

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

The following material discusses the scope of work, proposed staffing levels, budget estimates, and justification for the Office of Inspector General (OIG) for fiscal year 2008.

APPROPRIATION HIGHLIGHTS

The following table summarizes the funding sources and staffing levels.

	<u>ACTUAL</u> <u>2006</u>	FULL-YEAR CR ESTIMATE <u>2007</u>	CURRENT ESTIMATE <u>2007</u>	ESTIMATE <u>2008</u>	INCREASE + DECREASE - <u>2008 vs 2007</u>
	(Dollars in Thousands)				
<u>Budget Authority</u>					
Funds Available:					
Budget Authority	\$81,180	\$81,180	\$83,240	\$88,240	+\$5,000
Transfer from FHA Fund ...	23,760	23,760	23,760	23,760	0
Disaster Assistance	<u>9,000</u> a/
Subtotal	113,940	104,940	107,000	112,000	+5,000
Outlays (net)	83,000	79,000	83,000	89,000	+6,000
Full-Time Permanent					
Appointments (EOY)	646	633	630	650	20
Full-Time Equivalents	646	633	630	650	20

NOTE: a/ Emergency Supplemental, P.L. 109-234.

The fiscal year 2008 estimate of \$112.0 million is \$5.0 million higher than the fiscal year 2007 President's Budget and \$7.0 million higher than the fiscal year 2007 Continuing Resolution (CR) estimate. A full-year continuing resolution in fiscal year 2007 will result in an overall funding reduction of \$2.1 million to \$104.9 million. OIG continues to experience an increased workload due to Hurricane Disaster Relief support and rising costs in salaries and benefits each year. OIG has received \$9.0 million in Hurricane Disaster Relief supplemental funds. In an effort to optimize these funds, OIG has decided to only use these funds for non-labor hurricane relief related efforts.

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The OIG developed a strategic plan with the primary goal of helping HUD resolve its major management challenges. One objective is to "Reduce Fraud in Single Family Lending." OIG has given priority to audits of Single Family loan origination abuses, rental assistance payment programs, and HUD fiscal systems. The overall objectives of OIG's planned audits in these areas are to aid HUD in ensuring that management reforms are effective and address Congressional and taxpayer concerns about program delivery and financial integrity. Detecting and preventing fraud, waste and abuse are integral components of this work. The scope of efforts expended on recent evaluations of HUD's management audits of HUD program delivery and financial and management systems audits also reflect the President's Management Agenda. Audits completed through September 2006 in this area reported about \$259.2 million in monetary results (ineligible costs, unsupported costs, and funds put to better use). Approximately one-quarter of audits issued are dedicated to Single Family Programs. Another strategic objective is to reduce erroneous payments in Rental Assistance programs. All eight Regional Office of Investigation offices (OI) initiated a Rental Assistance overpayment initiative during fiscal year 2005. By late fiscal year 2005, OI was dedicating approximately 33 percent of its resources to the Rental Assistance overpayments initiative. Currently, OI continues to dedicate the same level of resources towards this effort. Additional budget justification and estimates follow.

HUMAN CAPITAL

OIG is requesting a fiscal year 2008 level of 650 full-time equivalents (FTEs). In the aftermath of the hurricanes in the Gulf State areas, OIG is redirecting current staff to support oversight activities of the reconstruction and housing efforts. Our experience in New York City after the 9/11 tragedy supports our staffing resources. [For the audit work alone, OIG's Office of Audit (OA) has expended over 22 staff years to audit the use of the Community Planning and Development (CPD) September 11, 2006 related funds flowing into New York City.] The Office of Audit continues to expend audit resources on this effort. The recent devastation to the Gulf Coast communities is on a much greater magnitude than the destruction in New York City. We conservatively estimate that the required audit effort will last from 5 to 7 years, at a minimum.

We created a Hurricane Relief Task Force (HRTF) for both Audit and Investigation that is located in New Orleans. In addition to the New Orleans task force, we opened an Investigation office in Hattiesburg, MS and opened an office in Jackson, MS to provide audit support for disaster relief oversight. OIG has also created a Headquarter Division to coordinate disaster relief support with HUD and other oversight agencies such as the Department of Justice and Department of Homeland Security.

During fiscal year 2008, the Office of Investigation (OI) will allocate resources to enhance investigations of three national initiatives: Federal Housing Administration (FHA) Single Family Mortgage fraud; rental assistance overpayments; and Hurricane Relief fraud. FHA mortgage fraud continues to be an area of specific concern. Given the financing boom of the last several years, opportunities for fraud abound. The rental assistance overpayment investigations involve program delivery of Section 8 through the Office of Public and Indian Housing (PIH) and the FHA Multifamily Housing Programs. Hurricane Relief fraud investigations involve PIH, FHA Single Family and Multifamily programs, CPD, and Federal Emergency Management Agency (FEMA) funds for evacuee temporary housing programs administered by HUD and disaster funds (CDBG).

OI will increase fraud prevention activities, particularly in association with HUD funding in the Gulf States area. OI will take a pro-active approach to contact all potential participants who will be involved in hurricane related relief funds, not only in the Gulf States but in all areas of the country where evacuees have migrated. OI will participate in public forums and conferences promoted by the Public Housing Authorities Director's Association (PHADA), the National Association of Housing and Redevelopment Officials (NAHRO) and other industry groups.

Additional areas of OI work anticipated for fiscal year 2008 will center upon the Inspections and Evaluations (I&E) Division conducting reviews of Section 8, troubled Public Housing Authorities (PHAs) and overlapping HUD/FEMA programs.

In support of the OIG Strategic Plan and to prepare Forensic Auditors and Special Agents for complex financial fraud investigations, training courses have been developed for all OI employees who have not received training or for those who require refresher training. These courses will help OI employees to investigate FHA Single Family fraud, Section 8 fraud, FHA Multifamily equity skimming, violations of the Program Fraud Civil Remedies Act (PFCRA), the Bankruptcy Act with respect to HUD programs; and the Real Estate Settlement and Procedures Act (RESPA). All employees working in the Gulf States area will also have training in CPD/Grant programs.

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In recent years, the OIG has focused approximately two-thirds of investigative efforts on investigations involving FHA Single Family mortgage fraud and Section 8 investigations primarily in the Public Housing Authorities. The mortgage fraud investigations include property-flipping schemes, identity theft associated with loan origination, and predatory lending practices. The rent subsidy overpayments investigations include false statements made by tenants, corruption by employees of public housing authorities and management company employees of FHA subsidized projects, and fugitive felons receiving benefits from HUD programs.

OI and OA analyzed the delivery of HUD program funds nationwide and re-deployed FTEs to those areas of the country receiving the greatest HUD funding and where the potential for fraud, waste and abuse is the highest. The OI has developed an FTE model based upon a seven-factor ratio, weighted to reflect organizational performance requirements to the Regional and HQ offices.

The Offices of Investigation and Audit mission needs for fiscal year 2008 are 322 and 319 FTEs respectively. This is based upon several factors. First, by fiscal year 2008, it is anticipated that rental assistance overpayment cases will be driven in part by the establishment of a quality assurance division proposed by the Assistant Secretary for Public and Indian Housing, which will generate referrals; a firmly entrenched Rental Housing Integrity Improvement Project (RHIIP), employment income verification system that will generate referrals, both of which will require OI to continue support of the OIG's Strategic Plan of contributing to the reduction of rental assistance over-payments through the continuation of over 22 separate Regional operations in support of this national initiative. Second, a new focus on Community Planning and Development (CPD) investigations and audits based upon our analysis of CPD grant activity in the Southwest and Southeast, particularly associated with hurricane relief funds. Third, increasing numbers of FHA Single Family mortgage defaults distributed according to default locations requiring the continuation of eight major mortgage fraud task force operations in support of our national initiative. Fourth, Department of Justice task forces being established in fiscal year 2006 to address crime in the PHAs.

The particular task forces include the DOJ Public Housing Safety Initiative and the new national focus on gang activity. Both the FHA Single Family mortgage fraud initiative and the rental assistance over-payment initiative will require additional dedicated agents to assure continuity of these initiatives. Meeting the investigative challenges set forth to adequately continue the level of priority investigations, while at the same time meeting our disaster fraud responsibilities in the Gulf States will require these additional agents. The Office of Audit requests additional FTEs to support oversight activities of the \$17.2 billion provided to HUD for the disaster relief reconstruction and housing efforts in the Gulf Coast states and to maintain our current level of support in other HUD programs. One of OI's and OA's top three priorities will focus on Hurricane Disaster Relief Fraud. The OI is a member of the DOJ Washington Katrina Task Force as well as a member of the Baton Rouge DOJ Katrina Task Force and is participating with the FBI Public Corruption Office in New Orleans. The OI and OA created a Hurricane Relief Task Force (HRTF) based in New Orleans to address Hurricane Disaster Relief Fraud. In addition, all eight OI Regional offices have a Hurricane Relief Fraud Manager reporting to a Special Agent in Charge of Hurricane Disaster Relief Oversight, which was created in Headquarters. The OI and OA are active members of the Department of Homeland Security, Katrina Roundtable that meets every quarter.

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FUNDING BY OBJECT CLASS

The following table summarizes this request by object class.

	ACTUAL <u>2006</u>	FULL-YEAR CR ESTIMATE <u>2007</u>	ESTIMATE <u>2007</u>	ESTIMATE <u>2008</u>	INCREASE + DECREASE - <u>2008 vs 2007</u>
(Dollars in Thousands)					
Personal Services.....	\$77,711	\$78,739	\$78,615	\$81,940	+\$3,325
Travel and Transportation of Persons.....	4,666	4,666	4,769	5,374	+605
Transportation of Things.....	216	216	252	258	+6
Rent, Communications, and Utilities	6,596	6,596	6,832	6,982	+150
Printing and Reproduction.....	25	25	42	43	+1
Other Services.....	14,868	13,840	15,570	16,463	+893
Supplies and Materials.....	369	369	407	416	+9
Furniture and Equipment.....	441	441	454	464	+10
Insurance Claims and Indemnities.....	48	48	59	60	+1
Disaster Assistance P.L. 109-234.....	<u>9,000</u>	<u>0</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total Obligations.....	113,940	104,940	107,000	112,000	+5,000

NOTE: The 2006 Emergency Supplemental Disaster Assistance P.L. 109-234, \$9,000 Thousands.

CHANGES FROM FISCAL YEAR 2007 TO FISCAL YEAR 2008

Descriptions of the various object classes are provided below. Overall, the Personal Services; Rent, Communications, and Utilities; Travel, and Other Services object class categories reflect the primary increases above fiscal year 2007, while all other object class categories remain about the same.

Personal Services

The fiscal year 2008 estimate of \$81.9 million reflects an increase of \$3.3 million above fiscal year 2007. The increase of \$3.3 million above the fiscal year 2007 President's Budget reflects \$1.3 million for the pay raise and \$2.0 million for 17 FTEs.

Travel and Transportation of Persons

The OIG staff travels extensively to carry out their audit and investigative responsibilities. The Audit staff travels to program participants and contractor offices to conduct project, contract, and financial audits. Investigation staff requires extensive travel to interview witnesses and subjects of investigations, to examine records, and to gather evidence through surveillance and other law enforcement activities. In addition, funds are necessary for training travel to support our refocused investigation priorities and to send newly hired replacements to the Federal Law Enforcement Training Center (FLETC), IG Institute and other periodic in-house training. The fiscal year 2008 estimate of \$5.4 million reflects an increase of \$0.6 million.

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Transportation of Things

This object class includes the cost to move household items when an employee is transferred from one permanent duty station to another. The fiscal year 2008 estimate of \$0.3 million remains about the same as fiscal year 2007.

Rent, Communications and Utilities

Funding in this object class include costs such as leased space, parking, security, rental equipment, communications, and utilities. The fiscal year 2008 estimate of \$7.0 million reflects an increase of \$.2 million above fiscal year 2007 for inflation.

Printing and Reproduction

Funding in this object class is for printing and reproduction services costs, and related composition and binding operations performed by or through the Government Printing Office. The OIG Semiannual Reports to Congress are also covered under this classification. The fiscal year 2008 estimate of \$0.1 million remains about the same as fiscal year 2007.

Other Services

A multitude of activities are funded under this object class, including professional training and development of OIG personnel, audit services, general support, and information technology (IT) maintenance and services. Audit services consist primarily of the cost of contracting for the audits of the FHA and Government National Mortgage Association (GNMA) financial statements. OIG has various Interagency Agreements. One such agreement is with the Department of Justice for access to the National Crime Information Center (NCIC) data related to OIG investigative activities. The OI and OA are also obligated to support the President's Council on Integrity and Efficiency (PCIE) through annual training assessments to the IG Training Institute. OIG has agreements with the Bureau of Public Debt for personnel, contracting/procurement services, and investigative background checks of OIG staff, the National Finance Center for payroll processing, and other smaller agreements.

Funds from this object class are also used for the purchase of goods and services where source identity or investigative techniques require confidentiality such as undercover investigations.

Other funds in this object class include amounts for furniture and equipment maintenance, visual arts services, and other miscellaneous contractual requirements.

The fiscal year 2008 estimate of \$16.5 million is an increase of \$.9 million above fiscal year 2007 for computer refresh and non-labor inflation.

Supplies and Materials

Funding budgeted under this category cover costs associated with the purchase of office supplies; training supplies; automation-related supplies; subscriptions to professional magazines, publications and research materials; ammunition; and other items that are generally consumed or expended within one year after purchase. The fiscal year 2008 estimate of \$0.4 million remains about the same as fiscal year 2007.

Furniture and Equipment

This object class includes the purchase of furniture and fixtures, office equipment, and special equipment/weapons for law enforcement investigative activities. The fiscal year 2008 estimate of \$0.4 million remains about the same as fiscal year 2007.

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Insurance Claims 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 normally includes loss or damage to personal property being used for the benefit of the government. The fiscal year 2008 estimate of \$0.1 million remains about the same as fiscal year 2007.

SCOPE OF ACTIVITY

The HUD Office of Inspector General is one of the original 12 Offices of Inspectors General designated by the Inspector General Act of 1978. The OIG oversees HUD's programs and operations with its audit and investigative personnel. While organizationally located within the Department, the OIG receives a separate appropriation for its activities. The OIG mission is to provide independent and objective reporting to the Secretary and to Congress.

During the agency and the Office of Management and Budget (OMB) budget processes, OMB requires OIG to work with the Department because the HUD Secretary approves the appropriate level of funding and FTEs for the Department overall, as well as for the specific program and operational needs within the Department, which includes OIG.

The OIG is the Department's primary source for obtaining independent reviews of the integrity, efficiency, and effectiveness of Departmental programs and operations. In directing these review activities, the OIG emphasizes both the detection and prevention aspects of these services within a comprehensive Departmental effort to attain improved management effectiveness. OIG also 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 form of audits, investigations, inspection and evaluations or other such reviews, as appropriate.

In order to bring HUD's OIG more in line with other large OIGs, one Senior Executive was assigned the responsibilities for an Inspections and Evaluations Division, utilizing resources from the current Forensic Auditor staff. During fiscal year 2006, the Division issued major reports on such topics as a review of the FHA financial system and the HUD Information Technology System (HITS).

In addition to investigations authorized under the Inspector General Act, OI also investigates fugitive felons receiving benefits from HUD programs, cold cases of missing and exploited children, and sexual offenders receiving benefits from HUD's housing assistance programs and engages in other law enforcement activities required by DOJ, support of COOP events, and other special cases assigned by the President's Council on Integrity and Efficiency (PCIE).

PERFORMANCE

For September 2006, OIG's results totaled \$1.4 billion, which includes questioned costs identified in Audit Reports, investigative recoveries/receivables, and recommendations for funds put to better use. As a result, OIG exceeded its return on investment goal of 8 to 1.

OIG has developed a Strategic Plan that further refines performance measures and identifies outputs that will define a significant portion of OIG workload that is not set by legislation, Congressional, OMB or citizen requests.

WORKLOAD

The principal workload of the OIG consists of audit, investigative, and inspections and evaluations reviews. The Inspector General Act of 1978 and amendments of 1988 require the IG to conduct, supervise, coordinate, and provide policy direction for audits and investigations relating to Departmental programs and operations, and promote economy and efficiency in the administration of HUD programs and operations, and to prevent and detect waste, fraud, and abuse.

In order to harmonize OIG efforts and achieve the maximum output from OIG resources, members of the Audit and Investigation staff meet with HUD program officials monthly to discuss issues of concern, including those areas where OIG believes weaknesses exist. In

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In addition, these OIG offices meet with HUD's Regional directors to address areas of mutual concern. OIG is working with top program officials to develop a strategy to address and ultimately reduce fraud in HUD programs and operations when emphasis is placed on communication and cooperation by working together to address weaknesses.

1. IMMEDIATE OFFICE OF THE INSPECTOR GENERAL

The Inspector General reports directly to the Secretary and Congress, and has authority to inquire into all program and administrative activities of the Department. 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 waste, fraud, and abuse in HUD programs and operations. Currently, the Inspector General serves as the President's Council on Integrity and Efficiency (PCIE) board member that oversees the Inspector General Institute.

2. OFFICE OF LEGAL COUNSEL

The OIG Office of Legal Counsel (OLC) is responsible for providing the full range of independent professional legal services and advice with respect to the formulation, coordination, revision, and execution of the OIG program. Specifically, OLC Attorneys:

- Render oral and written legal opinions and provide legal advice to the IG, OIG staff, and Auditors and Special Agents;
- Review and comment on existing or proposed legislation and regulations;
- Draft proposed legislation and regulations in conjunction with OIG audit and investigative activities;
- Materially assist in the preparation and prosecution of criminal and/or civil fraud cases referred by or affecting the OIG;
- Oversee and assist in the preparation, issuance, and enforcement of subpoenas required during audits, investigations, or other activities;
- Conduct the litigation of Merit Systems Protection Board proceedings initiated by the OIG staff as a consequence of administrative decisions by OIG managers;
- Represent the OIG staff at legal proceedings related to audits, investigations, or other OIG activities;
- Represent the IG and OIG staff in discussions with other components of the Department;
- Provide legal advice on requests received by OIG pertaining to the Freedom of Information Act (FOIA) and the Privacy Act;
- Provide other legal assistance to the IG as requested; and provide responses to over 300 FOIA, privacy act and other requests for information annually.

3. OFFICE OF AUDIT (OA)

a. Employment and Responsibilities

The Office of Audit plans and conducts reviews of Departmental activities and operations that include: (1) Headquarters programs and operations, and the activities of approximately 80 HUD field offices; (2) hundreds of HUD programs and initiatives; and (3) thousands of contractors and program participants doing business with the Department. Auditors assigned to three Headquarters Divisions and eight Regional offices, plus a newly created Hurricane Relief Task Force, totaling 34 offices nationwide, are responsible

for conducting a variety of audits in all HUD program areas. HUD's net outlays were \$42.5 billion in fiscal year 2005. In terms of Federal exposure, HUD is one of the largest Federal agencies because of FHA insurance activities. FHA insured over \$66 billion in Single Family and Multifamily mortgages in fiscal year 2005 with an outstanding mortgage insurance portfolio of approximately \$416 billion. Approximately 45,000 organizations deliver HUD programs nationwide. The Department also incurs operating expenses for approximately 8,800 employees, excluding the OIG. OA's significant workload is generally divided into three primary categories: Performance Audits, Financial Audits, and Advisory and Assistance Services. These will be discussed further in the workload section.

b. Workload

Overview. The OIG's Semiannual Reports to Congress continue to show significant audit results. OA's long-range strategy is to perform audit work that assists the Department in addressing the President's Management Agenda. This Agenda includes many government-wide issues that all Federal agencies must address as well as specific HUD management challenges. Both the OA and the GAO have identified specific HUD challenges related to the President's Management Agenda. The size and diversity of HUD programs has led to staffing and information systems challenges and resulted in a variety of internal control weaknesses identified by OIG audits. These weaknesses are compounded by the fact that many, if not most, of HUD's critical functions are being performed by outside entities.

To provide the best possible services to HUD management and Congress, OA will: (1) emphasize the review and oversight of legislative, regulatory and policy changes resulting from an ever changing HUD and program environment; (2) pursue ways to improve existing methods or suggest new methods of conducting 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 continued emphasis on combating fraud, waste and mismanagement in HUD programs.

Review and Oversight. The Department continues to downsize its operations and cope with organizational changes that have fundamentally affected the way it conducts business, which has increased the OA workload significantly. Major changes have been made in the manner in which the FHA conducts its business. From an organizational standpoint, reductions in the level of program staff have resulted in greater reliance being placed on OIG audit work to assure that lenders, grantees, contractors, and other program participants are meeting program requirements and spending funds efficiently and effectively. OA plans to review HUD programs consistent with the goals to increase home ownership, help homeless families and individuals achieve housing stability, improve the safety and quality of public housing, and make affordable rental housing available for more low-income households. With the levels in HUD program staffs being reduced, our reviews of regulatory and policy changes have taken on greater importance. As a result, OA focuses its efforts on evaluating the features and objectives of various program operations with the aim of recommending ways to maximize results with Federal expenditures.

Audit Emphasis. OA's work has shown that some of the most vulnerable program and operational areas in the Department include: the timely development and implementation of information systems; Single Family loan origination and property disposition; erroneous payments in HUD's low-income housing assistance programs; contract and grant administration; PHA management and operations; particularly the Section 8 voucher program; enforcement of program rules and regulations, including an increased emphasis on violations of housing quality standards; and the effective use of HUD's human capital.

The following are some of our traditional workload measurements ending September 30, 2006.

- Internal Audit Reports Issued..... 24
- External Audit Reports Issued 40
- Collections from Audit Activities..... \$42.7 million
- Questioned Costs on Audits Issued..... \$120.3 million
- Recommendations that Funds be put to Better Use \$912.8 million

OA's strategy is to prioritize audit assignments that will: (1) assess the Department's efforts to address the President's Management Agenda with emphasis on the adequacy and reliability of financial and information systems; (2) be responsive to audit requests from Congressional Committees; (3) continue assessing Departmental human resource management; (4) improve the integrity of

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single family mortgage insurance programs and deter mortgage fraud; (5) assess Section 8 program administration; (6) complete a timely and comprehensive audit of HUD's annual financial statements; (7) recommend actions that maximize electronic methods for identifying program fraud and abuse in low-income housing programs; and (8) review Community Planning and Development (CPD) grantees, with emphasis on the CDBG program and nonprofit grantees.

Our potential audit universe continues to expand with the growth of HUD activity. Additionally, Congress has increasingly tasked the OA with unfunded legislated audit work. Much of the additional work in the last 3 fiscal years was in response to Congress. For example, the Appropriations Committee tasked OIG with audit responsibility for the \$3.4 billion in disaster assistance funding provided to New York City as a result of the September 11, 2001 terrorist attacks. The task involves reporting every 6 months. Additionally, OA increased audits on PHA's administration of the Section 8 voucher program based on Congressional requests.

In addition to the HUD-specific mandates issued by Congress, all OIGs must meet several government-wide legislative mandates annually. The two most significant requirements are the financial audits required by the Chief Financial Officers Act and the review of information security policies required by the Federal Information Security Management Act (FISMA).

The OIG audit plan targets the following major areas of emphasis where the work can be of greatest value to the Department and Congress:

- Performance Audits are reviews of the efficiency and effectiveness of selected HUD management and program operations. These audits are directed at determining the adequacy of management controls and minimizing program risks. These audits are focused on assuring that housing assistance programs are handled efficiently and effectively. Performance audits also include reviews of the records and performance of those organizations receiving financial assistance or benefits from the Department, such as various state and local government grant recipients and sub-recipients, Multifamily owners and management agents of insured and assisted projects, mortgage lenders and borrowers, contractors, public housing authorities, and nonprofit entities. Performance audits are a means of ascertaining the degree of compliance with applicable statutes, regulations, agreements under which Federal funds and other benefits are made available. The audits also examine the appropriateness of the disposition of funds granted, loaned, or claimed, and/or the adequacy of participant performance and results.
- A major part of the OA staff time is spent conducting audits of high-risk programs and program participants. With a multitude of diverse programs in the Department, there are thousands of potential audit entities. As each of these assignments is planned, OA will maintain its focus on items in the President's Management Agenda. Audit planning is a continuing process that focuses resources on the priorities identified in OIG's strategic plan and areas of greatest current benefit to our customers. Our broader goal in developing an audit plan is to help HUD resolve its Major Management Challenges while maximizing results and providing responsive audits. Because the process is dynamic, the OIG can quickly make adjustments and address new requests throughout the year. Potential review areas are developed through our discussions with program officials; the public, and Congress; our audits in each Region; the annual financial statement audits; and our reviews of proposed legislation, regulations and other HUD issuances. Planning for external audits is subject to numerous factors such as, complaints, request from HUD and Congress, and media attention, all of which cannot be predicted or anticipated. Therefore, the planning of external audits is intended to be flexible to perform the highest priority work on hand. Depending on the volume and nature of audit requests, OIG intends to selectively target high-risk programs and jurisdictions. Priorities have been determined based on the OIG Strategic Plan and areas of interest to OIG stakeholders, particularly Congress. With this in mind, the following types of external audits have been identified as priority areas during this planning cycle. OIG audit managers will focus their audit resources in the following areas.
- Public and Indian Housing. The Low-Income Program serves 1.2 million households. The Section 8 Voucher Program serves over 1.8 million households. Of immediate concern is the overpayment of Section 8 housing assistance payments since this area is highlighted as part of Goal #1 in the OIG Strategic Plan and is a Congressional priority. As part of an overall OIG initiative, tenant eligibility and accuracy of rental assistance payments will be the audit focus in this program area. However, the quality of housing and the cost of administering these programs continue to be a concern that we will address as workload permit. In addition, we plan to continue to conduct audits of PHA development activities carried out by affiliated non-profit entities.

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- Mortgagee Audits. Single Family lender audits will continue to be a priority due to the abuses being experienced in Single Family programs. A specialized audit program has been developed for the purpose of targeting lenders for audit considering a number of high risks indicators. In addition to being a part of Goal #1 in the OIG Strategic Plan, there continues to be Congressional interest in our audits of the Single Family program.
- Multifamily Project Audits. With high defaults and FHA insurance claims being paid in the last 2 fiscal years, audits of Multifamily project operations will continue to be a priority. The focus of these audits will be with the misuse of project operating funds, also known as equity skimming.
- Non-profit Grantees. Continued concerns over the capacity of non-profit entities receiving funding from HUD programs require that audits of such activities be given priority. HUD's emphasis on the "Faith-Based" initiative will increase the level of funding to organizations that have traditionally not participated in Federal programs and may lack the capacity to comply with all grant requirements. Of particular concern are several CPD programs including Entitlement, Special Purpose, and Supportive Housing Grants. Based on referrals from HUD program staff, OA will give priority attention to auditing nonprofits. For those selected, we will evaluate the control systems in place, especially for sub-recipients of HUD grant funds, to determine whether these controls provide the review and oversight necessary to ensure funds are spent on eligible activities and put to good use.
- Hurricane Recovery Audits. The Office of Audit is generally not a first responder, however the OA has established an office, developed an audit plan and begun reviews in the disaster area. Some of the on-going disaster recovery activities include: 1) Reviewing HUD's use of Real Estate Owned properties to house disaster evacuees; 2) Reviewing 2 management and marketing contractors; 3) Identifying/analyzing all funds used by the PHAs in the disaster areas for audit and investigative follow-up; 4) Identifying the PHAs providing Katrina Disaster Housing Assistance Program (KDHP) vouchers and is planning an audit of KDHP voucher process; 5) conducting reviews of HUD waivers of regulations; 6) Monitoring HUD's contracting efforts in relation to recovery efforts as part of an HHS Contract Oversight Task Force; 7) Monitoring HUD's internal contracting process relating to disaster recovery and 8) Monitoring FEMA mission assignments and internal controls.

- Information System Audits. The work of the Information Systems (IS) Audits Division has become increasingly important as the Department expands the use of information technology for program delivery with a reduced staff. The areas of focus are financial and systems audits, consultation on system controls, and technical assistance. A considerable portion of the IS work is devoted to supporting mandated Financial Statement Audits by reviewing the general and application controls of automated financial systems. Another 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. This work, mandated under the FISMA, involves more extensive testing of security measures. The IS Audit Division assists the Department in establishing controls and standards for error prevention; efficient and effective operations; and deterrents to fraud or abuse during costly system development efforts. The IS Audit Division also provides 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. Work in this area has increased significantly because of growth in e-business and the expanding use of computer assisted audit techniques in completing audits.
- Financial Audits include financial statement audits of FHA, Ginnie Mae and HUD. The objective of these audits is to provide reasonable assurance that the entity's financial statements are free of material misstatements and are presented in accordance with generally accepted accounting principles. The OA will continue to complete the consolidated financial audit of the Department using its own staff resources. This audit has enabled the OIG to better grasp the major problems facing the Department, thereby enabling us to target its remaining audit resources on areas of greatest risk. Part of the President's Management Agenda is to improve financial performance and to develop reliable financial management systems. OIG's financial audits help attain these goals. Another benefit of the financial audit is that it enables OA to evaluate internal controls as a measure of HUD's progress in identifying and solving its management challenges. The Financial Audits Division conducts this audit with staff assistance from all of the OIG Regional offices and the IS Audit Division. Additionally, OA contracts with independent public accountants to assist in the audits of the financial statements of both FHA and the Ginnie Mae. The consolidated financial statement audit requires a major commitment of staff, training, contracting, and travel resources, and requires the equivalent of 23 full time employees effort.
- Advisory and Assistance Services provided to the Department include: (a) input to the legislative and regulatory processes; (b) technical advice and assistance to HUD management on programs and systems; (c) program research; (d) quality control reviews of non-Federal audits of HUD program activities; (e) audit finding resolution; (f) assistance to U.S. Attorneys in developing criminal and civil cases for prosecution; (g) reviews of Hotline and other types of complaints; (h) joint efforts with Investigation or program officials in detecting or preventing fraud; and (i) responses to requests for information or assistance from OIG's stakeholders, including the OMB and Congress.

4. OFFICE OF INVESTIGATION (OI)

a. Employment and Responsibilities

OI is responsible for the development and implementation of investigative activities focusing on the detection and prevention of fraud and abuse in connection with HUD programs and activities and the investigation of fraud allegations. Special Agents and Forensic Auditors assigned to 4 Headquarters Divisions and 8 Regional Offices, plus a newly created Hurricane Relief Task Force, totaling 39 offices nationwide, are responsible for conducting a variety of investigations in all HUD program areas, including OIG and Departmental employee misconduct allegations. These investigations produce criminal prosecutions, filings of civil complaints, and/or administrative sanctions. In carrying out these responsibilities, OI works closely with other Federal, state, local law enforcement agencies, and respective State Inspector's General, to form partnerships designed to benefit from the pooling of resources. Such relationships formed the basis for many successful joint investigations. During fiscal year 2006, the OI continued to work and develop Section 8 initiatives, mortgage fraud initiatives, and fugitive felon initiatives with our law enforcement partners.

The Inspections and Evaluations (I&E) Division concentrates on conducting reviews as identified: (a) through fraud prevention meetings with HUD Program Officials; (b) HUD OIG Hotline Referrals, (c) Congressional inquiries, and (d) internally generated. The I&E Division will conduct reviews of all Hurricane Disaster Relief programs that are not reviewed by the Office of Audit.

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Headquarters personnel, through the Criminal Investigations Division (CID) and the Investigative Support Division (ISD), direct the activities of eight Regional offices. A Special Investigations Division (SID) answers directly to the Assistant Inspector General for Investigation (AIGI). SID is responsible for conducting sensitive Internal Affairs investigations, Departmental employee misconduct investigations, inspections of OIG investigative offices, assignments made to OI by the Integrity Committee of the PCIE, and the PCIE Qualitative Assessment Reviews of the investigative operations of the OIG, as required by Section 812 of the Homeland Security Act. The Special Agent in Charge of each Regional Office, CID and ISD oversees investigations within their respective jurisdictions, and all report to the Deputy AIGI, who reports to the Assistant Inspector General for Investigation. The I&E and HRTF Divisions reports to a Deputy AIGI who reports to the AIGI.

b. Workload

OIG's Semiannual Reports to Congress continue to show significant results from its investigative efforts. The following is a summary of investigative results through March 31, 2006.

INVESTIGATIVE RESULTS

ARRESTS a/	INDICTMENTS/INFORMATIONS	CONVICTIONS/ PLEAS/PRE- TRIAL DIVERSIONS	INVESTIGATIVE RECEIVABLES/ RECOVERIES b/	ADMINISTRATIVE SANCTIONS	CIVIL ACTIONS	TOTAL JUDICIAL ACTIONS
3,570	1,459	955	\$247,314,466	2,161	53	8,198

a/ Included in the arrests is our focus on the nation wide Fugitive Felon Initiative.

b/ Receivables and recoveries, paid to the Department of Justice and collected by that agency, are based on the total dollar value of: (a) criminal cases--the amount of restitution, criminal fines, and/or special assessments based on a criminal judgment or established through a pretrial diversion agreement; (b) civil cases--the amount of damages, penalties, and/or forfeitures resulting from judgments issued by any court (Federal, State, local, military, or foreign government) in favor of the U.S. Government or the amount of funds to be repaid to the U.S. Government based on any negotiated settlements by a prosecuting authority or the amount of any assessments and/or penalties imposed, based on actions brought under the Program Civil Fraud Remedy Act (PCFRA), civil money penalties, or other agency-specific civil litigation authority, or settlement agreements negotiated by the agency while proceeding under any of these authorities; and (c) voluntary repayments--the amount of funds repaid on a voluntary basis or funds repaid based on an agency's administrative processes by a subject of an OIG investigation or the value of official property recovered by an OIG during an investigation before prosecutive action is taken, any of which result from a case in which an OIG has an active investigative role.

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These same results by program are:

<u>Investigative Area</u>	<u>Judicial Actions</u>	<u>Percent of Total Actions</u>
Single Family Mortgage	1,194	14%
Public and Indian Housing	6,152	75%
FHA Multi Family	594	7%
Community Planning and Development	212	3%
Other/GNMA	46	1%
Total	8,198	100%

The OIG strives to eliminate material weaknesses in HUD programs. For example, OI prepares Systemic Implications Reports (SIRs) resulting from Inspection & Evaluation and Regional office reviews that identify weaknesses that surface during the course of criminal, civil, or administrative investigations. SIRs are submitted to the appropriate HUD program office and provide program officials with sufficient information to determine whether changes in HUD program rules or regulations are required.

The OIG focuses its efforts on assisting HUD in ensuring management reforms are effective, and addressing Congressional and taxpayer concerns about program delivery and financial integrity. Detecting and preventing waste, fraud, and abuse are integral components of this work. OIG's strategic plan complements the Department's strategic plan. Both emphasize the President's Management Agenda (PMA), the Government Accountability Office (GAO) high-risk programs, and the material weaknesses and reportable conditions in the financial statements. OIG believes that concentrating on these will contribute to the improvement of HUD's financial management systems, and reduce misuse of rental assistance and FHA mortgages. The goal is to help remove HUD programs from these high-risk designations, and help it become a more efficient and effective organization.

Governed by the OIG Strategic Plan, the OI maintains an aggressive caseload of white-collar fraud investigations that result in judicial actions as follows: FHA Single Family mortgage fraud and rental assistance overpayments (96 percent of actions); the remaining 4 percent are CPD fraud cases, troubled PHAs, and FHA Multifamily equity skimming investigations. During the time period prior to September 11, 2001, the FBI participated in joint investigations with OI. In the immediate past years, joint participation in our cases has diminished. We still experience an active working relationship with the FBI in most places throughout the country on public corruption matters and some mortgage fraud. We work closely with other OIG offices, state and local agencies, and our Office of Audit on approximately 20 percent of our investigations. All of our investigations aim to identify and prosecute abusers of HUD programs for violations of criminal statutes, identify and recover Federal funds, deter others from committing illegal acts against HUD, and restore public confidence in the integrity of HUD programs.

Financial fraud investigations involve highly sophisticated and complex financial schemes perpetrated in an automated environment by educated and motivated individuals utilizing business entities operating in multiple jurisdictions, including internationally. OI's investigations involve money laundering and the use of numerous bank accounts to move money. In order to adequately address the challenges of collecting evidence, building link analysis, and data mining HUD systems, OIG established a forensic and data retrieval capability, which will serve the need of both the Offices of Audit and Investigation. The computer forensic function is under the direction of the OI and the data retrieval function is under the direction of OA. Together, both functions provide technology assistance and computer forensic support to Agents conducting complex fraud investigations that frequently require the search, seizure and evaluation of electronic evidence. Because of our continuing need for financial intelligence, OIG has detailed two FTEs (Forensic Auditors) on a part-time basis to the Department of Treasury, Financial Crimes Enforcement Network (FINCEN), to address OIG's workload requests to FINCEN for financial information relative to money laundering, financial fraud investigations, and link analysis of entities, events, and funds.

c. Fugitive Felon Initiative

Section 903 of Public Law 104-193, signed into law in 1996, is titled "Elimination of Housing Assistance with Respect to Fugitive Felons and Probation and Parole Violators." This law allows for the immediate termination of tenancy of a public housing tenant if the tenant is fleeing to avoid prosecution or confinement after conviction for a felony, or is violating a condition of parole or probation imposed under Federal or State law. The law also authorizes the exchange of information with law enforcement agencies to allow for data matches.

Currently, HUD assists approximately 4.8 million households through public housing and rental assistance programs including Section 8. The latest data shows the average Federal spending per subsidized unit is \$412 per month. Reducing overpaid rent subsidies is one of HUD's management improvement goals in the President's Management Agenda, as well a goal in OIG's Strategic Plan. Identification and termination of individuals in a fugitive status fleeing felony prosecution or probation and parole violators may impact subsidies.

During fiscal year 2006, OI has continued work on the Fugitive Felon Initiative (FFI). OI identifies fugitive cases nationally by matching National Crime Information Center (NCIC) data, and locally by matching State crime data, with HUD rental assistance housing data. An average of 1.2 million NCIC records were run against HUD records. An average of 29,000 potential hits in HUD housing were made on a semi-annual basis.

Since inception of the Fugitive Felon Initiative, OI has opened 700 cases and closed 600 cases. Over 5,600 arrests were made by OI, and other Federal, State, and local law enforcement agencies. During fiscal year 2006, there were over 1,800 arrests nationally. Many of these arrests were made with the U.S. Marshalls Service special enforcement operation known nationally as "Operation Falcon." OI assisted in the apprehension of over 500 fugitives living in HUD public and assisted housing during "Operation Falcon."

In 2005, OI provided matched tenant records with the U.S. Marshals service list of wanted persons and obtained a list of over 12,000 names. Those names were included in the U.S. Marshals "Operation Falcon," of which HUD OIG participated in 31 of the U.S. Marshal Districts, and assisted in apprehension of over 500 fugitive felons living in public and assisted housing.

During fiscal year 2006, OIG entered into a working relationship with the National Center for Missing and Exploited Children (NCMEC). In conjunction with our rental assistance overpayments initiative, OI has matched NCMEC data with rental assistance information to assist in identifying missing children. The first run conducted during the second quarter of fiscal year 2006 resulted in 100 possible hits. OI assisted NCMEC and law enforcement in closing five NCMEC cases. OI is an active member of the Federal Agency Taskforce on Missing and Exploited Children. OI has also begun an initiative to identify sex offenders who are subject to a lifetime state sex offender registration program and have been admitted to housing which is funded by federal assistance housing programs. This initiative will identify and remove registered sex offenders that are benefiting from federal housing assistance programs that they are not eligible to receive. OI's continued involvement in these new initiatives is planned for fiscal years 2007 and 2008. Since inception, 15 sex offender cases were opened.

d. Low-Income Housing Assistance

The President's Management Agenda contains five governmentwide initiatives to improve government performance and five HUD-specific initiatives to correct long-standing Department wide weaknesses. In HUD's fiscal year 2001 Performance and Accountability Report, HUD estimated \$978 million in subsidy overpayments attributed to tenant under-reporting of income. That projection was derived from a review comparing earned and unearned household income reported to PHAs, project owners and management agents, to income data from the Social Security Administration (SSA) and Internal Revenue Service (IRS) databases. Under-reporting of income or any other false entry or statement used to acquire a housing subsidy violates HUD rules and may also meet the elements of a criminal violation. In fiscal year 2003, GAO listed rental subsidy overpayments as one of the Department's major material weaknesses.

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In fiscal year 2003, OIG adapted a strategy for addressing the problem using a systematic, multidimensional approach that not only addressed the individual cases referred to OIG, but called for a partnership with the Department to reduce overall problems, including a tenant integrity program. HUD's Section 8 program provided more than \$22 billion in rental assistance payments to low-income households in fiscal year 2004. HUD administers its Section 8 program in two parts. In general, the HUD Office of Public and Indian Housing (PIH) manages the tenant-based portion of the program, while HUD's Office of Housing manages the project-based portion.

Beginning in fiscal year 2004 and continuing through fiscal year 2006, through cooperative planning with the Department, OI began and continues to receive referrals from the Rental Housing Integrity Improvement Program (RHIIP). The portion of RHIIP that OI is involved with is called the Employment Income Verification (EIV). EIV essentially matches income data provided by respective state wage base agencies with tenant records of income. Over 1,000 referrals have been made since the inception of RHIIP. Of the referrals, approximately 10 percent result in criminal cases and 90 percent are administrative issues that are corrected by the PHA. OIG Special Agents in Charge of all eight regions continue to make Section 8 rental assistance fraud, committed by the tenant, the Section 8 administrator, management companies, or PHA employees, an investigative priority. Included in the initiative is an on-going outreach effort for OIG personnel, including the Inspector General and others from headquarters, to meet with Executive Directors of housing authorities, provide training seminars for the identification of fraud, and develop liaison for referrals. This grassroots approach has proved to be very successful and embraced by the housing industry. The IG and other OIG staff have accepted invitations to speak and give training sessions for the National Association of Housing and Redevelopment Officials (NAHRO), the Public Housing Authorities Directors Association (PHADA) and the Association of State Inspectors General.

e. Single Family Mortgage Fraud

For fiscal years 2007 and 2008, FHA Single Family mortgage fraud will continue to be an investigative priority. Our work will focus on various frauds perpetrated by title companies, loan officers, mortgage companies and brokers, real estate agents and brokers, closing attorneys, appraisers, builders, and nonprofit entities, who, through a variety of schemes, submit or cause to be submitted fraudulent loan applications, appraisals, and other falsified documents and use straw-buyers, forgers, equity skimmers, and co-conspirators to engage in extensive fraud schemes. OIG will expand investigative efforts to include the filing of false bankruptcy petitions and violations of the Real Estate Settlement and Procedures Act (RESPA).

Our primary law enforcement partner, the FBI, has withdrawn from significant mortgage fraud investigations with HUD OIG, although OI maintains continual contact with FBI headquarters and coordinates training, planning, and assures compliance with our cross notification process. The FBI participates in those cases that fall within the parameters set forth for resource allocation. OI is also developing stronger relationships with the respective state investigative agencies and will present cases to District Attorneys in those instances when the U.S. Attorneys resources will not allow prosecutive assets. FHA Single Family mortgage fraud comprised approximately 15 percent of OI's fiscal year 2006 workload.

Investigative efforts on Single Family cases through September 30, 2006 resulted in 1,194 judicial actions and \$207,135,313 in investigative recoveries.

Included in our efforts to address FHA mortgage fraud is: (a) our outreach initiative to the industry, through speaking engagements with the Mortgage Bankers Association, and the Appraisal Institute; (b) our continued coordination and joint fraud training with the FBI; (c) our intensive in-house training courses for auditors and agents; and (d) our monitoring of HUD defaults and claims through data mining of FHA systems.

f. Inspections and Evaluations

As a result of Strategic Planning efforts, OIG has decided to institute an Inspections and Evaluations (I&E) Division. This group will conduct independent inspections of HUD programs and operations. It will also participate in collaborative studies and projects with HUD program staff. The I&E Division will also conduct research into OIG databases to develop insight to improve effectiveness and efficiency.

g. Department of Justice and Department of Homeland Security Task Forces

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During fiscal years 2006 and 2007, OIG will continue to work with the DOJ Joint Terrorism Task Forces (JTTF) in Boston, Miami, and New York because of specific requests made by the FBI. Although our resources will not allow full-time participation in all JTTFs, OIG is actively engaged to the extent its resources will allow. OI will participate as resources permit in the DOJ Public Housing Safety Initiative as well as task force activities directed toward gang activity in public and assisted housing. A priority is OI participation in Hurricane Relief Fraud Task Forces: the DOJ Washington Katrina Fraud Task Force; the Baton Rouge Katrina Fraud Task Force, the FBI New Orleans Public Corruption Office, and the Department of Homeland Security Hurricane Katrina Roundtable.

5. OFFICE OF MANAGEMENT AND POLICY (OMAP)

a. Employment and Responsibilities

The OMAP provides OIG wide administrative support, including budget and financial management operations and policy, strategic planning, human resources management, employee training, internal policy development, information technology (IT) and automated office support services, reports preparation, and records management. This office oversees the OIG Internal Management Assessment Program, the OIG Hotline operation, and is instituting an outreach program to promote fraud awareness and training for HUD staff and program administrators. The OMAP is responsible for Equal Employment Opportunity, Alternative Dispute Resolution, and Ombudsman functions. OMAP requires 4 additional FTEs to support the Office of Investigation and Audit level of effort related to Hurricane Disaster Relief Fraud in the Gulf States.

b. Workload

OMAP is the OIG focal point for providing streamlined support to OIG and developing policies and procedures, particularly those related to administrative programs and human resources. OMAP has undertaken a major initiative to issue new or updated policies and guidance in these two areas. OMAP also conducts the OIG Internal Management Assessment Program that measures OIG wide compliance with professional audit and investigative standards and administrative policies. This program involves a comprehensive evaluation of one Region each quarter for 4 evaluations per year, so that each Region is evaluated at least once every 3 years.

OMAP created a Program Integrity Division, which provides leadership and works with Departmental staff to find ways to prevent waste, fraud, and abuse in HUD programs. The Division is working to develop fraud prevention bulletins and update fraud-training material. This Division is also responsible for OIG Hotline functions. For fiscal year 2006, the Hotline staff processed about 22,000 inquiries/complaints.

Since fiscal year 1999, the OIG has outsourced its automation services to a contractor under a concept called seat management. As part of an overall effort to enhance mission performance, the OMAP IT staff has made significant progress in providing access to HUD databases and applications directly from OIG computers. The IT staff provides infrastructure support in the many HUD/GSA mandated moves of nationwide offices, and through the use of emerging technology, has brought to fruition a truly mobile "office anywhere" environment. This environment allows auditors and investigators to connect to the OIG network directly from an audit/investigative site, and includes access to secure OIG e-mail via the worldwide Internet and through the use of wireless handheld devices. An IT Security Manager has strengthened the security and integrity of the OIG network.

Currently, the OIG is pursuing a management information system to enhance analysis capabilities of data in automated business processes for Audit and Investigations in order to provide senior managers with the information they need for effective decision-making in audit and investigative management. The workflow applications originally deployed were designed as audit/investigation work tools, which were not optimized for management reporting. OIG needs a system that meets the broad reporting requirements of OIG to include current performance measures, and Semiannual Reports to Congress. The system will be enhanced over time to include data reporting capabilities for timekeeping, contracts, budgets, hotline, task tracking, COOP data, training, and employee data. With a well-designed system, OIG will be able to respond quickly and effectively to requests from any source.

The OMAP oversees an agreement with the U.S. Department of Treasury, Bureau of Public Debt (BPD), to provide human resources and procurement services. Outsourcing these functions has enhanced OIG mission performance while preserving its independence from the Department. Moreover, it has allowed the OIG to devote a high percentage of its limited resources to primary mission activities. In

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In addition, the OIG does not have to compete with other Departmental offices for resources in these areas. As a result, OIG can devote its limited support staff to policy development, advice and guidance, and contract oversight.

This division also coordinates and oversees all training for OIG staff. Last year they processed over 375 students for internal OI training and approximately 400 for training at the Federal Law Enforcement Center in Glynco, GA.

The OIG's extensive budget and administrative services, reports preparation, and records management activities are conducted in-house with a small staff that oversees OIG operations in Headquarters as well as in the eight OIG Regions and associated outlying offices across the United States and Puerto Rico. OMAP has also initiated a Research and Planning function which will track the Strategic Plan and do research and trend analysis. Last year, the Research and Planning Staff identified over \$600,000 in cost savings for the OIG and assisted the Hurricane Relief task force in analyzing past cases and audit data.