

## Why GAO Did This Study

The COVID-19 pandemic and resulting economic downturn created housing instability for many families and individuals. Congress appropriated about \$12.4 billion to HUD in CARES Act funds to prevent, prepare for, and respond to housing needs related to COVID-19. GAO has previously reported on HUD's persistent management challenges and noted the potential for these challenges to affect the implementation and oversight of HUD's COVID-19 response.

The CARES Act includes a provision for GAO to monitor the federal government's efforts to respond to the COVID-19 pandemic. This report examines HUD's actions to oversee its CARES Act funding and manage risks, and HUD's implementation and monitoring of the CARES Act funds of selected community development, homelessness, and rental assistance programs.

GAO reviewed HUD documentation and analyzed HUD spending data, focusing on the four programs that received the most CARES Act funding. GAO also interviewed HUD officials and associations representing HUD funding recipients.

## What GAO Recommends

GAO makes two recommendations to HUD to take additional steps to assess, document, and mitigate program and fraud risks for its CARES Act-funded programs. HUD agreed with our recommendation to take additional actions on fraud risk. HUD disagreed with our recommendation to take additional actions on program risks. GAO continues to believe the recommendation is valid, as discussed in this report.

View [GAO-21-104542](#). For more information, contact Alicia Puente Cackley at (202) 512-8678 or [cackleya@gao.gov](mailto:cackleya@gao.gov).

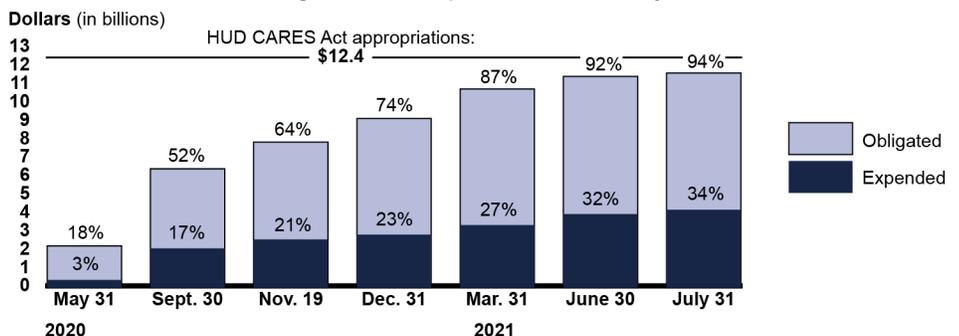
## COVID-19

# Additional Risk Assessment Actions Could Improve HUD Oversight of CARES Act Funds

## What GAO Found

The Department of Housing and Urban Development's (HUD) oversight of \$12.4 billion in CARES Act funding included monitoring spending and addressing reporting requirements, but further action is needed to more fully assess program and fraud risks. As of July 2021, HUD obligated 94 percent of its CARES Act funds, and 34 percent had been expended (see figure). The CARES Act significantly increased funding for some HUD programs—for example the Emergency Solutions Grant (ESG) program for homelessness assistance received more than 10 times its fiscal year 2020 funding. GAO previously reported that programs should update risk assessments when funding or the operating environment changes. To respond to COVID-19, HUD expedited its risk assessment process, and concluded the CARES Act funds did not substantially affect programs' risks or existing controls. While HUD's assessment identified risk factors and short-term steps to address them, it did not include some leading fraud risk management practices GAO previously identified. For example, HUD did not identify programs' new fraud risks or evaluate fraud risk tolerance. Additional risk assessment actions could help HUD better identify and address potential program and fraud risks of its CARES Act programs.

**HUD CARES Act Funds' Obligations and Expenditures, as of July 31, 2021**



Source: GAO analysis of Department of Housing and Urban Development (HUD) data. | GAO-21-104542

As of July 2021, HUD's Community Development Block Grant (CDBG) and ESG programs expended about 15 percent of their CARES Act funds, mostly for emergency payments that can include rental assistance. HUD officials said spending is slow because some grantees have limited capacity to administer the larger grants, other federal funding is available, and CDBG grantees had until mid-August 2021 to apply for CARES Act funds. HUD is providing grantees with training and support to help them administer and use the CARES Act funds and developing specific monitoring guidance.

Almost all of the CARES Act's \$1.25 billion for the Housing Choice Voucher program has been expended. To help public housing agencies navigate COVID-19, HUD issued numerous program waivers, such as letting owners self-certify property conditions in lieu of inspections. To monitor compliance, HUD is developing a portal for public housing agencies to report their use of the funds, which officials anticipate will be operational in December 2021. HUD also awarded a contract to support the program's CARES Act monitoring, including collecting information on waiver use.