

## **CHAPTER 21**

### **SECTION 8 ADMINISTRATIVE PLAN PROGRAM INTEGRITY ADDENDUM**

#### **INTRODUCTION**

The US Department of HUD conservatively estimates that 200 million dollars is paid annually to program participants who falsify or omit material facts in order to gain more rental assistance than they are entitled to under the law. HUD further estimates that twelve percent of all HUD-assisted families are either totally ineligible, or are receiving benefits which exceed their legal entitlement.

The NBHA is committed to assuring that the proper level of benefits is paid to all participating families, and that housing resources reach only income-eligible families so that program integrity can be maintained.

The NBHA will take all steps necessary to prevent fraud, waste, and mismanagement so that program resources are utilized judiciously.

This chapter outlines the NBHA's policies for the prevention, detection and investigation of program abuse and fraud.

#### **A. CRITERIA FOR INVESTIGATION OF SUSPECTED ABUSE AND FRAUD**

Under no circumstances will the NBHA undertake an inquiry or an audit of a participating family arbitrarily. The NBHA's expectation is that participating families will comply with HUD requirements, provisions of the voucher, and other program rules. The NBHA staff will make every effort (formally and informally) to orient and educate all families in order to avoid unintentional violations. However, the NBHA has a responsibility to HUD, to the Community, and to eligible families in need of housing assistance, to monitor participants and owners for compliance and, when indicators of possible abuse come to the NBHA's attention, to investigate such claims

The NBHA will initiate an investigation of a participating family only in the event of one or more of the following circumstances:

- Referrals, Complaints, or Tips. The NBHA will follow up on referrals from other agencies, companies or persons which are received by mail, by telephone or in person, which allege that a family is in non-compliance with, or otherwise violating the family obligations or any other program rules. Such follow-up will be made providing that the referral contains at least one item of information that is independently verifiable. A copy of the allegation will be retained in the family's file.

- Internal File Review. A follow-up will be made if NBHA staff discovers (as a function of a certification or recertification, an interim redetermination, or a quality control review), information or facts which conflict with previous file data, the NBHA's knowledge of the family, or is discrepant with statements made by the family
- Verification of Documentation. A follow-up will be made if the NBHA receives independent verification or documentation, which conflicts with representations in the family's file (such as public record information or credit bureau reports, reports from other agencies).

**B. STEPS THE NBHA WILL TAKE TO PREVENT PROGRAM ABUSE AND FRAUD**

The NBHA management and staff will utilize various methods and practices (listed below) to prevent program abuse, non-compliance, and willful violations of program rules by applicants and participating families. This policy objective is to establish confidence and trust in the management of NBHA using education as the primary means to obtain compliance by families.

- ***Things You Should Know.*** This program integrity bulletin (created by HUD's Inspector General) will be furnished and explained to all applicants to promote understanding of program rules, and to clarify the NBHA's expectations for cooperation and compliance.
- ***Program Orientation Session.*** Mandatory orientation sessions will be conducted by the NBHA staff for all prospective program participants, either prior to or upon issuance of a voucher. At the conclusion of all Program Orientation Sessions, the family representative will be required to sign a "Program Briefing Certificate" to confirm that all rules and pertinent regulations were explained to them.
- ***Participant Counseling.*** The NBHA will routinely provide participant counseling as a part of every recertification interview in order to clarify any confusion pertaining to program rules and requirements.
- ***Review and Explanation of Forms.*** Staff will explain all required forms and review the contents of all (re)certification documents prior to signature.
- ***Use of Instructive Signs and Warnings.*** Instructive signs will be conspicuously posted in common areas and interview areas to reinforce compliance with program rules and to warn about penalties for fraud and abuse.
- ***Participant Certification:*** All families' representatives will be required to sign a "Participant Certification" form, as contained in HUD's Participant Integrity Program Manual.

C. **STEPS THE NBHA WILL TAKE TO DETECT PROGRAM ABUSE AND FRAUD:**

The NBHA Staff will maintain a high level of awareness to indicators of possible abuse and fraud by assisted families.

**Quality Control File Reviews.**

Prior to initial certification, and at the completion of all subsequent recertifications, each participant file will be reviewed. Such reviews shall include, but are not limited to:

- Assurance that verification of all income and deductions is present.
- Changes in reported Social Security Numbers or dates of birth.
- Authenticity of file documents.
- Review of signatures for consistency with previously signed file documents.
- All forms are correctly dated and signed.

**Observation.**

The NBHA Management and Staff (to include inspection personnel) will maintain high awareness of circumstances, which may indicate program abuse or fraud, such as unauthorized persons residing in the household and unreported income.

- Observations will be documented in the family's file.

**Public Record Bulletins**

Public Record Bulletins may be reviewed by Management and Staff.

**Credit Bureau Inquiries.**

Credit Bureau inquiries may be made in the following circumstances:

- At the time of final eligibility determination and continued eligibility determination.
- When an allegation is received by the NBHA wherein unreported income sources are disclosed.
- When a participant's expenditures exceed his/her reported income, and no plausible explanation is given.

D. **THE NBHA'S HANDLING OF ALLEGATIONS OF POSSIBLE ABUSE AND FRAUD**

The NBHA staff will encourage all participating families to report suspected abuse to designated staff. All such referrals, as well as referrals from community members and other agencies, will be thoroughly documented and placed in the participant's file. All allegations, complaints and tips will be carefully evaluated in order to determine if they warrant follow-up. The NBHA will not follow up on allegations which are vague or otherwise non-specific. They will only review allegations which contain one or more independently verifiable facts.

**File Review.**

An internal file review will be conducted to determine:

If the subject of the allegation is a client of the NBHA and, if so, to determine whether or not the information reported has been previously disclosed by the family.

It will then be determined if the NBHA is the most appropriate authority to do a follow-up investigation. Any file documentation of past behavior as well as corroborating complaints will be evaluated.

**Conclusion of Preliminary Review.**

If at the conclusion of the preliminary file review there is/are fact(s) contained in the allegation which conflict with file data, and the fact(s) are independently verifiable, the designated staff will initiate an investigation to determine if the allegation is true or false.

The NBHA will make every effort to recover any overpayments made as a result of landlord fraud or abuse. Payments otherwise due to the owner may be debited in order to repay the NBHA or the tenant, as applicable.

E **HOW THE NBHA WILL INVESTIGATE ALLEGATIONS OF ABUSE AND FRAUD**

If the NBHA determines that an allegation or referral warrants follow-up, either the staff person who is responsible for the file, or a person designated by the Executive Director to monitor the program compliance will conduct the investigation. The steps taken will depend upon the nature of the allegation and may include, but are not limited to, the items listed below. In all cases, the NBHA will secure the written authorization from the program participant for the release of information.

**Credit Bureau Inquiries.**

In cases involving previously unreported income sources, a CBI inquiry may be made to determine if there is financial activity that conflicts with the reported income of the family.

**CRIMINAL/INQUIRIES:**

Information regarding Sex Offenders status provided by the household will be verified at the application and recertification process.

**Verification of Credit.**

In cases where the financial activity conflicts with file data, a *Verification of Credit* request may be mailed to the creditor in order to determine the unreported income source.

### **Employers and Ex-Employers.**

Employers or ex-employers may be contacted to verify wages that may have been previously undisclosed or misreported.

### **Neighbors/Witnesses.**

Neighbors and/or other witnesses may be interviewed who are believed to have direct or indirect knowledge of facts pertaining to the NBHA's review.

### **Other Agencies.**

Investigators, caseworkers or representatives of other benefit agencies may be contacted.

### **Public Records.**

If relevant, the NBHA will review public records kept in any jurisdictional courthouse. Examples of public records which may be checked are: real estate, marriage, divorce, uniform commercial code financing statements, voter registration, judgments, court or police records, state wage records, utility records and postal records.

### **Interviews with Head of Household or Family Members.**

The NBHA will discuss the allegation (or details thereof) with the Head of Household or family member by scheduling an appointment at the appropriate NBHA office. A high standard of courtesy and professionalism will be maintained by the NBHA staff person who conducts such interviews. Under no circumstances will inflammatory language, accusation, or any unprofessional conduct or language be tolerated by the management. If possible, an additional staff person will attend such interviews.

## **F. PLACEMENT OF DOCUMENTS, EVIDENCE AND STATEMENTS OBTAINED BY THE NBHA**

Documents and other evidence obtained by the NBHA during the course of an investigation will be considered "work product" and will either be kept in the participant's file, or in a separate "work file." In either case, the participant's file or work file shall be kept in a locked file cabinet. Such cases under review will not be discussed among NBHA Staff unless they are involved in the process, or have information, which may assist in the investigation.

## **G. CONCLUSION OF THE NBHA'S INVESTIGATIVE REVIEW**

At the conclusion of the investigative review, the reviewer will report the findings Executive Director or designee. It will then be determined whether a violation has occurred, a violation has not occurred, or if the facts are inconclusive.

## **H. EVALUATION OF THE FINDINGS**

If it is determined that a program violation has occurred, the NBHA will review the facts to determine:

- The type of violation (procedural, non-compliance, fraud).
- Whether the violation was intentional or unintentional.
- What amount of money (if any) is owed by the family.
- If the family is eligible for continued occupancy.

## **I. ACTION PROCEDURES FOR VIOLATIONS WHICH HAVE BEEN DOCUMENTED**

Once a program violation has been documented, the NBHA will propose the most appropriate remedy based upon the type and severity of the violation.

### **1. Procedural Non Compliance:**

This category applies when the family “fails to” observe a procedure or requirement of the NBHA, but does not misrepresent a material fact, and there is no retroactive assistance payment owed by the family.

Examples of non-compliance violations are:

- Failure to appear at a pre-scheduled appointment.
  - Failure to return verification in time period specified by the NBHA.
- (a) Warning Notice to the Family. In such cases a notice will be sent to the family, which contains the following:
- A description of the non-compliance and the procedure, policy or obligation which was violated.
  - The date by which the violation must be corrected, or the procedure complied with,
  - The action, which will be taken by the NBHA if the procedure or obligation is not complied with by the date, specified by the NBHA,
  - The consequences of repeated (similar) violations.

### **2. Procedural Non-compliance-Overpaid Assistance:** When the family owes money to the NBHA for failure to report changes in income or assets, the NBHA will issue a Notification of Overpayment of Assistance. This Notice will contain the following:

- A description of the violation and the date(s).
- Any amounts owed to the NBHA.
- A 10 business day response period.
- The right to disagree and to request an informal hearing with instructions to request of such hearing.

#### (a) Participant Fails to Comply with NBHA's notice:

- If the Participant fails to comply with the NBHA's notice, and a family obligation has been violated, the NBHA will initiate termination of assistance.

#### (b) Participant Complies NBHA's Notice:

When a family complies the NBHA's notice, the staff person responsible will meet with him/her to discuss and explain the Family Obligation or program rule which was violated. The staff person will complete a report to file, give one copy to the family and retain a copy in the family's file.

3. **Overpayments to Owners** If the landlord has been overpaid as a result of fraud, representation or violation of the Contract, the NBHA may terminate the Contract and arrange for restitution to the NBHA and/or family as appropriate.

4. **Intentional Misrepresentations:**

When a participant falsifies, misstates, omits or otherwise misrepresents a material fact which results (or would have resulted) in an overpayment of housing assistance by the NBHA, the NBHA will evaluate whether or not:

- The participant had knowledge that his/her actions were wrong, and
- The participant willfully violated the family obligations or the law.
- Knowledge that the action or inaction was wrong.

This will be evaluated by determining if the participant was made aware of program requirements and prohibitions. The participant's signature on various certification, consents and family obligations.

The participant willfully violated the law. Any of the following circumstances will be considered adequate to demonstrate willful intent:

- a. An admission by the participant of the misrepresentation.
- b. That the act was done repeatedly.
- c. If a false name or Social Security Number was used.
- d. If there were admissions to others of the illegal action or omission.
- e. That the participant omitted material facts that were known to him/her (e.g., employment of self or other household member).
- f. That the participant falsified, forged or altered documents.
- g. That the participant uttered and certified to statements at an interim (re) determination which were later independently verified to be false.

5. **Dispositions of Cases Involving Misrepresentations.**

In all cases of misrepresentations involving efforts to recover monies owed, the NBHA may pursue, depending upon its evaluation of the criteria stated above, one or more of the following actions:

- a. **Criminal Prosecution:** If the NBHA has established criminal intent, and the case meets the criteria for prosecution, the NBHA will:
  - \* Refer the case to HUD's OIG, and terminate rental assistance.
- b. **Administrative Remedies:** The NBHA will:
  - \* Terminate assistance and demand payment of restitution in full.

Permit continued assistance at the correct level and execute an administrative repayment agreement in accordance with the NBHA's repayment policy.

## 6. **The Tenant Conference for Serious Violations and Misrepresentations.**

When the NBHA has established that material misrepresentation(s) have occurred, a Tenant Conference will be scheduled with the family representative and the NBHA staff person who is most knowledgeable about the circumstances of the case. This conference will take place prior to any proposed action by the

NBHA. The purpose of such conference is to review the information and evidence obtained by the NBHA with the participant, and to provide the participant an opportunity to explain any document findings which conflict with

representations in the family's file. The NBHA will take any documents or mitigating circumstances presented by the family into consideration. The family will be given ten (10) days to furnish any mitigating evidence.

A secondary purpose of the Tenant Conference is to assist the NBHA in determining the course of action most appropriate for the case. Prior to the final determination of the proposed action, the NBHA will consider:

- The duration of the violation and number of false statements.
- The family's ability to understand the rules.
- The family's willingness to cooperate, and to accept responsibility for his/her actions
- The amount of money involved.
- The family's past history
- Whether or not criminal intent has been established.

**Notification to Participant of Proposed Action.** The NBHA will notify the family of the proposed action no later than thirty days after the case conference by mail.

## J. **CODE OF ETHICS**

The Housing Authority of the City of New Britain has established ethical standard conduct for all Directors, Managers and employees of the NBHA. These standards are incorporated in the Personnel Policy and are acknowledged receipt by staff. They were adopted to ensure that:

- Employees are independent, impartial and responsible to the people
- Government decisions are made through the proper channels of governmental structure
- Public office is not to be used for personal gains
- The public has confidence in the integrity of its government

All employees of NBHA are expected to comply with the provisions of this Policy summary, this Policy provides that directors, managers and employees of NBHA shall not:

- Act in an official capacity in any matter in which he/she (or a member of his/her family or a private employer) has a pecuniary interest or might derive a profit.
- Use or permit the use of any individual, funds, or property under his/her official control for private benefit
- Use improper influence in assisting another in a transaction with NBHA.
- Influence the selection or conduct of

- intending to give or receive improper special consideration.
  - Receive gifts or honoraria exceeding a value of \$25 in any 12 consecutive months from an entity doing business with NBHA in which he/she is employed. This includes gifts received by the employee and family members
  - Improperly disclose official information.
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- All employees of the NBHA shall adhere to all applicable rules and regulations and engage in conduct and performance commensurate with the standards for their position. No employee shall exceed the scope of his/her authority or seek to have others do so.
  - No employee shall use or permit others to use NBHA vehicles, equipment, materials or property for personal use or profit unless permitted by specific NBHA policy.
  - No employee shall grant any special consideration, treatment, or advantage to any person beyond that which is available to any other person.

**K. Conflict Of Interest Policy**

No official or employee shall engage in any business or transaction or have a private financial interest or personal interest, direct or indirect, which is incompatible or in conflict with the proper discharge of his or her official duties in the public interest, or would tend to impair his or her independence or judgment or action in the performance of official duties. No director, manager or employee shall appear on behalf of private interests before the NBHA or represent private interests in any action or proceeding against the NBHA in any litigation, claim or other matter.

No employee, officer, or agent of the NBHA shall participate directly or indirectly in the selection, award or administration of any contract if a conflict, real or apparent, would be involved. Such conflict would arise when financial or other interests in the execution of a contract or in NBHA program participation are held by:

1. An employee, officer, or agent involved in making the award;
2. The relative of such a person (including, but not limited to, father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister);
3. The partner of such a person; or,
4. An organization which employs, is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

**L. The Consequences of Rule Violations:**

Any violation of prohibited activities shall be handled as for the acts set out under the NBHA's, Personnel Policies on Discipline, Dismissal, and Review.