



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410

OFFICE OF THE CHIEF FINANCIAL OFFICER

HUD OCFO MEMO 25-44

September 29, 2025

MEMORANDUM FOR: General Deputy Assistant Secretaries

FROM: Daniel L. Ballard, Deputy Chief Financial Officer, F

SUBJECT: Cancellation of the Front-End Risk Assessment (FERA) Policy and Processes

In alignment with the current Administration's priorities, and following a comprehensive review, the Department of Housing and Urban Development (HUD) is **cancelling the Front-End Risk Assessment (FERA) policy and all associated processes** across all HUD programs, offices, and components.

The review concluded that the FERA policy:

- Did not effectively deliver value to HUD
- Imposed undue burdens on program offices
- Failed to achieve its intended objectives

Effective immediately:

- All HUD programs, offices, and components are not required to perform FERA-related activities.
- In coordination with OCFO-FM ALD staff, close all audit recommendations specifically related to FERAs, or if warranted transfer them to program risk registers based on impact determinations made by the respective program, office, or component.
- Resources should be redirected toward more effective and streamlined risk management strategies.

Background: The FERA policy was designed to proactively identify and mitigate risks in new or significantly revised HUD programs—defined as those with an annual funding change of at least \$82 million **and** a five percent or greater change in the affected budget line item. Programs were selected for FERA based on:

- Annual funding exceeding the materiality threshold
- Substantial revisions impacting program scope
- Designation by the Chief Risk Officer due to enterprise-wide impact or significant risk of fraud, waste, or abuse

Rationale for Cancellation: The FERA process was overly complex, burdensome, and lacked statutory basis. It required extensive documentation, multiple review points, and layers of leadership approval. Since FY 2020, only 5 of 50 FERAs have been completed, underscoring its inefficiency and limited value to taxpayers.

Summary: The FERA policy and processes are hereby rescinded. HUD will focus on implementing more effective, less burdensome risk management approaches that better support program performance and stewardship of resources.