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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D C 20548

RESOURCES AND ECONOMIC
DEVELOPMENT DIVISION

OCT 13 1972

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Dear Mr. Hyde

The General Accounting Office has noted that there is a need for the Department of Housing and Urban Development (HUD) to obtain from its regional and area offices more timely and accurate program and financial data on the operation of certain community development programs. These observations are based primarily on work we performed at the HUD central office and information we obtained from HUD field office representatives on four community development programs--Water and Sewer, Open Space Land, Neighborhood Facilities, and Public Facilities Loans.

As you are aware, your ADP and Statistics Division (ADP Division) of the Office of Program Services developed and implemented reporting systems for community development programs. These systems were to produce reports to assist HUD management personnel in their day-to-day operations and supervision of these programs, and also to help satisfy Office of Management and Budget and Congressional budgetary review requirements.

The approved reporting systems were to show information such as the progress of individual community development projects from the time HUD receives an application for financial assistance from potential grantees and/or local public bodies through the completion of the projects. The systems were to generate project directories showing the current status of projects and other types of reports on program activities

HUD requirements for the preparation and submission of data on the four community development programs we reviewed stress the importance of HUD regional and area offices--the prime source of information for the reports--submitting timely, accurate, and complete data to the central office of HUD. In this regard, the field offices are required to promptly notify the ADP Division of any changes in the status of the projects so that the reporting systems, in line with approved community development reporting objectives, will produce timely and accurate reports.

In April 1972, we obtained information on a number of projects from community development program representatives located in certain HUD field offices. We compared the information we obtained with data in the project

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directories prepared by the ADP Division and found that field offices were not following the reporting procedures that were established by your office in January 1971.

We noted that the status of many community development projects were incorrectly reported in the project directories for extended periods. For example, in the water and sewer program about \$7.0 million in Federal funds had been reserved by HUD field offices for 14 projects for long periods of time, however, this information was not included in the February 22, 1972, water and sewer project directory. The length of time and the amount of HUD funds reserved for these 14 projects are shown below.

<u>Number of projects</u>	<u>Funds had been reserved as of February 22, 1972, for . . .</u>	<u>Amounts reserved</u>
7	33 to 35 weeks	\$3,218,000
4	37 to 39 weeks	2,171,000
2	46 to 47 weeks	1,028,000
<u>1</u>	67 weeks	<u>509,000</u>
<u>14</u>		<u>\$6,926,000</u>

Although funds to assist these 14 projects were reserved by HUD, three projects were not shown in the project directory. The remaining 11 projects were shown in the directory as "cancelled" or in various stages of HUD's grant review process without any reservation of funds.

Seven other water and sewer projects, for which about \$2.0 million was requested from HUD by local public bodies, were shown in the project directory as being in the "preliminary application" stage. However, these projects had, according to HUD field office representatives, been withdrawn by the applicants or had been cancelled by HUD from 1 to 2½ years prior to the issuance of the February 22, 1972, directory. The length of time that the projects had been withdrawn or cancelled and the amount of funds requested for these projects are shown below.

<u>Number of projects</u>	<u>As of February 22, 1972, applications had been withdrawn or cancelled for . . .</u>	<u>Amounts requested</u>
3	58 to 63 weeks	\$ 577,000
2	66 to 76 weeks	593,000
<u>2</u>	98 to 133 weeks	<u>783,000</u>
<u>7</u>		<u>\$1,953,000</u>

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In March 1972, we brought these matters to the attention of officials of the ADP Division. These officials told us that they knew that HUD field offices were not submitting--as required by HUD--timely and accurate information on community development programs. They said their efforts to get essential reporting data from the field offices had not been successful.

We pointed out to these officials that the reporting requirements differed between community development programs and this may be a factor which contributed to the failure of field offices to submit essential data to the central office of HUD. These officials agreed that such differences may have contributed, in some cases, to the failure of HUD field offices to submit accurate data but added that in their view, the field offices simply were not reporting all the required data. These officials said, however, that they would consider standardizing the forms used by the field offices in submitting data.

In August 1972, we again discussed these matters with officials of the ADP Division. We were told that the weaknesses that we noted earlier in the community development reporting systems still existed. These officials said that as of August 4, 1972, because of field office reporting failures, \$75 million or about 20 percent of the funds reserved by HUD in fiscal year 1972 for the four community development programs had not been included in reports which they prepared. The amount of these omissions, by program, is shown below.

<u>Program</u>	<u>Fund reservations not reported for</u>	<u>Amounts</u> (in millions)
Water and Sewer	79 projects	\$32.6
Open Space Land	143 projects	20.1
Neighborhood Facilities	39 projects	10.7
Public Facilities Loans	<u>22</u> projects	<u>12.0</u>
Total	<u>283</u> projects	<u>\$75.4</u>

CONCLUSIONS AND RECOMMENDATIONS

Accurate and timely reporting on pertinent activities of community development programs under the approved reporting systems is dependent entirely upon the prompt submission of complete and accurate data from all field offices. In our opinion, the reports generated from the current reporting systems for the four community development programs have limited value as a management tool primarily because HUD field offices have not followed established reporting procedures.

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We recommend, therefore, that you

- require that the HUD field offices, in line with existing HUD reporting requirements, submit program and financial data to the ADP Division in a timely and accurate manner, and
- issue uniform instructions and standardize, to the extent possible, the forms used for the submission of essential program data.

We recommend also that you examine into the accuracy and timeliness of data submitted by the HUD field offices in reporting on the other community development programs and, as appropriate, implement the above recommendations for such programs.

We recommend further that you establish procedures to periodically examine into the accuracy and the timeliness of the data submitted by the HUD field offices to help insure that the final reports generated from the community development reporting systems are complete and accurate.

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We appreciate the cooperation given to our representatives during this review. We shall be pleased to discuss with you, or members of your staff, the matters discussed in this report. These findings may be indications of similar reporting weaknesses affecting other HUD programs. We, therefore, are sending copies of this report to the Deputy Under Secretary for Policy Analysis and Program Evaluation and to the Assistant Secretary for Administration. A copy of this report is also being sent to the HUD Inspector General.

We would appreciate your views and comments on actions taken or planned with respect to the above matters

Sincerely yours,

B. E. Birkle

B. E. Birkle
Associate Director

The Honorable Floyd Hyde
Assistant Secretary for
Community Development
Department of Housing
and Urban Development

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