



FRAUD AND WASTE POLICY

Responsible personnel or unit: IEDA Management, Chief Programs Officer, Disaster Recovery Team Lead

The IEDA has zero tolerance for the commission or concealment of acts of fraud, waste, or abuse. Allegations of such acts will be investigated and pursued to their logical conclusion, including legal action where warranted. All employees are responsible for reporting suspected instances of fraud, waste, and abuse in accordance with this policy.

Management is responsible for the effectiveness and efficiency of operations, including the protection of IEDA assets from fraud, waste, and abuse. Management has the responsibility for the implementation of internal controls to deter and detect fraud and are also responsible for assisting in the deterrence and detection of fraud, waste, and abuse in government by examining and evaluating the adequacy and the effectiveness of the Authority's systems of internal control, commensurate with the extent of the potential risk in the various segments of the organization. Management has primary responsibility for the request for investigation of fraudulent acts committed by or against the Authority.

Scope

This policy applies to all employees. The provisions of this policy apply to any instance of fraud, waste, or abuse involving not only employees, but also external organizations doing business with the Authority and Authority-sponsored events.

Commitment to Confidentiality and Anonymity

The IEDA will attempt to ensure that anonymity of the reporter is maintained. When you report, please remember the following concerning confidentiality and anonymity:

- Even if you report anonymously, once the report has been made and the investigation begins, your coworkers or others who are familiar with the situation you are reporting may still be able to guess your identity.
- Whether you report anonymously or not, the Authority will treat your report confidentially.
- It is not possible to guarantee absolute confidentiality in all circumstances. Disclosure to others inside or outside the Authority may be required by law in certain cases.

Please do not let these possibilities discourage you from reporting an incident.

Protection

Retaliation against an employee who in good faith reports a violation of law or rule, mismanagement, a gross abuse of funds, an abuse of authority, or substantial and specific danger to public health or safety is a violation of state law per Iowa Code Chapter 70A.29. Please note that this section does not apply if the disclosure of the information is prohibited by statute. See also Code of Iowa 8A.417, 70A.28 and 685.

Definitions

Fraud consists of an illegal act (the intentional wrongdoing), the concealment of this act, and the deriving of a benefit (converting the gains to cash or other valuable commodity). Legally, fraud can lead to a variety of criminal charges including theft, embezzlement, and larceny – each with its own specific legal definition and required criteria – each of which can result in severe penalties and a criminal record.





Waste means the thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the Authority to the detriment or potential detriment of the Authority. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls. Waste does not normally lead to an allegation of “fraud”, but it could.

Abuse means the excessive, or improper use of something, or the use of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the Authority; or extravagant or excessive use so as to abuse one’s position or authority. “Abuse” does not necessarily lead to an allegation of “fraud”, but it could.

Examples of fraud, waste, and abuse activities include, but are not limited to:

- Forgery or alteration of documents (checks, contracts, purchase orders, invoices, time sheets, leave records, etc.).
- Misrepresentation of information on documents (employment history, time sheets, leave records, travel reimbursement requests, financial records, etc.).
- Theft, unauthorized removal, or willful destruction of records, property, or the property of other persons (to include the property of employees, customers, or visitors).
- Misappropriation of funds, equipment, supplies, or any other asset.
- Improprieties in the handling and reporting of financial transactions.
- Serious abuse of Authority time such as unauthorized time away from work, falsification of work hours reported, or excessive use of Authority time for personal business.
- Authorizing or receiving payments for goods not received or services not performed.
- Vendor kickbacks.
- Authorizing or receiving payment for hours not worked.
- Misuse of authority for personal gain.
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes.
- Inappropriate use of Authority owned electronic devices such as computers, PDAs, cell phones, pagers, or e-mail.

Responsibilities

Any employee who has knowledge of fraud, waste, or abuse, or who has good reason to suspect that such conduct has occurred, shall adhere to the procedures outlined below.

When suspected fraudulent activity, waste, or abuse is observed by, or made known to, an employee, the employee shall immediately report the activity to their direct supervisor. If the employee believes that the supervisor is involved with the activity, they shall immediately report the activity to the CFO or Director’s Office. If the employee believes that the CFO or Director’s Office (or staff of) may be involved with the activity, the employee shall report the activity to the State Auditor’s Office.

The employee shall not make any attempt to investigate the suspected activity prior to reporting it. The CFO or Director’s Office shall coordinate investigations of fraud, waste, or abuse with the State Auditor’s Office, Federal Oversight Agency or State Ombudsman’s Office.

An employee shall not destroy, or allow to be destroyed, any document or record of any kind that the employee knows may be relevant to a past, present, or future investigation





The Authority cannot compel citizens and customers (non-employees) to report suspected instances of fraud, waste, or abuse. However, the Authority strongly encourages them to do so.

Fraud Training & Hotline

IEDA staff, as well as disaster recovery recipients, will attend HUD OIG fraud training. The HUD OIG Fraud hotline and email will be shared as a reporting mechanism for instances of fraud, waste and abuse with recipients and the public: HUD OIG Fraud Hotline (Phone: 1-800-347-3735 or Email: hotline@hudoig.gov) as a reporting mechanism for instances of fraud, waste and abuse. All instances of fraud, waste, and abuse will be referred to the HUD OIG Fraud Hotline.

Contractor Fraud

IEDA staff will make CDBG-DR beneficiaries aware of the risks of contractor fraud and other potentially fraudulent activities that can occur in communities recovering from a natural disaster. The Iowa Attorney General Consumer Protection Division's checklist will be provided to subrecipients and published on IEDA's 2020 CDBG-DR disaster recovery webpage. This checklist provides information on how individuals can detect possibly fraudulent contractors. Information on how to report to the Iowa Attorney General Office's Consumer Protection Division, will also be provided with the checklist. All subrecipients, contractors, and beneficiaries will be required to affirm that they have reviewed the checklist. If a CDBG-DR beneficiary experiences contractor or other fraud, it will be referred to the Iowa Attorney General's office.

If a CDBG-DR beneficiary is eligible for additional assistance as a result of fraudulent activity and the creation of remaining unmet needs, the additional assistance could be provided if additional funds are available in CDBG-DR programs; however, once all legal remedies are exhausted and if the beneficiary receives the previously allocated funds back through the legal process, the beneficiary will be required to return those funds to the State, which will be treated as program income.

A copy of the Iowa Attorney General's contractor fraud checklist is provided in the Appendix.

