



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ACCOUNTABILITY • INTEGRITY • RISK

HUD's Financial Digest 2020

UNITED STATES
DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT



*FISCAL YEAR 2020
AGENCY FINANCIAL REPORT*



Summary of Overall Success



OCFO Mission

Transform HUD's operations to EXCELLENCE. Develop a culture where **PEOPLE** can excel in a collaborative environment; develop well-designed **PROCESSES** for delivery and accountability; and develop **TECHNOLOGY** that delivers accurate data timely.

✓ Objectives Accomplished

- ✓ **For the first time in 8 years, Received Unqualified Opinion** on HUD Consolidated, FHA, and Ginnie Mae Financial Statements: OIG's recognition of fairly stated financial statements in all material aspects.
- ✓ Improved governance through the Agency-wide Integrity Task Force
- ✓ Developed and executed the Financial Transformation Plan
- ✓ Improved relationship with the Hill, OMB, GAO, and OIG
- ✓ Reduced material weaknesses of GMNA, FHA, and Consolidated from 15 to 1
- ✓ Implemented the Accountability, Integrity and Risk Program
- ✓ Full compliance with A-123, IPERIA, DATA Act, and GONE Act
- ✓ Reduced open audit recommendations
- ✓ Formed HUD CARES Act Compliance Response Team (HCCRT)
- ✓ Implemented robotics/intelligent automation program agency-wide
- ✓ Collaborated with the White House Office of Innovation
 - ✓ Data Analytics
 - ✓ Cloud Adoption
 - ✓ Contact Center
 - ✓ Customer Service
- ✓ Implemented Operational Spending Dashboard
- ✓ Decommissioned legacy systems
- ✓ Resolved backlog of Congressional Reports
- ✓ Enhanced the Enterprise Risk Management Program agency wide
- ✓ Expanded use of shared services (ARC)
- ✓ Recipient of the Donald L. Scantlebury Award
- ✓ Earned two of the top three spots at the Association of Government Accountants' (AGA) Innovation Challenge

“HUD’s mission is to create strong, sustainable, inclusive communities and quality affordable homes for all.”



Continuing to deliver on HUD's core mission

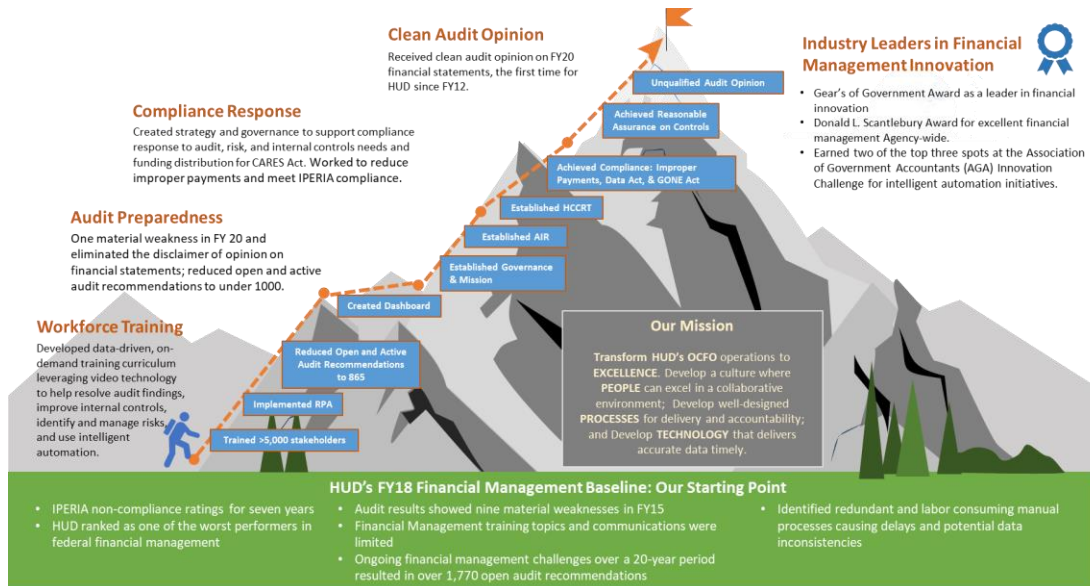
HUD's Strategic Plan

- I. Empower people** to move beyond HUD assistance, up the economic ladder
- II. Eliminate fraud, waste and abuse**
- III. Radically streamline** and simplify our programs and rules

HUD's OCFO is focused on transforming HUD through leadership in financial management, corporate governance, financial transformation, IT modernization, Enterprise and Fraud Risk Management (EFRM), robotics, shared services and stakeholder buy-in.

OCFO Strategic Objectives

- I. Finance Transformation Plan**
- II. Improved Governance-Agency-wide Integrity Task Force**
- III. Fiscal Responsibility – Short-term Remediation Efforts for Material Weaknesses**
- IV. Agency-wide Enterprise Risk Assessment**
- V. Oversight of Community Development Block Grant – Disaster Recovery Fund**
- VI. Digital Transformation**
- VII. IT and Grant Modernization**





Performance Goals and Results



Agency Priority Goals (APGs) and the Results

		Agency Priority Goals (APGs) and the Results	
		Reduce Homelessness	Remove Lead-Based Paint and Other Health Risks from Homes
I. Advance Economic Opportunity	Results	<ul style="list-style-type: none"> • HUD consolidated functions in the Continuum of Care (CoC) Program to reduce burdens on applicants • \$2.2 billion in grants from the CoC Program were announced in January 2020 and \$118 million in March 2020 • Total of approximately 7,000 awarded grants will allow communities nationwide to address homelessness • HUD began efforts on protecting people who are at risk of and/or experiencing homelessness from COVID-19 • HUD is providing direct, one-on-one Technical Assistance (TA) to communities with the highest risk of COVID-19 outbreaks due to the size of the homeless population 	<ul style="list-style-type: none"> • Office of Lead Hazard Control and Healthy Homes' (OLHCHH's) lead hazard control grantees made 1,881 older low-income housing units lead safe • CPD's Community Development Block Grant and HOME programs made 4,427 older housing units lead safe by implementing HUD's Lead Safe Housing Rule • OLHCHH awarded cooperative agreements to ten universities and public health organizations under its FY19 Lead and Healthy Homes Technical Studies Grant Programs to improve methods for identifying and controlling residential health risks including lead-based paint, mold, and other indoor contaminants
	APGs	Enhance Rental Assistance	Promote Economic Opportunity for HUD-Assisted Residents
	Results	<ul style="list-style-type: none"> • HUD has transitioned 82,173 units to address affordable housing needs • In FY20 Q2, 3,613 public housing units were repositioned through the Rental Assistance Demonstration (RAD) • Demolition/Disposition approvals totaled 3,178 units • DOT Releases/Conversions totaled 201 • HUD held several webinars on specific issues related to repositioning 	<ul style="list-style-type: none"> • HUD increased interagency collaboration focused on improving economic opportunity and self-sufficiency for HUD-assisted residents • HUD is conducting an exit survey as part of the Rent Reform Demonstration to obtain more information about exit outcomes and inform strategies for improving administrative collection of data • HUD is tracking the percentage of households leaving the Housing Choice Voucher Program with their income-based rental subsidy needs at or near zero
		II. Protect Taxpayer Funds	

III. Streamline Operations



Financial Stewardship Information



HUD continues to make significant strides in improving its overall internal control processes over financial reporting. Through the financial management transformation initiative, additional controls were added. As a result, HUD was able to provide a reasonable assurance controls are working.

Summarized Financial Data		
<i>(Dollars in Billions)</i>	2020	2019
Total Assets	\$262.2	\$217.6
Total Liabilities	\$55.3	\$43.1
Net Position	\$206.9	\$174.5
Total Budgetary Resources	\$269.9	\$235.1
FHA Insurance-In-Force	\$1,462.0	\$1,454.0
GNMA Mortgage-Backed Securities Guarantees	\$2,117.7	\$2,092.8
Other HUD Program Commitments	\$60.3	\$52.3

The Stewardship Investment: The stewardship investment requires that HUD also report on the broad outcomes of its actions.

HUD’s stewardship reporting responsibilities extend to the investments made by several HUD programs in Non-Federal Physical Property, and Human Capital. Most of the investments reported reflect direct program costs only. The investments addressed are attributable to programs administered through the following divisions/departments: Community Planning and Development (CPD), Public and Indian Housing (PIH), and Office of Lead Hazard Control and Healthy Homes (OLHCHH).

Impact of COVID-19



When the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), HUD was appropriated CARES Act funding in the amount of \$12.4 billion to prevent, prepare for, and respond to Coronavirus.



For the first time since FY2012, the OIG has determined our financial statements are presented fairly in all financial positions.



Systems and Legal Compliance



System Compliance

The Department made significant improvements to systems, controls, and compliance with laws and regulations. HUD's Federal financial management systems provide accurate, reliable, and timely financial management information to the Department's managers.

HUD's Accountability, Integrity, and Risk (AIR) program identified no material gaps or non-compliance issues, confirming that a robust process of risk management and internal control is in place to support the Department's management assurances.

HUD achieved compliance with both the Debt Collection Improvement Act and the Improper Payments Elimination and Recovery Act.

Federal Financial Management Improvement Act (FFMIA) Compliance

Systems That Achieved Compliance

Government National Mortgage Association (GNMA) Financial and Accounting System (GFAS)

Integrated Disbursement and Information System (IDIS)

Integrated Pool Management System (IPMS)

New Core Interface Solution (NCIS)

Single Family Mortgage Asset Recovery Technology System (SMART)

Non-Compliant Systems

Disaster Recovery Grant Reporting System (DRGR)

Single Family Insurance System (SFIS)

Single Family Insurance System – Claims Subsystem (CLAIMS)

Tenant Rental Assistance Certification System (TRACS)

Legal Compliance

During FY19, HUD had three reported instances of non-compliance with laws and regulations. The laws included the Debt Collection Improvement Act (DCIA), FFMIA, and the Improper Payments Elimination and Recovery Act (IPERIA). HUD focused on closing several recommendations and implementing new requirements to bring previously non-compliant systems into compliance.

Law	FY19 Status	FY20 Status
DCIA	Non-Compliant	Compliant
FFMIA	Non-Compliant <i>8 Non-Compliant Systems</i>	Non-Compliant <i>4 Non-Compliant Systems</i>
IPERIA	Non-Compliant <i>3 of 6 Non-Compliant Elements</i>	Compliant <i>0 of 6 Non-Compliant Elements</i>

Financial Management Systems

HUD's current and future financial management systems framework is composed of a mix of legacy and modernized technologies operated and maintained by the Department and external entities.

HUD is pursuing a multifaceted financial management system strategy in the areas below:

- *Service Provider Integration*
- *Automation*
- *Modernization*

The Full Report is Available on the HUD OCFO Website at:

<https://www.hud.gov/sites/dfiles/CFO/documents/afr2020.pdf>

