

GAO
Accountability · Integrity · Reliability

Highlights

Highlights of [GAO-09-33](#), a report to congressional addressees

Why GAO Did This Study

The Department of Housing and Urban Development (HUD) provided over \$6.7 billion in fiscal year 2008 to housing agencies to operate, modernize, and develop about 1.2 million public housing units. It is important that HUD exercise sufficient oversight of housing agencies to help ensure that public housing funds are being used as intended and properly managed. In this report, GAO examines HUD's oversight processes for detecting housing agencies at risk of inappropriate use and mismanagement of public housing funds. GAO analyzed HUD financial data on about 3,300 housing agencies, compared HUD's oversight policies with program and agency objectives, and interviewed agency officials.

What GAO Recommends

To better focus its oversight processes to identify housing agencies at risk of misuse and mismanagement of public housing funds, GAO recommends that HUD (1) regularly summarize and evaluate the results of audits of public housing agencies to identify common problems, monitor emerging issues, and evaluate overall monitoring and oversight processes; and (2) develop mechanisms—such as financial indicators—and use them as part of its ongoing monitoring and review of housing agencies' use of public housing funds.

In agency comments, HUD stated that the report contains useful information and plans to evaluate alternative ways to address our recommendations.

View [GAO-09-33](#) or [key components](#). For more information, contact Mathew J. Scire at (202) 512-5555 or sciremj@gao.gov.

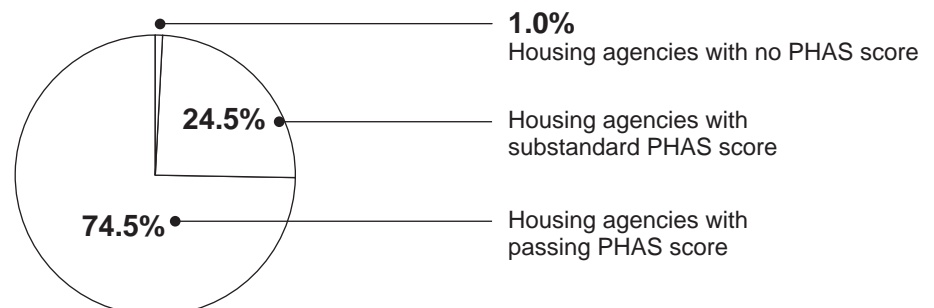
PUBLIC HOUSING

HUD's Oversight of Housing Agencies Should Focus More on Inappropriate Use of Program Funds

What GAO Found

Key HUD oversight processes could be more focused on identifying potential inappropriate use or mismanagement of public housing funds. HUD primarily relies on single audits to identify such problems, although HUD, its Office of Inspector General (OIG), and the President's Council on Integrity and Efficiency (now known as the Council of the Inspectors General on Integrity and Efficiency) have identified weaknesses with some audits. Further, even when these audits do identify issues, HUD does not systematically summarize audit findings to identify and understand emerging and persistent issues to better monitor housing agencies for inappropriate use and mismanagement of public housing funds. Understanding these problems could be useful for identifying housing agencies that are at greater risk of inappropriately using or mismanaging public housing funds. HUD uses the Public Housing Assessment System (PHAS) to monitor and rate the overall condition and financial health of public housing agencies. However, PHAS is not intended to identify inappropriate uses of public housing funds and is limited in its ability to detect potential mismanagement. HUD also analyzes the financial data of public housing agencies, but its review focuses on the accuracy and completeness of the information used to calculate PHAS scores. GAO analyzed financial data from the housing agencies and found many housing agencies showed indicators that they were at risk of potential inappropriate use and mismanagement of public housing funds—while most received passing PHAS scores. For example, GAO found that from 2002 to 2006, 200 housing agencies had written checks for more than the funds available in their bank accounts (bank overdrafts) on average of \$25,000 or more. However, 75 percent of these agencies received passing PHAS scores (see figure below). Such overdrafts raise questions about these agencies' cash management. But HUD does not use these and similar measures to identify housing agencies at greater risk of inappropriately using or mismanaging public housing funds. Without fully leveraging the audit and financial information it collects, the department limits its ability to identify housing agencies that are at greater risk of inappropriately using or mismanaging program funds.

PHAS Scores for the 200 Housing Agencies with Average Bank Overdrafts of \$25,000 or More



Source: GAO analysis of housing agency financial data schedules and HUD data.