

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
SALARIES AND EXPENSES

The following material discusses the functions, workloads, and proposed staffing levels for the Office of Inspector General for 2002.

APPROPRIATION HIGHLIGHTS

The following table summarizes the funding sources and staffing levels.

	ACTUAL 2000	BUDGET ESTIMATE 2001	CURRENT ESTIMATE 2001	ESTIMATE 2002	INCREASE + DECREASE - 2002 vs 2001
	(Dollars in Thousands)				
<u>Obligations</u>					
Funds Available:					
Budget Authority	\$50,657	\$51,657	\$52,541	\$61,555	+\$9,014
FHA Fund	\$22,343	\$22,343	\$22,294	\$22,343	+\$49
PIH Fund	\$10,000	\$10,000	\$9,978	\$10,000	+\$22
Unobligated Balance	-\$6,487
Carryover from prior year ..	<u>\$11,512</u>	<u>\$6,000</u>	<u>\$6,000</u>	...	<u>-\$6,000</u>
Subtotal	\$88,025	\$90,000	\$90,813	\$93,898	+\$3,085
Other Transfers:					
Consolidated Fee Account ...	<u>\$537</u>	<u>\$537</u>	<u>\$537</u>	<u>\$537</u>	...
Subtotal	\$88,562	\$90,537	\$91,350	\$94,435	+\$3,085
Outlays (net)	\$79,181	\$59,000	\$57,000	\$60,000	+\$3,000
Full-Time Permanent					
Appointments (EOY)	685	702	673	673	...
Full-Time Equivalents	698	705	705	680	-25

SUMMARY OF BUDGET ESTIMATE

Funding for fiscal year 2002. For fiscal years 2000 and 2001, Congress authorized the Office of the Inspector General to carryover funds from prior fiscal years. The fiscal year 2002 estimate of \$94,435 thousand will allow OIG to support an FTE goal of 680.

STAFFING

The OIG staffing level for fiscal year 2002 of 680 FTEs includes 673 full-time positions and 7 FTEs for other than full-time permanent.

FUNDING BY OBJECT CLASS

The following table summarizes this request by object class.

	ACTUAL 2000	BUDGET ESTIMATE 2001	CURRENT ESTIMATE 2001	ESTIMATE 2002	INCREASE + DECREASE - 2002 vs 2001
(Dollars in Thousands)					
Personal Services	\$60,783	\$65,250	\$64,461	\$67,464	+\$3,003
Travel and Transportation Of Persons	\$5,723	\$6,364	\$5,800	\$5,569	-\$231
Transportation Of Things	\$109	\$148	\$21	\$52	+\$31
Rent, Communications, and Utilities	\$7,498	\$7,735	\$8,448	\$8,948	+\$500
Printing and Reproduction	\$135	\$79	\$135	\$135	...
Other Services	\$12,368	\$9,919	\$11,478	\$11,260	-\$218
Supplies and Materials	\$836	\$515	\$433	\$433	...
Furniture and Equipment	\$1,054	\$523	\$545	\$545	...
Insurance Claims and Indemnities	<u>\$56</u>	<u>\$4</u>	<u>\$29</u>	<u>\$29</u>	<u>...</u>
Total Obligations	\$88,562	\$90,537	\$91,350	\$94,435	+\$3,085

EXPLANATION OF CHANGES - FY 2002 VS. FY 2001

A description of the various object classifications that are used by the Office of Inspector General is provided on the following pages.

The 2002 Budget estimate for the Office of Inspector General is \$94,435 thousand. The 2002 Budget estimate consists of \$67,464 thousand in personal services and \$26,971 thousand in operating funds (travel--\$5,569 thousand; transportation--\$21 thousand; rent, communications and utilities--\$8,948 thousand; printing--\$135 thousand; other services--\$11,478 thousand; supplies--\$433 thousand; furniture and equipment--\$545 thousand; and insurance and indemnities-- \$29 thousand). The 2001 Budget estimate is \$91,350 thousand, consisting of \$64,461 thousand in personal services and \$26,889 thousand in operating funds.

Specific information which describes the fiscal year 2002 Budget estimate is detailed below.

Personal Services

The 2002 estimate of \$67,464 thousand is an increase of \$3,003 thousand from the 2001 current estimate. This funds OIG staffing at 680 FTEs.

Travel

OIG staff travels extensively to carry out their audit and investigative responsibilities. Audit staff travel to program participant and contractor offices to perform project audits, contract audits, evaluations of pricing proposals, and financial audits. Investigation staff also require extensive travel to interview witnesses and subjects of investigations, and to examine records.

This object class covers training and conference travel, program execution travel and miscellaneous travel related to audit and investigative activities. The 2002 estimate of \$5,569 thousand is a decrease of \$231 thousand from the 2001 current estimate of \$5,800 thousand.

Transportation of Things

This classification of expense includes the cost of reimbursement to OIG personnel who are authorized the movement of household effects or house trailers when these personnel are transferred from one permanent duty station to another. The 2002 estimate is \$52 thousand.

Rent, Communications and Utilities

The funds under this object classification provide for all rental costs, both space and equipment, as well as communication services and utilities. The 2002 estimate of \$8,948 thousand is an increase of \$500 thousand from the 2001 current estimate of \$8,448 thousand. This is a result of an estimated increase to our rent bill.

Printing and Reproductions

The funds included in this object class are for the cost of printing and reproduction services, and related composition and binding operations performed by or through the Government Printing Office (GPO). The Inspector General's Semiannual Report to Congress is also covered under this object classification. The 2002 estimate of \$135 thousand equals the 2001 current estimate.

Other Services

A multitude of activities is funded under this object of expense. The most significant activities supported by these funds include professional training and development of OIG staff personnel, audit services, general support activities, and ADP maintenance and services. The 2002 estimate of \$11,260 thousand is a decrease of \$218 thousand from the 2001 current estimate of \$11,478 thousand.

Audit services primarily include the cost of contracting for the audits of FHA and Ginnie Mae financial statements.

The OIG has an Interagency Agreement with the Department of Justice for access to the National Crime Information Center (NCIC) for data related to HUD audit and investigative activities. In addition, the OIG has an Interagency Agreement with the Bureau of Public Debt for personnel and contracting/procurement services, and Office of Personnel Management (OPM) background checks/investigations on OIG staff. We also have an agreement with the National Finance Center for payroll processing.

In fiscal year 1999, we contracted with a firm to provide services under a new concept called Seat Management, which is highly endorsed by Government Services Administration (GSA), and we have made great strides in implementing this system. Seat Management provides OIG with its own secure Local Area Network, which HUD was unable to provide. Seat Management also provides a platform on which we are operating automated workflow applications. The required system provides for sensitive communications and adds an encrypted data communications security to a full range of interoperable products. This will ensure the confidentiality, integrity, and availability of OIG information resulting in more efficient and effective business processes. This contract will also include providing all OIG's hardware and software requirements. Such a system was approved as part of the Housing Fraud Initiative proposal that was recommended and funded through our fiscal year 1998 appropriation.

Other funds in this object class include amounts for the professional training of OIG personnel, furniture and equipment maintenance, visual arts services, and other miscellaneous contractual requirements.

Supplies and Materials

Funds budgeted under this category of expense cover costs associated with the purchase of office supplies; training supplies; computer and associated supplies; subscriptions to professional magazines, publications and research materials; and other items that are consumed or expended generally within 1 year after purchase. The 2002 estimate of \$433 thousand equals the 2001 current estimate.

Furniture and Equipment

The 2002 estimate of \$545 thousand equals the 2001 current estimate. This object class includes furniture and fixtures, general office equipment, and special equipment/weapons for investigative activities.

Insurance and Indemnities

This category provides for payments made for or related to the repair or replacement of property (including loss by theft) or for personal injury deemed by law or regulation to be the responsibility of the OIG. This would normally include loss or damage of personal property being used for the benefit of the government. The 2002 estimate of \$29 thousand equals the 2001 current estimate.

SCOPE OF ACTIVITY

The Office of Inspector General is the Department's focal point for independent review of the integrity of Departmental operations and, therefore, is the central authority concerned with the quality, coverage, and coordination of the audit and investigation services of the Department. In directing these review activities, the Inspector General emphasizes both the detection and prevention aspects of these services within a comprehensive Departmental effort to attain improved management effectiveness. The Office of Inspector General has authority to inquire into all program and administrative activities of the Department and the related activities of all parties performing under contracts, grants, or other agreements with the Department. These inquiries may be in the nature of audits, investigations, or such other reviews as may be appropriate.

WORKLOAD

The principal workload of the Office of Inspector General consists of audits and investigations. The Inspector General Act of 1978 and Amendments of 1988 require the Inspector General to conduct, supervise, coordinate, and provide policy direction for audits and investigations relating to Departmental programs and operations; and to promote economy and efficiency in the administration of, or prevent and detect fraud and abuse in, HUD programs and operations.

In mid-1994, the OIG implemented a new initiative, Operation Safe Home. Operation Safe Home is geared to reducing violent crime in public and assisted housing, equity skimming in multifamily insured housing, and fraud in the administration of public housing.

The 1998 House Appropriations Bill called for the OIG to undertake a Housing Fraud Initiative. By agreement with the Congress, in September 1998, the OIG implemented this Initiative in six Judicial Districts during fiscal year 1999.

1. IMMEDIATE OFFICE OF THE INSPECTOR GENERAL

The Inspector General reports directly to the Secretary and has authority to inquire into all program and administrative activities of the Department. The inquiries are designed to provide constructive advice for Departmental management, to promote economy and efficiency in the administration of HUD programs, and to prevent and detect fraud and abuse in HUD programs and operations.

2. OFFICE OF COUNSEL

In fiscal year 1994, the Inspector General established the OIG Office of Counsel, which is responsible for independently providing the full range of professional legal services and advice with respect to the formulation, coordination, revision and execution of the entire OIG program.

3. OFFICE OF AUDIT

a. Employment and Responsibilities

The Office of Audit plans and conducts reviews of Departmental activities and operations that include: (a) HUD Headquarters and field offices, (b) programs and initiatives, and (c) contractors and other program participants doing business with the Department. The Department's programs and activities are large and varied and entail over \$500 billion in mortgage insurance, over \$500 billion in mortgage-backed securities and over \$30 billion in annual program expenditures. There are some 45,000 organizations delivering HUD programs nationwide. The Department also incurs operating expenses for nearly 9,100 employees. The Office of Audit's workload can be divided into three primary categories.

1. Performance Audits are reviews of selected HUD management and program operations to evaluate efficiency and effectiveness or program results. They are often directed at determining whether management controls are sufficient to minimize program risks. Performance audits review the records and performance of organizations receiving financial assistance or benefits from the Department, such as various State and local government grant recipients, insured multifamily housing project owners and management agents, mortgage lenders and borrowers, contractors, public housing authorities, and nonprofit sponsors. The audits are a means of ascertaining the degree of compliance with applicable statutes, regulations, and agreements under which Federal funds and other benefits are made available; the appropriateness of the disposition of funds granted, loaned, or claimed; and/or the adequacy of participant performance and results.

2. Financial Audits include financial statement and financial related audits. They provide reasonable assurances about whether the financial statements of an audited entity are free of material misstatements and are presented in accordance with generally accepted accounting principles. Financial related audits include determining whether financial information is presented in accordance with established or stated criteria, and whether the entity has adhered to specific financial reporting.

3. Advisory and Assistance Services encompass our: (1) input to the legislative and regulatory processes; (2) technical advice and assistance to HUD management on programs and systems; (3) program research; (4) quality control reviews of non-Federal audits of HUD program activities; (5) audit finding resolution; (6) assistance to U.S. Attorneys in developing criminal and civil cases for prosecution (the time spent in this area continues to grow each year); (7) reviews of Hotline and other types of complaints; (8) joint efforts with the Office of Investigation or program officials in detecting or preventing fraud; and (9) responses to requests for information or assistance from audit clients in the Department, the Office of Management and Budget (OMB), the Congress, or the public.

b. Workload

Overview. Our Semiannual Reports to the Congress continue to show significant audit results.

The Office of Audit's long-range strategy is to assist the Department in addressing management challenges that have been identified by our Office and the General Accounting Office. HUD is faced with persistent resource management and data system problems, a variety of material weaknesses, and a difficult time overseeing critical functions performed by outside entities.

To provide the best possible services to HUD management and the Congress, we will: (1) emphasize the review and oversight of legislative, regulatory and policy changes resulting from an ever changing HUD and program environment; (2) pursue improvement in existing methods or development of new ways to conduct HUD's business; and (3) focus greater attention on those major audit areas that will improve HUD's stewardship of Federal financial resources. Key efforts will include financial audits, information systems and performance reviews, and the continued emphasis on combating fraud, waste and mismanagement in HUD programs.

Review and Oversight. Major legislative and organizational changes have been made in the Department. These changes are fundamentally affecting the way HUD does business and will significantly increase the workload in the Office of Audit. For example, the Quality Housing and Work Responsibilities Act of 1998 substantially changed the public housing program and required new implementing regulations and policies. As they are developed, each will require our review and input to assure that proper safeguards and internal controls are in place to reduce the likelihood of program fraud and abuse. In addition, we remain concerned about the proliferation of new programs and their announcement before policies have been put in place. HUD's Directive System is the appropriate mechanism to receive comments from affected program staff when new policies and regulations are being developed. The previous HUD administration, however, did not adhere to the principles underlying this system. With the reductions in HUD program staff due to downsizing, our reviews of regulatory and policy changes take on greater importance.

Major changes are being made in the manner in which the Federal Housing Administration (FHA) conducts business. The Department has obtained authority to substantially increase FHA insurance limits and is continuing to privatize its real estate-owned activities. Organizationally, with the reductions in the level of program staff, greater reliance is being

placed on our audit work to assure that lenders, grantees, contractors, and other program participants are spending funds efficiently, effectively and in accordance with program requirements.

In Multifamily Housing, major program changes are underway or anticipated. Through a process of portfolio reengineering, the Department would bring higher than market rents on subsidized and insured multifamily projects down to a level where they are competitive in the marketplace. We are routinely involved in evaluating these types of efforts and the development and implementation of legislation.

Audit Emphasis. Our audit work has shown that some of the most vulnerable program and operational areas in the Department include: the development and implementation of ADP systems; Single Family loan origination and property disposition; overpayments in HUD's rental assistance programs; PHA management and revitalization; enforcement of program rules and regulations, including an increased emphasis on violations of housing quality standards; contract and grant administration; and the use of HUD's staff resources.

The following are some of our traditional workload measurements for the 6-month period ending September 30, 2000.

- Audit Memoranda Issued 30
- Internal Audit Reports Issued.....8
- External Audit Reports Issued23
- Collections from Audits \$6.8 million
- Management Decisions on Audits
 with Questioned Costs \$22.9 million
- Operation Safe Home - Out of Court
 Settlements, Court Ordered Fines,
 Penalties and Restitution \$1.5 million
- Subpoenas Issued 11

The Office of Audit's strategy is to: (1) continue assessing the Department's efforts to address its major management challenges with emphasis on the adequacy and reliability of financial and information systems used by the Department, evaluating the effectiveness of newly established organizational units; (2) evaluate if staffing levels are adequate; (3) continue assessing the Department's implementation of the Results Act; (4) assess how the Department is implementing the Quality Housing and Work Responsibilities Act of 1998; (5) assess the Department's efforts to eliminate mortgage fraud; and (6) continue the demonstrated success we have had in carrying out Operation Safe Home and conducting HUD's Annual Financial Statement Audit.

We need to maintain our current staffing levels and undertake a variety of major program effectiveness audits in order to become more proactive. While we regularly review HUD funding requirements, we've lacked resources to perform sufficient audit work at the recipient level to determine if the funding is getting desired results. Most new programs or significantly revised programs have not been audited. We need to look closer at many of our troubled Public Housing Authority (PHAs) to make informed recommendations to the Department and Congress. There are numerous areas that deserve greater audit exposure.

We are taking an active and aggressive role in ascertaining how the Department can better define its mission and carry out its Congressional mandates. The Inspector General continues to routinely testify before Congressional committees on HUD's mission, management and performance; high-risk problems; perspectives on reinvention; and problems in the Single Family Housing Programs. Preparation for each hearing typically requires the completion of detailed audit work as a basis for testimony.

Our audit plan targets the following major areas of emphasis where we believe our work can be of greatest value to the Department and Congress:

- **Information System Audits.** The work of the Information Systems (IS) Audit Division has become increasingly important as the Department expands the use of information technology for program delivery with a reduced staff. Much of the work is devoted to supporting the mandated Financial Statement Audits by reviewing the general and application controls of automated financial systems. These controls affect programs and supporting applications for all system efforts. IS audit work also involves assisting the Department in establishing controls and standards for error prevention; efficient and effective operations; and deterrents to fraud or abuse during system development. A new IS audit priority involves assessing HUD's entity wide information security policies and plans, including security management structure and the roles and

responsibilities of security personnel. Another area of audit work is providing technical support to other OIG auditors and investigators. This work includes retrieving and analyzing data from HUD systems, advising field auditors on automated tools for use in their work, and obtaining computer-based evidence for investigative purposes.

- **Performance Audits.** A major part of our staff time is spent conducting audits of high-risk programs and program participants. Some of the more critical areas include:
 - Insured Multifamily Operations;
 - Native American Housing and Assistance and Self-Determination Act;
 - PHA Operations and Modernization;
 - Troubled Agency Recovery Centers;
 - Real Estate Assessment Center;
 - Grants Management Center;
 - Section 8 Administration;
 - Single Family Origination, Servicing and Disposition ;
 - Contracting Activities;
 - CDBG Grantees and Sub-grantees;
 - Homeless Program Providers; and
 - Technical Assistance.
- **Financial Audits.** Fiscal year 2001 will be the seventh year we complete the consolidated financial audit of the Department using our own staff resources. This audit has better enabled the OIG to grasp the major problems facing the Department and thereby target our audit resources in areas of greatest concern. Another benefit of the financial audit is that it enables us to evaluate internal controls as a measure of HUD's progress in identifying and solving its management challenges. The Financial Audit Division conducts this audit with assistance from staff from all of our District Offices and the IS Audit Division. Additionally, we contract with independent public accountants to perform audits of the financial statements of both FHA and the Government National Mortgage Association Ginnie Mae, which are included in the consolidated audit. It is a major commitment of staff, training, contracting, and travel resources.
- These financial statement audits are required by the Chief Financial Officers Act of 1990. We devote over 20 staff years to perform the consolidated financial audit and administer the contracted audits of FHA and Ginnie Mae.

Safe Home Efforts. The identification and pursuit of fraud in insured multifamily housing programs is a principal Safe Home focus. Our strategy is to obtain successful criminal and civil prosecution, sending a message to owners that defrauding the government will not be tolerated. We have focused on affirmative civil enforcement opportunities with direct referral of cases to the U.S. Attorneys. The burden of proof is less on these civil cases and provides for more immediate impact. We have reached settlement and judgment on 129 cases totaling \$105 million and had court convictions on another 31 cases totaling \$5.7 million. We must increase our aggressive pursuit of fraud cases.

4. OFFICE OF INVESTIGATIONS

a. Employment and Responsibilities

The Office of Investigation is responsible for the development and implementation of investigative activities focusing on fraud and abuse in connection with HUD programs and activities. The investigations are conducted by special agents assigned to Headquarters and to eleven district offices. The Office of Investigation initiates investigations of possible violations of laws in the administration of HUD programs and activities or serious misconduct on the part of HUD employees. These initiatives include investigations of possible criminal violations for criminal and/or civil prosecution and investigations of program irregularities for civil and/or administrative actions by HUD. In carrying out these responsibilities, the Office of Investigation works closely with other Federal law enforcement agencies, as well as with State and local law enforcement. Numerous successful investigations have occurred because of the combined efforts of more than one investigative agency. These efforts not only intensify the investigation, but can broaden the scope of the inquiry and jurisdictional range of potential violations.

Headquarters, Office of Investigation directs the activities of the eleven districts and performs an investigative support function. In addition, the Office of Investigations has a Special Investigations Division that conducts sensitive, highly complex and/or nationwide fraud investigations. Each district Office is supervised by a Special Agent in Charge who is responsible for overseeing investigations within their respective geographic areas or responsibility.

b. Workload

Our Semiannual Report to the Congress continues to show significant results from our investigative efforts. The following is a summary of our investigative results for the 6-month period April 1, 2000 through September 30, 2000.

WHITE COLLAR INVESTIGATIVE RESULTS

INDICTMENTS	CONVICTIONS	INVESTIGATIVE RECOVERIES	SUSPENSIONS/DEBARMENTS OF PERSONS/ FIRMS DOING BUSINESS WITH HUD
301	141	\$12,123,463	144

VIOLENT CRIME INVESTIGATIVE RESULTS (OPERATION SAFE HOME)

ARRESTS	SEARCH WARRANTS	DRUGS SEIZED	WEAPONS SEIZED
1,303	228	\$4,335,905	260

During fiscal year 2002, the Office of Investigation will continue working to maintain a balance between two major areas of investigative concern. First, resources will be focused on white collar fraud investigations in those programmatic areas that hold the greatest potential for return. Second, resources will be focused on investigations that target violent crime, including drug-related criminal activity, in public and assisted housing developments.

Maintaining and enhancing an aggressive, prioritized program of white collar fraud investigations is one key performance goal of the Office of Investigation. These investigations, which are routinely supported by other law enforcement agencies (primarily the Federal Bureau of Investigations (FBI)) and the Office of Audit, are for the purpose of punishing abusers of HUD programs, recovering Federal funds, deterring others from committing illegal acts, and restoring public confidence in the integrity of HUD programs.

Our white collar crime investigations will continue to yield significant prosecutive results such as loan origination fraud in the single family mortgage insurance program, equity skimming, embezzlement, and false claims violations in the multifamily insured and assisted housing programs, and embezzlement and false claims cases in public housing and community development grant programs. An increasing number of these investigations in these areas involve highly sophisticated fraudulent schemes perpetrated in an automated environment by multiple individuals and business entities operating in many jurisdictions. In order to adequately address this area in fiscal year 2002, the Office of Investigation is proposing to establish a specialized Electronic Crime Team consisting of two special agents to provide technology assistance and computer forensic support to other agents in conducting complex fraud investigations that frequently require the seizure and evaluation of digital evidence.

Maintaining and enhancing an aggressive, leveraged program of Operation Safe Home law enforcement initiatives targeting violent crime is another key performance goal of the Office of Investigation. Operation Safe Home was initiated in February 1994 as a collaborative effort among the OIG, the Department of Justice, and the Department of Treasury, to reduce the level of violent crime in public and assisted housing developments. The initiative focuses the combined efforts of Federal, State, and local law enforcement on this serious abuse in HUD programs.

Under the Operation Safe Home Initiative, OIG special agents participate as full partners in law enforcement task forces, and also interface with public and assisted housing development managers and HUD to facilitate methods to prevent violent crime and enhance the quality of life for residents. The OIG's relationship with public housing authorities provides it with the expertise to target specific crime-ridden developments and provide intelligence information from within the authority to law enforcement counterparts and to then follow up task force actions with follow-up eviction referrals. OIG special agents are currently participating in more than 250 task forces targeting violent crime in publicly HUD-funded housing.

5. SUPPLEMENTAL SAFE HOME FUNDING

In 1998, and each year thereafter, we received \$10,000 thousand from drug elimination grant funds to support joint task force operations, plus an additional transfer from PIH of \$10,000 thousand in order to obtain additional law enforcement FTE. This increased FTE has enabled the OIG to more adequately address violent crime within the larger urban areas, such as Boston, New York, Chicago, Atlanta, Houston, New Orleans, San Francisco, and Los Angeles, some of the areas in which OIG has had a critical shortage of personnel to assign task force work. OIG is not requesting fiscal year 2002 funding for task force operations.

One of the most critical components of Operation Safe Home was developed in direct response to a request from the Director of the FBI, who advised the Secretary that a witness relocation initiative was necessary in order to address violence plaguing Washington, DC. Violent crime in publicly funded housing can only be addressed with the critical help of witnesses who come forward to assist law enforcement and testify as to the crime. Unfortunately, many times such witnesses rightfully fear for their lives and those of their family if they

assist law enforcement. Since the initiation of Operation Safe Home, OIG has facilitated the relocation of more than 650 witness/families, some of whose testimony was directly responsible for the conviction of murderers who left trails of multiple homicides through public housing.

After 2 years of cajoling the assistance of various public housing authorities to relocate a witness/family, at the request of a prosecutor, in fiscal year 1996, HUD provided approximately 200 Section 8 vouchers specifically for this purpose.

The continuation of this effort remains critical. Therefore, in fiscal year 2001, we estimated 300 Section 8 vouchers would be needed for this purpose. We are requesting the same amount for fiscal year 2002. Throughout the development of Operation Safe Home, representatives of every law enforcement component, including the Attorney General, the Director of the FBI, as well as supervisors and street agents of the FBI, Drug Enforcement Administration, and the Bureau of Alcohol, Tobacco, and Firearms, all agree that this is one of the most vital law enforcement tools developed. The Department, working with OIG, has developed a system to rapidly relocate a witness/family based upon requests of law enforcement and prosecutors, and still protect the identity and location of the witness.

Since its inception in February 1994, OIG has participated in affecting the arrests of over 18,000 persons committing a wide range of crimes in and around publicly funded residential communities. Over 2,500 search warrants have been served, resulting in the seizure of over \$39 million in drugs and \$7 million in drug-related cash. A total of over 2,600 firearms have been seized in publicly assisted housing, including assault guns and shotguns. However, the more significant accomplishment is more intangible. It is the enhancement of the quality of life for residents, allowing them a greater sense of peace in their homes.

6. HOUSING FRAUD INITIATIVE

In fiscal year 1998, Congress authorized \$9,000 thousand for an initiative to investigate, in conjunction with the FBI, possible fraud in all HUD's programs. The funding was provided to hire additional investigators and auditors, and establish a computer system to provide information/analytic support for them. An additional \$9,000 thousand was appropriated for this initiative in fiscal year 1999. In consultation with the FBI, we have established Housing Fraud Initiative task forces in six Federal judicial districts: the Eastern District of New York, the District of Maryland, the District of Columbia, the Eastern District of Illinois, the Central District of California, and the Northern District of Texas. These task forces undertake comprehensive assessments of HUD program vulnerabilities with the goal of maximizing fraud prosecutions within their respective judicial districts.

7. OFFICE OF MANAGEMENT AND POLICY

a. Employment and Responsibilities

The Office of Management and Policy (OMAP) provides OIGwide administrative support in areas such as budget and financial management, personnel management, employee training, internal policy development, ADP and automated office support services, and records management.

b. Workload

OMAP will continue to be the OIG focal point for streamlining operations, and developing OIG policies and procedures, particularly in the personnel area. OMAP is also responsible for the OIG quality assurance program, which assesses OIGwide compliance with professional audit and investigative standards. The program, as currently designed, calls for three to four areas to be evaluated each year so that each district is evaluated once every 3 years.

As part of an overall effort to improve mission performance, OMAP has taken the lead in identifying a need to reengineer the flow of information throughout our organization by automating the OIG workflow process. Automation enables users to have greater access to information within each component office, as well as have information to share across the organization. We subsequently identified and purchased a Commercial Off-The-Shelf (COTS) software package that could be configured to meet the organizational needs as an investigations tool and as an audit tool. Because sensitive data managed by an entity not under the direct authority of the OIG could potentially be compromised, the OIG had to reexamine its own role in regard to information management as well as its ongoing relationship with the HUD Office of Information Technology (OIT). When HUD OIT stated it was unable to expend the resources necessary to meet OIG's network and security requirements, we concluded we would have to set up and operate our own secure network. Our strategy to meet the need for an independent secure network resulted in a decision to employ the Seat Management Program, developed by the Federal Technology Service (FTS) of the General Services Administration (GSA).

The OIG has also contracted with the Bureau of Public Debt (BPD) for personnel and procurement services. Outsourcing these functions has allowed the OIG to improve its mission performance while remaining independent from the Department. One of the primary advantages of outsourcing is that the OIG does not have to compete with other offices for limited Departmental resources in these areas. Thus, we are able to devote resources to priority issues and needs immediately. The OIG maintains a core staff of experts in personnel and procurement to develop policy and provide contract oversight of BPD's performance.