have issued multiple oversight reports with recommendations to ensure that HUD's CDBG-DR funding reaches vulnerable communities quickly. HUD OIG has previously recommended that HUD seek permanent authorization of the CDBG-DR program through legislative action.

HUD has consistently maintained that it does not have the statutory authority to codify the CDBG-DR program through the regulatory process. It has taken positive steps it believes it has the authority to take, including

through its consolidated notices and program guides for grantees and others. HUD has also taken consistent, meaningful steps to address HUD OIG’s recommendations to pursue permanent authorization through legislative action. Secretary Turner, former Secretary Fudge, and former Secretary Carson have all expressed public support for permanent authorization in testimony before Congressional committees.

In successive legislative years, bipartisan, bicameral congressional support for permanent authorization has resulted in bills, such as the House and Senate versions of The Reforming Disaster Recovery Act that are responsive to HUD OIG’s recommendations. Permanently authorizing the CDBG-DR program would streamline, reform, and inject greater fiscal responsibility into the program; mitigate funding lags and duplicative requirements; and ultimately help HUD achieve its mission of helping communities recover from natural disasters with critical housing assistance in a timely manner.

Legislation Addressing Critical Gaps in HUD Whistleblower Protections

To address the gap in whistleblower protection for employees of thousands of contractors who receive HUD funding, [OIG recommended](#) that HUD seek legislative authority to expeditiously include 41 U.S.C. 4712 protections within contracts for which HUD believes it must otherwise wait until there is a major modification. Legislation to protect whistleblowers by addressing this critical gap had been introduced in the House and Senate during the 118th Congress: [Section 245](#) of S.4796, Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2025, and [H.R. 9721](#), the Ensuring Access to Whistleblower Protections Act.

Warning and Certifications

HUD OIG regularly makes recommendations to HUD to include standard warnings and certifications in its policies and forms to protect HUD’s programs from fraud. Clear warnings on HUD documents put fraudsters on notice that there can be serious criminal, civil, and administrative consequences to their actions that help to discourage fraud. Certifications of accuracy and truthfulness under penalty of perjury, as well as warnings, play an important role in promoting accountability and enabling effective prosecution of those who commit fraud.

HUD OIG, therefore, continues to recommend that HUD include the following language in HUD forms that it reviews:

I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802).

HUD OIG has nonconcurred on 23 clearances due to warnings and certifications language. HUD continues to be receptive to these recommendations and has accepted and incorporated HUD OIG’s recommended warning and certification language into several of its policies.

Notices and Other Directives

Lead Safe Housing Rule - HUD modified the elevated blood lead level threshold for children under the age of six who are living in certain HUD-assisted target housing covered by the Lead Safe Housing Rule. HUD revised its elevated blood lead level threshold under its Lead Safe Housing Rule from 5 to 3.5 micrograms of lead per deciliter of blood for a child under the age of six. This standard is consistent with the Centers for Disease

Control and Prevention’s current blood lead reference value of 3.5 micrograms per deciliter of blood. HUD’s guidance relates to HUD OIG’s evaluation [2021-OE-0011b](#) and priority open recommendation (Improvements are Needed to the U.S. Department of Housing and Urban Development’s Processes for Monitoring Elevated Blood Lead Levels and Lead-Based Paint Hazards in Public Housing).

De Minimis Exception to the Lead Safe Housing Rule – HUD issued internal guidance for the correct application of the de minimis threshold to the Lead Safe Housing Rule; methods for documenting the de minimis threshold for maintenance and hazard reduction activities; best practices for documenting determinations of the de minimis exception applicability; and training on implementing the Lead Safe Housing Rule, including the de minimis exception. HUD’s guidance relates to HUD OIG’s [Management Alert 2023-IG-001](#) (Action Needed to Ensure That Assisted Property Owners, Including Public Housing Agencies, Comply with the Lead Safe Housing Rule).

Withdrawal of Affirmatively Furthering Fair Housing Rule – On January 16, 2025, HUD withdrew the proposed rule entitled “Affirmatively Furthering Fair Housing.”

Carbon Monoxide Detection Standards - HUD aligned the HOME Investment Partnerships Program (HOME) carbon monoxide detection standards with those set through the NSPIRE Final Rule to create consistent standards across HUD programs, align Section 8 rental assistance programs and HOME requirements, and better protect families receiving HOME assistance or living in a HOME-assisted unit.

Hurricanes Helene and Milton - Extension of the 90-day foreclosure moratorium. HUD issued guidance, to mortgagees and participants in the Section 184 Indian Housing Loan Guarantee Program, extending the foreclosure moratoriums in connection with Hurricanes Helene and Milton. Due to the extent of the damage that devastated the southeast region, HUD believed that borrowers needed the additional time provided by the moratorium to access federal, state, or local housing resources and consult with HUD-approved housing counselors. The foreclosure moratorium was extended through April 11, 2025.

HUD’s Adoption of United States Department of Agriculture (USDA) Farm Service Agency Categorical Exclusions Pursuant to Section 109 of the National Environmental Policy (NEPA) – Federal agencies are permitted to adopt the “categorical exclusions” of other agencies pursuant to Section 109 of the NEPA. Categorical exclusions enable HUD or responsible entities receiving HUD funds (typically local governments), to take major federal action without having to perform an environmental impact statement or environmental assessment. HUD adopted USDA categorical exclusions for agricultural activities funded primarily under HUD’s Community Development Block Grant-Disaster Recovery (CDBG-DR) program. Local governments engaged in certain agricultural activities pursuant to CDBG-DR, including fence repair, farm structure repair, grading, tank installation, new farm storage facility installation, water tank installation, and well installation will be excluded from NEPA requirements.

Reducing Barriers to HUD Assisted Housing – On January 16, 2025, HUD withdrew the proposed rule, “Reducing Barriers to HUD-Assisted Housing” in the Federal Register. The proposed rule would have amended the regulations for certain PIH and Housing programs that govern admission for applicants with criminal records or a history of involvement with the criminal justice system and eviction or termination of assistance of persons on the basis of illegal drug use, drug-related criminal activity, or other criminal activity.

Peer Review

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law No. 111-203), section 989C, requires Inspectors General to report the latest peer review results in their semiannual reports to Congress. The U.S. Department of Housing and Urban Development, Office of Inspector General's (HUD OIG) Offices of Audit, Evaluation, and Investigation are required to undergo a peer review every three years to ensure that the work completed by the respective organizations meets the applicable requirements and standards.

The following is a summary of the status of the latest round of peer reviews.

Table 1. Peer reviews conducted on HUD OIG

Type of review	Date of peer review	Reviewing OIG	Rating	Outstanding recommendations
Audit	September 30, 2024	DOT* OIG	Pass	None
Evaluation	March 28, 2023	DHS** OIG	In compliance	None
Investigation	October 14, 2022	SSA*** OIG	Pass	None

Table 2. Peer reviews conducted by HUD OIG

Type of review	Date of peer review	Reviewed OIG	Rating	Outstanding recommendations
Audit	March 29, 2024	HHS**** OIG	Pass	None
Evaluation	March 28, 2025	DoD***** OIG	Pass	None
Investigation	June 5, 2020	DHS OIG	Pass	None

* U.S. Department of Transportation

** U.S. Department of Homeland Security

*** Social Security Administration

**** U.S. Department of Health and Human Services

***** U.S. Department of Defense

Appendix 1 – Reports Issued This Semiannual Period

Audit Reports

Chief Financial Officer

2025-FO-0003	<u>Audit of the U.S Department of Housing and Urban Development’s Fiscal Years 2024 and 2023 Financial Statements, 11/15/2024.</u>
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Community Planning and Development

2025-BO-0002	<u>HUD’s Office of Community Planning and Development Can Improve Its Monitoring of Civil Rights Compliance, 03/11/2025.</u>
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2025-FO-0005	<u>HUD’s Subaward Data on USASpending.gov were not Complete nor Accurate, 03/10/2025.</u>
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2025-FW-0001	<u>Grantees Were Delayed in Completing National Disaster Resilience Program Activities, but Remain On Track to Accomplish Goals, 02/21/2025.</u>
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2025-FW-0002	<u>Five Non-State Grantees Are on Track To Complete Eligible Activities by Grant Closeout, 03/13/2025.</u>
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2025-LA-0001	<u>HUD Can Improve Its Efforts To Meet the National Drug Control Strategy Reporting Requirements, 03/17/2025.</u>
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Government National Mortgage Association

2025-FO-0001	<u>Audit of Government National Mortgage Association’s Fiscal Years 2024 and 2023 Financial Statements, 11/13/2024.</u>
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Housing

2025-BO-0001	<u>HUD’s Office of Multifamily Housing Programs Can Improve Its Monitoring of Civil Rights Compliance, 03/11/2025.</u>
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2025-CH-0001	<u>HUD Needs To Improve Its Oversight of PBRA and FHA-Insured PBV Properties Converted Under RAD, 12/18/2024.</u>
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2025-FO-0002	<u>Transmittal of Independent Public Accountant’s Audit Report on the Federal Housing Administration’s Fiscal Years 2024 and 2023 Financial Statements, 11/13/2024.</u>
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2025-KC-0001	<u>FHA’s Office Of Asset Sales Did Not Have Adequate Information To Measure Its Loan Sales’ Program Success, 12/02/2024.</u>
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2025-KC-1001	<u>MidFirst Bank Misapplied FHA’s Foreclosure Requirements, Oklahoma City, OK, 01/28/2025.</u>
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2025-KC-1002	<u>Carrington Mortgage Misapplied FHA's Foreclosure Requirements, 01/30/2025.</u>
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2025-NY-0001	<u>HUD’s Office of Housing Counseling Has Challenges Measuring the Impact of Prepurchase and Postpurchase Homeownership Counseling, 03/24/2025.</u>
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2025-NY-1001	<u>CMG Mortgage, Inc., Did Not Have a Sufficient Quality Control Program for FHA-Insured Loans, 02/27/2025. Better Use: \$639,397.</u>
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2025-NY-1002 [loanDepot.com Did Not Have a Sufficient Quality Control Program for FHA-Insured Loans, 03/04/2025. Better Use: \\$1,136,089.](#)

Community Planning and Development

2025-FW-0801 [Opportunities Exist for CPD To Improve Collection of Disaster Recovery Grantee Data for Non-Federal Match Activities, 02/28/2025.](#)

Public and Indian Housing

2025-FO-1001 [The New York City Housing Authority Should Enhance Its Fraud Risk Management Practices, 03/07/2025](#)

2025-CH-1001 [The Boston Housing Authority, Boston, MA, Did Not Always Comply with HUD's and Its Own Requirements for Its Public Housing Program Units, 02/25/2025.](#)

Memorandum

2025-CH-0801 [Timing of PHAs' Lead-Based Paint Visual Assessments, 10/23/2024](#)

2025-FO-0802 [HUD Open Obligations Review Results, 03/31/2025. Better Use: \\$40,493,828](#)

Evaluation Reports

Report #	Report title
2024-OE-0007	The U.S. Department of Housing and Urban Development Nondisclosure Agreements' Incorporation of Whistleblower Protections, 12/13/2024
2024-OE-0004	The U.S. Department of Housing and Urban Development's Use and Oversight of Telework and Remote Work, 10/04/2024
2024-OE-0002a	Fiscal Year 2024 Federal Information Security Modernization Act of 2014 Penetration Test Report, 12/11/2024
2024-OE-0002	HUD Fiscal Year 2024 Federal Information Security Modernization Act of 2014 Evaluation Report, 10/29/2024
2024-OE-0001	HUD's Office of Departmental Equal Employment Opportunity Complaint Processing, 11/18/2024
2023-OE-0007a	FHA Catalyst Personally Identifiable Information Risk Management in a Zero Trust Environment Interim Evaluation Report, 10/31/2024
2023-OE-0007	The U.S. Department of Housing and Urban Development's Personally Identifiable Information Risk Management in a Zero Trust Environment Evaluation Report, 12/12/2024
2023-OE-0006	Requirements Documentation in the U.S. Department of Housing and Urban Development's Acquisition Process Requirements Documentation in the U.S. Department of Housing and Urban Development's Acquisition Process, 02/06/2025

Appendix 2 - Hotline Data

Hotline Intakes:

The hotline is the primary means to submit allegations of fraud, waste, abuse, mismanagement, or whistleblower-related matters within the U.S. Department of Housing and Urban Development (HUD) and HUD-funded programs to the Office of Inspector General (HUD OIG). During this semi-annual reporting period, the Hotline received 10,214 intakes, referred 6,631 intakes to HUD program offices, and referred 345 intakes to HUD OIG components for further evaluation. Figure 1 provides a summary of the total number of intakes received as of March 31, 2025. Figure 2 provides a summary of the total number of intakes referred to HUD program offices as of March 31, 2025.

Figure 1: Summary of hotline intakes

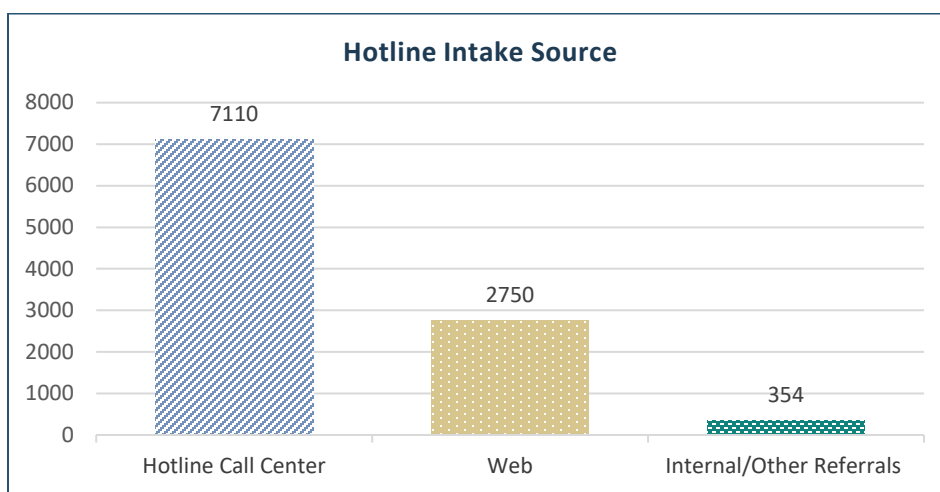


Figure 2: Summary of hotline intakes referred to HUD program offices:

HUD program office	Count of program office
Public and Indian Housing	5,250
Housing & Federal Housing Administration	991
Community Planning and Development	159
Fair Housing and Equal Opportunity	154
Refer to external agency	4
Chief Human Capital Officer	29
Chief Information Officer	3
Labor Standards and Enforcement	7
General Counsel	1
Congressional/Intergovernmental Relations	1
Chief Financial Officer	1
No HUD Nexus	1
Healthy Homes and Lead Hazard Control	1
Chief Procurement Officer	1
Equal Employment Opportunity	2
Grand total	6,631

Appendix 3 - Streamlined Semiannual Reporting Requirements

Section 5273 of the Fiscal Year 2023 National Defense Authorization Act (NDAA) included reforms recommended by the Inspector General community as part of its legislative priorities for the 117th Congress: streamlining and modernizing semiannual reporting requirements, maximizing transparency, and allowing Offices of Inspector General (OIG) to better focus semiannual reports (SAR) on their most significant activities and most critical issues facing the agencies they oversee.

These reforms provide more flexibility for each OIG to use the SAR as a conduit for information that has already been made public and to leverage external websites, such as www.oversight.gov. In addition, the NDAA eliminated certain reporting requirements that had been incorporated into the Inspector General Act of 1978, as amended.

Below are the U.S. Department of Housing and Urban Development (HUD), OIG's statutory requirements as set forth by the NDAA, as well as the Trafficking Victims Prevention and Protection Reauthorization Act of 2022.

Federal Financial Management Improvement Act of 1996 – (a)(7)

Section 803(a) of the Federal Financial Management Improvement Act (FFMIA) requires that each agency establish and maintain financial management systems that comply with (1) Federal financial management system requirements, (2) Federal accounting standards, and (3) the United States Standard General Ledger at the transaction level. Section 803(c) of FFMIA requires an agency to establish a remediation plan if it is determined that the agency's financial management systems do not comply with the requirements of section 803(a). Section 804(b) of FFMIA requires OIG to report in its SAR instances and reasons when an agency has not met the intermediate target dates established in its remediation plans.

As of March 31, 2025, HUD OIG and HUD had not identified any systems that were noncompliant with the three elements of section 803(a) of FFMIA. HUD has closed all previous recommendations related to previously noncompliant systems.



Statistical Table Showing Investigative Report Metrics – (a)(11) and (12)

Measure	Total
A. Total number of investigative reports issued during the reporting period	131
B. Total number of persons referred to the U.S. Department of Justice for criminal prosecution during the reporting period	60
C. Total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period	10
D. Total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	59
Footnotes	

- A. Includes approved reports of investigation
- D. Includes all charging documents reported: criminal complaints, indictments, informations, and superseding indictments

Senior Government Employee Investigations – (a)(13)

A report on each investigation conducted by the office in which allegations of misconduct were substantiated involving a senior government employee or senior official (as defined by the office) if the establishment does not have senior government employees, which should include - (A) the name of the senior government employee if already made public by the office and (B) a detailed description of - (i) the facts and circumstances of the investigation and (ii) the status and disposition of the matter, including - (I) if the matter was referred to the Department of Justice, the date of the referral and (II) if the Department of Justice declined the referral, the date of the declination.

None.

Instances of Whistleblower Retaliation – (a)(14)

(A) A detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation, and (B) what, if any, consequences the establishment imposed to hold the official described in subparagraph (A) accountable.

None.

OIG Independence – (a)(15)

Information related to interference by the establishment, including - (A) a detailed description of any attempt by the establishment to interfere with the independence of the office, including - (i) with budget constraints designed to limit the capabilities of the office and (ii) incidents in which the establishment has resisted or objected to oversight activities of the office or restricted or significantly delayed access to information, including the justification of the establishment for such action, and (B) a summary of each report made to the head of the establishment under section 6(c)(2) during the reporting period.

None.

Reports That Were Closed During the Period That Were Not Disclosed to the Public – (a)(16)

Detailed descriptions of the particular circumstances of each (A) inspection, evaluation, and audit conducted by the office that is closed and was not disclosed to the public and (B) investigation conducted by the office involving a senior government employee that is closed and was not disclosed to the public.

HUD OIG's FISMA Cyberscope report and Penetration Test reports are not released to the public because the reports are controlled documents and should be released only to those within HUD or to employees of an information technology contractor with a need to know. The report contains information on vulnerabilities within information systems and HUD processes that should not be released publicly.

Trafficking Victims Prevention and Protection Reauthorization Act of 2022

The Trafficking Victims Prevention and Protection Reauthorization Act of 2022 requires OIG to annually report (1) the number of suspected violations of the Act reported, (2) the number of investigations, (3) the status and outcomes of such investigations, and (4) any recommended actions to improve the programs and operations of such agency.

HUD OIG successfully developed and implemented human trafficking training within the annual ethics training curriculum, which was completed by all agency employees. The training educated HUD OIG employees on how to prevent, identify, and report trafficking in persons and assessed employees' understanding of the material with scenarios and challenge questions.

HUD OIG performed a review of records for this semiannual reporting period, which resulted in no reportable allegations of human trafficking as required by the Trafficking Victims Prevention and Protection Reauthorization Act of 2022.

Appendix 4 - Reporting Table

New citation	New requirement (NDAA* for fiscal year 2023, sec. 5273)	Page number
(a)(1)	a description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of the establishment and associated reports and recommendations for corrective action made by the Office	11-29
(a)(2)	an identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential cost savings associated with the recommendation	Table A Oversight.gov HUD OIG Open Recommendation Dashboard
(a)(3)	A summary of significant investigations closed during the reporting period	11-29
(a)(4)	an identification of the total number of convictions during the reporting period resulting from investigations	6
(a)(5)	information regarding each audit, inspection, or evaluation report issued during the reporting period, including-- (A) a listing of each audit, inspection, or evaluation; (B) if applicable, the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use, including whether a management decision had been made by the end of the reporting period	Appendix 1 Table C Table D Table E HUD OIG Open Recommendation Dashboard
(a)(6)	information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period	Table B
(a)(7)	the information described under section 804(b) of the Federal Financial Management Improvement Act of 1996	Appendix 3
(a)(8)	(A) an appendix containing the results of any peer review conducted by another Office of Inspector General during the reporting period; or (B) if no peer review was conducted within that reporting period, a statement identifying the date of the last peer review conducted by another Office of Inspector General;	40
(a)(9)	list of any outstanding recommendations from any peer review conducted by another Office of Inspector General that have not been fully implemented, including a statement describing the status of the implementation and why implementation is not complete;	40
(a)(10)	a list of any peer reviews conducted by the Inspector General of another Office of the Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented;	40
(a)(11)	statistical tables showing (A) the total number of investigative reports issued during the reporting period;	Appendix 2



New citation	New requirement (NDAA* for fiscal year 2023, sec. 5273)	Page number
	(B) the total number of persons referred to the Department of Justice for criminal prosecution during the reporting period; (C) the total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period; and (D) the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities;	
(a)(12)	a description of the metrics used for developing the data for the statistical tables under paragraph (11);	Appendix 2
(a)(13)	a report on each investigation conducted by the Office where allegations of misconduct were substantiated involving a senior Government employee or senior official (as defined by the Office) if the establishment does not have senior Government employees...	None
(a)(14)	(A) a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation; and (B) what, if any, consequences the establishment actually imposed to hold the official described in subparagraph (A) accountable;	None
(a)(15)	information related to interference by the establishment, including - (A) a detailed description of any attempt by the establishment to interfere with the independence of the Office, including— (i) with budget constraints designed to limit the capabilities of the Office; and (ii) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly delayed access to information, including the justification of the establishment for such action; and (B) a summary of each report made to the head of the establishment under section 6(c)(2) during the reporting period;	None
(a)(16)	Detailed descriptions of the particular circumstances of each - (A) Inspection, evaluation, and audit conducted by the Office that is closed and was not disclosed to the public; and (B) Investigations conducted by the office involving a senior government employee that are closed and not disclosed to the public.	None

* National Defense Authorization Act

Appendix 5 - Acronyms and Abbreviations

AFFH —Affirmatively Furthering Fair Housing	MOR —management and occupancy reviews
CDBG —Community Development Block Grant	MFA —multifactor authentication
CDBG-DR —Community Development Block Grant Disaster Recovery	NDAA —National Defense Authorization Act
CoC —Continuum of Care	NDR —National Disaster Resilience
CPD —Community Planning and Development	NEPA —National Environmental Policy
CPD ODR —Office of Community Planning and Development Office of Disaster Recovery	NYCHA —New York City Housing Authority
DHS —U.S. Department of Homeland Security	NSPIRE —National Standards for the Physical Inspection of Real Estate
DRGR —Disaster Recovery Grant Reporting	OCFO —Office of Chief Financial Officer
EEO —Equal Employment Opportunity	OCHCO —Office of Chief Human Capital Officer
ESG —Emergency Solutions Grant	OCPO —Office of Chief Procurement Officer
FEMA —U.S. Federal Emergency Management Agency	ODEEO —Office of Departmental Equal Employment Opportunity
FFATA —Federal Funding Accountability and Transparency Act	OGC —Office of General Counsel
FFMIA —Federal Financial Management Improvement Act	OIG —Office of Inspector General
FHA —Federal Housing Administration	OLHCHH —Office of Lead Control and Healthy Homes
FHEO —Office of Fair Housing and Equal Opportunity	OMB —Office of Management and Budget
FISMA —Federal Information Security Modernization Act of 2014	ONDCP —Office of National Drug Control Policy
FR —Federal Register	OOR —Open Obligation Review
FY —fiscal year	PBCA —performance-based contract administrators
Ginnie Mae —Government National Mortgage Association	PBRA —Project-Based Rental Assistance
HCVP —Housing Choice Voucher (Program)	PHA —public housing authority
HECM —Home Equity Conversion Mortgage	PIH —Office of Public and Indian Housing
HOME —Home Investment Partnerships (Program)	PIIA —Payment Integrity Information Act of 2019
HUD —U.S. Department of Housing and Urban Development	PII —personally identifiable information
HVLS —HUD-Held Vacant Loan Sales	PVB —Project-based vouchers
IG —Inspector General	RAD —Rental Assistance Demonstration (Program)
IPA —Independent Public Accounting	RHP —Recovery Housing Program
InfoSec —information security program	RRP —Rent Relief Program
IT —Information technology	QC —quality control
LMI —low- to moderate-income	SAR —Semiannual Report to Congress
LOCCS —Line of Credit Control System	SOC —Security Operations Center
	USAO —U.S. Attorney’s Office
	USDA —U.S. Department of Agriculture
	U.S.C. —United States Code
	WPEA —Whistleblower Protection Enhancement Act
	ZTA —Zero Trust Architecture



Report fraud, waste, abuse, and mismanagement in HUD programs and operations.

HUD OIG hotline:

1-800-347-3735

<https://www.hudoig.gov/hotline>

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