

## Chapter 16

### PROGRAM INTEGRITY

#### **INTRODUCTION**

LSHA is committed to assure that the proper level of benefits is received by all tenants, and that housing resources reach only income-eligible families so that program integrity can be maintained.

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

This Chapter outlines the LSHA's policies for the prevention, detection and investigation of program abuse and tenant fraud.

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

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

LSHA will initiate an investigation of a tenant family only in the event of one or more of the following circumstances:

Referrals, Complaints, or Tips. LSHA will follow up on referrals from other agencies, companies or persons which are received by mail, or in person, which allege that a tenant family is in non-compliance with, or otherwise violating the lease or the 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 tenant file.

Internal File Review. A follow-up will be made if LSHA staff discovers (as a function of a [re]certification, an interim redetermination, or a quality control review), information or facts which conflict with previous file data, LSHA's knowledge of the family, or is discrepant with statements made by the family.

Verification or Documentation. A follow-up will be made if LSHA receives independent verification or documentation which conflicts with representations in the tenant file (such as public record information or credit bureau reports, reports from other agencies).

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

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

Things You Should Know. The 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 PHA's expectations for cooperation and compliance.

Program Orientation Session. Mandatory orientation sessions will be conducted at the time of lease-up for all households at the time of initial occupancy. At the conclusion of the session, the family will confirm that all rules and pertinent regulations were explained to them.

Resident Counseling. LSHA will routinely provide tenant 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. LSHA 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.

Third-Party Verifications. LSHA will use third party verification whenever possible, and if using tenant supplied or other documents for verification purposes, LSHA will document the attempts to obtain third party verification.

**C. STEPS LSHA WILL TAKE TO DETECT PROGRAM ABUSE AND FRAUD**

LSHA 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 tenant file will be reviewed. Such reviews shall include, but are not limited to:

- Changes in reported Social Security Numbers or dates of birth.
- Authenticity of file Documents.
- Third party and other verifications

- Differences between reported income and expenditures.
- Review of signatures for consistency with previously signed file documents.

Observation. LSHA Management and Occupancy Staff (to include maintenance personnel) will maintain high awareness of circumstances that may indicate program abuse or fraud, such as unauthorized persons residing in the household and unreported income.

Public Record Bulletins may be reviewed by Management and Staff.

State Wage Data Record Keepers: Inquiries to State Wage and Employment record keeping agencies as authorized under Public Law 100-628, the Stewart B. McKinley Homeless Assistance Amendments Act of 1988, may be made annually in order to detect unreported wages or unemployment compensation benefits.

Use of UIV/EIV and Third-Party Computer Matching Verification: LSHA shall use the Enterprise Income Verification and other computer matching systems for the determination of income, and other information that is available through computer matching. LSHA will verify the existence of the families in EIV and use the HUD reports in the system to further confirm accuracy for RIM.

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

At the time of final eligibility determination

When a tenant's expenditures exceed his/her reported income, and no plausible explanation is given.

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

LSHA staff will encourage all tenant families to report suspected abuse. All such referrals, as well as referrals from community members and other agencies, will be thoroughly documented and placed in the tenant file. All allegations, complaints and tips will be carefully evaluated in order to determine if they warrant follow-up. The Property Manager or other LSHA staff will not follow up on allegations that 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 tenant of LSHA and, if so, to determine whether or not the information reported has been previously disclosed by the family.

It will then be determined if LSHA is the most appropriate authority to do a follow-up (more so than 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 is/are fact(s) contained in the allegation which conflict with file data, and the fact(s) are independently verifiable, the Property Manager, Eligibility Specialist, or other appropriate personnel will initiate an investigation to determine if the allegation is true or false.

#### **E. HOW LSHA WILL INVESTIGATE ALLEGATIONS OF ABUSE AND FRAUD**

If LSHA 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, but are not limited to, the items listed below. In all cases, LSHA 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 which conflicts with the reported income of the family.

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.

Employers and Ex-Employers. Employers or ex-employers may be contacted to verify wages which 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 LSHA's review.

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

Public Records. If relevant, LSHA 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. LSHA will discuss the allegation (or details thereof) with the Head of Household or family member by scheduling an appointment at the appropriate PHA office. A high standard of courtesy and professionalism will be maintained by the LSHA 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.

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**F. PLACEMENT OF DOCUMENTS, EVIDENCE AND STATEMENTS OBTAINED BY LSHA**

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

**G. CONCLUSION OF LSHA'S INVESTIGATIVE REVIEW**

At the conclusion of the investigative review, the reviewer will report the findings to his/her supervisor 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, LSHA 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 tenant.
- Is the family eligible for continued occupancy.

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

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

### **Procedural Non-compliance**

This category applies when the tenant "fails to" observe a procedure or requirement of LSHA, but does not misrepresent a material fact, and there is no retroactive rent 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 LSHA.

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 that will be taken by LSHA if the procedure or obligation is not complied with by the date specified by LSHA.
- The consequences of repeated (similar) violations.

### **Procedural Non-compliance - Retroactive Rent**

When the tenant owes money to LSHA for failure to report changes in income or assets, LSHA will issue a Notification of Underpaid Rent. This Notice will contain the following:

- A description of the violation and the date(s).
- Any amounts owed to the LSHA.
- The right to disagree and to request an informal hearing with instructions for the request of such hearing.

Tenant Fails to Comply with LSHA's Notice. If the Tenant fails to comply with LSHA's notice, and a material provision of the lease has been violated, LSHA will initiate termination of tenancy.

Tenant Complies with LSHA's Notice. When a tenant complies with LSHA's notice, the staff person responsible will meet with him/her to discuss and explain the obligation or lease provision which was violated. The staff person will document to the tenant file that the tenant has complied.

**Intentional Misrepresentations**

When a tenant falsifies, misstates, omits or otherwise misrepresents a material fact which results (or would have resulted) in an underpayment of rent by the tenant, LSHA will evaluate whether or not:

- the tenant had knowledge that his/her actions were wrong, and
- that the tenant willfully violated the lease or the law.

Knowledge that the action or inaction was wrong. This will be evaluated by determining if the tenant was made aware of program requirements and prohibitions. The tenant's signature on various certification, briefing certificate, Personal Declaration and *Things You Should Know* are adequate to establish knowledge of wrong-doing.

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

- An admission by the tenant of the misrepresentation.
- That 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.
- That the tenant omitted material facts which were known to them (e.g., employment of self or other household member).
- That the tenant falsified, forged or altered documents.
- That the tenant uttered and certified to statements at a rent (re)determination which were later independently verified to be false.

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**The Tenant Conference for Serious Violations and Misrepresentations**

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

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

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

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

**Dispositions of Cases Involving Misrepresentations**

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

**Criminal Prosecution:** If LSHA has established criminal intent, and the case meets the criteria for prosecution, LSHA may:

- Refer the case to HUD's OIG, and terminate rental assistance.



Administrative Remedies: LSHA may:

- Terminate tenancy and demand payment of restitution in full.
- Terminate tenancy and execute an administrative repayment agreement in accordance with the LSHA's Repayment Policy.
- Permit continued occupancy at the correct rent and execute an administrative repayment agreement in accordance with LSHA's Repayment Policy.

**Notification to Tenant of Proposed Action**

LSHA will notify the tenant of the proposed action no later than 10 days after the tenant conference by mail.