

U.S. Department of Housing and Urban Development Office of Inspector General

Fort Worth, TX

February 15, 2012



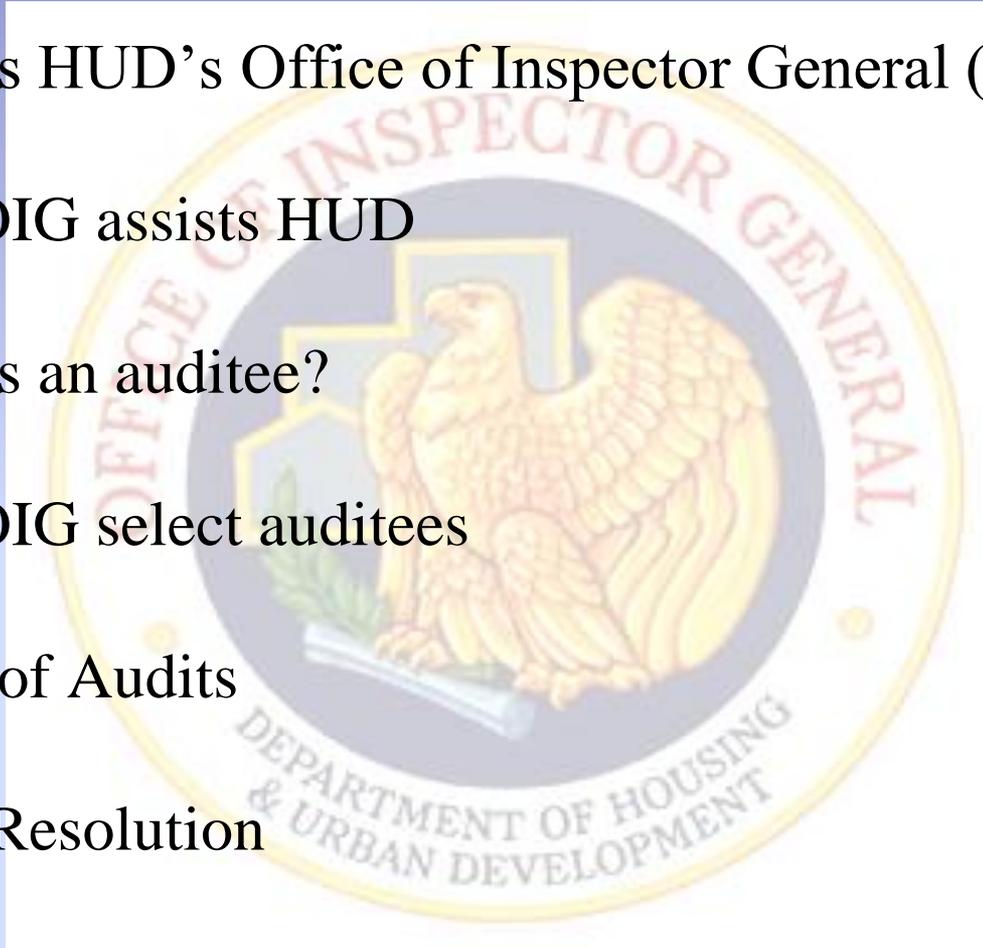
Presenters

- Nikita N. Irons
Regional Inspector General for Audit
New Orleans, LA
- Tracey Carney
Assistant Regional Inspector General for Audit
New Orleans, LA



Objectives

- What is HUD's Office of Inspector General (OIG)
- How OIG assists HUD
- What is an auditee?
- How OIG select auditees
- Types of Audits
- Audit Resolution



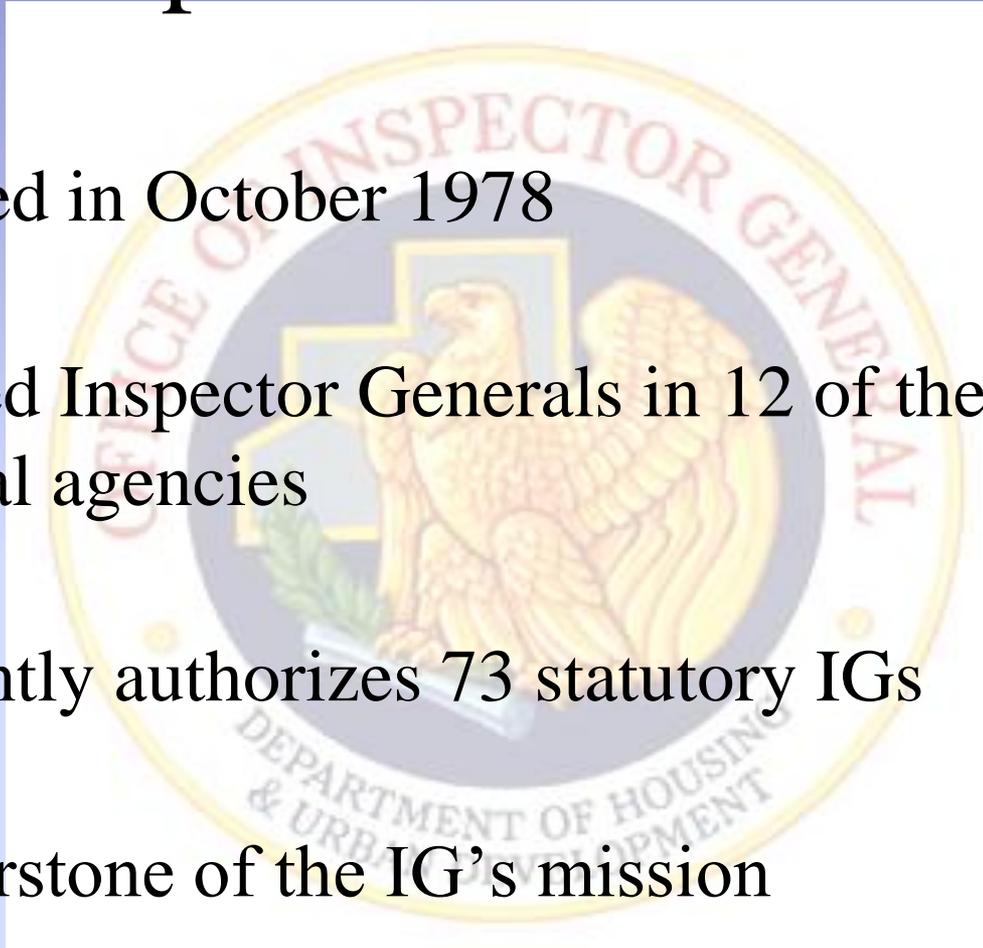


What is HUD OIG



Inspector General Act

- Enacted in October 1978
- Created Inspector Generals in 12 of the largest Federal agencies
- Currently authorizes 73 statutory IGs
- Cornerstone of the IG's mission



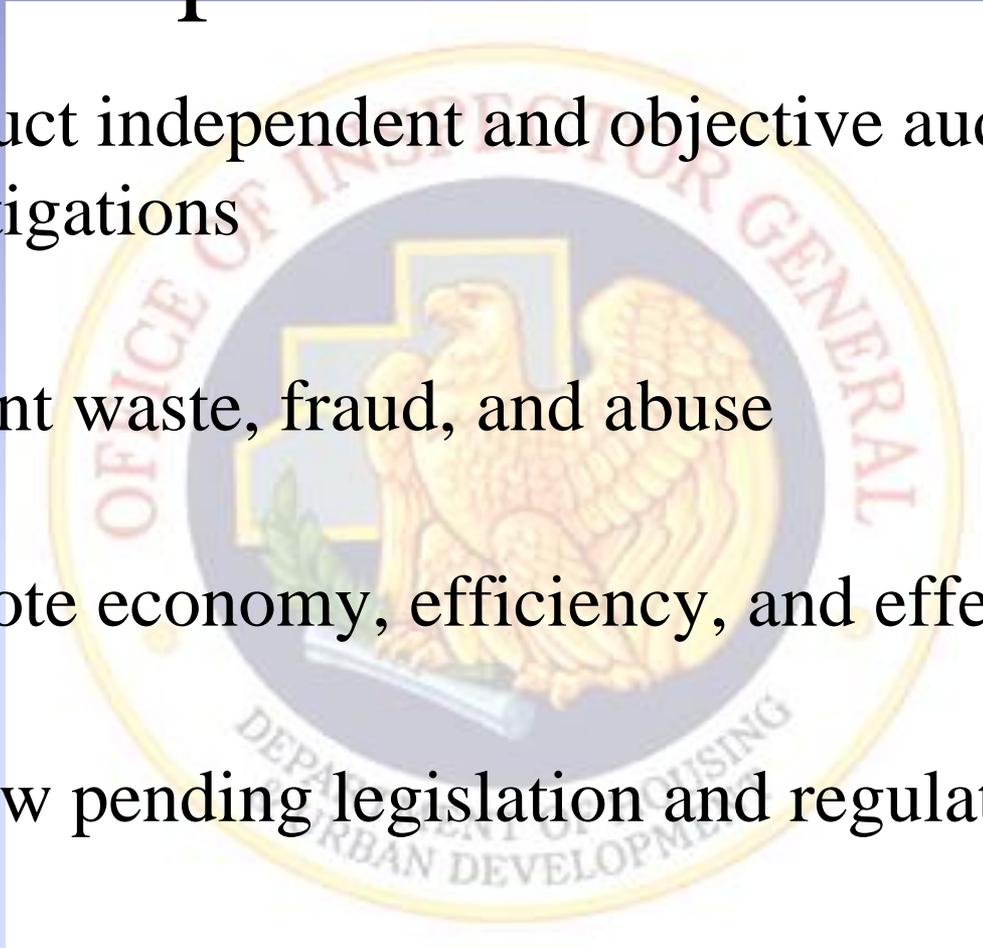
Office of Inspector General Oversight

- Serves under the “general supervision” of an agency head
- Dual independent reporting relationship to the department head and to the Congress
- Council of Inspectors General on Integrity and Efficiency (CIGIE)



The Inspector General Mission

- Conduct independent and objective audits and investigations
- Prevent waste, fraud, and abuse
- Promote economy, efficiency, and effectiveness
- Review pending legislation and regulation
- Keep agency head and Congress informed



Inspector Generals are

Authorized to:

- Access all records and information of the agency and program participants
- Conduct audits and criminal investigations
- Issue subpoenas for records and documents
- Hire staff and control budget resources



Organization

David A. Montoya
Inspector General

J. Bryan Howell
Counsel to the
Inspector General

Randy W. McGinnis
Acting Deputy
Inspector General
(Dual Role)

John P. McCarty
Assistant Inspector
General-
Investigations

Randy W. McGinnis
Assistant Inspector
General -Audit

Helen M. Albert
Assistant Inspector
General- Office of
Management and
Policy



Regional Offices

- Boston
- New York
- Philadelphia
- Atlanta
- Chicago
- Baltimore (OI)
- Cleveland (OI)
- Ft Worth
- Kansas City
- Los Angeles
- Seattle (OI)
- New Orleans
- Tampa (OI)



HUD Inspector General Office of Audit



Creation of Gulf Coast Region

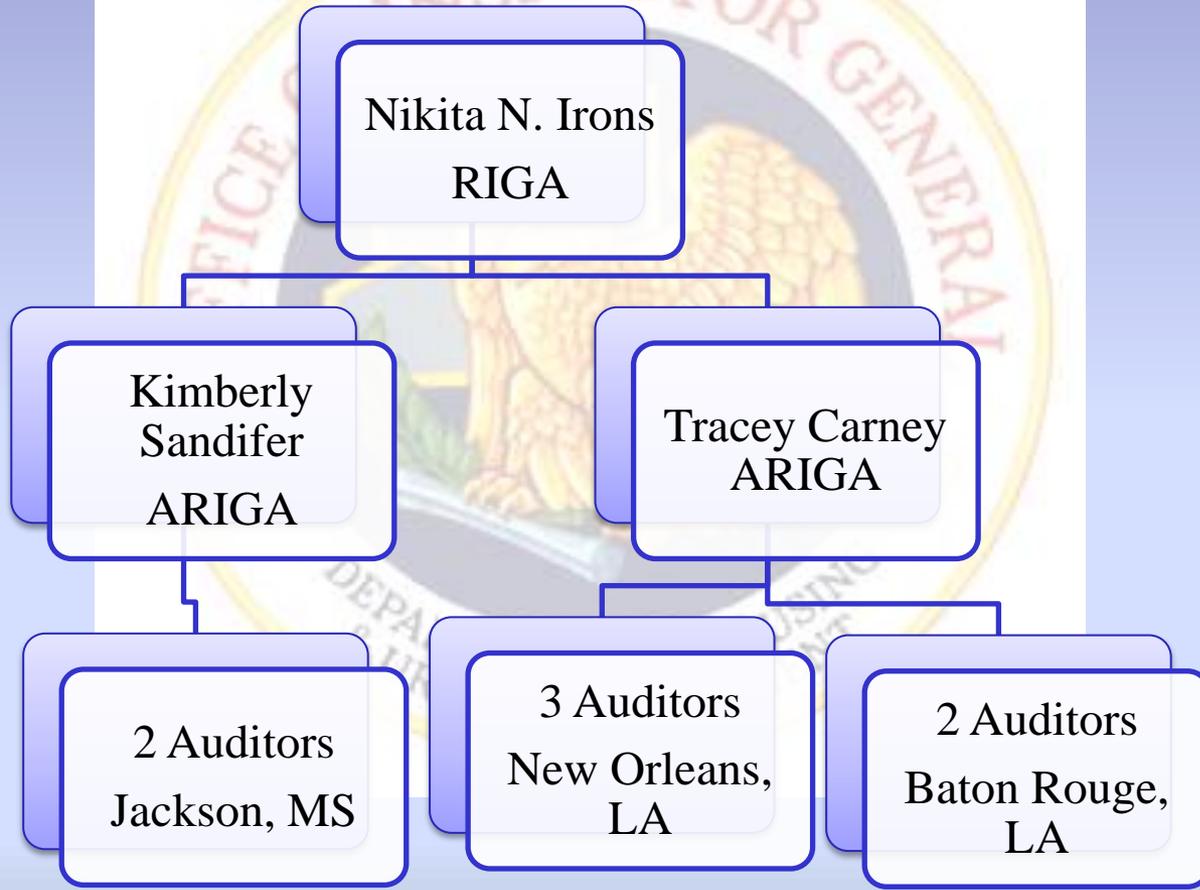
Office of Audit

The Office of Audit was tasked to review HUD's activities related to Gulf Coast hurricane disaster relief efforts. This resulted in the establishment of a Gulf Coast Region to be the focal point for all audits in the coming years relating to HUD's relief efforts and to coordinate with other agencies' OIGs that are involved in the overall effort.



Gulf Coast Region Offices

Office of Audit





How OIG Assists HUD



OIG Strategic Plan

- Align directly and support HUD's plan
- Contribute to resolving significant issues raised or confronted by HUD and our stakeholders
- Assist HUD in resolving its "Major Management Challenges"



Benefits to HUD

- An independent examination of Program operations
- Detailed reports based on professional audit and investigative standards
- Quick response to help stem program fraud and abuse
- Technical advice as new plans are developed



Office of Audit Activities

- Designed to:
 - Promote economy, efficiency, and effectiveness in the administration of HUD's programs
 - Detect and deter fraud, waste, and abuse in HUD programs and operations
 - Ensure compliance with applicable laws and regulations



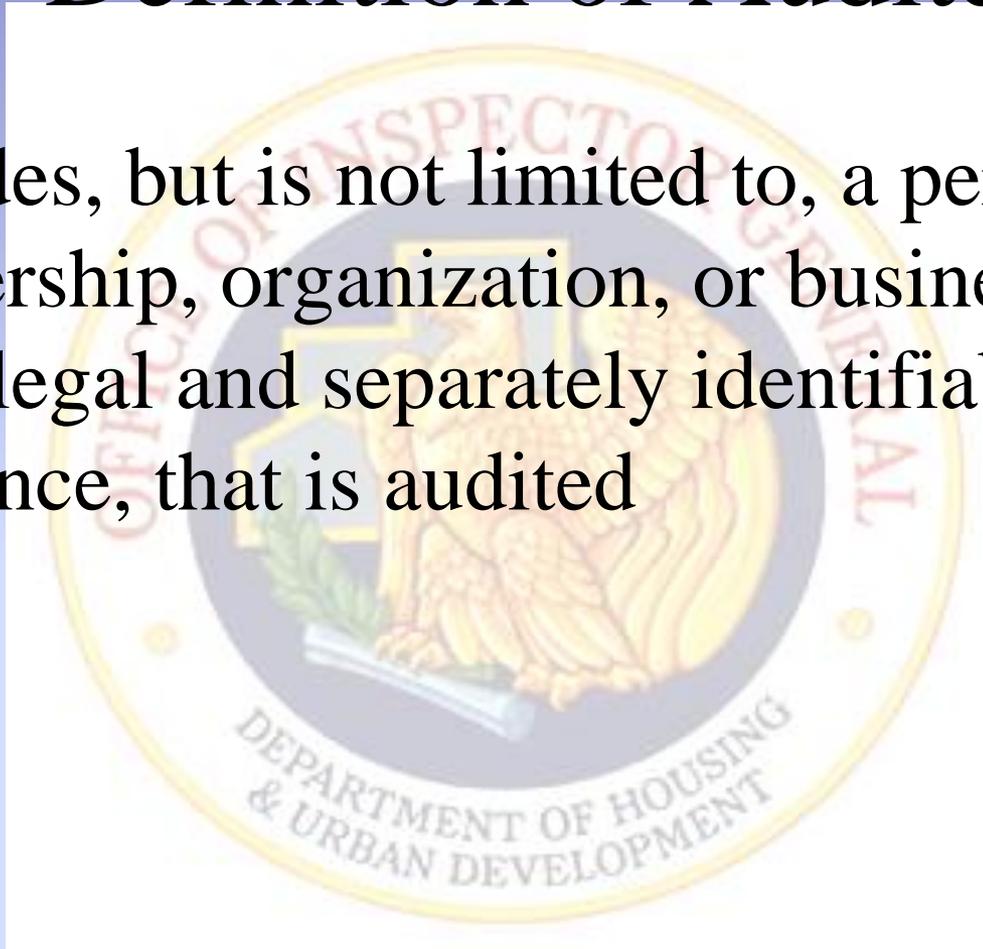


What is an Auditee



Definition of Auditee

- Includes, but is not limited to, a person, partnership, organization, or business that has a legal and separately identifiable existence, that is audited





How OIG select Auditees



Selecting Audits and Auditees

- Potential review areas are developed through:
 - Discussions with HUD staff
 - Complaints
 - Congressional requests
 - Reviews of proposed legislation, regulations and other HUD issuances
 - High risk programs



Why the focus on Supplemental Funding?

- Program funding amounts
- Programs have inherent risks as related to fraud, waste, and abuse; due to the need of quick implementation
- Congressional and Presidential interest in the use of supplemental funds to ensure that they are reaching those who need them



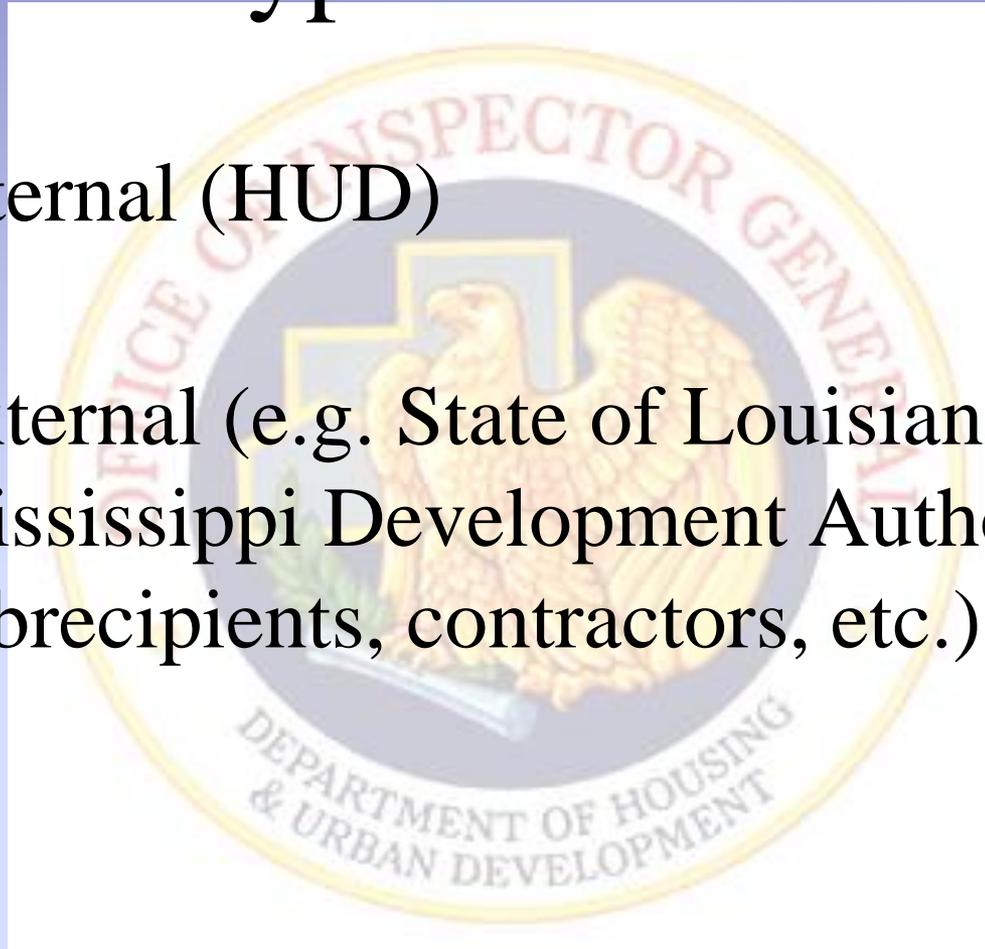


Types of Audits



Types of Audits

- Internal (HUD)
- External (e.g. State of Louisiana, Mississippi Development Authority, subrecipients, contractors, etc.)



Internal Audits (HUD)

- Participant Eligibility
- Management Oversight



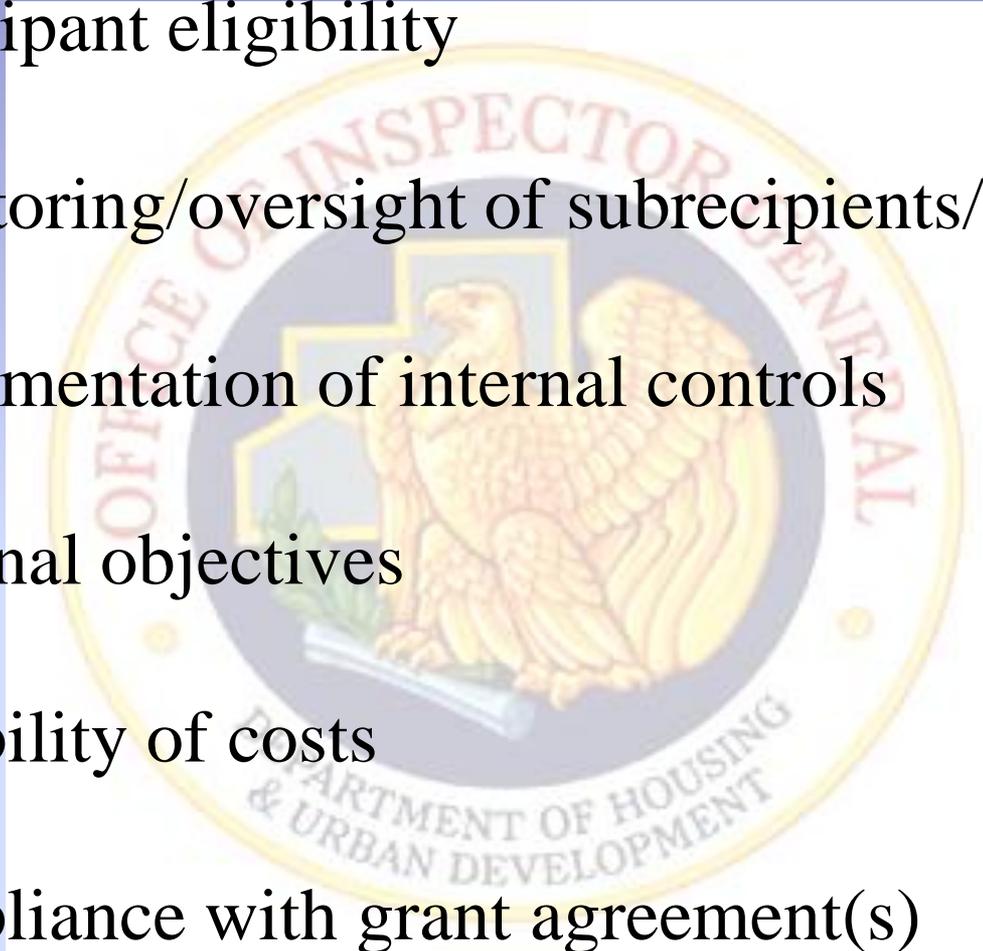
Potential Internal Audit Objectives

- Proper determination of participant eligibility
- Implementation of controls to prevent duplicate and fraudulent payments
- Provision of adequate management oversight



External Audits

- Participant eligibility
- Monitoring/oversight of subrecipients/contractors
- Implementation of internal controls
- National objectives
- Eligibility of costs
- Compliance with grant agreement(s)



Potential External Audit Objectives

- Proper determination of participant eligibility
- Grantee monitoring of subrecipients/contractors to ensure provision of services
- Policies and procedures developed in accordance with HUD rules/regulations
- Implementation of system controls
- Eligibility of costs (e.g. administrative, program etc)



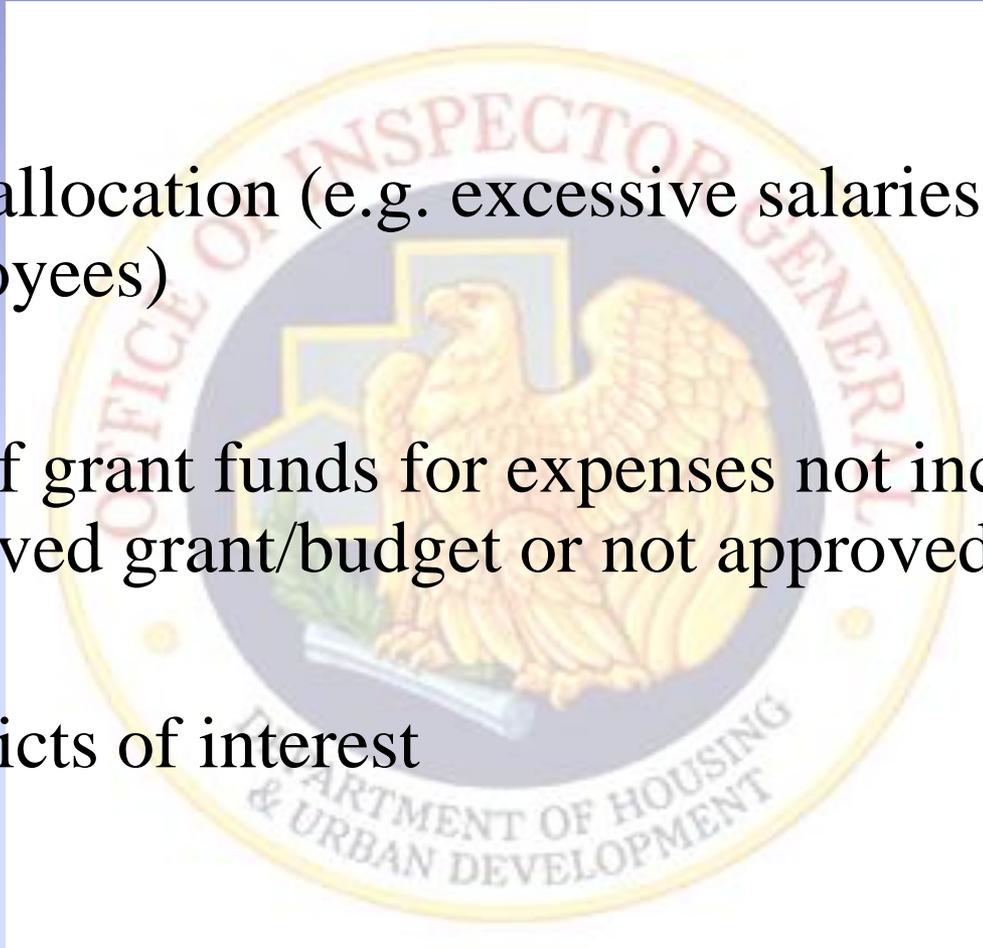
Common Audit Findings

- Lack of supporting documentation for disbursements
- Grant funds not used in accordance with Federal requirements, State law, City ordinances, local policies, etc.
- Grantee's lack of administrative capacity to carry out the grant
- Lack of grantee or management oversight



Common Audit Findings

- Poor allocation (e.g. excessive salaries of employees)
- Use of grant funds for expenses not included in approved grant/budget or not approved by HUD
- Conflicts of interest



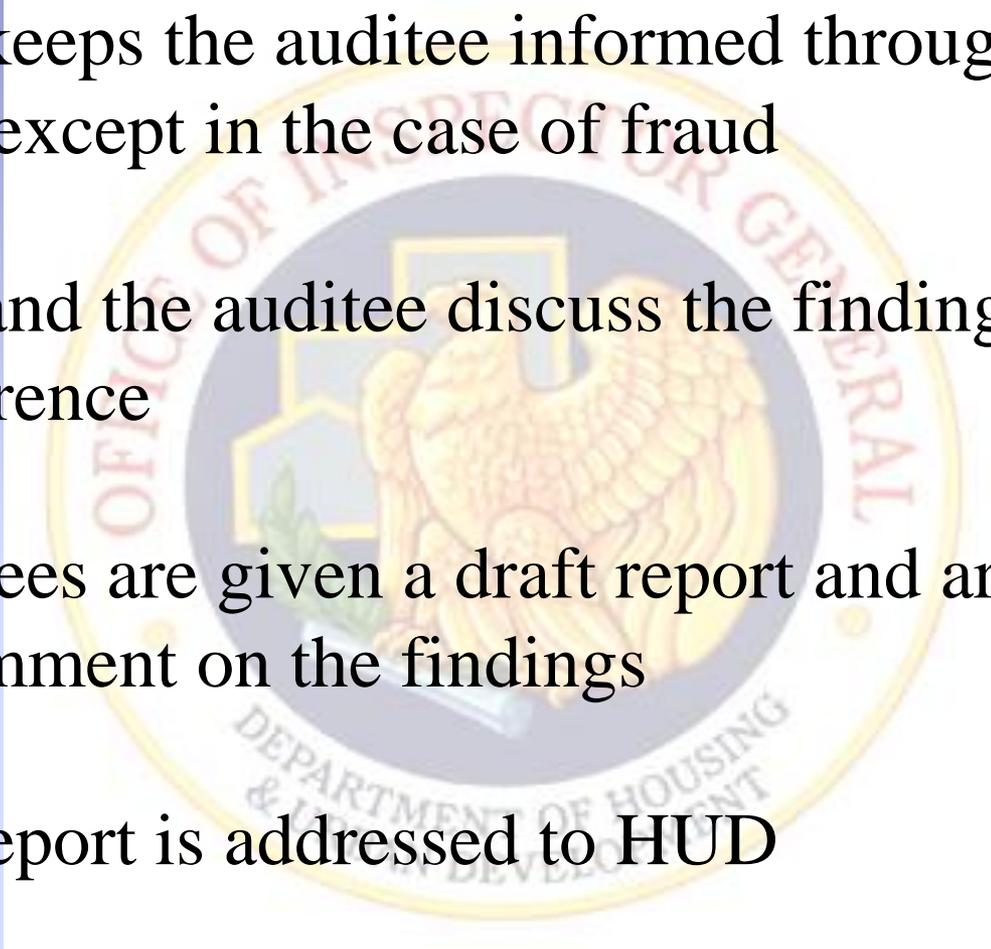


Audit Resolution



How do audit findings get resolved

- OIG keeps the auditee informed throughout the audit except in the case of fraud
- OIG and the auditee discuss the findings at an exit conference
- Auditees are given a draft report and are allowed to comment on the findings
- The report is addressed to HUD
- HUD is responsible for resolving the recommendations



Possible Audit Resolution

Outcomes

- Criminal referrals
- Program Fraud Civil Remedies Act (PFCRA)
- Civil money penalty
- Debarments/suspensions
- Repayment agreements
- Development and implementation of adequate internal controls
- Recognition for a job well done



How do you get more information on completed OIG audits?

Semiannual Reports to Congress

OIG Web Site:

<http://www.hudoig.gov>



HUD OIG HOTLINE

We have a hotline where anyone can report fraud, waste, abuse, and mismanagement.

Hotline number 1-800-347-3735

(Tuesday and Thursday: 10:00 a.m. until 2:00 p.m. EST)



