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Highlights

Highlights of [GAO-03-103](#), a report to Congress included as part of GAO's Performance and Accountability Series

Why GAO Did This Report

In its 2001 performance and accountability report on the U.S. Department of Housing and Urban Development (HUD), GAO identified two of HUD's major program areas—single-family mortgage insurance and rental housing assistance—as high risk. GAO also reported that HUD faced major management challenges concerning its human capital and programmatic and financial management information systems. The information GAO presents in this report is intended to help to sustain congressional attention and a departmental focus on continuing to make progress in addressing these challenges and ultimately overcoming them.

What Remains to Be Done

HUD needs to

- improve management and oversight of its single-family mortgage insurance programs, to reduce risk of losses from loan defaults or fraud;
- ensure that its rental housing assistance programs operate effectively and efficiently, specifically ensuring that subsidy payments are accurate, subsidy recipients are eligible, assisted housing meets quality standards, and contractors perform as expected; and
- resolve issues concerning its programmatic and financial management information systems, human capital, and acquisitions management.

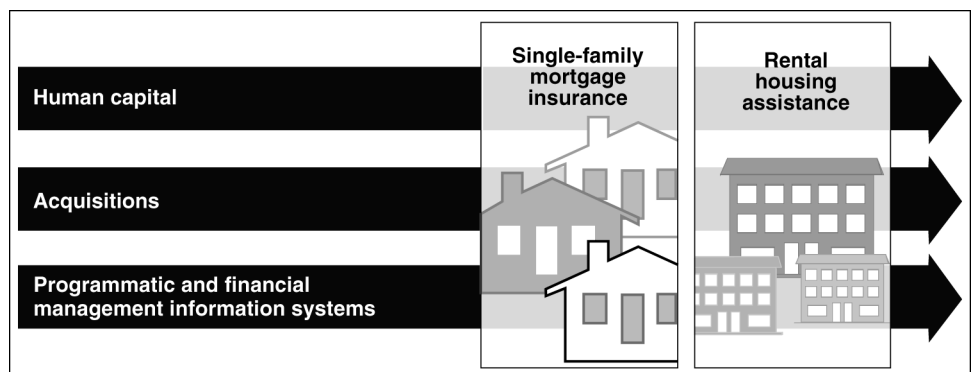
www.gao.gov/cgi-bin/getrpt?GAO-03-103.

To view the full report, click on the link above. For more information, contact Thomas J. McCool at (202) 512-8678 or mccoolt@gao.gov.

What GAO Found

HUD has made progress since January 2001 in addressing identified weaknesses in its high-risk program areas and management challenges but significant challenges remain. GAO is maintaining the department's single-family mortgage insurance and rental housing assistance program areas as high risk at this time. In the single-family mortgage insurance program, HUD has, among other things, developed new processes to review lenders and appraisers and implemented new incentives to improve the performance of its property disposition contractors. However, many of HUD's strategies for resolving problems in its high-risk program areas represent new initiatives in early stages of implementation, and evidence shows that significant problems remain. In its rental housing assistance programs, HUD estimates that rental subsidy overpayments—some \$2 billion out of \$19 billion in assistance in fiscal year 2000—are greater than previously estimated; implementation of a new assessment system for public housing agencies has been delayed; and correcting housing quality violations remains problematic. HUD is in the early stages of developing a strategic human capital planning approach and has not yet developed a comprehensive plan to resolve serious, long-standing programmatic and financial management information system deficiencies. GAO is retaining human capital and programmatic and financial management information systems as major management challenges. In addition, GAO is designating acquisitions management as a new major management challenge because of HUD's extensive and growing reliance on contractors, as well as identified weaknesses in monitoring and oversight of these contractors, managing and training its acquisitions workforce, and developing information systems that support contracting. These management challenges cut across HUD's program areas and contribute to GAO's high-risk designations.

HUD's High-Risk Program Areas and Management Challenges



Source: GAO.