

Chapter 22

PROGRAM INTEGRITY

[24 CFR 792.101 to 792.204, 982.54]

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

“Fraud and abuse” means a single act or pattern of actions that constitutes a false statement, omission, or concealment of a substantive fact, made with intent to deceive or mislead and that results in payment of Section 8 funds in violation of Section 8 requirements.

A. Criteria for Investigation of Suspected Abuse and Fraud

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

SHA will initiate an investigation in any of the following circumstances:

1. Referrals, complaints, or tips: SHA 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 SHA 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, SHA's knowledge of the family, or is inconsistent with statements made by the participant; and
3. Verification of documentation: An investigation will be made whenever SHA 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).

B. Steps SHA Will Take to Prevent Program Abuse and Fraud

SHA management and staff will undertake to prevent program abuse, non-compliance, and willful violations of program rules by applicants and participating families by emphasizing education as the primary means to obtain compliance by families.

Orientation/Briefing Session

Mandatory orientation sessions will be conducted by SHA staff for all prospective program participants, upon issuance of a voucher, which discuss the requirements of the program in detail. At the conclusion of the voucher issuance orientation, the family representative shall be

required to sign a “Program Briefing Certificate” to confirm that all rules and pertinent regulations have been explained.

C. Steps SHA Will Take to Detect Program Abuse and Fraud

SHA staff will maintain a high level of awareness of possible abuse and fraud by participants.

1. Quality control file reviews: Prior to initial certification, and at the completion of all subsequent recertifications, 10 to 100 percent of files will be reviewed. Such reviews shall include, but are not limited to:
 - a) Assuring the verification of all income and deductions is present;
 - b) Noting any changes in reported Social Security Numbers or dates of birth;
 - c) Verifying the authenticity of file documents;
 - d) Examining the ratio between reported income and expenditures;
 - e) Reviewing signatures for consistency with previously signed file documents; and
 - f) Determining that all forms are completed and correctly dated and signed.
2. Observation: SHA management and occupancy staff (including housing inspectors) will maintain high awareness of circumstances which may indicate program abuse or fraud, such as unauthorized persons residing in the household and unreported income. Any relevant observations shall be documented in the participant’s file;
3. Public record bulletins: Bulletins may be reviewed by management and staff;
4. 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, will be made as needed in order to detect unreported wages or unemployment compensation benefits; and
5. Credit bureau inquiries: Credit bureau inquiries may be made (with authorization by the participant when required) in the following circumstances:
 - a) At the time of final eligibility determination;
 - b) When SHA receives an allegation of unreported income; or
 - c) When a participant’s expenditures or assets noticeably exceed his/her reported income.

D. SHA'S Handling of Allegations of Fraud and Program Abuse

SHA staff will encourage participants, owners and community members to report suspected fraud and program abuse to the Certification Specialists. All such referrals, as well as referrals from other agencies, will be thoroughly documented and placed in the participant’s file. All allegations, complaints and tips will be carefully evaluated to determine if they warrant further investigation.

The Certification Specialists will investigate allegations that contain independently verifiable facts, but will not investigate allegations that are vague or non-specific.

File Review

An internal file review will be conducted to determine if the subject of the allegation is an SHA

applicant or participant and, if so, to determine whether the information reported has been previously disclosed.

If SHA staff conclude after reviewing the file that there are facts contained in the allegation that conflict with file data, and the facts are independently verifiable, the Occupancy Supervisor or his/her designee will initiate an investigation to determine if the allegation is true or false. The Occupancy Supervisor's investigation shall be concluded within 30 days of the conclusion of the internal file review.

E. Investigation of Allegations of Abuse and Fraud

If SHA determines that an allegation or referral warrants investigation, either the staff person who is responsible for the file or a person designated by the Occupancy Supervisor shall conduct the investigation. The steps taken will depend upon the nature of the allegation and may include, but not be limited to, the items listed below. In all cases, written authorization from the program participant shall be received as needed 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 that conflicts with the reported income of the family.

Verification of Credit

In cases where the financial activity conflicts with file data, SHA will obtain an AIR or Employment Security report 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 SHA's review.

Other Agencies

Investigators, case workers or representatives of other benefit agencies may be contacted.

Public Records

If relevant, the review of any public court records. Examples of public records which may be reviewed include: 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 Heads of Household or Family Members

The investigator will discuss the allegation (or details thereof) with the head of household or family member.

F. Placement of Documents, Evidence and Statements Obtained by SHA

Documents and other evidence obtained by SHA during the course of an investigation shall be considered “work product” and will either be kept in the participant’s file, or in a separate “work file.” In either case, the participant’s file or work file shall be kept in a locked file cabinet. Such cases under review shall not be discussed among SHA staff unless they are involved in the investigation process.

G. Conclusion of SHA’s Investigative Review

At the conclusion of the investigation, the Occupancy Supervisor shall report the findings to the PorchLight Director or designee who shall determine 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, the PorchLight Director in consultation with the Occupancy Supervisor 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.

I. Action Procedures for Violations Which Have Been Documented

When a program violation has been documented, the PorchLight Director will propose an appropriate remedy based upon the type and severity of the violation, in the following manner:

1. Procedural non-compliance: This category applies when the participant fails to observe a procedure or requirement of SHA, but does not misrepresent a material fact, and there is no retroactive assistance payments owed by the family. Examples of non-compliance violations include failure to appear at a pre-scheduled appointment and failure to return a verification in a time period specified by SHA. In such cases a notice will be sent to the family which contains the following:
 - a) A description of the non-compliance and the procedure, policy or obligation which was violated;
 - b) The date by which the violation must be corrected, or the procedure complied

- with;
 - c) The action which will be taken by SHA if the procedure or obligation is not complied with by the date specified by SHA; and
 - d) The consequences of repeated (similar) violations.
2. Procedural non-compliance – overpaid assistance: When the family owes money to SHA for failure to report changes in income or assets, SHA will issue a termination notice. This notice will contain the following:
- a) A description of the violation and the date(s);
 - b) An explanation of the amounts owed to SHA;
 - c) The right to contest the overpayment and to request an informal hearing, with instructions on how to request such a hearing;
 - d) A statement that any hearing request must be made within 10 business days from the date of the notice;
 - e) The option to set up a repayment plan in lieu of an informal hearing if such a plan is offered by the Occupancy Supervisor;
 - f) A statement that if the participant fails to request an informal hearing or make repayment arrangements, SHA will terminate assistance; and
 - g) A statement that if the participant is offered a repayment agreement, the participant must meet in person with SHA 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 will result in termination with no further recourse. If the participant requests an informal hearing at the meeting, one will be scheduled using the procedures outlined in Chapter 20.
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, SHA may, depending upon its evaluation of the criteria stated below, take one or more of the following actions:
- a) Criminal prosecution: SHA will refer the case to SHA’s Office of General Counsel. At their discretion, the Office of General Counsel may refer the case to the U.S. Attorney, City Attorney, County Prosecutor, Seattle 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. SHA may also notify HUD’s Office of the Inspector General;
 - b) Civil litigation: SHA may bring an action for recovery of funds and for costs and attorneys’ fees; or
 - c) Administrative remedies: SHA will terminate assistance and may execute an administrative repayment agreement in accordance with SHA’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

- (e.g., 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 voucher program, which were later proven to be false.

The Case Conference for Serious Violations and Misrepresentations

When SHA has established that material misrepresentation(s) have occurred, a case conference may be scheduled at SHA's discretion to discuss the allegations with the family representative. The conference may, in SHA'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 which conflict with representations in the participant's file. Any documents or mitigating circumstances presented by the participant will be taken into consideration by SHA. The participant will be given 10 business days to furnish any mitigating evidence.

A secondary purpose of the case conference is to assist SHA in determining the course of action most appropriate for the case. Prior to the final determination of the proposed action, SHA 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 his or her actions;
4. The family's past history; and
5. Whether or not criminal intent has been established.

Post-Case Conference Notification to Participant of Proposed Action

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

J. Overpayments to Owners

If the owner has been overpaid as a result of fraud, misrepresentation or violation of the contract, SHA may terminate the contract, seek restitution and/or refer the case for criminal prosecution.

SHA will make every effort to recover any overpayments made as a result of owner fraud or program abuse. SHA may recover such overpayments, and any funds owed the participant, from future payment due the owner.