



HUD OIG Office of Audit

St. Louis, MO | June 20, 2018

Overview

1. OIG Background
2. Audit Selection & Plan
3. Responding to an Information Request
4. Questions





SECTION I

OIG Background

Inspector General Act of 1978

- Establish Inspectors General & their offices in order to:
 - **Conduct** and supervise **audits** & investigations of the agency's programs & operations
 - **Recommend** policies designed to:
 - **Promote economy, efficiency & effectiveness**
 - Prevent and **detect fraud & abuse**
 - Provide a means for keeping the Secretary & Congress informed



HUD OIG Offices

Office of Audit

- **Performance or Compliance**, Financial, and Information system **audits**;
Advisory & assistance services

Office of Investigation

- Criminal violations, Civil violations, Administrative violations, Fraud

Office of Evaluation

- Efficiency, Effectiveness, Impact, and Sustainability of HUD programs

Office of Legal Counsel

Office of Management & Technology



Who We Audit

Internal

- **HUD Program Areas**
 - Single-family Housing
 - Multifamily Housing
 - Public and Indian Housing
 - Community Planning and Development
- HUD Financial Statements
- HUD Information Systems

External

- **Mortgage Companies**
- Housing Authorities
- Local Governments
 - Cities
 - Counties
 - Tribes
 - State Housing Agencies
- Community Organizations
- **Health (Residential) Care Facilities**
- Multifamily Properties





SECTION II

Audit Selection & Plan

Selecting Auditees



- Risk Assessments
 - HUD funding amounts
 - HUD monitoring efforts
 - HUD-assigned risk levels
 - Historical audit information
- Auditor Suggestions
- Referrals
 - Office of Investigation
 - HUD Program Staff
- Hotline Complaints
 - www.hudoig.gov/report-fraud
- Congressional Inquiries

HUD OIG Audit Plan

- Provides brief descriptions of activities that **HUD OIG plans** to initiate or continue
- Published every 6 months
- Organized by program area
- Describes the primary objectives and concerns for each review



Finding the Audit Plans

www.hudoig.gov

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



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The Honorable David A. Montoya, Inspector General

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OFFICE OF AUDIT

The HUD Office of Inspector General plans to initiate or conduct audits that describe the primary activities that start during the year.

HUD OIG does not post audit plans contained in its Audit Plans. Audit reports are posted to the website.

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Audit Plans provide brief descriptions of activities that HUD OIG plans and operations in a fiscal year. Audit Plans are reviewed and indicates whether the work will be a new audit or a continuation of the fiscal year.

Audit Plans are to be undertaken or information on the status of jobs. Subscribers automatically receive notification when new

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Section 232 Audits in Audit Plan

| Audit Titles | Lead region | Start date | Final report target date |
|--|--------------|------------|--------------------------|
| HUD's monitoring of the financial performance of Section 232 nursing homes: To evaluate HUD's monitoring actions taken for financially underperforming nursing homes; specifically, to evaluate financial indicators, such as low utilization, delinquent payments, late payments, unprofitability, and financial solvency and determine what monitoring and actions HUD had taken to protect its investment. | Boston | Apr 2017 | May 2018 |
| HUD's approval of Section 232 loan originations: To determine whether HUD insured loans for projects that did not qualify for mortgage insurance. | Philadelphia | Oct 2017 | Aug 2018 |
| Delays in submitting claims on Section 232 loans: To determine the impact of lenders' not submitting claims on delinquent loans. | Chicago | Apr 2018 | Sep 2018 |

External Audits

Possible Subjects

- Nursing Home Operator
- Lender who Originated Loan
- Loan Servicer



Information Request

- Not the Subject of the Audit
- We will notify the Subject of the Audit
- Might be Internal or External
- The information we will provide about the audit will be limited



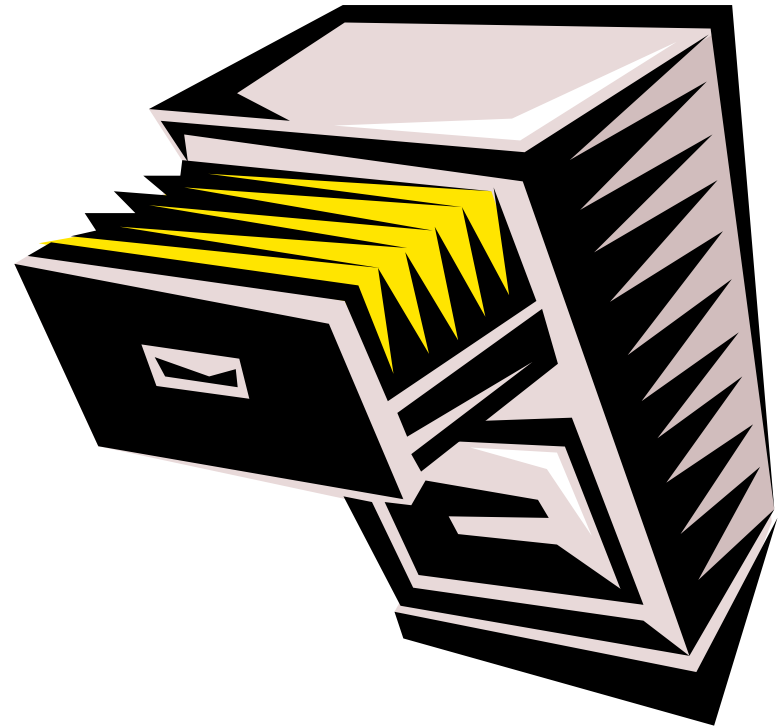


SECTION III

Responding to an Information Request

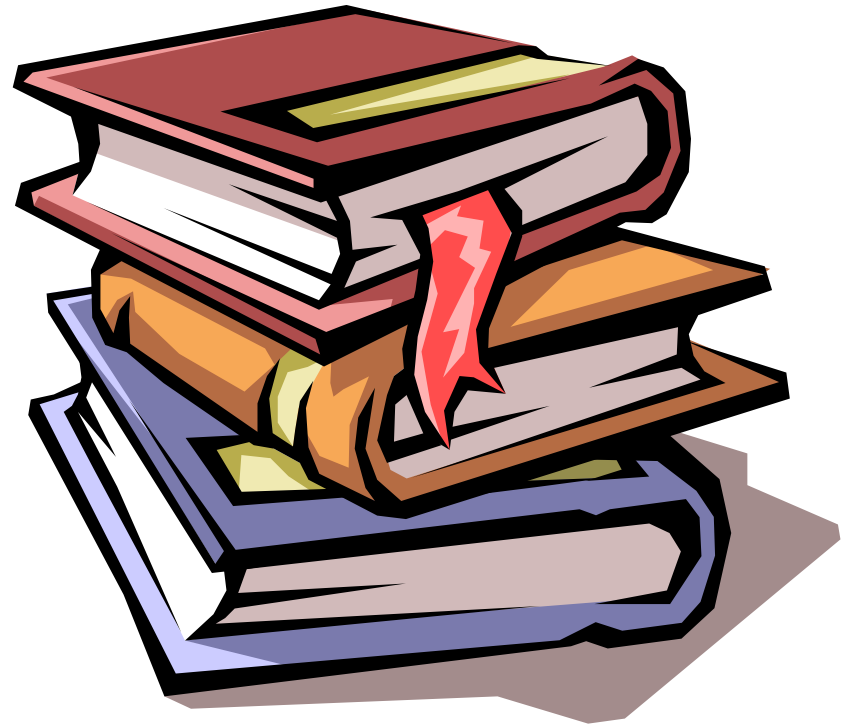
Suggestions

- Establish POC
- Provide documents requested
 - E-mail may request relevant documents
 - Subpoena may be used
 - Withholding documents may lead to unnecessary review



Possible Document Requests

- Payment History
- Draw Information
- Operator Financials



Interviews

- Explain your role
- Walk us through your processes
- Explain how the use of funds met program requirements
- Explain your organization's internal controls



Audit Considerations



- Documentation Missing
 - Reserve for Replacement Requests
 - Operator Financials
- Clear Problems Ignored
 - Approving ineligible draw
 - Ignoring Information in Financials



Questions?