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U.S. Department of Housing and Urban Development Office of Inspector General Audit of the Puerto Rico Department of Housing's Fraud Risk Management Practices

WASHINGTON DC— Today, the U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) issued an audit report that found the Puerto Rico Department of Housing's (PRDOH) needs to enhance its fraud risk management practices to better protect over \$20 billion in grant funding provided through HUD's disaster recovery programs in response to Hurricanes Irma and Maria.

HUD OIG's audit found that PRDOH's fraud risk management processes either did not exist or were reactive. The audit recommended that HUD work with PRDOH to mature its antifraud activities and improve its capacity to detect and prevent fraud so that the substantial amount of federal grant funds under its control are utilized effectively to support long-term disaster recovery and mitigation needs. HUD should utilize its Chief Risk Officer to provide technical assistance to PRDOH to design and implement a more robust fraud risk management framework.

HUD OIG urges HUD to look beyond PRDOH to determine the fraud risk exposure in its disaster recovery and mitigation programs and assist grantees in implementing fraud mitigation activities. HUD relies heavily on its CDBG-DR grantees to develop and maintain processes to safeguard resources and assets, and detect and prevent fraud, waste, and abuse. Grantees can proactively protect against fraud by using a robust fraud risk framework that continuously and strategically mitigates both the likelihood and effects of fraud.

"Fraud poses a significant risk to the integrity of federal programs and erodes public trust in government. Fraud in HUD's disaster recovery programs takes dollars away from millions of Americans waiting for federal assistance to rebuild their lives and communities," said Inspector General Rae Oliver Davis. "My office will continue pushing HUD to expand its fraud prevention and detection efforts to ensure that every taxpayer dollar provided through HUD's important programs has the greatest possible chance of serving the Americans who rely on federal assistance."

In prior oversight work, HUD OIG has identified "Administering Disaster Recovery Program" and "Fraud Risk Management" as top management challenges for HUD. HUD OIG has recommended that HUD seek permanent authorization of HUD's disaster recovery and mitigation programs to streamline funds reaching individuals and communities in need, as well as promoting effectiveness and accountability in generating outcomes.

Anyone with knowledge of potential fraud, waste, abuse, misconduct, or mismanagement related to HUD programs should contact the HUD OIG Hotline at 1-800-347-3735 or visit, <https://www.hudoig.gov/hotline>. For media inquiries, contact us at OIGMediaRelations@hudoig.gov.

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