

# Rockford Housing Authority Fraud Policy



## Fraud and Program Violations

### SCOPE:

This policy shall apply to all housing programs administered by the Rockford Housing Authority, unless specifically noted.

### POLICY:

It is the policy of the Rockford Housing Authority to identify and aggressively pursue applicant, resident, and landlord program violations and fraud with the goal of minimizing program violations and eliminating fraud; and ensuring the correct amount of assistance is provided to eligible families. RHA shall work cooperatively with other federal, state and local government agencies, in the pursuit of applicant, resident, and landlord fraud cases and continue to develop partnerships to improve communication of information among government agencies that provide benefits or services to RHA residents. Departments responsible for implementing this policy shall diligently investigate and resolve any program violations or fraud.

### IMPLEMENTATION POLICY:

- A. Program violations and Fraud. A program violation or fraud occurs whenever a resident or applicant receives a benefit for which he or she is not eligible, or when a resident or applicant receives a benefit in excess of the amount for which he or she is eligible. Fraud is the intentional deception resulting in injury to another including the false and material misrepresentation made by one who either knows it is falsity or is ignorant of truth, the maker's intent that that representation be relied on by the person and in a manner reasonably contemplated, the person's ignorance of the falsity of the representation, the person's rightful or justified reliance and proximate injury to the person.
- B. Applicant and resident program violations and fraud take many forms including, but not limited to: under reported and unreported income and assets, false identities, and unauthorized boarders and lodgers. Applicant and resident program violations and fraud are discovered primarily through HUD's enterprise Income Verification system and other data matching reporting, the personal observations of RHA staff, reports received from residents and others, and through the annual and interim recertification process. RHA staff shall remain constantly aware of the possibility of program violations and fraud, and shall be vigilant in observing circumstances that may indicate potential program violations or fraud. This includes, but is not limited to, residents and applicants with possessions or a life style that cannot be supported on their reported income; residents who say they are unemployed who have departure and arrival patterns consistent with employment; and the arrival and departure patterns of guests.
- C. Grievances. If an adverse action is to be taken against a resident who has committed a program violation or fraud the resident may request a grievance hearing in accordance with RHA's grievance policy. Any applicant denied admission as a result of a program violation or fraud may request a review in accordance with RHA's admissions policy.



- D. Penalties for Program Violations and Fraud. Any applicant who has committed a program violation or fraud shall be denied admission in accordance with RHA's Admission and Occupancy policies. Any resident who has committed a program violation or fraud shall reimburse the Housing Authority for housing benefits for which they were not entitled or eligible for. Calculations of benefits for which the resident was not entitled or eligible for shall be from the point in time the program violation or fraud first occurred. RHA shall offer no waivers or reductions to the amount of reimbursement due the Housing Authority. RHA may terminate the residents housing assistance and bring legal action to recover any amount for which they were not entitled or eligible for. In addition, any resident found guilty of fraud may be prosecuted in municipal, state or federal court. The Rockford Housing Authority, at its discretion, may pursue all applicable remedies in cases of fraud, including, but not limited to, denial of application for housing assistance, cancellation from housing program wait lists, termination of housing assistance, eviction, civil proceedings to recover overpaid housing assistance and investigation and legal costs or referral to other government agencies for criminal prosecution.
- E. Reimbursement. RHA may enter into a repayment agreement for the amount to be reimbursed for housing benefits for which the resident was not entitled or eligible for in accordance with RHA's policy on repayment agreements.

### **RESPONSIBILITY:**

The Director of Housing Operations shall have responsibility for administration of this policy and shall be responsible for the day-to-day implementation of this policy. Human Resources shall have responsibility for the overall administration of RHA's policies over matters of employee fraud.

### **PROCEDURES:**

#### **A. RHA Applicant Investigation.**

1. If any program violation is suspected or discovered by Admissions staff, staff shall assess the information provided, and investigate the allegations to the extent possible.
2. Following his or her initial investigation, staff shall refer their findings to the Admissions Manager.
3. The Admissions Manager shall assess the information provided to determine if there is sufficient evidence of a program violation by the applicant and the type of violation committed, if denial of their application is warranted in accordance with RHA's Admission and Occupancy policies, or if further investigation is needed.
4. If the assigned staff is unable to conclude the investigation within the 45 days, the case may be referred to the Legal or Fraud Investigator for further investigation

#### **B. RHA Resident Investigation - Initial discovery of suspected program violation**

1. If a program violation by a resident is discovered or suspected, the Property Manager, or specialist will assess the information, investigate through discussion with the resident, requesting 3<sup>rd</sup> party verification, credit report, etc. as necessary; and resolve to the extent possible.
2. If the RHA finds, based on EIV, other data-matching programs, or other information gathered, that a resident has failed to disclose income or assets, or has misrepresented his or her income or assets and as a result has received benefits in



- excess of, or in violation of, program requirements, the finding shall be documented and reported to the Director of Housing Operations.
3. All documentation must be kept in the residents file.
  4. Following his or her initial investigation, if the RHA staff member is not able to resolve the suspected program violation, they will discuss the case with his or her supervisor, either the Property Manager or HCV Supervisor to determine next steps for the investigation or resolution.
  5. The Property Manager or HCV Supervisor will review the information gathered by the staff to determine:
    - If there is sufficient evidence of a program violation;
    - The type of violation;
    - If the resident should continue to receive housing assistance;
    - If a repayment agreement should be offered;
    - If termination of housing assistance is warranted.
  6. If further investigation is needed, the Property Manager or HCV Supervisor can request the assistance of the Housing Policy Manager.
  7. Staff will refer to the Employee Fraud Report form when completing an investigation for guidance on steps in conducting an investigation.
  8. Any investigation that is not resolved will be discussed with the Director of Housing Operations.
  9. The Director of Housing Operations shall determine next steps for the investigation or resolution. Legal can be consulted at any time for guidance.
  10. The Property Manager or HCV Supervisor shall keep a log of all program violations and fraud allegations received, the nature of the allegation (unreported income, assets, boarders, etc.), the amount of back rent involved and the disposition of each case.
  11. If it is determined that no violation can be substantiated, staff shall document the file accordingly and close the investigation.
  12. If there is evidence of potential fraud, the case must be brought to the attention of the Director of Housing Operations.
  13. Staff will complete the Employee Fraud Report outlining the type of violation suspected and detailing the information gathered from the investigation. The Fraud Report should be reviewed by the Director of Housing Operations.
  14. If a significant amount of money is involved and there is strong evidence of fraud, the Director of Housing Operations will then submit to Legal or the OIG for review.

### ***Calculating Reimbursement***

1. Residents must reimburse RHA for housing benefits they were not entitled or eligible for.
2. If it is determined that the submission of information was a program violation, staff shall re-calculate the resident's rent and determine the amount of back rent due and provide the resident notice of the change in rent and amount of back rent due.

### **C. Reimbursement for Overpayment of Assistance**

1. Once the reimbursement is determined and confirmed by the Director of Housing Operations or designee, staff shall charge the full amount due to the residents account.
2. As an alternative, the Director of Operations or designee may offer a repayment agreement in accordance with RHA's policy.
3. Legal must be consulted if termination is recommended by the Director of Housing Operations.



## D. Repayment Agreements

1. The Director of Housing Operations or designee prepares the repayment agreement, in accordance with the Repayment Agreement policy.
2. A record of all repayment agreements and of the amounts recovered shall be kept through the tenant accounting. HUD regulations (24 CFR792.204) require housing authorities to retain records of all repayment agreements and of the amounts recovered pursuant to each repayment agreement.
3. For a resident who defaults on their repayment agreement, the full balance becomes due. Staff will cancel the payment agreement and enter a charge to the residents account for the remaining balance due. Staff shall issue a 14 day Notice for the full balance due.

## E. HUD's EIV Debt Owing Module

1. When the resident vacates, all debt owing shall be entered into HUD's EIV Debt Owing module by Accounts Receivables.
2. Staff must mark the appropriate termination status when closing out the account.

## F. RHA Landlord Investigation

If a program violation by a landlord is discovered or suspected, the specialist will assess the information, investigate through discussion with the resident(s), requesting verification where applicable, and resolve to the extent possible. If a significant amount of money is involved and there is strong evidence of fraud, the Director of Housing Operations will then submit to Legal or the OIG for review.

### Investigating and Discovering the Facts

1. To research questionable information, staff may:
  - a. Run EIV Income Report;
  - b. Request third party verification from the income or asset source;
  - c. Request a credit check through RHA's tenant screening service;
  - d. Host a Conference with the resident to discuss the resident's information and any conflicting information;
  - e. Obtain additional information from other persons or agencies; and
  - f. Take other actions to verify either the resident's information or the conflicting information
  - g. Contact additional residents under the same landlord/management group for interview
2. If information provided cannot be substantiated through documentation, the case should not be treated as fraud but as an unintentional program violation.

### ***Notifying and Meeting with the Resident***

1. After gathering the documentation to support the suspected program violation, staff notifies the resident in writing of the allegation and requests a meeting with the resident.
  - a. The notice informs the resident that failure to meet with the Property Manager HCV Supervisor may result in termination of the resident's tenancy.
  - b. The meeting with the resident is to review the allegedly false or unreported information.
2. The resident meets with the Property Manager or HCV Supervisor, to discuss the allegations.
3. For residents with a disability, the notice should be in a form accessible to the resident, and the meeting must be held in a location accessible to the resident.