

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Inspector General

Salaries and Expenses

(Dollars in Thousands)

	2025	2026	2027
	Actuals	Enacted	President's Budget
Personnel Services:	\$112,817	\$107,655	\$100,509
Non-Personnel Services:			
Travel	873	1,182	1,127
Transportation of Things	5	5	5
Rent and Utilities	6,901	6,829	6,487
Printing	8	5	5
Other services/Contracts	17,927	14,620	14,801
Training	391	415	394
Supplies	191	215	204
Furniture and Equipment	8,129	7,783	8,818
Claims and Indemnities	-	250	200
Total, Non-Personnel Services	\$34,425	\$31,304	\$32,041
Financial Audit	5,184	5,541	5,450
Grand Total	\$152,426	\$144,500	\$138,000
FTEs	493	460	430
Onboard End of Year	444	470	400

PROGRAM PURPOSE

The Office of Inspector General (OIG) for the U.S. Department of Housing and Urban Development (HUD or Department), is an independent office conducting and supervising audits, evaluations, investigations, and reviews related to the Department's programs and operations. The OIG promotes economy, efficiency, and effectiveness in these programs and operations while also preventing and detecting fraud, waste, and abuse. As an organization, the OIG is committed to keeping the HUD Secretary, Congress, and stakeholders fully and currently informed about problems and deficiencies within the Department and the necessity and progress for corrective action. Beyond ensuring proper stewardship of federal funds, through timely and influential oversight, the OIG protects HUD's beneficiaries and ensures that HUD's critical programs are efficiently and effectively administered to communities and populations in need.

The work of the OIG is important to the Department's ability to achieve its strategic goals, as OIG oversight provides an independent perspective on how HUD's management challenges affect the Department. The OIG aligns its staff and work to efficiently deploy its resources to provide comprehensive oversight over HUD's major operations and address the issues and concerns most critical to the Department. In addition, the OIG ensures that it is a model steward of taxpayer resources by enhancing its own operational efficiency and effectiveness through innovative solutions and leveraging data, technology, and insights from its dedicated workforce.

BUDGET OVERVIEW

The 2027 President's Budget requests \$138 million for the Office of Inspector General, which is \$6.5 million less than the 2026 enacted funding level.

The Budget seeks the resources necessary for the OIG to continue delivering the impactful investigations, audits, evaluations, and reviews that executive branch and congressional

stakeholders require. The OIG's oversight will continue to support the advancement and improvement of departmental operations in alignment with Administration and Congressional goals of effective and proficient delivery of HUD programs. The Budget would also provide necessary support for statutorily mandated oversight, notably audits of HUD's financial statements required by the Chief Financial Officers Act of 1990 and its compliance with the Payment Integrity Information Act of 2019 (PIIA), as well as evaluation of HUD's information security program under the Federal Information Security Modernization Act of 2014 (FISMA).

The Budget represents a 4.5 percent decrease from the 2026 enacted funding level. Through data-driven scalable strategies focused on HUD's most significant operational challenges, the OIG will prioritize resources to support the personnel and tools necessary to produce actionable information that increases the efficiency and effectiveness of HUD programs, while addressing crime, waste, fraud, abuse, and mismanagement.

Inspector General Act Budget Requirements

In accordance with the requirements of the Inspector General Act of 1978 (IG Act), as amended, the OIG includes the following details:

- OIG's 2027 budget request is for \$138 million in support of an estimated 430 full-time equivalent (FTE) positions with an additional 10 FTEs (not reflected in the table above) supported using supplemental funding for disaster oversight;
- Of the \$138 million, \$394 thousand would support external training costs, \$21 thousand less than the 2026 enacted funding level; and
- The OIG's 2027 President's Budget is not allocating any funding in support of the Council of the Inspectors General on Integrity and Efficiency (CIGIE), which is unchanged from the 2026 enacted funding level.

Personnel Services

The Budget assumes total funding of \$100.5 million for personnel services (PS) to support 430 full-time equivalent (FTE) positions, which is \$7.1 million below the total 2026 PS funding level. The 2027 PS funding level supports annualization of the 2026 cost-of-living adjustment, a reduction to agency FERS contribution rates, and benefit cost inflation. The 2027 Budget maintains the minimal level of FTEs necessary to keep the scope and scale of the OIG's mission stable while maintaining capacity to evolve with changes to HUD programs. The 2027 FTE level will allow for continuation of impactful investigations, audits, evaluations, and reviews needed to protect and improve HUD's programs. The PS funding level would also provide necessary support for statutorily mandated oversight.

The decrease of \$7.1 million below the 2026 enacted funding level includes:

- \$6.8 million reduction in overall PS requirements due to reduced staffing levels achieved through natural attrition with limited backfilling in mission critical positions;
- \$613 thousand increase in inflationary requirements related to compensation and benefits, including annualization of 2026 COLA (\$170 thousand), and 2026 benefit cost inflation (\$443 thousand);
- \$427 thousand reduction in benefit costs related to the reduction in FERS agency contribution rate;

- \$879 thousand decrease in other PS requirements related to decreased Worker’s Compensation requirements (\$254 thousand), post-DRP reduced lump sum leave pay outs (\$590 thousand) to employees, reductions to cash award pools (\$29 thousand) due to a projected lower staffing base, and other miscellaneous adjustments (\$6 thousand); and
- \$372 thousand increase in overall PS requirements due to expected reduction in utilization of reimbursable agreements with other Federal Agencies.

2027 Personnel Services Summary of Changes

(in dollars)

Scenario	2026 PS Obligations (including reimbursable)	2026 COLA Annualization	2027 Benefit Cost Inflation	FERS Adjustment (-0.5%)	2027 FTE Change	Other PS Adjustments (works comp, PLI, etc.)	Reimbursable Adjustment	2027 Total PS Requirements
2027 PB	107,654,889	169,770	443,478	(427,459)	(6,825,009)	(878,608)	372,431	100,509,492

FY 2026 Enacted FTE	FY 2027 President's Budget FTE
460	430

OIG FTE from Other Funding Sources

Appropriation Type	2025 FTE	2026 FTE	2027 FTE
All Disaster Supplemental Funding	5.3	5.0	10.0

The OIG continues to regularly assess where and how staffing assets are utilized within the overall oversight mission of the organization. Throughout the organization, the OIG continues to identify and implement areas where both mission and support components can reduce management layers, optimize staffing ratios, and realign personnel to ensure a focus on pressing oversight needs necessary to address HUD programmatic deficiencies. Combining and streamlining the Office of Audit and Office of Evaluation has aligned the OIG’s mission and created the organizational efficiencies projected at the time of the reorganization assessment. In terms of personnel management, the OIG continues to assess and measure employees’ performance under a new five tier system to ensure that its workforce is conducting timely and relevant oversight of HUD’s programs and operations and delivering high-quality services to the American people. Additionally, the OIG is reviewing opportunities to implement new organizational support and work management processes while integrating new technologies to enhance productivity and accountability in mission support components.

The OIG will continue to utilize supplemental appropriations to support oversight and programmatic assessments of HUD’s disaster recovery portfolio. The OIG expects to dedicate 10 FTEs to this purpose in FY 2027. The work conducted by the OIG’s disaster oversight groups helps improve grantee effectiveness, mitigate potential improper payments, and ensure that HUD’s disaster recovery programs are performing at the level expected by Administration and Congressional stakeholders.

While the 2027 Budget would not maintain 2026 enacted FTE levels, it would continue to support a practicable level of staffing necessary to conduct core mission functions. During 2026 and extending into 2027, the OIG plans to prioritize onboarding law enforcement personnel and individuals with specialized skill sets that support the law enforcement function, whenever feasible. As natural attrition or personnel reductions occur, the OIG will strategically allocate staffing resources to the

areas of highest need that address the Top Management Challenges facing the Department or areas identified as pressing oversight risk for external stakeholders.

The OIG is constantly seeking new and dynamic approaches to conduct its mission and serve the American people. As partners on the D.C. Safe and Beautiful Task Force, Memphis Safe Task Force, and Operation Clean House the organization is positioning resources to take advantage of impactful opportunities to carry out the OIG's anti-fraud and public safety mission. Investigative and audit personnel are now participating actively in these expanding engagements to root out criminals in public housing and those individuals who, through fraudulent practices, compromise benefits meant for deserving beneficiaries.

Recognizing the fiscal realities of the current budgetary environment, the OIG is working to maximize the return from every appropriated dollar. The new investment in Artificial Intelligence (AI) capabilities proposed in the OIG's 2027 Budget will act as a force multiplier supplementing current staffing level with new technology that increases the efficiency with which the OIG can identify and act on fraud, parse extensive data sets to determine how best to apply oversight, and decrease staffing resources necessary to complete mission-adjacent administrative tasks.

Overall, the OIG's 2027 budget request is a fusion of the talent, experience, and expertise of OIG personnel with a generational leap in technology to produce better oversight at a lower cost to the American people.

Non-Personnel Services

The Budget assumes total funding of \$37.5 million for non-personnel services (NPS), including consolidated financial audit requirements, which is \$645 thousand above the total 2026 NPS level. Total NPS requirements represent the funding level necessary to maintain all operational requirements with investment in AI capabilities to support the OIG's mission into the future.

2027 Non-Personnel Requirements			
Non-Personnel Spending Category	Adjustments to Base	New Investment / New FTE	Total Change
Travel	(54,966)	-	(54,966)
Transportation of Things	(322)	-	(322)
Rent and Utilities	(341,865)	-	(341,865)
Printing	-	-	-
Other Services/Contracts*	89,285	-	89,285
Training	(21,246)	-	(21,246)
Supplies	(11,007)	-	(11,007)
Furniture and Equipment	(1,019,483)	2,055,000	1,035,517
Claims and Indemnities	(50,000)	-	(50,000)
Total	(1,409,604)	2,055,000	645,396

* Includes consolidated financial audit contract

- Other Services/Contracts: \$89 thousand
 - Overall adjustments to base represent an \$89 thousand increase from the 2026 enacted funding level to the 2027 Budget. Changes to the OIG's shared service arrangements (- \$1 million) and other cross-organizational support costs (+\$1.1 million) are the primary drivers of adjustments in this category.

The OIG is in the process of transitioning away from the Bureau of Fiscal Service (BFS) for both human capital and procurement shared services. The OIG plans to internalize the human capital services previously provided by BFS and transition procurement services to the General Services Administration (GSA) for acquisition needs going forward. This represents savings of \$1 million compared to current BFS requirements. The OIG believes that continuing the shared service model for procurement provides time and cost efficiencies that cannot be replicated with an in-house acquisition model.

Other contractual adjustments are predominantly related to IT business operations, including OIG's primary IT personnel support contract (providing network operations, cybersecurity, and helpdesk expertise), Microsoft licensing costs, and other mixed adjustments related to small IT contracts. In aggregate these represent a \$1.2 million increase. Various other organizational support requirements including the consolidated financial statement audit are decreasing by \$127 thousand.

- Furniture and Equipment: \$1.0 million
 - Total requirements for this spending category represent a net increase of \$1 million over the 2026 enacted funding level, including adjustments to base and new investment. IT related adjustments to base represent cost and utilization adjustments but are primarily driven by the elimination of some current IT requirements to support investment in new emerging technologies. In total these changes aggregate to a \$1 million decrease from 2026 enacted funding levels. Non-IT adjustments to base represent a -\$19 thousand change based on reduced requirements associated with a lower staffing base, offset against minimal increases in space and facilities spending.

Additionally, the OIG plans to undertake new investment in this spending category to support the infrastructure, hardware, and software (+\$2.1 million) necessary to support the utilization of AI to enhance the OIG's mission capabilities. Currently, the OIG's IT infrastructure lacks the specialized computing power necessary to effectively employ AI technology at the enterprise level. The requested investment will provide the necessary infrastructure and allow for initial purchases of AI software to implement and integrate AI capabilities into mission operations. Additional details on this investment are outlined in the Information Technology section of this document.
- Travel: -\$55 thousand
 - The OIG projects reduced year-over-year travel requirements based on lower staffing levels. The ability to support personnel travel and ensure a nationwide law enforcement presence is critical to the successful operation of the organization.
- Rent and Utilities: -\$342 thousand
 - The OIG continues to seek efficiencies and to strategically align its real estate portfolio with oversight priorities while maintaining a geographic footprint that supports critical mission requirements. Decreasing requirements in this spending category are almost entirely derived from savings related to the relocation of HUD's headquarters. The OIG will be occupying less square footage at the Eisenhower building and expects to save approximately \$465 thousand in rent. This cost reduction is partially offset against inflationary increases in other GSA leases for OIG field operations.
- Training: -\$21 thousand
 - The OIG projects reduced year-over-year training requirements based on lower staffing levels. The OIG is prioritizing training that furthers organizational expertise in leadership and performance management, skill sets necessary to fully utilize AI, and data literacy to better understand and utilize emerging technologies.

- Supplies: -\$11 thousand
 - The OIG projects reduced year-over-year requirements related to supplies based on lower staffing levels.

Financial Statement Audits

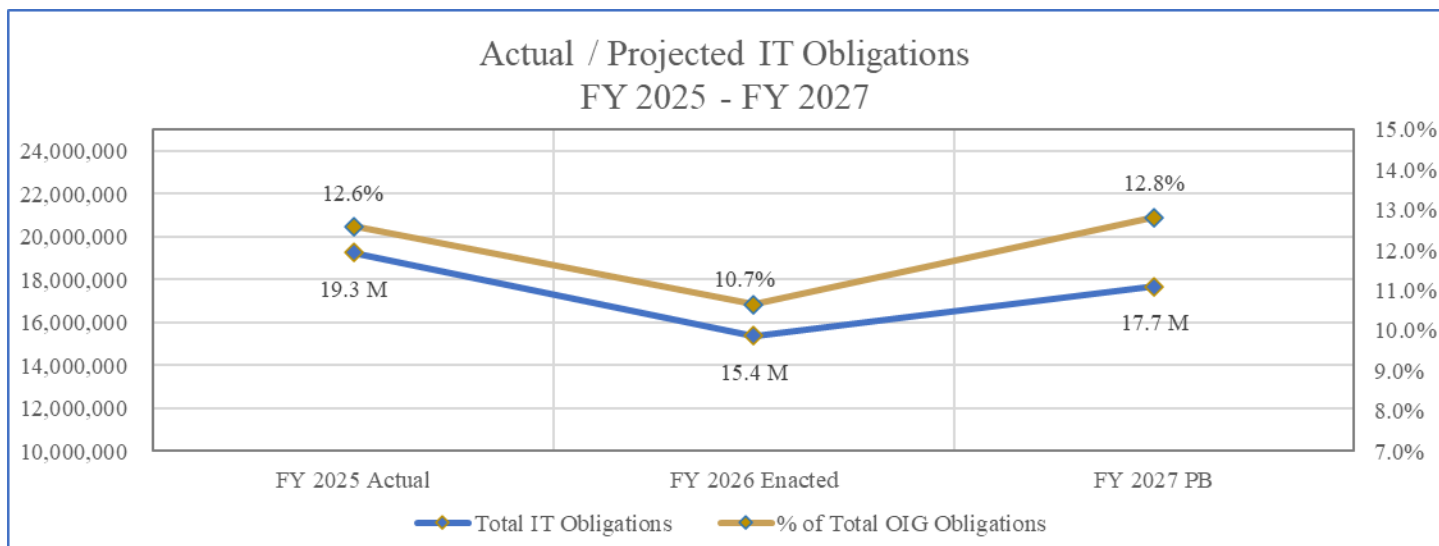
The consolidated financial statement audit contract is a firm fixed price contract providing pricing stability and diminished operational risk to the government. However, the 2026 total cost of \$5.54 million reflects an anomalous one-time cost increase of \$250 thousand triggered by a government caused delay, due to the lapse in appropriation in the first quarter of 2026. The standard inflationary adjustment for the 2027 option period is \$159 thousand. Elimination of the one-time 2026 cost offset against the 2027 inflationary adjustment result in a net decrease in the financial audit contract of -\$91 thousand for 2027.

Information Technology

The OIG's 2027 budget supports all necessary adjustments to base associated with the OIG's current IT services and continued backing for mandated cyber security infrastructure. The total OIG IT requirements include the necessary costs of business operations services, cybersecurity related assets and services, Microsoft licensing costs, electronic audit and investigation case management systems, network connectivity requirements, cellular equipment and services, long-term backup data storage, along with other services and equipment that are part of normal operations and maintenance activities that are necessary for the OIG's statutorily required oversight.

In addition to supporting current services requirements necessary for ongoing mission operations the OIG is also proposing new investments that will support the infrastructure necessary to deploy AI at an enterprise level across the OIG. AI has the potential to transform how the OIG deploys mission resources to increase the effectiveness and efficiency of mission operations. Utilizing AI to identify fraudulent activities, target possible public corruption, and parse enormous amounts of data to better scope and identify oversight opportunities will be a generational leap forward in the way the OIG conducts its mission.

The OIG's request for investment in both the infrastructure and tools necessary to deploy AI to mission personnel is in line with the 2025 Executive Order 14179: Removing Barriers to American Leadership in Artificial Intelligence, OMB Memoranda M-25-21, and M-25-22. The funding identified in this request will accelerate organizational AI adoption ensuring the OIG is in line with executive orders and meeting the expectations of external stakeholders across government to remain good stewards while implementing new and emerging technologies.



Overall, the OIG is requesting \$2.1 million in 2027 for new investments to overcome critical entry barriers to responsible AI adoption. The requested funds will support the acquisition of secure AI infrastructure, GPU-enabled computing environments, and compliant software platforms necessary to modernize audit and investigative functions in alignment with recent directives and executive orders.

AI adoption within HUD OIG is impeded by three high-cost entry barriers:

- **Secure Infrastructure & Compute (GPUs):** Modern AI tools require specialized environments, including GPU-enabled compute, secure storage, and containerized workloads. These capabilities are not readily available within the OIG's current environments and require upfront investment to meet federal security and audit logging requirements.
- **Compliant Software Licensing:** Responsible AI requires vetted tools with transparency, red-teaming capability, and bias mitigation, all of which carry substantial licensing costs. In addition, recent executive orders now require HUD OIG to procure only from certified neutral vendors, further limiting market options and raising costs.
- **Governance & Integration:** The Cybersecurity and Infrastructure Security Agency (CISA) AI data security mandates and OMB M-25-22 impose additional configuration, auditability, and compliance layers. To build this into early-stage AI use cases such as fraud risk scoring or audit triage, baseline infrastructure and security controls must be in place.

Specifically, the investment called for in this request will allow the OIG to:

- Launch small-scale AI pilots for audit, hotline intake, and case prioritization;
- Procure FedRAMP-authorized AI platforms and model governance tools; and
- Deploy secure, GPU-enabled environments to evaluate AI applications without compromising data integrity or regulatory compliance.

The investment is a critical first step in closing the access gap and enabling trustworthy, mission aligned AI oversight and will also satisfy initial requirements under EO 14179, EO 14215, and CISA's May 2025 AI guidance, positioning HUD OIG to scale AI responsibly and efficiently.

KEY OPERATIONAL INITIATIVES

OIG Oversight

With a transforming workforce within HUD, OIG's dedicated mission defeating crime, waste, fraud, abuse, mismanagement, and violations of law is more critical now than ever. HUD's programs are large, complex, and affect every community in America. HUD programs provide hundreds of billions of dollars in grant funding, as well as trillions of dollars in mortgage insurance and mortgage-backed securities. HUD oversees a vast network of participants that administer its programs, including public housing authorities, landlords, non-profit organizations, State and local governments, and mortgage lenders and servicers.

Positive Impacts

Beyond addressing top management challenges—such as business operations, IT, fraud prevention, grant management, and housing quality—OIG's efforts yield significant benefits across HUD programs. Notably, OIG contributes to interagency crime reduction task forces in Washington, D.C. and Memphis, supporting investigations and audits to enforce compliance and improve safety.

OIG's priority open recommendations report, issued April 2025, highlighted 31 critical recommendations for strengthening HUD operations, reducing fraud, and improving health, safety, and IT modernization. Eight recommendations were closed by year-end, reflecting tangible progress.

Risk-Based Oversight at All Program Levels

OIG uses risk-based planning to address root causes of HUD's management challenges. Oversight is conducted at enterprise, program, and participant levels, producing actionable, pragmatic recommendations for HUD improvement.

IT and Data Literacy Investments

OIG invests in IT and data literacy to enhance oversight, providing auditors and investigators with access to critical datasets and advanced analytics. These efforts improve identification of high-risk grantees and support focused oversight. Financial risk indicators are applied to major HUD portfolios, generating targeted insights. OIG plans to further leverage AI in this manner for increased efficiency and impact. Other technology investments have enhanced hotline data integration and risk targeting, linking reports across HUD programs to surface emerging risks and weaknesses.

Investigative Excellence

OIG special agents manage complex investigations and partnerships, triaging over 28,000 hotline complaints in FY 2025. Investigative resources are prioritized for cases with the greatest impact, including public corruption, health hazards, sexual misconduct, and mortgage fraud. OIG evaluates cases based on financial loss, subject position, corruption, victim vulnerability, coordinated fraud, and program weaknesses, delivering comprehensive investigations that protect HUD's portfolio.

Recent investigations have focused on misuse of HUD funding by state and local officials and housing authority employees, especially in rental assistance programs. These efforts safeguard resources for low-income renters. OIG also targets fraud and health hazards by housing providers,

investigating issues such as improper lead paint disclosures, false certifications on repairs, and financial exploitation of vulnerable populations.

Improper Payments

HUD continues to face challenges in identifying and preventing improper payments, particularly in HUD's largest rental assistance programs. OIG audits estimate annual improper payments in HUD's two largest rental assistance programs as well as identifies improper payments in other programs. Further, audits evaluate financial management of program participants such as Public Housing Authorities to improve financial management and accountability.

Multifamily and Public Housing Agency Management of Lead Hazards and Unit Conditions

OIG audits focus on management of lead-based paint and unit conditions in public housing and Section 8 programs, evaluating the adequacy of (1) lead disclosures, (2) risk assessments, (3) mitigation, and (4) maintenance. Efforts also include reviews of physical conditions of units and blood lead level tracking in HUD-assisted properties.

Fraud Risk Management

HUD's fraud risk management is still maturing. OIG continues to assess fraud risks in HUD programs and evaluates critical program participants (PHAs and grantees) for systemic weaknesses and promote the development of robust antifraud frameworks to reduce the underlying fraud risks and mitigate bad actors exploiting HUD programs.

Counterparty Risk in Mortgage Programs

OIG evaluates the oversight of mortgage program participants—underwriters, servicers, appraisers, and loan officers—to minimize risks to HUD's insurance funds. Audits include assessment of loan originations, originators' quality control programs and early payment default reviews.

Modernizing IT Systems

OIG oversight supports the modernization of HUD's legacy IT systems to enable secure data management and efficient program administration. Key initiatives include audits of critical information systems used to carry-out HUD's programs, evaluations of HUD's modernization efforts, as well as information security program evaluations and penetration testing.

Operational Improvements

OIG has consolidated its Audit and Evaluation offices for greater efficiency, unifying oversight planning and execution, reducing management layers, and eliminating duplication. This restructuring, approved by the Congress in 2025, streamlines processes and strengthens oversight.

Improving Coordination Over OIG Recommendation Closure

OIG and HUD have collaborated since 2019 to close thousands of outstanding recommendations, improving transparency and effectiveness. Enhanced processes ensure appropriate corrective actions and measurable program improvements.

Other Benefits Tracking

OIG tracks non-monetary benefits from closed recommendations, including improved guidance, process improvements, program effectiveness, and reporting accuracy. In 2025, 278 such actions were identified, demonstrating systemic improvements in the administration of HUD's programs resulting in improved program integrity and stronger safeguarding of taxpayer funds.

APPROPRIATIONS LANGUAGE

The 2027 President's Budget includes the appropriations language listed below.

For necessary salaries and expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, \$138,000,000: Provided, That the Inspector General shall have independent authority over all personnel and acquisition issues within this office.