

# State of West Virginia Development Office Community Advancement and Development

## CDBG-DR and CDBG-MIT Fraud, Waste, and Abuse Policies and Procedures

Last Revised: September 2020



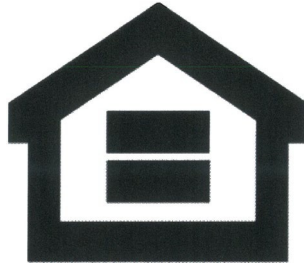
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## Revision Log

The revision log identifies revision dates and changes to each version.

Version	Date	Description of Changes
September 2020	9/22/2020	Final Fraud, Waste, and Abuse Policies and Procedures



## **EQUAL HOUSING OPPORTUNITY**

All West Virginia Programs operate in Accordance with the Federal  
Fair Housing Law  
(The Fair Housing Amendments Act of 1988)

Anyone who feels he or she has been discriminated against may file a complaint of  
housing discrimination: 1-800-669-9777 (Toll Free) 1-800-927-9275 (TIY)

[www.hud.gov/fairhousing](http://www.hud.gov/fairhousing)

U.S. Department of Housing and Urban Development  
Assistant Secretary for Fair Housing and Equal Opportunity  
Washington, D.C. 20410

or

CPD Specialist, Disaster Recovery and Special Issues Division  
Office of Block Grant Assistance  
U.S. Department of Housing and Urban Development  
414 Summers St, Suite 110  
Charleston, WV 25301  
Phone: 304-347-7044

## 1. Verification of Applicant Provided Information

Self-reported information provided by applicants when applying for CDBG funds will be verified by CDBG program managers and project managers to ensure the accuracy of applicant-provided information. Applicants must provide true and complete information to WVDO whenever information is requested to process an application for CDBG funds. The Program's verification requirements are designed to maintain program integrity, and are also designed to reduce fraud, waste, and abuse. WVDO will obtain proper authorization from applicants, and any household members, before requesting information from independent or third-party sources.

CDBG program managers and project managers will verify self-reported information provided by applicants through four methods of verification, in the following order:

1. **Third-party data sources** – direct access to most recent third-party data sources (i.e. FEMA, SBA, or NFIP benefits received by applicants)
2. **Third-party written verification** – written verification via email or posted mail directly with a third-party (i.e. insurance providers or employers)
3. **Third-party oral verification** – oral verification via phone directly with a third-party; CDBG program managers and project managers will be required to complete a Certification of Document Viewed or Person Contacted form, noting with whom they spoke, the date of the conversation, and the facts provided.
4. **Self-Certification or Affidavit** – self-certification or affidavit completed by the applicant confirming by oath or affirmation the accuracy of information provided.

If third-party data sources are not available, CDBG program managers and project managers will first attempt to verify applicant information through third-party written verification. CDBG program managers and project managers will allow 14 days for return of third-party verifications before going to the next method. All documentation pertaining to verification attempts will be retained and stored within each applicant file. Self-certifications or Affidavits will be used as a last resort, on a case-by-case basis.

## 2. Conflict of Interest

Conflicts of interest occur when officials, staff, or applicants stand to benefit, either directly themselves or indirectly through business partners or relatives, from the awarding or contracting of CDBG grant funds. WVDO has measures in place to build an organizational culture that is conscious of potential conflicts of interest, including mechanisms to promptly identify, disclose, and manage conflicts of interest as they arise to comply with applicable Federal and State rules and regulations.

WVDO fosters an environment that seeks to raise awareness, encourage disclosure and discussion of issues that may constitute a conflict, and constantly encourages a “culture of candor.” CDBG program managers and project managers are responsible for ensuring conflict of interest rules are implemented and followed, including independent checks or monitoring to ensure conflicts do not exist.

**A. Conflict of Interest Training**

WVDO requires annual conflict of interest training for all WVDO employees, including WVDO’s leadership and executive teams, any CDBG subrecipient staff, and any CDBG pass-through entity staff. All WVDO and subrecipient or pass-through entity staff must submit attendance records for conflict of interest trainings, required annually, via a certification of attendance form.

**B. Conflict of Interest Disclosure**

WVDO requires disclosure of potential conflicts of interest from CDBG applicants. Applicants are required to complete a *Conflict of Interest Disclosure Form* to indicate whether they, or any family members or business associates, have a conflict of interest in relation to WVDO’s CDBG programs or awarding of CDBG funds.

Similarly, evaluators, advisor(s), and WVDO’s procurement officer(s) involved in procurement activities related to CDBG activities are required to sign a *Certification of Non-Conflict of Interest* to attest that:

- (1) Their service on the evaluation committee is not in violation of West Virginia Code §5A-3-31, §6B-2-5, or any other relevant code section;
- (2) Their service on the evaluation committee does not create a conflict of interest with any of the participating vendors; and
- (3) They have not had, or will not have, contact relating to the solicitation with any participating vendors between the time of the bid opening and the award recommendation without prior approval of the Purchasing Division.

All WVDO staff, including subrecipient and pass-through entity staff, are encouraged to disclose and self-report possible conflicts, raise suspected conflict of interest issues, or ask for guidance without fear of retaliation. All staff have multiple avenues to disclose or discuss a potential conflict of interest:

- (1) Complete a Conflict of Interest Disclosure Form;
- (2) Report a potential conflict of interest or seek guidance by contacting the Fraud, Waste, and Abuse hotline at 304-554-0927; or
- (3) Contacting their manager, director, CDBG program manager, or CDBG project managers directly.

**C. Conflict of Interest Non-Disclosure**

If the CDBG program manager or project manager has reasonable cause to believe

that any parties with an interest in CDBG activities have failed to disclose an actual or possible conflict of interest, the individual(s) will be informed and afforded the opportunity to explain the failure to disclose. Parties with an interest in CDBG activities can include WVDO staff, subrecipient staff, pass-through entity staff, and procurement evaluators or advisors. CDBG program managers and project managers may conduct further investigation and take necessary disciplinary and/or corrective action.

#### **D. Conflict of Interest Procedures**

CDBG program managers and project managers track and monitor any potential conflicts of interest identified and will take swift and appropriate actions to document any conflict, including actions to address the conflict of interest. CDBG program managers and project managers will strive to investigate and resolve any potential conflicts of interest within 5 business days of a disclosure or identification of a non-disclosure. Note, additional time may be required to adequately investigate and address a conflict of interest. Any potential conflicts of interest that are not resolved within 5 business days require a written statement outlining the issues that contributed to a longer resolution timeline.

When a potential conflict of interest is identified, determinations of the existence of a conflict of interest will be decided by a forum of uninterested directors, officers, or key employees (*uninterested parties*). The forum of uninterested parties will review any and all information or documentation related to the potential conflict identified. Additional information or documentation may be requested from the disclosing individual(s) and/or associated individual(s). The disclosing individual(s) or associated individual(s) are prohibited from participating in or listening to the discussion of and voting on (1) the determinations of a conflict of interest, or (2) proposed actions to address any identified conflict of interest.

If a conflict of interest is determined to exist, one person from the forum of uninterested parties is designated to investigate alternatives and proposed actions to address the identified conflict. The remaining uninterested parties review the proposed actions and collectively determine the actions required to resolve the conflict.

Documentation of conflict of interest disclosures or non-disclosures will include:

- The disclosing/non-disclosing individual's name, position, phone number and address;
- Details of the nature of the conflict of interest (perceived, apparent, or actual);
- Date of notification/identification;
- If applicable, reason for non-disclosure; and
- Requested action to address the conflict of interest (recusal, exemption request, etc.).

Documentation of proceedings held by the forum of uninterested parties will include:

- Names of the persons present for discussion and voting;
- Reviews or investigations of alleged conflicts;
- Assessment of the matter and how it was considered;
- Action taken or resolution, including date of resolution;
- Records of voting on conflict of interest determinations and actions for resolution;
- If applicable, a written statement outlining the issues that prevented a conflict of interest resolution within 5 business days.

#### **E. Requesting an Exception from HUD**

WVDO may request an exception from HUD for non-procurement conflicts of interest on a case-by-case basis. To request an exception, CDBG program managers and project managers will submit a written request for an exception to the local HUD CPD office. The request submitted will provide the following documentation for consideration by HUD:

- A public disclosure of the conflict (including how the disclosure was made); and
- An opinion from WVDO's attorney or designated attorney that the exception does not violate State or local law.

WVDO will only proceed with activities after receiving the approval in writing from HUD.

### **3. Fraud, Waste, and Abuse**

WVDO and its employees, including subrecipient and pass-through entity employees, are obligated to ensure CDBG assets and resources are used in accordance with regulatory requirements. All employees must take proactive measures to prevent fraud, waste, and abuse. Following are definitions of fraud, waste, and abuse:

1. **Fraud:** Any intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to that person or some other person. The term does not include unintentional technical, clerical, or administrative errors.
2. **Waste:** Practices that a reasonably prudent person would deem careless or that would allow inefficient use of resources, items, or services.
3. **Abuse:** A practice that is inconsistent with sound fiscal, business, or medical practices and that results in an unnecessary cost to the State.

Any employees who are uncertain whether a particular activity is fraudulent, wasteful or abusive are encouraged to contact their supervisor, Human Resources personnel, or a member of the WVDO Executive Team.

## **A. Prevention Measures**

WVDO has several processes in place to prevent, detect and correct fraudulent, wasteful and abusive activities. These measures include:

- Training;
- Policies and Procedures;
- Internal monitoring;
- External program monitoring and audits;
- Conflict of Interest Disclosure; and
- Cooperation with funders, regulators and law enforcement.

## **B. Reporting Fraud, Waste, and Abuse**

WVDO and its employees, including subrecipient and pass-through entity employees, must report any existence (or apparent existence) of fraud, waste, or abuse. All employees should report concerns to:

- A supervisor;
- Senior Director of Human Resources;
- General Counsel;
- Director of Compliance;
- Conflict of Interest Disclosure; and
- Fraud, Waste, and Abuse Hotline: 304-553-0927.

WVDO does not retaliate against anyone who, in good faith, makes a report of unethical or suspicious behavior, regardless of whether the report is validated. No person identified or potentially identified, in the allegations contained in the report will perform or make decisions in the investigation.

The general public, include CDBG applicants, are invited to share any concerns or reports of fraud, waste, and abuse via the Fraud, Waste, and Abuse hotline. The hotline is advertised on the CDBG-DR and CDBG-MIT websites.

Instances of fraud, waste, and abuse will be referred to the HUD OIG Fraud Hotline as necessary:

- Phone: 1-800-347-3735
- Email: [hotline@hudoig.gov](mailto:hotline@hudoig.gov)

WVDO and its employees, including subrecipient and pass-through entity employees, are required to attend any fraud related training provided by the HUD OIG.



#### 4. Responsible Staff

CDBG program managers and project managers are responsible for completing verification of applicant provided information, conflict of interest procedures, and fraud, waste, and abuse procedures.

Team/Unit	Role	Contact Information
<b>Program Manager</b>	CDBG-DR	Email: Michelle.D.Tharp@wv.gov Phone: 304-558-2234
	CDBG-MIT	Email: Sherry.L.Risk@wv.gov Phone: 304-957-2068
<b>Project Manager</b>	Housing Restoration Program	Email: Michelle.D.Tharp@wv.gov Phone: 304-558-2234
	Mitigation	Project Manager to be hired; anticipated hire date 12/1/2020
	Demolition	Email: Jacob.H.Wolfe@wv.gov Phone: 304-957-2116
	Multifamily	Email: Hannah.Trautwein@wv.gov Phone: 304-558-2234
	Riverview	Email: Hannah.Trautwein@wv.gov Phone: 304-558-2234
	Economic Development	Email: Alexandria.R.Phares@wv.gov Phone: 304-558-2234
	Bridge	Email: Michelle.D.Tharp@wv.gov Phone: 304-558-2234