



April 3, 2019

The Honorable Ben Carson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

Priority Open Recommendations: Department of Housing and Urban Development

Dear Mr. Secretary:

The purpose of this letter is to provide an update on the overall status of the Department of Housing and Urban Development's (HUD) implementation of GAO's recommendations and to call your personal attention to areas where open recommendations should be given high priority.¹ In November 2018, we reported that on a government-wide basis, 77 percent of our recommendations made 4 years ago were implemented.² HUD's recommendation implementation rate was 60 percent. As of January 8, 2019, HUD had 92 open recommendations. Fully implementing these open recommendations could significantly improve agency operations.

Since our March 8, 2018, priority recommendation letter, we have closed two of our four open priority recommendations based on actions taken by HUD's Office of Community Planning and Development (CPD) and Federal Housing Administration (FHA). CPD held training and issued a reminder to staff about complying with single audit requirements, including issuing management decisions on planned corrective actions. These steps should help ensure more effective oversight of federal awards. FHA has evaluated and revised its approach to mitigating losses on troubled mortgages and has initiated steps to improve information systems supporting its loss mitigation program. These actions should enhance FHA's ability to manage loss mitigation costs and help struggling mortgage borrowers.

HUD has two priority recommendations remaining from those we identified in our 2018 letter. We ask your continued attention on those remaining recommendations. We are adding seven new recommendations as priorities this year related to HUD's efforts to address lead paint hazards and oversee the Moving to Work (MTW) demonstration. This brings the total number of open priority recommendations to nine. (See the enclosure for the list of these recommendations.)

The nine priority recommendations fall into the following three areas:

¹Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a High Risk or duplication issue.

²GAO, *Performance and Accountability Report: Fiscal Year 2018*. [GAO-19-1SP](#) (Washington, D.C.: Nov. 15, 2018).

Improve information technology (IT) management. Two recommendations would improve HUD’s management of IT. HUD has long experienced shortcomings in its IT management capability and has reported that its systems are overlapping, duplicative, and not integrated; necessitate manual workarounds; and employ antiquated technologies that are costly to maintain. We have reported since 2009 on the need for HUD to improve and address weaknesses in its management of IT. One recommendation from December 2014 is aimed at establishing a process to enable HUD to identify IT governance actions and projects that are achieving cost savings and efficiencies. A second recommendation from February 2014 calls for HUD to better define its overall IT modernization approach. To fully implement these recommendations, HUD needs to establish and document a process for identifying and tracking data on cost savings and efficiencies and continue to define the scope, strategy, and schedule of its IT modernization approach.

Strengthen processes to address lead paint hazards. Three recommendations would improve the effectiveness of HUD’s efforts to identify and address lead paint hazards in low-income housing. In a June 2018 report, we made two recommendations that call for the Director of HUD’s Office of Lead Hazard Control and Healthy Homes and the Assistant Secretary for Public and Indian Housing to collaborate in enhancing compliance monitoring and enforcement. These offices need to develop plans to mitigate risk in the compliance monitoring process and develop procedures for addressing public housing agency (PHA) noncompliance with lead paint regulations. To address another recommendation from our June 2018 report, HUD needs to complete an analysis to inform its decisions about requesting authority to amend the lead inspection standard for the Housing Choice Voucher program.

Enhance oversight of Moving to Work. Four recommendations would enhance HUD’s oversight of the MTW demonstration, which gives participating PHAs the flexibility to, among other things, change rent calculations and impose work requirements and time limits on tenants. In 2015, Congress authorized the expansion of MTW by adding 100 new PHAs. Three recommendations from our January 2018 report are designed to improve HUD’s monitoring of participating PHAs. To implement these recommendations, HUD needs to develop and implement plans for tracking PHAs’ use of MTW funds, monitoring PHA reserves, and analyzing the effects of MTW flexibilities on tenants. To implement another recommendation from that report, HUD needs to complete workforce planning to help ensure it has the right staff to manage the expanded demonstration.

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As you know, on March 6, 2019, we issued our biennial update to our high-risk program, which identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.³ Our high-risk program has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical service to the public.

Several government-wide high-risk areas, including (1) ensuring cybersecurity of the nation, (2) improving management of IT acquisitions and operations, (3) strategic human capital management, (4) managing federal real property, and (5) the government-wide security clearance process, have implications for HUD and its operations. We urge your attention to

³GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

government-wide high-risk issues as they relate to HUD. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, the Office of Management and Budget, and the leadership and staff in agencies, including HUD.

Copies of this report are being sent to the Director of the Office of Management and Budget and appropriate congressional committees: the Committees on Appropriations, Budget, and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, Budget, and Oversight and Government Reform, House of Representatives. In addition, the report will be available at no charge on the GAO website at <https://www.gao.gov>.

I appreciate HUD's continued commitment to these important issues. If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact me or Lawrence Evans, Managing Director, Financial Markets and Community Investment, at evansl@gao.gov or (202) 512-8678. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Our teams will continue to coordinate with your staff on all of the 92 open recommendations. Thank you for your attention to these matters.

Sincerely yours,

A handwritten signature in black ink that reads "Gene L. Dodaro". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Gene L. Dodaro
Comptroller General
of the United States

Enclosure

cc: Mr. David Chow, Chief Information Officer, Office of the Chief Information Officer
Mr. Matthew Ammon, Director, Office of Lead Hazard Control and Healthy Homes
Ms. Dominique Blom, General Deputy Assistant Secretary, Office of Public and
Indian Housing

Department of Housing and Urban Development Priority Open Recommendations

Improve Information Technology Management

Information Technology: HUD Can Take Additional Actions to Improve Its Governance. GAO-15-56. Washington, D.C.: December 10, 2014.

Recommendation: To establish an enterprise-wide view of cost savings and operational efficiencies generated by investments and governance processes, the Secretary of Housing and Urban Development (HUD) should direct the Deputy Secretary and Chief Information Officer to place a higher priority on identifying governance-related cost savings and efficiencies and establish and institutionalize a process for identifying and tracking comprehensive, high-quality data on savings and efficiencies resulting from information technology (IT) investments and the IT governance process.

Action Needed: HUD agreed with this recommendation. HUD has indicated that its development of HUDPLUS—a tool to help evaluate and rank IT projects and systems—illustrates the agency’s progress on this recommendation. However, HUD lacks processes to effectively use HUDPLUS for tracking cost savings and efficiencies. To fully implement the recommendation, HUD should establish and document a formal process for identifying and tracking data on cost savings and efficiencies that result from IT investments and governance.

High-Risk Area: Improving the Management of IT Acquisitions and Operations

Director: Carol C. Harris

Contact Information: harriscc@gao.gov, (202) 512-4456

Information Technology: HUD's Expenditure Plan Satisfied Statutory Conditions; Sustained Controls and Modernization Approach Needed. GAO-14-283. Washington, D.C.: February 12, 2014.

Recommendation: To ensure effective management and modernization of HUD's IT environment, the Secretary of HUD should direct the department's Chief Information Officer to define the scope, implementation strategy, and schedule of its overall modernization approach, with related goals and measures for effectively overseeing the effort.

Action Needed: HUD agreed with this recommendation and has indicated it is conducting a technical assessment to identify gaps in IT and develop a modernization approach. To fully implement the recommendation, HUD should develop and define an approach to explicitly describe how it intends to modernize its IT environment and systems. This approach should clearly define the scope, implementation strategy, and schedule for modernizing HUD's IT environment and outline related goals and measures for doing so.

High-Risk Area: Improving the Management of IT Acquisitions and Operations

Director: Carol C. Harris

Contact Information: harriscc@gao.gov, (202) 512-4456

Strengthen Processes to Address Lead Paint Hazards

Lead Paint in Housing: HUD Should Strengthen Grantee Processes, Compliance Monitoring, and Performance Assessment. GAO-18-394. Washington, D.C.: June 19, 2018.

Recommendation: The Director of HUD's Office of Lead Hazard Control and Healthy Homes (Lead Office) and the Assistant Secretary for the Office of Public and Indian Housing (PIH) should collaborate to establish a plan to mitigate and address risks within HUD's lead paint compliance monitoring processes.

Action Needed: HUD generally agreed with this recommendation. HUD said it has established a multioffice working group to begin discussing identified risks, proposed approaches that do not require statutory or regulatory changes, and an implementation plan. To fully implement the recommendation, HUD needs to follow through on these efforts and establish a plan to mitigate and address risks in the lead paint compliance monitoring process.

Recommendation: The Director of HUD's Lead Office and the Assistant Secretary for PIH should collaborate to develop and document procedures to ensure that HUD staff take consistent and timely steps to address issues of PHA noncompliance with lead paint regulations.

Action Needed: HUD generally agreed with this recommendation. HUD said it has established a multioffice working group to develop guidance to better compel PHA compliance and escalate cases of noncompliance. To fully implement this recommendation, HUD needs to ensure that the working group's efforts are completed and include development of procedures to address noncompliance in a consistent and timely way.

Recommendation: The Secretary of HUD should request authority from Congress to amend the inspection standard to identify lead paint hazards in the Housing Choice Voucher program as indicated by analysis of health effects for children, the impact on landlord participation in the program, and other relevant factors.

Action Needed: HUD disagreed with the recommendation as it was worded in the draft report we provided for comment. HUD stated that before deciding whether to request the statutory authority, it would need to further study potential effects and implementation options. In our final report, we modified the recommendation to give HUD more flexibility in how it might amend the lead inspection standard for the voucher program. HUD said it has established a working group to begin designing a study on the impact of risk assessments to help decide whether it should advocate for a new statutory authority. To fully implement the recommendation, HUD needs to complete the study and use the results to inform its decisions about requesting new authority from Congress.

Director: Daniel Garcia-Diaz

Contact Information: garciadiaz@gao.gov, (202) 512-4529

Enclosure

Enhance Oversight of Moving to Work

Rental Housing: Improvements Needed to Better Monitor the Moving to Work Demonstration, Including Effects on Tenants. GAO-18-150. Washington, D.C.: January 25, 2018.

Recommendation: The Assistant Secretary for PIH should develop and implement a process to track how Moving to Work (MTW) demonstration funds are being used for other allowable activities, including local, nontraditional activities.

Action Needed: HUD disagreed with the recommendation and stated that addressing it would require extensive resources to upgrade an information system. However, as HUD indicated in its comments on our report, the information we recommended that HUD track could be obtained by revising the annual reporting requirements for MTW agencies. We maintain that more comprehensively tracking data on uses of funding would allow HUD to better assess agency performance. To implement the recommendation, HUD needs to start collecting—either through annual reports or by other means—information on the use of MTW funds for local, nontraditional activities.

Recommendation: The Assistant Secretary for PIH should develop and implement a process to monitor MTW agencies' reserves.

Action Needed: HUD initially disagreed with this recommendation but subsequently responded that it planned to monitor existing MTW agencies' plans for their Housing Choice Voucher reserves. To implement the recommendation, HUD needs to revise its annual reporting requirements for existing MTW agencies to ensure they report their plans for and use of reserves. HUD also needs to establish a process for reviewing this information.

Recommendation: The Assistant Secretary for PIH should develop and implement a plan for analyzing the information that agencies report on the effect of rent-reform, work-requirement, and time-limit policies on tenants as part of a framework for monitoring the effect of these policies on tenants.

Action Needed: HUD agreed with this recommendation. HUD said it would develop separate analysis plans for existing and expansion MTW agencies due to differences in the types of performance information HUD can require them to report under their MTW agreements. To fully implement the recommendation, HUD needs to complete these plans and analyze the information agencies report.

Recommendation: The Assistant Secretary for PIH should complete workforce planning for the MTW demonstration to help ensure that PIH has sufficient staff with appropriate skills and competencies to manage an expanded demonstration, including reviewing reports and carrying out compliance reviews in a timely manner.

Action Needed: HUD generally agreed with this recommendation. HUD has indicated it is continuing to conduct workforce planning, including assessing the knowledge, skills, and abilities needed to implement the MTW expansion. To fully implement the recommendation, HUD needs to finish these planning efforts.

Director: Daniel Garcia-Diaz

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