

# PROGRAM INTEGRITY ADDENDUM

[24 CFR 792.101 to 792.204, 982.54]

## INTRODUCTION

The U.S. Department of Housing and Urban Development (HUD) conservatively estimates that 600 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 12% of all HUD-assisted families either are totally ineligible or are receiving benefits that exceed their legal entitlement.

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

This chapter outlines the HA'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 HA undertake an inquiry or an audit of a participating family arbitrarily. The HA's expectation is that participating families will comply with HUD requirements, provisions of the voucher, and other program rules. The HA staff will make every effort (formally and informally) to orient and educate all families in order to avoid unintentional violations. However, the HA has a responsibility to HUD, the community, and eligible families in need of housing assistance to monitor participants and owners for compliance and, when indicators of possible abuse come to the HA's attention, to investigate such claims.

The HA 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 HA will follow up on referrals received by mail, by telephone, or in person from other agencies, companies or persons alleging that a family is in noncompliance 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 HA staff discovers (as a function of a certification or recertification, an interim redetermination, or a quality control review) information or facts that conflict with previous file data, the HA's

knowledge of the family, or statements made by the family.

**Verification of Documentation.** A follow-up will be made if the HA receives independent verification or documentation that conflicts with representations in the family's file (such as public record information or reports from credit bureaus or other agencies).

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

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

**Things You Should Know (HUD-1140-OIG).** 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 HA's expectations for cooperation and compliance.

**Program Orientation Session.** Mandatory orientation sessions will be conducted by the HA 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.

**Resident Counseling.** The HA 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 family representatives will be required to sign a participant certification form.

## **C. STEPS THE HA WILL TAKE TO DETECT PROGRAM ABUSE AND FRAUD**

The HA staff will maintain a high level of alertness 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, a sampling of files may be reviewed. Such reviews shall include, but are not limited to:

- Verification of all income and deductions
- Changes in reported Social Security Numbers or dates of birth
- Authenticity of file documents
- Ratio between reported income and expenditures
- All forms are correctly dated and signed

**Observation.** The HA management and staff will maintain high awareness of circumstances that 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.

**State Wage Data Record Keepers.** Inquiries to employment record-keeping agencies, may be made annually in order to detect unreported wages or unemployment compensation benefits.

**Credit Bureau Inquiries.** Credit bureau inquiries may be made (with proper authorization by the participant) in the following circumstances:

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

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

The HA staff will encourage all participating families to report suspected abuse to the Housing Occupancy Specialist or Housing Programs Supervisor. 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 to determine whether they warrant follow-up. The Housing Occupancy Specialist will not follow up on allegations that are vague or otherwise nonspecific. They will only review allegations that contain one or more independently verifiable facts.

**File Review.** An internal file review will be conducted to determine whether the subject of the allegation is a client of the HA and, if so, whether or not the information reported has been previously disclosed by the family.

The HA will then determine whether it is the most appropriate authority to do a follow-up (as compared to police or social services). 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 are facts contained in the allegation that conflict with file data and

that are independently verifiable, the Housing Occupancy Specialist will initiate an investigation to determine if the allegation is true or false.

## **E. OVERPAYMENTS TO OWNERS**

If a landlord has been overpaid as a result of fraud, misrepresentation, or violation of the HAP contract, the HA may terminate the contract and arrange for restitution to the HA and/or family as appropriate.

The HA 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 HA or the tenant, as applicable.

## **F. HOW THE HA WILL INVESTIGATE ALLEGATIONS OF ABUSE AND FRAUD**

If the HA determines that an allegation or referral warrants follow-up, the HA will refer the case to the appropriate law enforcement agency and HUD. The steps taken will depend upon the nature of the allegation and may include the items listed below:

Credit Bureau Inquiries. In cases involving previously unreported income sources, a credit bureau inquiry may be made to determine whether the financial activity of a family conflicts with the family's reported income.

Verification of Credit. In cases where the financial activity conflicts with file data, a verification of credit form may be mailed to the creditor to determine the source of unreported income.

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 who are believed to have direct or indirect knowledge of facts pertaining to the review may be interviewed.

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

Public Records. Examples of public records that may be checked are real estate records, marriage and divorce records, uniform commercial code financing statements, voter registration rolls, judgments, court or police records, state wage records, utility records, and postal records.

## **G. PLACEMENT OF DOCUMENTS, EVIDENCE, AND STATEMENTS OBTAINED BY THE HA**

Documents and other evidence obtained by the HA staff during the course of an investigation will be considered "work product" and will be kept either in the participant's

file or in a separate "work file." In either case, the participant's file or work file will be kept in a locked file cabinet. Such cases under review will be discussed only among HA staff who are involved in the process or have information that may assist in the investigation.

## **H. CONCLUSION OF THE HA'S INVESTIGATIVE REVIEW**

At the conclusion of the investigation it will then be determined whether the facts are conclusive and, if so, whether a violation has or has not occurred.

## **I. EVALUATION OF THE FINDINGS**

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

- What type of violation has occurred (procedural noncompliance or fraud)
- Whether the violation was intentional or unintentional
- What amount of money (if any) is owed by the family
- Whether the family is eligible for continued occupancy

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