



U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

January 28, 2014

Mr. Jeff Ruch
PEER Executive Director
2000 P Street, NW
Suite 240
Washington, DC 20036

Dear Mr. Ruch:

I am writing to address your January 15, 2014, letter expressing your concerns regarding our ongoing Hurricane Sandy oversight efforts. The destruction and aftermath of Hurricane Sandy continues to be a focus and challenge for the U.S. Department of Housing and Urban Development, Office of Inspector General (HUD OIG). Congress provided \$16 billion in supplemental appropriations through HUD's Community Development Block Grant Disaster Recovery program to help communities recover from the storm. To address the enormous task of enforcement and oversight, we have designated significant audit, evaluation, and investigative resources to performing oversight. Our staff will provide a continuing and comprehensive review of the expenditure of funds and administration of the Disaster Recovery program. In addition, HUD OIG has been working closely with HUD's disaster officials to ensure that the lessons learned from previous disasters will be considered in the approval of the grantees' work plans and HUD's disaster guidance.

HUD OIG has proactively engaged in oversight of the Hurricane Sandy disaster funds. We have held strategic planning meetings, conducted training sessions, held monthly meetings with HUD's Disaster Recovery officials, and conducted auditability surveys of the Disaster Recovery program. In addition, HUD OIG has initiated three disaster recovery audits and has identified other disaster recovery issues for future consideration. As you mentioned, we are performing an audit of New Jersey's Tourism Marketing program. It is one of several audits that we will perform over the life of the Sandy recovery process. While it would not be appropriate for me to discuss the tentative results of ongoing audits at this time, I offer the below comments regarding your questions related to the HUD OIG's ongoing efforts.

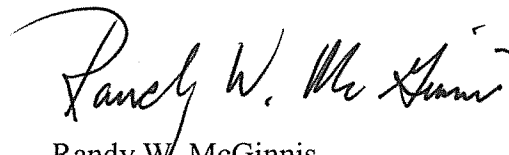
- **Resilience and Climate Change** - HUD OIG is aware of these requirements and will apply them in our audits of disaster programs.
- **State Regulatory Oversight of Reconstruction of Public Infrastructure and Redevelopment** - During our audits of the State's disaster-funded programs, HUD OIG considers Federal and HUD requirements applicable to the State's regulatory oversight. Further, we will ensure that HUD is enforcing Federal requirements in administering

these programs as well.

- **Use of Sandy Recovery Funds for Seaside Park Boardwalk Fire** - HUD OIG is aware that recovery funds were used to rebuild the fire-damaged boardwalk. Although we have no immediate plans to initiate an audit of this specific issue at this time, it could potentially be part of a broader review of the program that funded this project.
- **Failure to Timely Disburse Sandy RREM Grant Funds** - The timely disbursement of disaster recovery funds is a concern that HUD OIG has raised in the past, based on prior disaster related audits we performed. Based on our concerns, HUD established a spending deadline for Hurricane Sandy funds which is 2 years from the date of a grantee's grant agreement.
- **Allocation of Recovery Monies to Low- and Moderate-Income Households** - HUD OIG is aware of HUD program requirements and the waivers granted specifically for the Hurricane Sandy disaster. Auditors will apply these requirements during their reviews and evaluate whether the performance measures were met.

Thank you for your interest in our work. You can obtain copies of our audit reports at www.hudoig.gov. If you have any additional questions, please contact John P. Buck, Deputy Assistant Inspector General for Audit, Eastern Field Operations, at (215) 913-7537.

Sincerely,



Randy W. McGinnis
Assistant Inspector General for Audit