



# FRAUD DETECTION AND PREVENTION POLICY

## **Policy Statement**

The Cumberland Housing Group recognizes the importance of protecting our entities, its operations, its employees and its assets against financial risks, operational breaches and unethical activities. The Cumberland Housing Group recognizes a zero-tolerance policy regarding fraud and corruption.

Therefore, it is incumbent upon the Cumberland Housing Group Board of Directors, Chief Executive Officer, Department Directors, and employees to institute and clearly communicate this fraud prevention policy. This policy covers all Cumberland Housing Group employees, officers, Department Directors, Board of Directors, internal and external customers, vendors, contractors, tenants and partners to the extent that any Cumberland Housing Group resources are involved or impacted. All of the above-named parties are responsible for preventing, identifying, and reporting fraud.

## **Scope of Policy**

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. The following is a listing of the most serious actions constituting fraud and related criminal activities:

- False statements from tenants or employees
- Falsification of expenses and invoices
- Theft, embezzlement, or other misapplication of funds or assets
- Forgery or alteration of documents
- Failure to account for monies collected
- Knowingly providing false information on job applications and requests for funding
- False claims
- Impropriety with respect to reporting financial transactions
- Tenant misrepresentation of income
- Destruction or concealment of records or assets
- Profiting from insider knowledge or a conflict of interest
- Under-reporting of income – whether it be failure to report an income, using a false SSN to hide employment or failure to report the income and/or presence of a spouse or significant other
- Creating dependent children – using false birth certificates and SSNs, reporting kids who do not reside in a household or reporting of fraudulent expenses like daycare

Corruption is defined as the offering, giving, soliciting or accepting of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include:

- Bribery, bid rigging/structuring, kickbacks or ghost payroll
- Conspiracy
- Extortion

Along with being knowledgeable and well informed about the methods in which frauds will use to scam money from taxpayers and HUD programs, employees should be familiar with all the potential triggers. Below is a listing of just a few of those possible red flags:

- Address discrepancies on drivers' licenses, state identification cards, checks or money orders
- Unexplained changes in lifestyle without corresponding income change
- Zero income for multiple consecutive years
- Irreconcilable income discrepancies
- Increased foot and vehicle traffic in PHA unit
- Increased complaints and concerns from neighbors, other tenants and staff

## **Other Irregularities**

Allegations of personal improprieties or other irregularities not constituting fraud, such as drug abuse, vandalism, littering, disturbing the peace, or other such public nuisances or criminal activity, should be coordinated with local law enforcement or handled by appropriate administrative actions.

## **Reporting of Fraud or Corruption**

Allegations and concerns about fraudulent or corrupt activity may come from various sources including:

- Employees
- Vendors
- Members of the public
- Results of internal or external audit reviews
- Any other interested parties

All employees and officers have a duty to report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any officer, employee, vendor or any other party with any association with the Cumberland Housing Group. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately. Concerns should be reported to any of the following:

- The employee's immediate supervisor
- Any Department Director

- Chief Executive Officer
- Chairman of the Board of Directors
- Suspected fraud or related criminal activities can be reported to: HUD OIG Hotline, GFI 451 7th Street, SW Washington, DC 20410 Telephone: 1-800-347-3735 or Email: hotline@hudoig.gov

Employees and others suspecting fraud should report it and not attempt to conduct an investigation themselves. Management and others should refrain from discussing the allegations with anyone other than those with a legitimate need to know.

### **Confidentiality**

Any investigation of fraud resulting from suspected irregularities will not be disclosed to outsiders, except to the appropriate law enforcement authorities.

Retaliation and retribution will not be tolerated against any employee or officer who reports suspected fraudulent, non-fraudulent irregularities or corrupt activities. However, if an employee is determined to have acted maliciously or with deceit, the employee will be subject to disciplinary action.

### **Authorization for Investigation**

All reports will be taken seriously and will be investigated by the Chief Executive Officer unless there is a conflict of interest at which time the Board Chairman will appoint the legal counsel or other employee to conduct the investigation. The person in charge of the internal investigation has the authority to obtain, control of and examine records and will notify and fully cooperate with the appropriate law enforcement agency.

### **Correct Action**

Any investigation resulting in the finding of fraud or corruption will be referred to the Cumberland Housing Group Disciplinary Committee for action. The Disciplinary Committee is composed of the Cumberland Housing Group's general counsel, Compliance Coordinator, Human Resources officer and the Chief Executive Officer. Fraudulent or corrupt activities that result in disciplinary action will be reported to the Board of Directors.

Final determination regarding action against an employee, vendor, recipient or other person found to have committed fraud or corruption will be made by the Disciplinary Committee.

Offenders at all levels of the Corporation will be treated equally regardless of their position or years of service with the Cumberland Housing Group. Determinations will be made based on a finding of facts in each case, actual or potential damage to the Cumberland Housing Group, cooperation by the offender and legal requirements.

Depending upon the seriousness of the offense and the facts of each individual case, action against an employee can range from written reprimand and a probationary period to legal action – either civil or criminal. In all cases involving monetary losses to the Cumberland Housing Group, actions will be taken to pursue recovery of losses.

### **Deterring Fraud and Corruption**

The Cumberland Housing Group has established internal controls, policies and procedures in an effort to deter, prevent and detect fraud and corruption.

All new employees, plus temporary and contract employees, are subject to background investigations including a criminal background check. The Cumberland Housing Group will also verify all applicants' employment history, education and personal references prior to making an offer of employment.

All vendors, contractors and suppliers must be active, in good standing and authorized to transact business in the State of Maryland. Vendors, contractors and suppliers are subject to screening, including verification of the individual's or company's status as a debarred party.

All contractual agreements with the Cumberland Housing Group will contain a provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.

The Cumberland Housing Group employees will receive fraud and corruption awareness training. New employees will receive training as part of orientation at the commencement of employment. All employees will receive fraud and corruption awareness training every two years.

# **Participant Policy on Fraudulent Information**

**Don't risk your federally assisted housing benefit by providing false, incomplete, or inaccurate information on your application forms.**

## **Purpose**

This is to inform you that there is certain information you must provide when applying for assisted housing. There are penalties that apply if you knowingly omit information or give false information.

## **Penalties for Committing Fraud**

The United States Department of Housing and Urban Development (HUD) places a high priority on preventing fraud. If your application or recertification forms contain false or incomplete information, you may be:

- Evicted from your apartment or house
- Required to repay all overpaid rental assistance you received
- Fined up to \$10,000
- Imprisoned for up to 5 years
- Prohibited from receiving future assistance

Your state and local governments may have other laws and penalties as well.

## **Asking Questions**

When you meet with the person who is to fill out your application, you should know what is expected of you. If you do not understand something, ask for clarification. That person can answer your question or find out what the answer is.

## **Completing the Application**

When you answer application questions, you must include the following information:

- Income
  - All sources of money you or any member of your household receives (wages, welfare payments, alimony, social security, pension, etc.).
  - Any money you receive on behalf of your children (child support, social security for children, etc.).
  - Income from assets (interest from a savings account, credit union, or certificate of deposit; dividends from stock, etc.).
  - Earnings from second job or part-time job. Any anticipated income (such as a bonus or pay raise you expect to receive).
- Assets
  - All bank accounts, savings bonds, certificates of deposit, stocks, real estate, etc. that are owned by you and any adult member of your family's household who will be living with you.

## **Signing the Application**

- Do not sign any form unless you have read it, understand it, and are sure everything is complete and accurate.
- When you sign the application and certification forms, you are claiming that they are complete to the best of your knowledge and belief. You are committing fraud if you sign a form knowing that it contains false or misleading information.
- Information you give on your application will be verified by your housing agency. In addition, HUD may do computer matches of the income you report with various federal, state, or private agencies to verify that it is correct.

## **Recertifications**

You must provide updated information at least once a year. Some programs require that you report any changes in income or family/household composition immediately. Be sure to ask when you must recertify. You must report on recertification forms:

- All income changes, such as increases of pay and/or benefits, change or loss of job and/or benefits, etc., for all household members.
- Any move in or out of a household member.
- All assets that you or your household members own and any asset that was sold in the last 2 years for less than its full value.

## **Beware of Fraud**

You should be aware of the following fraud schemes:

- Do not pay any money to file an application;
- Do not pay any money to move up on the waiting list;
- Do not pay for anything not covered by your lease;
- Get a receipt for any money you pay;
- Get a written explanation if you are required to pay for anything other than rent (such as maintenance charges).

## **Reporting Abuse**

If you are aware of anyone who has falsified an application, or if anyone tries to persuade you to make false statements, report them to the property manager of your development. If that is not possible, then call the local HUD office or the HUD Office of Inspector General (OIG) Hotline at (800) 347-3735.