

## XXII. PROGRAM INTEGRITY

### A. INVESTIGATION OF SUSPECTED ABUSE AND FRAUD

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

1. Referrals, Complaints or Tips. The CDC 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 lease 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 participant's file. Anonymous complaints will be investigated if the information received contains specific allegations that can be independently verified. If the anonymous complaint is not specific, the information will be retained in files, but will not be used to initiate investigations.
2. Internal File Review. A follow-up will be made if CDC staff discovers (as a function of a certification or re-certification, an interim redetermination, or a quality control review), information or facts that conflict with previous file data, the CDC's knowledge of the family, or is discrepant with statements made by the family.
3. Verification or Documentation. A follow-up will be made if the CDC receives EIV/UIV verification, independent verification or documentation that conflicts with representations in the family's file (such as public record information, or credit bureau report, or reports from other agencies).

### B. STEPS TO DETECT PROGRAM ABUSE AND FRAUD

1. Quality Control File Reviews. On a random basis an appropriate number of participant files will be reviewed for accuracy and completeness. Such reviews will be completed by a knowledgeable staff member who was not directly involved in the processing of that applicant/participant file. Such reviews shall include, but are not limited to:
  - a. Assurance that verification of all income and deductions is present;
  - b. Changes in reported Social Security Numbers or dates of birth are noted;
  - c. File documents are authentic;

- d. Ratio between reported income and expenditures is accurately computed; or
  - e. Review of signatures is consistent with previously signed file documents.
2. The CDC staff (to include inspection personnel) will maintain high awareness of circumstances that may indicate program abuse or fraud, such as unauthorized persons residing in the household and indications of unreported income. The observations will be documented in the family's file.
  3. Credit Bureau inquiries may be made (with proper authorization by the participant) in the following circumstances:
    - a. If at the time of the final eligibility determination the information provided by the applicant conflicts with information obtained through outside sources or third-party verifications.
    - b. When an allegation is received by the CDC wherein unreported income sources are disclosed.
    - c. When participant's expenditures exceed his/her reported income, and no plausible explanation is given.

#### C. HANDLING OF ALLEGATIONS OF POSSIBLE ABUSE AND FRAUD

The CDC will review allegations that contain one or more independently verifiable facts.

1. An internal file review will be conducted to determine:
  - a. If the subject of the allegation is a Housing Choice Voucher participant and, if so, to determine if the information reported has been previously disclosed by the family.
  - b. It will then be determined if the CDC is the most appropriate authority to do a follow-up (more so than police or social service). Any file documentation of past behavior, as well as corroborating complaints, will be evaluated.
1. 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 staff will initiate an investigation to determine if the allegation is true or false.

#### D. INVESTIGATIONS OF ALLEGATIONS OF ABUSE AND FRAUD

If the CDC determines that an allegation or referral warrants follow-up, the staff person who is responsible for the file will conduct the investigation.

The steps taken will depend upon the nature of the allegation and may include the items listed below. In all cases, the CDC will secure the written authorization from the resident for the release of information.

1. Credit Bureau Inquiries (CBI). In cases involving previously unreported income sources, a CBI may be made to determine if there is financial activity that conflicts with the reported income of the family.
2. Verification of Credit. In cases where the financial activity conflicts with file data, a Verification of Credit form may be mailed to the creditor in order to determine the unreported income source.
3. Employers and Ex-Employers. Employers or ex-employers may be contacted to verify wages that may have been previously undisclosed or misreported.
4. Neighbors/Witnesses. Neighbors and/or other witnesses may be interviewed if it is believed that they have direct or indirect knowledge of facts pertaining to the CDC's review.
5. Other Agencies. Investigators, caseworkers or representatives of other benefit agencies may be contacted.
6. Public Records. If relevant, the CDC will review public records kept in any jurisdictional courthouse. Examples of public records which may be checked are: real estate, marriage, and divorce, uniform commercial code financing statements, voter registration, judgments, court or police records, state wage records, utility records and postal records.
7. Interviews with Head of Household or Other Family Members. The CDC will discuss the allegation (or details thereof) with the head of household or family member by scheduling an appointment at the CDC office.

A high standard of courtesy and professionalism will be maintained by the CDC staff person who conducts such interviews. Under no circumstances will inflammatory language, accusations, or any unprofessional conduct or language be tolerated by the management. If possible, an additional staff person will attend such interviews.

#### E. EVIDENCE AND STATEMENTS OBTAINED BY THE CDC

Documents and other evidence obtained by the CDC during the course of an investigation will be kept in the participant's file, or in a separate "work file."

## F. EVALUATION OF THE FINDINGS

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

1. The type of violation (procedural, non-compliance, fraud);
2. Whether the violation was intentional or unintentional;
3. What amount of money (if any) is owed by the participant; and
4. If the family is eligible for continued participation.

## G. ACTION PROCEDURES FOR VIOLATIONS WHICH HAVE BEEN DOCUMENTED

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

1. Procedural Non-Compliance. This category applies when the participant "fails to" observe a procedure or requirement of the CDC, but does not misrepresent a material fact, and there is no retroactive payments owed by the family.
  - a. Examples of Non-Compliance Violations are:
    - failure to appear at a pre-scheduled appointment;
    - failure to return verification in the time period specified by the CDC.
  - b. 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 CDC if the procedure or obligation is not complied with by the date specified by the CDC;
    - the consequences of repeated (similar) violations.
2. Procedural Non-Compliance - Retroactive Payments. When the family owes money to the CDC for failure to report changes in income or assets, the CDC will issue a Notification of Overpayment. This notice will contain the following:
  - a. A description of the violation and the date(s);

- b. Any amounts owed to the CDC;
- c. A ten (10) business days response period; and
- d. The right to disagree and to request an informal hearing with instructions for the request of such hearing.
  - Participant Fails to Comply with CDC's Notice. If the participant fails to comply with CDC's notice, and a material provision of the lease has been violated, the CDC will initiate termination of tenancy.
  - Participant Complies with CDC's Notice. When a participant complies with the CDC's notice, the staff person responsible will meet with him/ her to discuss and explain the program provision that was violated. The staff person will complete a participant counseling report, give one copy to the family and retain a copy in the participant's file.

## H. MISREPRESENTATIONS

When a participant falsifies, misstates, omits, or otherwise, misrepresents a material fact which results (or would have resulted) in an underpayment of participant's share, the CDC will evaluate whether or not the participant had knowledge that his/her actions were wrong, and the participant willfully violated the lease or the law.

1. 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 certifications, briefing certificate, Personal Declaration and Things You Should Know are adequate to establish knowledge of wrong-doing.
2. The participant willfully violated the law. Any of the following circumstances will be considered adequate to demonstrate willful intent:
  - An admission by the participant of the misrepresentation;
  - The act was done repeatedly;
  - If a false name or Social Security Number was used;
  - If there were admissions to others of the illegal action or omission;
  - The participant omitted material facts which were known to him/her (e.g., employment of self or other household members);
  - The participant falsified, forged or altered documents; and
  - The participant uttered and certified to statements at a rent (re)determination, which were later independently verified to be false.

## I. THE PARTICIPANT CONFERENCE FOR SERIOUS VIOLATIONS AND MISREPRESENTATIONS

When the CDC has established that material misrepresentation(s) has occurred, a Participant Conference will be scheduled with the family representative and the CDC staff person who is most knowledgeable about the circumstances of the case.

This conference will take place prior to any proposed action by the CDC. The purpose of such conference is to review the information and evidence obtained by the CDC with the participant, and to provide the participant an opportunity to explain any documented findings which conflict with representations in the participant's file. Any documents or mitigating circumstances presented by the participant will be taken into consideration by the CDC. The participant will be given five (5) business days to furnish any mitigating evidence.

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

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

## J. DISPOSITION OF CASES INVOLVING MISREPRESENTATION

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

1. Criminal Prosecution: If the CDC has established criminal intent, and the case meets the criteria for prosecution, the CDC will refer the case to the local State or District Attorney, notify HUD's Regional Inspector General for Investigations (RIGI), and terminate rental assistance.
2. Administrative Remedies: The CDC will terminate assistance and demand payment of restitution in-full.
3. CDC Legal Action: If restitution is not made within **thirty (30) days** and **\$** or more dollars are owed to the CDC due to participant fraud, the CDC will seek restitution through legal judicial channels.

4. Continue Assistance: Contingent upon full lump-sum restitution or minimal term repayment plan and warning that repeat of the offense will result in immediate termination of assistance.

K. NOTIFICATION TO PARTICIPANT OF PROPOSED ACTION

1. The CDC will notify the resident, by pre-paid first class mail, of the proposed action no later than three (3) business days after the Participant Conference.
2. All notices will advise the family of their right to an informal hearing.