

CHAPTER 6. MANAGEMENT, POLICY, AND PROGRAM INTEGRITY ACTIVITIES
SECTION 1. GENERAL

- 6-1 ROLE. Management, policy, and program integrity activities are carried out by the Assistant Inspector General for Management and Policy (AIG for OMAP). This office is responsible for initiating and carrying out activities designed to prevent and detect fraud, waste and mismanagement in Departmental programs and operations.
- 6-2 RELATIONSHIP WITH HUD MANAGEMENT. In order for the OIG to most effectively carry out its program integrity activities, HUD management must recognize the need for and take an active role in such activities. Close coordination between the Inspector General and those responsible for program design and execution is required to maximize the use of resources in achieving the Department's mission efficiently. To minimize the potential for fraud and program abuse, each group has an important role to play but not to the exclusion of the other.

In participating in the program integrity activities, Assistant Secretaries and other Principal Staff will:

- A. Have primary responsibility in program and activity areas for designing, implementing and maintaining management control evaluation and feedback systems.
- B. Emphasize and hold employees accountable for the effective administration and integrity of HUD programs and operations.
- C. Employ effective techniques to assure that program participants are accountable for the proper and efficient use of HUD funds.
- D. Provide resources to specific projects of the Secretary's Committee on Program Integrity (see Paragraph 6-3).

SECTION 2. PROGRAM INTEGRITY ACTIVITIES

- 6-3 SECRETARY'S COMMITTEE ON PROGRAM INTEGRITY. The Secretary's Committee on Program Integrity is part of the Department's effort to eliminate fraud, waste and mismanagement in HUD programs and operations. The Committee serves as the Secretary's advisor on matters relating to fraud prevention and detection.

The OIG's Program Integrity Division provides technical assistance and support to the Committee in undertaking its various projects. (Additional information can be found in HUD Handbook 1345.1 REV-2, Secretary's Committee on Program Integrity.)

- 6-4 PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY. The President's Council on Integrity and Efficiency (PCIE) was created by an Executive Order of the President in March 1981. The Council is chaired by the Deputy Director of the Office of Management and Budget, and is composed of all Presidentially appointed Inspectors General as well as the

Associate Deputy Attorney General, the Associate Deputy Director of Investigations at the FBI, the Deputy Director of the Office of Personnel Management, the Director of the Office of Government Ethics, the Office of Special Counsel, and the Assistant Secretary for Management, Department of the Treasury. The PCIE coordinates and implements governmentwide activities to prevent fraud and waste and to improve economy and efficiency in Federal programs and operations.

- 6-5 AWARENESS PROGRAM. The Publications and Awareness Division in OMAP is responsible for informing HUD employees of the various types of abuse and indicators of fraud in HUD program and activities. Through various publications, the Division makes HUD employees aware of their responsibilities to detect and prevent fraud and program abuse and to report any such indications. These publications include a series of Fraud Information Bulletins, Program Integrity Bulletins, Fraud Alert Memoranda, the Digest of the Semiannual Report to the Congress, and various pamphlets and briefings. Certain of these publications are distributed to program participants, fund recipients, public housing agency administrators, special interest groups, and the general public.
- 6-6 REVIEW OF LEGISLATION AND REGULATIONS. As required by Section 4(a)(2) of the IG Act, the OIG Publications and Awareness Division reviews existing or proposed legislation and regulations relating to programs and operations. In addition to providing comments within the Department, the OIG makes recommendations to Congress on the impact of such legislation and regulations on the economy and efficiency in the administration of HUD programs and operations, or the prevention and detection of fraud and abuse.
- 6-7 MANAGEMENT CONTROL EFFORTS. Experience has shown that mismanagement, waste and abuse can occur where there is a lack of proper management controls or where those controls are not followed. HUD has recognized the need for evaluating its management controls to determine their adequacy. The OIG provides technical assistance and advice to HUD's Office of the Chief Financial Officer and other program officials concerning the implementation of OMB Circulars A-123, "Internal Control Systems," A-127, "Financial Management Systems," and A-130, "Management of Federal Information Resources," as well as compliance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982. As part of the

review for compliance with FMFIA, the OIG conducts an audit of HUD's evaluation process to express its opinion on the overall compliance with the statute and circulars to the Secretary. In addition, during the conduct of internal audits, OIG expresses an opinion on the system of internal controls including the disclosure of material weaknesses.

OMB Circular A-130 requires that Federal agencies conduct periodic audits or reviews of sensitive data applications and recertify the adequacy of safeguards. The OIG conducts audits or reviews and evaluates the adequacy of implemented safeguards, assures they are functioning properly, identifies vulnerabilities that could pose threats to sensitive data or valuable resources, and assists in implementing new safeguards where required. Upon request, the OIG also provides technical assistance in the development phases of automated systems.

As part of another management control effort, if requested by program officials, the OIG provides technical assistance for the review of HUD's risk assessment activity for new or substantially modified programs or functions. This is known as the Front-End Risk Assessment (FERA) System which is administered by the Department's Chief Financial Officer. The objective is to ensure management attention to controls from development of legislation through handbook issuance. The FERA System is described in HUD Handbook 1840.1 REV, Management Control Program.

SECTION 3. OTHER RELATED AND SUPPORT ACTIVITIES

6-8 PREVIOUS PARTICIPATION PROGRAM. It is necessary that grants and contracts awarded by the Department, and by those entities with which it does business, be made only to those persons who demonstrate that government funds will be properly used.

The OIG maintains indices of names of certain persons or firms who have been involved in either an investigation, audit, or hotline complaint, etc. These indices are used to ascertain what previous experience the Department has had with individuals or firms applying to participate in the programs of HUD.

The Previous Participation Program's data base consists of: (a) the OIG Name Indices System (ONIS); (b) the previous participation file maintained by the Participation and Compliance Division in the Office of Housing (individuals identified by that Division as requiring review); and (c) Field office files of individuals meeting criteria for review.

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- A. Previous Participation Experience. A Form HUD-2530 application is sent to Headquarters for review when a principal applying for participation has submitted the HUD-2530 to a Field Office and his/her name has been matched to the Previous Participation data base (2530). Otherwise, the applicant is approved by the Field Office.

A listing of all transactions matched with ONIS is printed daily in the OIG. Names on the listing are checked to confirm identity and determine status. An annotated copy of the list is forwarded to the Participation and Compliance Division where a determination is made whether additional information and/or review of OIG files is necessary.

- B. Decision to Conduct Business. It is important to note that it is not the responsibility of the OIG to decide whether to conduct business with the individuals or firms requesting to participate in HUD programs or activities. The OIG only supplies information for program management to use in making such decisions.

6-9 BUDGET AND ADMINISTRATIVE SERVICES. The Budget and Administrative Services Division provides a wide variety of services in general support to all of the OIG. This includes training and career development, administrative and personnel services, records and information management, and budget planning, development and execution.

The Inspector General Act Amendments of 1988, Public Law 100-504, which became effective on October 18, 1988, provided for a separate appropriations account for each office established by the Act of 1978. The Division's Budget office is responsible for coordinating the development of the OIG congressional and operating budgets, as well as providing administrative control over obligations and expenditures independent from the Department's budget allocations.

6-10 ADP SUPPORT ACTIVITIES. The ADP Technology and Assistance Division (ADP/TA) in the Office of OMAP provides technical assistance to auditors and investigators in obtaining and analyzing data from automated sources such as HUD systems and outside vendor-maintained systems housing HUD program data. ADP/TA provides standardized reports from these automated systems in addition to providing ad hoc reports as requested. The reports are used primarily to target mortgagees for audit and to identify program deficiencies.

ADP/TA maintains and provides information from the HUD-OIG administrative systems. Major OIG administrative systems are the Automated Audits Management System (AAMS), the Investigative Case Management System (ICMS), the OIG Name Indices System (ONIS), and the Audit Progress Reporting System (APRS). ADP/TA works closely with other

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organizational components of HUD to develop and implement system enhancements. Additionally, ADP/TA develops OIG administrative systems for PC-based applications.

ADP/TA performs other ADP-related services such as OIG PC hardware and software inventory, software evaluation, and acquisition and coordination of the implementation of new ADP hardware, software services and agreements.

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