



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410**

April, 2016

A Message from:



**Principal Deputy Assistant Secretary for Community Planning and Development
Harriet Tregoning**



**HUD Inspector General
David A. Montoya**

Preserving Your HUD Funds for the People and Communities You Serve

Ending homelessness, providing critical affordable housing, revitalizing communities, spurring economic development, supporting essential public services, investing in needed infrastructure – these are just some of the important priorities that are supported with formula and competitive grant funds administered by HUD’s Office of Community Planning and Development (CPD). For the most part, these programs – CDBG, HOME, ESG and HOPWA – are managed at the state and local levels by dedicated public servants, deeply committed to strengthening communities and improving quality of life for low and moderate income residents.

Unfortunately, our data show that year in and year out, a significant amount of these essential funds is found to be used improperly, not sufficiently documented, not spent by required deadlines, or otherwise jeopardized. On an annual basis, HUD’s CPD grantees end up losing or having to repay millions of dollars in program funds, rendering these scarce valuable resources unavailable to the communities that rely on them.

Efficient operations and effective accountability mechanisms are essential to ensuring that limited federal community development resources are protected and prudently used for their intended purposes. Our collective ability to maintain or increase federal funding for community development activities is undermined by widespread examples of funds that have not been appropriately used or managed. We are writing to ask for your assistance ensuring that as a HUD state grantee, you take every possible measure to guarantee the proper and timely use of HUD program funds.

Too often, a HUD monitoring review or an Office of the Inspector General’s (OIG) audit is the first official look at the management of these programs. Every state and local government must have the capability to monitor these programs and should be the first line of defense ensuring that program funds are managed appropriately. With recent changes in federal accounting and procurement requirements, the risk of loss or repayment of HUD formula funds has never been



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greater and the attention of elected and appointed officials to the management of these programs has never been more necessary.

To assist in this effort, the Office of the Inspector General and the Office of Community Planning and Development are launching a series of Integrity Bulletins on the following topics, which represent issues HUD formula grantees struggle with most often:

- Procurement and Contracting
- Sub-recipient Oversight
- Conflicts of Interest
- Internal Controls
- Documentation and Reporting
- Financial Management

These bulletins will be released over the course of the year and will provide information to help safeguard HUD formula funds and ensure that your jurisdiction gets the full benefit of the funding you have been allocated. We encourage you to read the bulletins and distribute them widely.

We also encourage you to learn more about CPD programs on HUD's technical assistance website, the [HUD Exchange](#). There you will find resources like the *Explore CDBG* suite, the *Building HOME* training series, and the *Introduction to the ESG Program* webinar, among many others.

Finally, as state grantees, we ask that you work with HUD to identify mechanisms for ensuring that all HUD formula funding going to your state is managed in the most effective manner. We urge you to consider ways to share best practices, policies and procedures with other entities in the state receiving funding under CPD's formula programs. One possible approach may be increased state participation in organizations, conferences and other events where CPD's local government grantees represent a significant proportion of attendees. Other opportunities may exist in securing technical assistance that can serve all CPD grantees within the state. HUD wishes to encourage a greater sharing of program implementation information across the spectrum of CPD formula grantees to help insure that these funds benefit the populations to which they are targeted. State grantees should also ensure that they are staffed at the appropriate levels to manage much larger formula programs than those at the local level.

We all know how precious community development financial resources are, and the CPD and OIG partnership is designed to assure that each taxpayer dollar is used to benefit the communities we are all entrusted to serve. If you have any questions about administration of your CPD programs or concerns about fraud, waste, or abuse, please do not hesitate to reach out to your local CPD or OIG office. Local contact information is available at www.hud.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Harriet Tregoning".

Harriet Tregoning
Principal Deputy Assistant Secretary for
Community Planning and Development

A handwritten signature in black ink, appearing to read "David A. Montoya".

David A. Montoya
HUD Inspector General