

## **23.0 Program Integrity**

Pensacola Housing maintains its credibility with applicant and participant families, owners, HUD, and the larger community by enforcing program requirements. When families, owners, or Pensacola Housing employees fail to adhere to program requirements, Pensacola Housing will take appropriate action. The action that is appropriate depends on the particular case and circumstances.

Pensacola Housing addresses program errors, omissions, abuse, and fraud through both prevention and detection. Preventive measures are the most effective way to deter widespread program irregularities. This chapter discusses the important differences between program errors and omissions versus abuse and fraud. It also identifies various methods Pensacola Housing uses to prevent and detect errors and abuses, and discusses corrective action methods.

### **23.1 Distinguishing Between Errors and Omissions versus Abuse and Fraud**

This chapter uses the terms “error” and “omission” to identify situations in which a family or owner does not comply with program requirements, or staff members inadvertently apply program rules incorrectly. For families and owners, an error or omission may be intentional or unintentional. Some will affect family share and subsidy amounts, others will not. Pensacola Housing will carefully analyze the unique circumstances of the case to determine how best to handle the situation. Errors or omissions that affect the family’s subsidy amount, or tenant rent, or the regular flow of housing assistance payments, will be a higher priority.

“Abuse” and “fraud” mean a single act or pattern of actions made with the intent to deceive or mislead, constituting a false statement, omission, or concealment of a substantive fact. Fraud occurs when families or owners intentionally fail to report required information or report incorrect information to obtain benefits to which they’re not entitled, resulting in an inappropriate allocation of HCV program funds. Program abuse and fraud can also occur among PHA employees, when they willfully fail to administer program requirements uniformly.

Pensacola Housing recognizes the difference between unintentional and intentional misreporting. In many cases of unintentional reporting, Pensacola Housing will make any required corrections and then move on without taking any further action. In cases of intentional misreporting, Pensacola Housing staff will evaluate the specific circumstances and seriousness of the case to determine whether it is a case of fraud, whether the appropriate remedy is termination from the program, and when mitigating circumstances should be considered.

### **23.2 Fraud Prevention**

Pensacola Housing will address the prevention, detection, investigation, and disposition of participant fraud and program abuse through the use of file auditing, electronic data matching, and other investigative techniques as required.

Housing specialists will ensure that all HCV program applicants and participants are aware of program requirements through the Eligibility Briefing, mover's meetings, and the annual/interim recertification processes.

All adult family members or prospective members will be required to sign releases of information allowing third party verification of income, assets, and household composition. Housing specialists will review these releases with the family to ensure understanding and complete disclosure.

All client files will be subject to random quality control reviews by a program supervisor.

### **23.2.1 Use of the Enterprise Income Verification (EIV) System**

Since January 31, 2010, all PHAs have been required to use the EIV system. Authorized housing specialists will access the EIV System as required by HUD to verify identity and obtain employment, unemployment, Social Security, SSI, and Social Security Disability information and history for each individual in the household, both annually and for interim reexaminations. All families are required to sign confidentiality releases allowing housing specialists to access EIV information and consult with other agencies regarding income and household composition.

If a discrepancy appears on the household's EIV report, the housing specialist will follow the procedures described in Appendix 1 of this Administrative Plan, "Using the EIV Discrepancy Report." No family will be terminated based solely on unverified EIV income information. The information must be verified through third party verification.

Only the participant, the housing specialist, and authorized supervisors may view the participant's EIV documentation. If there is no discrepancy in the EIV report, the housing specialist may shred the report rather than retaining it, in order to ensure the participant's privacy. A statement will be placed in the file summarizing the results of the income review.

EIV information may be presented at an informal hearing, if necessary, and may be viewed by the hearing officer and representatives for the family as well as participating housing staff. However, copies of the EIV information will not be distributed to those in attendance at the informal hearing.

Pensacola Housing will retain a lockable container, file cabinet, or room in which to store EIV documents that are outdated and slated to be destroyed, or printed but not yet placed in participant files. Participant files containing EIV information will only be accessed by designated staff members and will not be accessible to the general public.

As required by HUD, Pensacola Housing will enter debt owed and termination information into the EIV system for all participants who leave Pensacola Housing's HCV program, whether voluntarily or involuntarily.

### **23.2.2 SAVE Verification**

The SAVE system has been established by the Department of Immigration and Naturalization (INS), and is accessible to Housing Department personnel for first-line verification of citizenship and eligible immigrant status. Documentation of eligibility of noncitizens is required, pursuant to HUD regulations. Housing specialists will verify eligible immigrant status of those applicants and participants whose birth certificates indicate foreign birth.

### **23.2.3 Quality Control Reviews**

Random files will be selected on a regular basis for quality control review of income calculation, as well as other items required by SEMAP. If it appears through a quality control audit that the income reported by the household, and submitted by Pensacola Housing on HUD form 50058, does not coincide with the household's EIV report, then a full investigation of the file may be undertaken, following the processes described in Section 23.4.2 of this Administrative Plan.

### **23.2.4 Tips from the Public**

Occasionally, Pensacola Housing receives tips from callers regarding participant or owner fraud. Pensacola Housing will attempt to verify any facts presented by the caller and may launch a fraud investigation following the procedures outlines in section 22.1.

### **23.2.5 Referrals to Law Enforcement**

Pensacola Housing may refer certain instances of deliberate failure to report income, assets, and household composition, or the deliberate withholding of such information to obtain benefits to which the family would not be otherwise entitled, to local law enforcement agencies.

## **23.3 Criteria for Investigation of Suspected Abuse and Fraud**

Pensacola Housing expects participating families to comply with HUD requirements, voucher provisions, and program rules. Pensacola Housing staff will make every effort to orient and educate all participants to avoid any non-compliance. Pensacola Housing acknowledges, however, the possibility of both inadvertent and deliberate non-compliance, and acknowledges its responsibility to HUD, to the community, and to eligible families in need of housing assistance, to investigate incidents of non-compliance.

Pensacola Housing will initiate an investigation in any of the following circumstances:

1. Referrals, complaints, or tips. Pensacola Housing will investigate allegations received from any source including other agencies, companies or individuals, of participant non-compliance or violation of family obligations or program rules;

2. Internal file review. An investigation will be conducted if Pensacola Housing 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, Pensacola Housing's knowledge of the family, or statements made by the participant;
3. Verification of documentation. An investigation will be made whenever Pensacola Housing receives independent verification or documentation that conflicts with information or representations in the family's file (such as public record information or credit bureau reports, or reports from other agencies); and
4. If inspection results identify possible discrepancies or suspicious circumstances. Pensacola Housing will investigate when an HQS inspector identifies circumstances that appear not to match the information on record for a family, such as more people living in the unit than authorized, or fewer people living in the unit than authorized.

### **23.4 Processing Allegations of Program Abuse and Fraud**

Pensacola Housing staff encourages participants, owners, and community members to report suspected fraud and program abuse. All such referrals, as well as referrals from other agencies, will be thoroughly documented in the participant's file or electronic record. All allegations, complaints, and tips will be carefully evaluated to determine if they warrant further investigation.

Pensacola Housing staff will investigate allegations that contain one or more independently verifiable facts, but will not investigate allegations that are vague or non-specific.

#### **23.4.1 File Review**

An internal file review will be conducted to determine if the subject of the allegation is a Pensacola Housing applicant or participant and, if so, to determine whether the information reported has been previously disclosed.

If Pensacola Housing staff concludes, after reviewing the file, that there are facts contained in the allegation that conflict with file data, and the facts are independently verifiable, Pensacola Housing will initiate an investigation to determine if the allegation is true or false. The investigation shall be concluded within 30 days of the conclusion of the internal file review.

#### **23.4.2 Further Investigation**

If Pensacola Housing determines that an allegation or referral warrants investigation, either the housing specialist who is responsible for the file, or a person designated by the Housing Administrator, will conduct the investigation. The steps taken will depend upon the nature of the allegation and may include, without being limited to, the items listed below. In all cases, written authorization from the program participant shall be requested as needed for the release of information.

1. Credit Bureau Inquiries. In cases involving possible unreported income sources, a credit bureau inquiry 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 financial activity conflicts with file data, Pensacola Housing will obtain a credit check or Employment Security report 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. Other Agencies. Investigators, case workers, or representatives of other benefit agencies may be contacted.
5. Public Records. If relevant, public court records may be reviewed. Examples of public records which may be reviewed include: real estate records, marriage and divorce decrees, voter registrations, judgments, court or police records, state wage records, utility records, and postal records.
6. Interviews with Head of Household or Other Household Members. The investigator may discuss the allegation (or details thereof) with the head of household or other household members.
7. IRS Inquiries. Authorization forms will be signed to allow Pensacola Housing to verify all income reported to the IRS, including verification of non-filing.

#### **23.4.3 Document Storage**

Documents and other evidence obtained by Pensacola Housing during the course of an investigation will be kept in the participant's file following completion of the investigation.

#### **23.4.4 Conclusion of the Review**

At the conclusion of the investigation, the investigator will report the findings to the Housing Administrator, who will determine whether a violation occurred, did not occur, or if the facts are inconclusive.

#### **23.4.5 Evaluation of the Findings**

If it is determined that a program violation occurred, the Housing Administrator, in consultation with the rental assistance program manager, will 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 family; and
4. If the family is eligible for continued assistance.

### **23.5 Procedures for Documented Violations**

When a program violation has been documented, the investigator will propose an appropriate remedy based upon the type and severity of the violation, following these guidelines.

### **23.5.1 Procedural Non-Compliance**

This category applies when a participant failed to observe a procedure or requirement of Pensacola Housing, but did not misrepresent a material fact, and there is no retroactive assistance payment owed by the family due to oversubsidy. Examples of non-compliance violations include failure to appear at a pre-scheduled appointment, including inspections, and failure to return a verification or required document in a time period specified by Pensacola Housing.

In such cases, a notice will be sent to the family which contains the following:

1. A description of the non-compliance and the procedure, policy or obligation that was violated;
2. The date by which the violation must be corrected, or the procedure complied with;
3. The action that will be taken by Pensacola Housing if the procedure or obligation is not complied with by the date specified; and
4. The consequences of repeated (similar) violations.

### **23.5.2 Procedural Non-Compliance and an Overpayment**

When the family owes money to Pensacola Housing for failure to report, or delayed reporting of, changes in income or assets, or a change in household composition, Pensacola Housing will issue a termination notice if there is a history of such violations, or if the participant refuses to enter into a repayment agreement and/or make payments on a signed repayment agreement. The termination notice will contain the following:

1. A description of the violation and the date(s);
2. An explanation of the amounts owed to Pensacola Housing;
3. The right to contest the overpayment and to request an informal hearing, with instructions on how to request such a hearing;
4. A statement that any hearing request must be made within 10 business days from the date of the notice;
5. The option to set up a repayment plan in lieu of an informal hearing if such a plan is offered by the investigator;
6. A statement that if the participant fails to request an informal hearing or make repayment arrangements, Pensacola Housing will terminate assistance; and
7. A statement that if the participant is offered a repayment agreement, the participant must meet in person with Pensacola Housing staff to discuss how the overpayment was calculated and the terms of the repayment agreement. Staff will emphasize in that meeting that any missed payment may result in termination of assistance. If the participant requests an informal hearing at the meeting, one will be scheduled using the procedures outlined in Chapter 22.

### **23.5.3 Intentional Misrepresentations**

When a participant intentionally falsifies, misstates, omits or otherwise misrepresents a material fact which results (or would have resulted) in an overpayment of housing

assistance, Pensacola Housing may, depending upon its evaluation of the criteria stated below, take one or more of the following actions:

1. Criminal prosecution. Pensacola Housing may refer the case to the City of Pensacola Attorney, whose office may in turn refer the case to the U.S. Attorney, County Prosecutor, Pensacola Police Department or other law enforcement agencies, other investigative agencies (such as the State Department of Social and Health Services), the Immigration and Naturalization Service, or the IRS, as applicable. Pensacola Housing may also notify HUD's Office of the Inspector General;
2. Civil litigation. Pensacola Housing may bring an action for recovery of funds and for costs and attorneys' fees; or
3. Administrative remedies. Pensacola Housing will terminate assistance and may execute an administrative repayment agreement in accordance with Pensacola Housing's repayment policy.

Any of the following circumstances will be considered adequate to demonstrate willful intent:

1. An admission by the participant of the misrepresentation;
2. That the act was done repeatedly;
3. If a false name or Social Security Number was used;
4. If there were admissions to others of the illegal action or omission;
5. That the participant omitted material facts which were known to him/her (for example, employment of self or other household member);
6. That the participant falsified, forged or altered documents; or
7. That the participant uttered and certified to statements at any stage of the application process or participation in the HCV program that were later proven to be false.

### **23.6 Case Conferences for Serious Violations and Misrepresentations**

When Pensacola Housing has established that material misrepresentation(s) have occurred, a case conference may be scheduled, at Pensacola Housing's discretion, to discuss the allegations with the family representative. The conference may, at Pensacola Housing's discretion, take place prior to any proposed action. The purpose of the conference is to review the information and evidence available with the participant, and to provide the participant an opportunity to explain any findings that conflict with representations in the participant's file. Any documents or mitigating circumstances presented by the participant will be taken into consideration by Pensacola Housing. The participant will be given 10 business days to furnish any mitigating evidence.

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

1. The duration of the violation and number of false statements;

2. The family's ability to understand the rules;
3. The family's willingness to cooperate, and to accept responsibility for their actions;
4. The family's past history with the HCV program; and
5. Whether or not criminal intent has been established.

#### **23.6.1 Post-Case Conference Notification**

Pensacola Housing will notify the family by mail of the proposed action no later than 30 days after the case conference.