Chapter 14

PROGRAM INTEGRITY

INTRODUCTION

DMMHA is committed to ensuring that subsidy funds made available to 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 and detecting errors and program abuse. This section includes DMMHA’s Fraud Policy.

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

14-I.A. PREVENTING ERRORS AND PROGRAM ABUSE

The DMMHA anticipates that the vast majority of families, owners, and DMMHA staff intend to and will comply with program requirements and make reasonable efforts to avoid errors and detect abuse.

The DMMHA will discuss program compliance and integrity issues during the voucher briefing sessions described in Chapter 5.

DMMHA will provide each applicant and participant with the publication *Things You Should Know (HUD-1140-OIG)* that explains the types of actions a family must avoid and the penalties for program abuse.

The DMMHA will provide each applicant and participant 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.

DMMHA will place a warning statement about the penalties for fraud (as described in the False Statements Accountability Act, 18 U.S.C. Chapter 47, Sections 1001 and 1010) on key DMMHA forms that request information from a family or owner.

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

14-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 methods and procedures to detect errors and program abuse.

**Quality Control and Analysis of Data**

Under the Section 8 Management Assessment Program (SEMAP), HUD requires DMMHA to review a random sample of tenant records annually to determine if the records conform to program requirements and to conduct quality control inspections of a sample of units to ensure HQS compliance [24 CFR, Part 985].

In addition to the SEMAP quality control requirements, DMMHA will employ a variety of methods to detect errors and program abuse.

DMMHA routinely will use HUD and other non-HUD sources of up-front income verification.

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 Housing Voucher Administrator or his/her designee will review random files to ensure that participant files are processed correctly.

The Housing Voucher Administrator or his/her designee reviews all applicant files to ensure applicant files are processed correctly.

Quality Control Inspections will be accomplished as required by 24 CFR 982.405 to ensure each inspector is conducting accurate and complete inspections and that there is consistency in the application of HQS.

The Housing Voucher Administrator or his/her designee will review all applicant files to ensure the eligibility of a household.

**Independent Audits and HUD Monitoring**

OMB Circular A-133 requires any PHA that expends $500,000 or more in federal awards annually to have an independent audit. In addition, HUD conducts periodic on-site and automated monitoring of DMMHA activities and notifies DMMHA of errors and potential cases of program abuse.

DMMHA will use the results reported in any independent audit 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.

**14-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 file reviews and 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.

**14-I.D. DMMHA’S FRAUD POLICY**

**Introduction**

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 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

Polk County River Place
2309 Euclid
Des Moines, IA  50310
Phone: (515) 323-8950
Fax: (515) 242-2844
PART II: CORRECTIVE MEASURES AND PENALTIES

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

An incorrect subsidy determination caused by a family in most cases would be the result of incorrect reporting of family composition, income, assets, or expenses, but also could 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 of the Section 8 program for unreported income regardless of the number of “instances” that occur between annuals. 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 overpaid/incorrect Housing Assistance Payments to the property owner.

A Section 8 participant is required to report in writing all income changes to DMMHA within 14 calendar days. DMMHA, in accordance with reexamination policies (Chapter 11) of the administrative plan, conducts interim reexaminations with participants.

In cases where the amount of income earned meets the criteria set forth in the reexamination policies of the administrative plan and the total amount of unreported income earned is over $1000, DMMHA will prepare a recoupment worksheet to determine the amount of overpaid Housing Assistance Payments (HAP) made on behalf of the family.

The family will be required to repay the amount of overpaid HAP to DMMHA within 6 months.

The 6 month repay period may be extended at the sole discretion of the DMMHA. Failure to repay DMMHA within 6 months, without an approved extension, is grounds for termination of benefits. To qualify for an extension the family must have paid at least half of the total debt owed prior to the deadline required. Requests must be made in writing and submitted to the family’s Housing Case Manager. The Housing Voucher Administrator is authorized to approve a 6 month extension if the above criteria are met. Only one 6 month extension will be granted.

The DMMHA, may, at their sole discretion grant a 6 month extension if the participant attends an informal discussion, in accordance with DMMHA’s termination of assistance and informal discussion procedures, and pays one half of the monies owed by 5:00 p.m. on the date of the informal discussion. The extension request must be made by 5:00 p.m. on the date of the informal discussion.

The family is not eligible for relocation until the repayment has been paid in full.
In cases where the amount of income does meet the criteria set forth in the reexamination policies of the administrative plan but the total amount of unreported income earned is less than $1000.00, the violation will be considered a failure to report required information.

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 benefits for failure to follow the program rules regardless of whether the result of the unreported income required a repayment to DMMHA.

In cases where a family fails to report income changes when required, and reason exists to suspect intentional fraud or misrepresentation, the case will be reviewed. Appropriate action will be taken, which could lead to termination of assistance without the opportunity to re-pay.

**Family Reimbursement to DMMHA**

In case of family-caused errors or program abuse, the family will be required to repay any excess subsidy received. If the family fails to repay the excess subsidy, the DMMHA will terminate the family’s assistance in accordance with the policies in Chapter 12.

**DMMHA Reimbursement to Family**

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

**14-ILB. OWNER-CAUSED ERROR OR PROGRAM ABUSE**

An incorrect subsidy determination caused by an owner generally would be the result of an incorrect owner statement about the characteristics of the assisted unit (e.g., the number of bedrooms, which utilities are paid by the family). It also includes accepting duplicate housing assistance payments for the same unit in the same month, or after a family no longer resides in the unit.

**Owner Reimbursement to the DMMHA**

In all cases of overpayment of subsidy caused by the owner, the owner must repay to the DMMHA any excess subsidy received. The DMMHA may recover overpaid amounts by withholding housing assistance payments due for subsequent months. Monies owed by owners is discussed in Chapter 16- Part IV.B.