Chapter 15

PROGRAM INTEGRITY

INTRODUCTION

The DMMHA is committed to ensuring that funds made available to the DMMHA are spent in accordance with HUD requirements.

This chapter covers HUD and DMMHA policies designed to prevent, detect, investigate and resolve instances of program abuse or fraud. It also describes the actions that will be taken in the case of unintentional errors and omissions.

Part I: Preventing, Detecting, and Investigating Errors and Program Abuse. This part presents DMMHA policies related to preventing, detecting, and investigating errors and program abuse. This section includes DMMHA’s unreported income policy.

Part II: Corrective Measures and Penalties. This part describes the corrective measures the DMMHA must and may take when errors or program abuses are found. This part also includes DMMHA’s fraud policy.
PART I: PREVENTING, DETECTING, AND INVESTIGATING ERRORS AND PROGRAM ABUSE

15-I.A. PREVENTING ERRORS AND PROGRAM ABUSE

HUD created the Enterprise Income Verification (EIV) system to provide a tool for preventing errors and program abuse. DMMHA is required to use the EIV system in its entirety in accordance with HUD administrative guidance [24 CFR 5.233]. DMMHA is further required to:

- Provide applicants and residents with form HUD-52675, “Debts Owed to DMMHAs and Terminations”
- Require all adult members of an applicant or participant family to acknowledge receipt of form HUD-52675 by signing a copy of the form for retention in the family file

The DMMHA anticipates that the vast majority of families and DMMHA employees intend to and will comply with program requirements and make reasonable efforts to avoid errors.

The DMMHA will provide each applicant and resident with a copy of “Is Fraud Worth It?” (Form HUD-1141-OIG), which explains the types of actions a family must avoid and the penalties for program abuse.

The DMMHA will provide each applicant and resident with a copy of “What You Should Know about EIV,” a guide to the Enterprise Income Verification (EIV) system published by HUD as an attachment to Notice PIH 2017-12. In addition, the DMMHA will require the head of each household to acknowledge receipt of the guide by signing a copy for retention in the family file.

DMMA staff will be required to review and explain the contents of all HUD- and DMMHA-required forms prior to requesting family member signatures.

The DMMHA will place a warning statement about the penalties for fraud (as described in the False Statement Act, U.S.C. 1001 and 1010) on key DMMHA forms and form letters that request information from a family member.

15-I.B. DETECTING ERRORS AND PROGRAM ABUSE

In addition to taking steps to prevent errors and program abuse, the DMMHA will use a variety of activities to detect errors and program abuse.

Quality Control and Analysis of Data

The DMMHA will employ a variety of methods to detect errors and program abuse, including:

- The DMMHA routinely will use EIV and other non-HUD sources of up-front income verification to compare with family-provided information. This includes the Work Number and any other private or public databases available to DMMHA.

At each annual reexamination, current information provided by the family will be compared to information provided at the last annual reexamination to identify inconsistencies and incomplete information.
The Division supervisor or his/her designee will review all applicant files prior to offer of an available unit to ensure the eligibility of a household.

**Independent Audits and HUD Monitoring**

PIH Notice 2015-16 requires all DMMHAs that expend $750,000 or more in federal awards annually to have an independent audit (IPA). In addition, HUD conducts periodic on-site and automated monitoring of DMMHA activities and notifies the DMMHA of errors and potential cases of program abuse.

The DMMHA will use the results reported in any IPA or HUD monitoring reports to identify potential program abuses as well as to assess the effectiveness of the DMMHA’s error detection and abuse prevention efforts.

**15-I.C. INVESTIGATING ERRORS AND PROGRAM ABUSE**

**When the DMMHA Will Investigate**

The DMMHA will review all referrals, specific allegations, complaints, and tips from any source including other agencies, companies, and individuals, to determine if they warrant investigation. In order for the DMMHA to investigate, the allegation must contain at least one independently-verifiable item of information, such as the name of an employer or the name of an unauthorized household member.

The DMMHA will investigate when inconsistent or contradictory information is detected through the verification process.

**Analysis and Findings**

The DMMHA will base its evaluation on a preponderance of the evidence collected during its investigation.

*Preponderance of the evidence* is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence that as a whole shows that the fact sought to be proved is more probable than not. Preponderance of evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.

For each investigation the DMMHA will determine (1) whether an error or program abuse has occurred, (2) whether any amount of money is owed the DMMHA, and (3) what corrective measures or penalties will be assessed.

**Consideration of Remedies**

All errors and instances of program abuse must be corrected immediately. Whether the DMMHA will enforce other corrective actions and penalties depends upon the nature of the error or program abuse.

In the case of family-caused errors or program abuse, the DMMHA will take into consideration (1) the seriousness of the offense and the extent of participation or culpability of individual family members, (2) any special circumstances surrounding the case.
PART II: CORRECTIVE MEASURES AND PENALTIES

15-II.A. FAMILY-CAUSED ERRORS AND PROGRAM ABUSE

An incorrect rent determination caused by a family generally would be the result of incorrect reporting of family composition, income, assets, or expenses, but also would include instances in which the family knowingly allows the DMMHA to use incorrect information provided by a third party.

DMMHA’s Unreported Income Policy

An instance of unreported income is defined as any single source of income change or increase in income that was not reported in writing to the agency regardless of the amount earned, duration of income, or source of income. An occurrence of unreported income shall be defined as written notification from DMMHA to the participant of their violation for unreported income regardless of the number of “instances” that occur between annual recertifications. All instances acquired at the time of review shall be combined in one letter and noted as one occurrence.

Unreported income includes two violations: (1) failure to supply required information; and (2) monies owed to DMMHA resulting from underpaid rent subsidy from the family.

A family is required to report in writing all income changes to DMMHA within 10 business days.

When it is discovered by the Senior Housing Case Manager that the family failed to report income, a recoupment worksheet will be completed by the Senior Housing Case Manager. Any monies owed for the unreported income must be repaid. The tenant will be given the opportunity to repay all monies owed to DMMHA in full within 6 months. The family may not transfer until all money owed is re-paid in full. Failure to make repayments within the 6 months, may result in the termination of the lease.

The recoupment period will begin on the first day of the month following the month in which the income started.

The family will be afforded a total of two (2) occurrences of unreported income within the household. The third occurrence of unreported income is grounds for termination of the lease.

In instances where a family fails to report income changes when required, and reason exists to believe intentional fraud or misrepresentation, the case will be reviewed by the Public Housing Administrator. Appropriate action will be taken at the sole discretion of DMMHA, which could lead to termination of the lease without the opportunity to re-pay.

Additional information regarding DMMHA’s commitment to protecting the integrity of the housing programs that are administered by the DMMHA and ensuring that benefits are received only by eligible families and participating owners in accordance with federal regulation can be found in DMMHA’s Fraud Policy (Chapter 15.II.C).
Family Reimbursement to DMMHA

In the case of family-caused errors or program abuse, the family will be required to repay any amounts of rent underpaid. If the family fails to repay the amount owed, the DMMHA will terminate the family’s lease in accordance with the policies in Chapter 13.

DMMHA Reimbursement to Family

The DMMHA will not reimburse the family for any overpayment of rent when the overpayment clearly is caused by the family.

Penalties for Program Abuse

In the case of program abuse caused by a family the DMMHA may, at its discretion, impose any of the following remedies.

- The DMMHA may require the family to repay any amounts owed to the program (see 15-II.B., Family Reimbursement to DMMHA).
- The DMMHA may require, as a condition of receiving or continuing assistance, that a culpable family member not reside in the unit. See policies in Chapter 3 (for applicants) and Chapter 13 (for residents).
- The DMMHA may deny admission or terminate the family’s lease following the policies set forth in Chapter 3 and Chapter 13 respectively.
- The DMMHA may refer the family for state or federal criminal prosecution.

15-II.B. DMMHA’S FRAUD POLICY

The City of Des Moines Municipal Housing Agency (DMMHA) is committed to protecting the integrity of the housing programs that are administered by the DMMHA and ensuring that benefits are received only by eligible families and participating owners in accordance with federal regulations.

The purpose of this policy is to prohibit dishonest acts and/or fraudulent activity and to advise employees, managers/administrators and tenants that they are responsible for preventing, identifying, and reporting fraud. This policy also includes all DMMHA vendors, customers and partners to the extent that any DMMHA resources are involved or impacted. If you have reason to believe that any fraudulent activity is taking place in connection with any of the DMMHA’s housing programs, we ask that you promptly bring the matter to the DMMHA Director or his or her designee.

Policy Scope

Fraud is defined as an intentional deception, misappropriation of resources or the manipulation of data to the advantage or disadvantage of a person or entity. Some examples of fraud include but are not limited to:

- False statements from tenants or employees
- Tenant misrepresentation of income
- Subletting a subsidized apartment/home
- Bribery or kickbacks
- Falsification of expenses and invoices
- Failure to account for monies collected
- Theft of cash or other liquid assets
- Theft or embezzlement
- Forgery or alteration of documents
- Destruction or concealment of records
- Profiting from insider knowledge or a conflict of interest
- Authorizing or receiving payments for goods not received or services not performed
- Authorizing or receiving payment for hours not worked
- Any apparent violation of Federal, State, or local laws related to dishonest activities or fraud
- Any similar or related activity

Examples of owner fraud may include but is not limited to:
- Offering bribes to DMMHA employees
- Accepting housing assistance payment for properties that one does not own or represent as the legal agent
- Accepting housing assistance payments for vacant apartments/homes
- Requesting rent payments from tenants in excess of the amount stated in the lease
- Renting to relatives without prior approval from the DMMHA

Confidentiality Statement
All investigations will be conducted in confidence insofar as reasonably possible. The name or names of those communicating information about a fraudulent act and the name or names of those suspected of a fraudulent act will only be revealed when required by law in conjunction with the investigation or legal action.

Authorization for Investigation
The DMMHA Director, Assistant Director, or a designated DMMHA Supervisor is responsible for the investigations which may include obtaining and examining any related records.

Consequences
Appropriate and timely action will be taken against those proven to have committed a fraudulent act. These remedial actions may include, but are not limited to:
- Disciplinary action (up to and including immediate termination of employment).
- Restitution for all losses, including investigation and legal expenses, to the fullest extent of the law.
- Forwarding information to the appropriate authorities for criminal prosecution.
- Institution of civil action to recover losses.
- Where the DMMHA elects to take corrective or disciplinary action, it will proceed under the procedures in place under policy, statute, or under any collective bargaining agreement for the respective employment classification.
- The DMMHA may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from the fraudulent conduct.
- Upon final discipline for fraud as defined in this policy, the DMMHA Director or his or her designee will contact the HUD Office of Inspector General (OIG) office.

Due Process
The DMMHA Director or his or her designee will review all recommendations for: evictions, termination of assistance, cancellations of contracts with vendors and/or contractors, and the termination of an employee. All involved will be accorded due process of law.

Fraud Reporting Requirements
Suspected fraud or related criminal activities can be reported to:

Des Moines Municipal Housing Agency (DMMHA)
Attn: Director or his or her designee
2309 Euclid Ave., Des Moines, IA 50310
Phone: (515) 323-8950
Fax: (515) 242-2844