

Audit-Related Memorandum  
No. 96-AO-176-0801

May 13, 1996

MEMORANDUM FOR: Nelson A. Diaz, General Counsel, G

FROM: Janice LeRoy, District Inspector General, Capital District, 3GGA

SUBJECT: Review of HUD Implementation of Federal Lobbying Restrictions  
Public Law 101-121

Public law 101-121, commonly known as the Byrd Amendment, was enacted in 1989 to ensure disclosure of lobbying activity over awards of federal funds and to prevent the use of federal monies to pay for lobbying services. Specifically, recipients of federal contracts, grants, loans, or cooperative agreements may not expend federal funds to pay any person to lobby an agency or Congress. Recipients, in addition to certifying that awards were not used to pay for lobbying, must disclose lobbying activities paid for with non-federal funds.

The Office of Inspector General is responsible for submitting an annual report evaluating HUD's compliance with and the effectiveness of the Byrd Amendment requirements. Items to be included in this report are alleged violations, actions taken, and civil monetary penalties imposed during the year of the report. Section 11 of Public Law 104-65, signed December 1995, repeals the provisions of the Byrd Amendment relating to housing lobbyist activities. The requirement for HUD to compile and report lobbying information and the OIG to perform an annual audit was revoked, effective January 1, 1996. However, HUD still had to comply with Byrd Amendment requirements for fiscal year 1995. We performed a limited review during March and April 1996, and focused on operations of the Ethics Law Division for fiscal year 1995. Specifically, we: interviewed staff in the Ethics Law Division, Office of General Counsel; and reviewed prior OIG audit reports, applicable CFR and Public Laws, guidance issued by the Ethics Law Division, and disclosure reports submitted to the Ethics Law Division for the period 10/1/94-9/30/95 and the related required reports to Congress.

Our limited review found HUD to be in general compliance with the Byrd Amendment. Lobbying certifications and disclosures were obtained and reported to Congress in a timely manner, including disclosure forms with lobbying activities for prior years. The few problems noted in the last audit report have been resolved.

Now, as well as in past reports, we have questioned whether the Byrd Amendment was an effective control over lobbying activities. The department lacked controls to ensure full disclosure and detection of violations because reporting depends on the voluntary disclosure or certification from contract, grant, and loan recipients. Disclosure from the lobbyists providing services for these was not required. The Ethics Law Division was working to increase awareness of the Amendment by conducting training and assigning responsibilities to key HUD officials, however, the department continues to receive few valid lobbying disclosures. HUD received 115

disclosure forms during fiscal year 1995 of which only 59 disclosed lobbying activities. Almost half of the disclosure forms submitted to HUD did not require filing.

OIG did not receive any hotline complaints alleging violations of the Byrd Amendment and there were no actions taken or civil monetary penalties imposed during fiscal year 1995.

We appreciate the cooperation received during this review. If you have any questions, please contact me or Marty Heaster, Assistant Deputy Inspector General, at 708-0351.