



Anti-Fraud Policy

The Salem Housing Authority (SHA) operates with honesty, integrity, and the highest of ethics. This Anti-Fraud Policy (Policy) has been established in order to enforce controls and to aid in the prevention and detection of fraud, theft, waste, or abuse against the Authority.

This Policy applies to any fraud, theft, waste, or abuse, or suspected fraud, theft, waste, or abuse involving any employee including management, Board Members, consultants, vendors, contractors, or any outside agency doing business with the SHA or in any other relationship with the SHA. This Policy is supported and supplemented by a variety of existing policies and procedures including the Code of Conduct, Consolidated Annual Contributions Contracts, EIV, Administrative Plans, and various accounting and reporting procedures. These policies and procedures further provide a framework to support compliance with this Policy.

The Salem Housing Authority does not tolerate fraud, waste, or abuse. The SHA's practice is to promote consistent, legal, and ethical organizational behavior by:

- Assigning responsibility for reporting fraud, theft, or abuse;
- Providing guidelines to conduct investigations of suspected fraudulent behavior; and
- Requiring each employee to attend Ethics awareness training.

Failure to comply with this Policy subjects an employee, including management, to disciplinary action, including and up to termination. Failure to comply by a Board Member, consultant, vendor, contractor, outside agency, or person doing business with the SHA, or in any other relationship with the SHA could result in cancellation of the business or other relationship between the entity and the SHA.

For the purposes of this Policy only the term *fraud* or *fraudulent* includes theft, waste, and abuse as defined below:

The term *employee* includes all SHA employees.

The term *management* includes Board Members, Executive Director, and Administrative Department Head personnel.

Examples of Fraud, Waste, and Abuse

Fraud is defined as “an intentional deception designated to obtain a benefit or advantage or to cause some benefit that is due to be denied”.

“a deliberate deception to secure unfair or unlawful gain, or to deprive a victim of a legal right”.

Examples of fraud include:

- Forgery or alteration of a check, bank draft, or any other financial document;
- Theft of a check or other diversion of a payment to the authority;
- Misappropriation of funds, securities, supplies, or other assets;
- Impropropriety in the handling or reporting of money or financial transactions’
- Profiteering as a result of insider knowledge of SHA operations; and
- An employee with access to confidential client information, who sells this information or uses it in the conduct of an outside business activity.

Waste is the loss or misuse of the SHA’s resources that results from deficient practices, system controls, or decisions.

Abuse is the intentional, wrongful, or improper use of resources or misuse of rank, position, or authority that causes the loss or misuses of resources such as tools, vehicles, computers, copy machines, etc. Examples of abuse include:

- Using SHA equipment or supplies to conduct personal business; and
- An employee using non-confidential client information to get new customers for his/her outside business.

Theft is defined as the act of taking something from someone unlawfully. An example of theft is taking home a tool or other piece of equipment belonging to the SHA and keeping it for personal use.

Responsibility to Report Suspected Fraud

Each employee is required to report any suspected fraud, theft, waste, or abuse or other dishonest conduct to the Executive Director, Chairperson of the Board of the Directors, or Massachusetts Department of Housing and Community Development (DHCD), or U.S. Department of Housing and Urban Development (HUD) as applicable.

Management is required to report suspected fraud, theft, waste, abuse, or other dishonest conduct including reports from employees or other individuals to the Executive Director.

Each employee is required to report any suspected fraud, theft, waste, abuse, or other dishonest conduct of the SHA’s Board Chairperson or any Board Member to the Executive Director, DHCD and/or HUD as applicable.

The Executive Director has the authority to determine the merits of a report of suspected fraud including obtaining, if necessary, the assistance of the SHA’s Attorney.

The identity of an employee or complainant, who reports suspected fraud, will be protected to the full extent allowed by law.

Suspected improprieties and/or misconduct concerning an employee's ethical conduct should be reported in the same manner and to the same reporting entity as fraud, theft, waste, abuse, or other dishonest conduct.

Procedure Upon Receipt of a Report of Suspected Fraud, Theft, Waste, or Abuse

Whether the initial report is made to the Executive Director, SHA Board Chairperson, DHCD, or HUD, the reporting individual should receive the following instruction and information:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Allow the investigative body to conduct the investigation. Do not further investigate the allegations.
- Observe strict confidentiality. Do not discuss the case, facts, suspicions, or allegations with anyone else unless specifically asked to do so by the investigative body, police, SHA Attorney, or the Office of the Inspector General.
- Retaliation will not be tolerated. The SHA will not tolerate any form of retaliation against individuals providing information concerning fraud or suspected fraud.
- Every effort will be made to protect the rights and the reputations of everyone involved, including the individual, who in good faith alleges perceived misconduct as well as the alleged violator(s). (See "Disciplinary Action" section of this Policy for the consequences of making a report of fraud in bad faith.)
- The identity of an employee or other individual who reports a suspected act of fraud will be protected as provided by this Policy. (See "Responsibility to Report Suspected Fraud" section of this Policy.)

Responsibility of the Executive Director

The Executive Director in consultation with necessary professionals shall evaluate the risks of fraud and implement processes, procedures, and controls to mitigate those risks. Neither fraudulent financial reporting, nor misappropriation of assets can occur without the perceived opportunity to commit and conceal the act. The Executive Director will be proactive in reducing fraud opportunities by:

- Identifying and measuring fraud risk;
- Taking steps to mitigate identified risks; and
- Implementing and monitoring appropriate preventative and detective internal controls and other deterrent measures.

The Executive Director shall serve as the primary Ethics Officer for the SHA. Upon receiving a report of fraud, the Executive Director shall document the contact and conduct a preliminary investigation to determine the credibility of the report. If the report is determined to be credible, the Executive Director shall follow the investigation guidelines provided in this Policy. (See "Handling for Investigation of Suspected Fraud" section of this Policy.)

The Executive Director shall make every effort to protect the rights and the reputations of everyone involved in the report of suspected fraud, including the individual who in good faith

alleges perceived misconduct as well as the alleged violator(s). The Executive Director also shall make every effort to protect the identity of a person who in good faith reported the suspected fraud.

The Executive Director may find it necessary to involve outside agencies to assist the investigation and may refer questions as to whether the action constitutes fraud to the SHA's Auditor or Attorney as appropriate.

Upon determination that a report is not credible or is not a report of fraud the Executive Director shall document this determination. The Executive Director's documentation shall include support for the determination.

The Executive Director is responsible for the administration, interpretation, and application of this Policy.

Guidelines for the Investigation of Suspected Fraud

The Executive Director is responsible for the investigation of reported wrongdoing and all suspected fraud and for coordinating investigative activities. Each employee involved in an investigation of suspected fraud shall keep the content of the investigation strictly confidential to the full extent provided by law. Investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate need to know.

Any required investigative activity shall be conducted without regard to the suspected wrongdoer's length of service, position/title, relationship to the SHA, or any other perceived mitigating circumstances.

The Executive Director shall maintain appropriate documentation regarding incidents of fraud. The Executive Director shall develop and maintain guidelines for access to and security of this documentation until a determination is made.

If an investigation substantiates fraudulent activities, the Executive Director will prepare an incident report to the Board of Directors. The Executive Director shall prepare a report as soon as possible after the fraud is confirmed and shall document the content of the investigation, the findings, and any disciplinary action taken as a result of the finding.

If an investigation substantiated fraudulent activities of a possible criminal nature, the Executive Director shall determine in consultation with the Board of Directors, HUD, DHCD, SHA's Attorney, and/or the Office of the Attorney General, whether to refer the matter to law enforcement and/or at what level.

Any inquiries from the suspected individual, his or her attorney/representative, or any other inquirer shall be directed to the Executive Director. If necessary, the Executive Director will refer these inquiries to the SHA's Attorney.

The SHA's Board Chairperson is responsible for the investigation of any reported wrongdoing by the Executive Director. The SHA's Board Chairperson shall follow the same procedures that have been established for the Executive Director to follow when investigating and addressing possible wrongdoing. The SHA's Board Chairperson shall advise the other members of the Board of Directors about the allegations and provide them with periodic updates on the status of the investigation. The LHA's Board Chairperson may also choose to appoint one or more Board Members to assist with the investigation. Each Board Member is bound by the same requirements for strict confidentiality. Should an initial allegation of fraud, other than by the Executive Director, be directed to the SHA Board Chairperson, the Board of Directors shall determine whether the Executive Director of the SHA Board Chairperson shall conduct the investigation.

Any reported wrongdoing by a member(s) of the Board of Directors shall be reported to the DHCD and/or HUD.

Disciplinary Action

Failure to comply with any part of this policy could result in disciplinary actions, including termination. This includes:

An employee who:

- Has engaged in any form of fraud, waste, or abuse;
- Suspects or discovers fraudulent activity and fails to report his or her suspicions as required by this Policy (See "Responsibility to Report Suspected Fraud" section of this Policy.); or
- Intentionally reports false or misleading information.

Any member of management who does not pass on to the Executive Director each and every report of suspected fraud made by an employee or other person is subject to disciplinary action, including immediate termination.

The Salem Housing Authority will pursue prosecution, if the results of an investigation indicate the possibility of criminal activity.

Any losses from fraud will be recovered, if necessary, through civil action.

Client Fraud In Housing Programs

The SHA has developed very specific procedures and guidelines for dealing with fraud by clients of its housing programs. These standards are contained in the Admissions and Continued Occupancy Policy for the Public Housing Program, the Section 8 Administrative Plan for the Housing Choice Voucher Program and the Residential Lease for state housing programs. The SHA will take one or more of the following actions whenever it reaches a positive determination:

- Enter into a repayment agreement;
- Terminate assistance if warranted (Housing Choice Voucher Program);

- Terminate tenancy and evict if warranted (Public Housing Programs)'
- Seek recovery of any excess subsidies including damages & legal costs through the civil courts; and/or
- Refer the matter to the Office of the Inspector General.

Fraud Awareness Training

From time to time training programs regarding fraud awareness become available to the SHA through various means. As these programs become available, applicable staff will be asked to attend such trainings.

Report

Incidents of suspected fraud determined by the Executive Director to have merit shall be reported to the Board of Directors at the next Board meeting after the conclusion of the investigation. The report shall include; whether the report was from an employee; the determination of merit; whether a full investigation was conducted, and if so, the results of the investigation; the disciplinary action, if any, resulting from the investigation; whether the report was referred to an outside entity, and if so, the current status or final outcome of the referral.

Adopted by the Salem Housing Authority's Board of Directors on: April 14, 2021