OFFICE of INSPECTOR GENERAL

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

About Me

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- As Deputy Assistant Inspector General, Mrs. Sequeira is responsible for supporting the Assistant Inspector General for Audit in providing executive-level leadership and direction to OIG audits and reviews in the areas of safe and affordable housing, grants management, disaster recovery programs, and financial management.

Fraud Risk Management: A review of U.S. Department of Housing and Urban Development's Fraud Risk Management program and how its grantees are implementing their own programs to combat fraud, waste, and abuse.

December 6, 2023

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This presentation contains publicly available information published by HUD OIG. However, any opinions I share today are my own and do not necessarily represent the views of HUD OIG or the U.S. Government. I am speaking today in my personal, not official capacity.

Fraud Risk Factors HUD CARES Act and ARP Funding

- Econcomic Climate – rising costs for goods and services, along with increases in the cost of housing
- Increased funding and volume of payments
- CARES and ARP Act Provisions – relaxed or altered programmatic requirements and waivers
- Decentralized processes – funds flow through multiple levels before reaching the beneficiairies of the program
- Limited onsite monitoring – the pandemic limited onsite monitoring by HUD, grantees, PHAs, and PBCAs
- Self Certification – some programs permitted self-certification

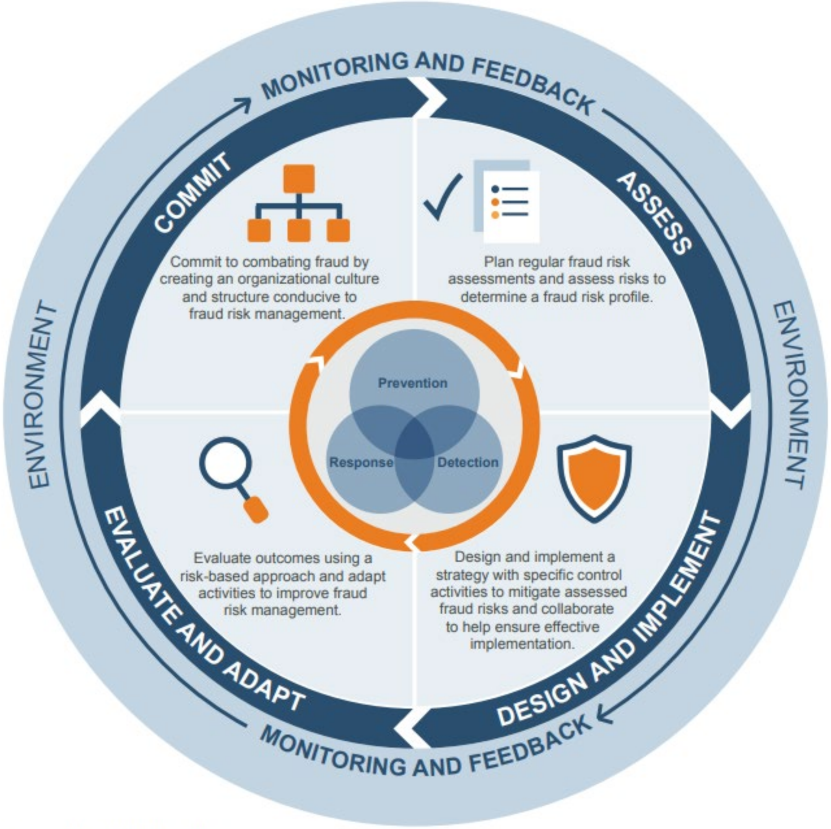
Fraud Risk Inventories

- Fraud Risk Inventory for the CDBG and ESG CARES Act Funds | Office of Inspector General, Department of Housing and Urban Development (hudoig.gov)
- Fraud Risk Inventory for the Tenant- and Project-Based Rental Assistance, HOME, and Operating Fund Programs’ CARES and ARP Act Funds | Office of Inspector General, Department of Housing and Urban Development (hudoig.gov)

Assessing Fraud Risk Management Maturity

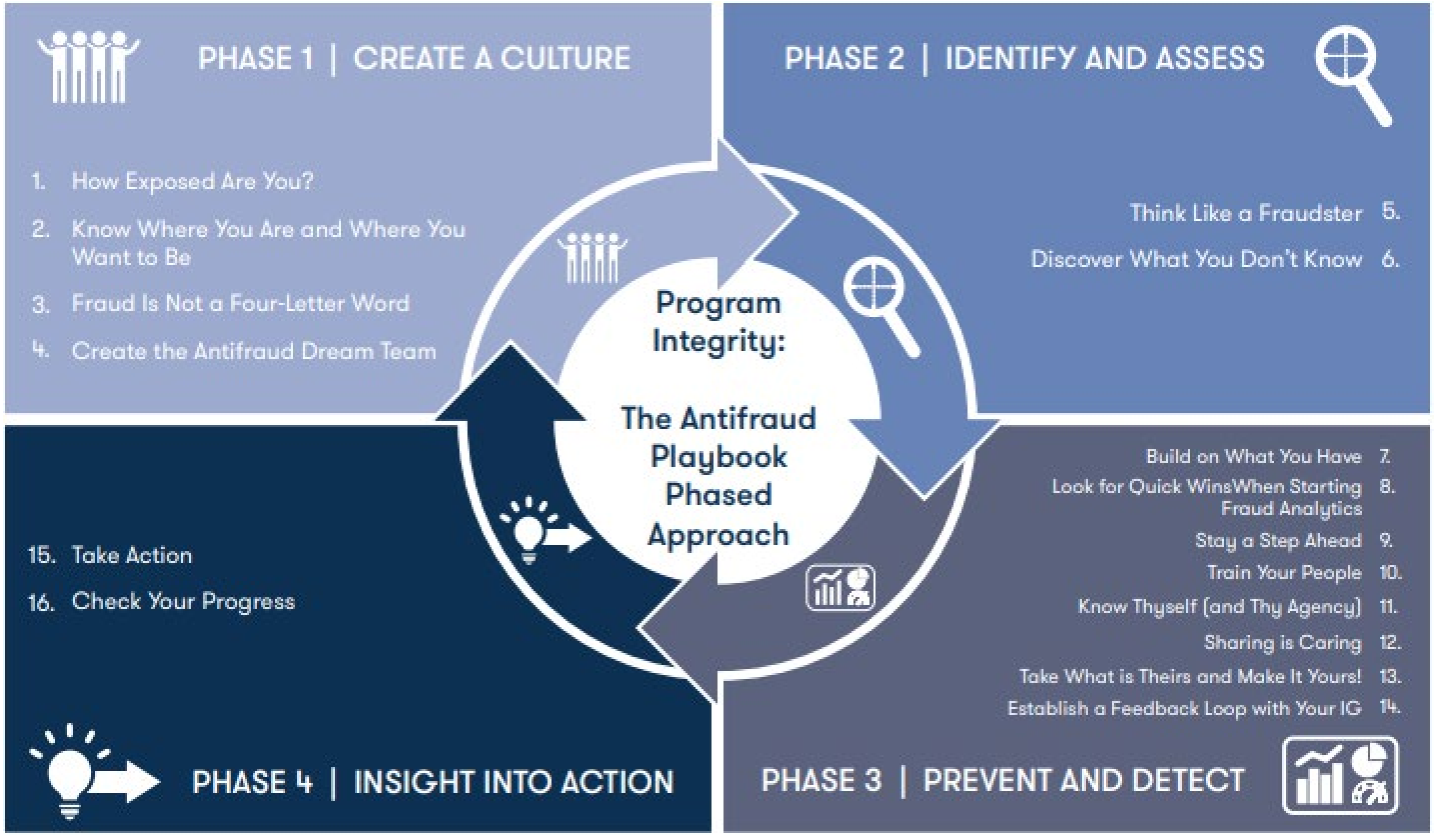
- Objective: To determine HUD’s progress in implementing a fraud risk management framework at the enterprise and program-office levels that encompasses control activities to prevent, detect, and respond to fraud.

The Fraud Risk Management Framework

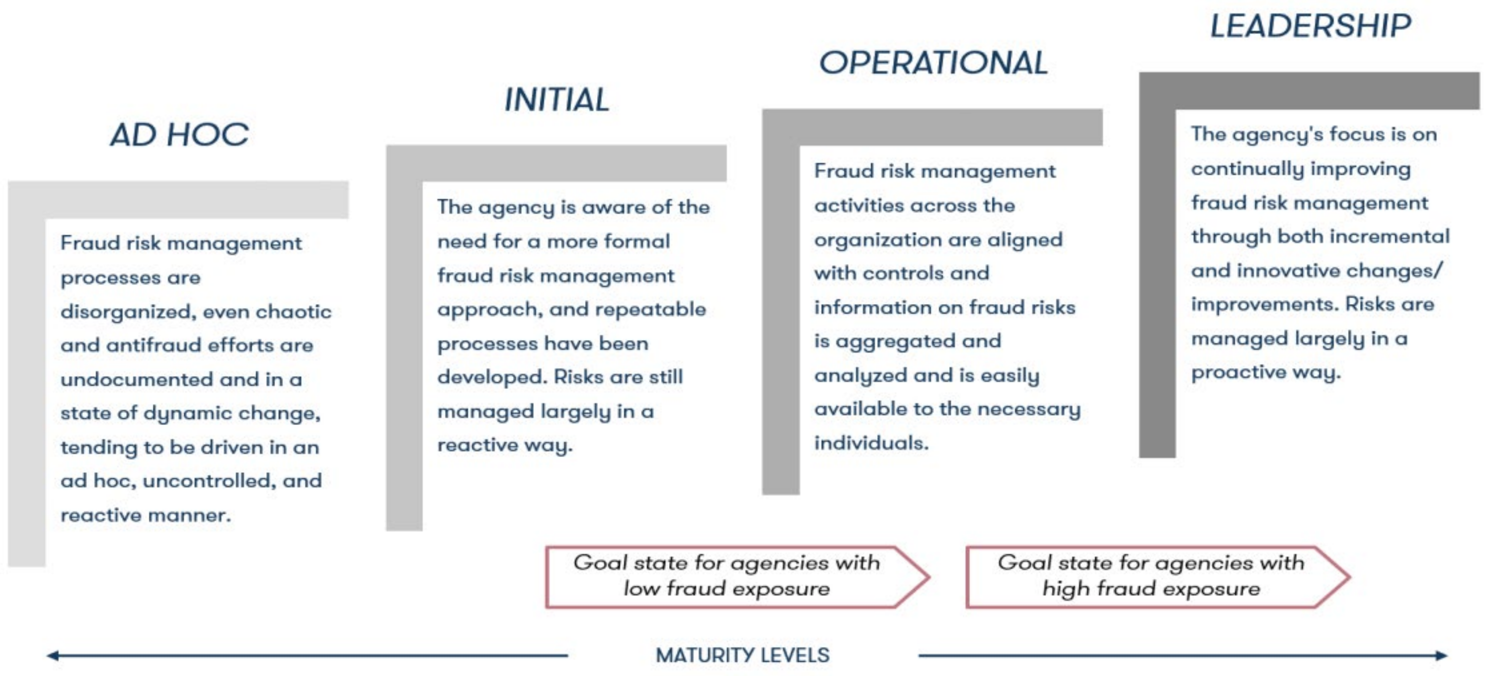


Source: GAO. | GAO-15-593SP

The Plays


PHASE 1 | CREATE A CULTURE
1. How Exposed Are You?
2. Know Where You Are and Where You Want to Be
3. Fraud Is Not a Four-Letter Word
4. Create the Antifraud Dream Team
PHASE 2 | IDENTIFY AND ASSESS
Think Like a Fraudster 5.
Discover What You Don't Know 6.
Program Integrity:
The Antifraud Playbook Phased Approach
Build on What You Have 7.
Look for Quick WinsWhen Starting Fraud Analytics 8.
Stay a Step Ahead 9.
Train Your People 10.
Know Thyself (and Thy Agency) 11.
Sharing is Caring 12.
Take What is Theirs and Make It Yours! 13.
Establish a Feedback Loop with Your IG 14.
PHASE 3 | PREVENT AND DETECT
15. Take Action
16. Check Your Progress
PHASE 4 | INSIGHT INTO ACTION

The Antifraud Program Maturity Model



Source: Interactive-Treasury-Playbook.pdf (cfo.gov)

Issued Reports on Fraud Risk Management Maturity

- Improvements are Needed in HUD’s Fraud Risk Management Program (hudoig.gov)
- The Puerto Rico Department of Housing Should Enhance Its Fraud Risk Management Practices (hudoig.gov)

Ongoing Work on Fraud Risk Management Maturity

- Hawaii-based Grantee ESG-CV Program Fraud Risk Management Assessment (hudoig.gov)
- New York-based Grantee ESG-CV Program Fraud Risk Management Assessment (hudoig.gov)
- California-based Grantee ESG-CV Program Fraud Risk Management Assessment (hudoig.gov)