

NORTHERN MARIANAS HOUSING CORPORATION

FRAUD, WASTE, AND ABUSE POLICY

VERSION 1

May 30, 2025



The policies stated in this manual are current as of May 30, 2025. This Manual represents the current version of the Northern Marianas Housing Corporation's (NMHC) policies which provide general guidance for the operation of Fraud, Waste and Abuse. All manuals will be reviewed periodically and updated. Therefore, users are strongly encouraged to visit our website: www.nmhcgov.net to access the latest version.

Table of Contents

Purpose.....	3
Scope.....	3
Overview.....	3
Definitions.....	3
ACTIONS THAT CONSTITUTE FRAUD, WASTE, AND ABUSE	3
Policy Statement	4
Responsibilities.....	4
Steps to Address Applicant Fraud.....	5
1. Identification and Prevention	5
2. Monitoring and Reporting.....	5
Whistleblower Protection	6
3. Procedures for Reporting Internal Reporting.....	6
External Reporting.....	6
4. Review Procedures.....	6
5. Fraud Involving the Non-Disclosure of Household Members.....	8
6. Fraud Involving the Non-Disclosure of Additional Income.....	8
7. Agency Decision	9
8. Appeal Process	9
Appeal.....	9
Hearing	10
Decision on Appeal.....	10
Conclusion	10
Approval and Amendment History	11
CONTACT INFORMATION	11
NMHC COMPLAINT FORM.....	12

Purpose

The purpose of this Fraud, Waste, and Abuse Policy is to establish guidelines and procedures for the identification, prevention, and reporting of fraudulent activities within the Northern Marianas Housing Corporation. This policy aims to protect the integrity of the agency's programs and to ensure that services are provided fairly and equitably to all eligible individuals and families.

Scope

This policy applies to all employees, contractors, and agents of Northern Marianas Housing Corporation, as well as applicants and recipients of housing assistance.

Overview

The Northern Marianas Corporation assures that it has instituted proficient financial and internal controls to safeguard funds, to ensure sound, optimal, and timely expenditure of funds, and to detect and prevent fraud, waste, and abuse. Accordingly, this policy governs and applies to any action relating to any irregularity, or suspected irregularity, involving employees, consultants, vendors, contractors, sub-recipients, sub-grantees, applicants or outside agencies conducting and/or performing official business with employees of such agencies, and/or any other parties with a business relationship with the NMHC.

Definitions

Fraud: The intentional deception or misrepresentation made by an individual or entity with the knowledge that the deception could result in some unauthorized benefit to themselves or others.

Waste: The use of resources without efficiency or effectiveness causing a loss in program integrity.

Abuse: Behavior that is inconsistent with the contractual, statutory, or regulatory standards monitored by Northern Marianas Housing Corporation, which may lead to an unauthorized benefit.

ACTIONS THAT CONSTITUTE FRAUD, WASTE, AND ABUSE

Actions constituting fraud waste and abuse are, but not limited to:

- Impropriety in the handling or reporting of money or financial transactions;
- Obtaining contracts through collusion and conspiracy;
- Theft or embezzlement;
- False statements, illegal commissions, or kickbacks;
- Any deceitful, dishonest or fraudulent act;
- Misappropriation of funds, securities, supplies, or other assets;
- Profiteering as a result of insider knowledge of the Corporation's activities;
- Disclosing confidential and proprietary information to outside parties;

- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Corporation.
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar suspicious or related irregularity.

NMHC's paramount commitment is to preserve and safeguard the public trust and adopt and promote systematic ethical organizational behavior by providing clear and compelling guidelines and assigning responsibility for the development of adequate controls and impartial conduct of investigations. Any investigative activity required will be conducted freely without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Corporation.

Policy Statement

The Northern Marianas Housing Corporation (NMHC or Corporation), administers federal funds to fulfill its mission of providing fair and equal opportunity for safe, decent, sanitary, and affordable housing in the most efficient and responsive manner, especially to very-low, low, and moderate-income persons, elderly, and disabled. Critical to its sound administration is the corresponding fiduciary obligation to develop sufficient internal controls to provide reasonable assurance that housing programs and services are properly managed pursuant to applicable laws, regulations, and policies.

Responsibilities

Corporate Director: Responsible for implementing the policy and ensuring training and awareness.

Lead Compliance Official: Monitor adherence to this policy, conduct investigations, and report findings to the Corporate Director.

Internal Auditor (DR):

- To support management in its effort to establish an organizational culture systemwide that emphasizes good moral character and encourages prudent judgment, sound moral ethics, honesty, objectivity, and integrity in all levels and processes;
- To assist management with the evaluation of internal controls used to detect and mitigate fraud, waste and abuse and to make recommendations to continually strengthen internal controls;
- To evaluate the organizational risk for fraud, waste and abuse and pursue fraud, waste and abuse investigations;
- To assess the effectiveness of the control environment, its processes and procedures that mitigate the occurrence of fraud, waste and abuse on an ongoing and continuous basis;
- To make recommendations to management for improvement of key areas that expose a risk for fraud, waste and abuse;
- To maintain a professional, conducive environment with an open line of communication with the Corporate Director and the CNMI Governor to facilitate the reporting of any and all fraudulent activities, behaviors, actions, or areas that present a risk of fraud, waste and abuse;

- To swiftly investigate incidences of fraud, waste, and abuse and to timely report such occurrences to the Corporate Director and the CNMI Governor.

NMHC Staff: Required to report any suspected fraud and to participate in training on fraud prevention procedures.

NMHC Fraud, Waste, and Abuse Review Panel: Will conduct comprehensive review of applicant files and will make recommendations to the respective Program Manager/Administrator.

Steps to Address Applicant Fraud

1. Identification and Prevention

Eligibility Verification: Conduct thorough eligibility verification processes for all applicants, including background checks and income assessment.

Public Awareness: Inform the public about fraud, waste, and abuse, and provide clear communication on the consequences of fraudulent activities.

Employee Training:

Comprehensive fraud training for all NMHC employees will be provided on a regular basis through training seminars, online webinars, conference calls, or other reasonable means and will be repeated periodically to keep employees alert to the potential for fraud, waste, and abuse. Fraud, waste, and abuse training is designed to meet the following objectives:

- To help establish a sound anti-fraud culture.
- To educate employees about fraud, waste and abuse, what to look for, and how to report it.
- To heighten employee awareness, which increases the likelihood that fraud, waste, and abuse will be reported.
- To send a message that the Corporation is proactively mindful of transparency and accountability at all levels organization wide, detecting and deterring fraud, that deceitful acts and dishonest behavior will be detected, and that perpetrators will be held accountable and punished accordingly.

2. Monitoring and Reporting

Data Analysis: Regularly analyze data for discrepancies or patterns indicative of fraud, including income inconsistencies and duplicate applications.

Commitment to Confidentiality and Anonymity: The Corporation will attempt to ensure that anonymity of the reporter is safeguarded and maintained. When one reports, he/she must be mindful of 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 Corporation will treat your report confidentially.

- It is not possible to guarantee absolute confidentiality in all circumstances. In certain cases, disclosure to others inside or outside the Corporation may be required by law.

Whistleblower Protection

Retaliation against an employee who, in good faith, filed a report of alleged fraud, waste, or abuse or who participated in an investigation, is a violation of this Policy. The Corporation's paramount priority is to uphold ethical and good moral character in preserving transparency and practicing accountability to protect and account for all funds and assets.

3. Procedures for Reporting Internal Reporting

Any employee who has knowledge of or who has good reason to suspect that fraud, waste, or abuse 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 the Lead Compliance Official. An employee may also report fraudulent activity, waste, or abuse via the NMHC or CDBG-DR Division Fraud Hotline and the HUD OIG. The employee shall not make any attempt to investigate the suspected activity prior to reporting it. 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. An employee must be able to provide adequate information to support an investigation. Mere speculation does not suffice. The report must be made in good faith. An employee who knowingly makes a false or bad faith complaint will be subject to disciplinary and/or legal action.

External Reporting

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

- Calling the NMHC Fraud Hotline at 670-989-3900
- Emailing Fraudhotline@nmhcgov.net
- Submitting the complaint form available online at <http://www.cnmi-cdbgdr.com> or <http://www.nmhcgov.net>.
- HUD Office of Inspector General at 1-800-347-3735 or via email at HOTLINE@hudoig.gov.

4. Review Procedures

Initial Assessment: Upon receiving a report of suspected fraud, the NMHC Lead Compliance Official shall gather initial facts, conducts an investigation, and reports his/her findings to the Fraud, Waste, and Abuse Review Panel (FWARP).

Types of Documents to Collect in the Initial Assessment Note: NMHC Lead Compliance Official shall request for additional documents, as necessary. Dependent on what stage of the housing assistance process an applicant may be when the suspected fraud was reported, certain documents below may not apply:

- a. Application Form

- Completed housing assistance application form, including details about all household members.
- b. Identification Documents
 - Government-issued IDs: Copies of photo IDs (e.g., driver's licenses, state IDs, passports) for all household members.
 - Social Security Cards: Social Security numbers for all household members may also be needed for income verification and eligibility checks.
- c. Proof of Residency
 - Lease Agreements: Current lease or rental agreements that list all household members.
 - Utility Bills: Recent utility bills (electricity, water, gas) showing the name and address of the applicant and any other household members.
- d. Income Verification
 - Pay Stubs: Recent pay stubs for all working household members.
 - Wage Verification Letters: Letters from employers confirming employment and earnings if pay stubs are not available.
 - Tax Returns: Most recent tax returns or W-2 forms for all adult household members.
 - Public Assistance Documents: Documentation of any received assistance (e.g., SSI, food stamps) for household members.
- e. Birth Certificates and Legal Documentation
 - Birth Certificates: Copies of birth certificates can provide proof of relationship and age for minor household members.
 - Custody/Guardianship Papers: Legal documentation if the applicant is a guardian or caretaker for another person.
- f. Affidavit or Declaration
 - Affidavit of Household Composition: A sworn statement listing all household members, affirming the accuracy of the information provided
- g. Self-Declared Income and Asset Documentation**
 - Income and asset declarations completed by each adult household member, providing a fuller picture of financial stability.
- h. References or Verification Files
 - Character References: Personal references or previous landlords can help validate the household's claims about residence and composition.
 - Home Visit or Interview Documentation
 - Home Visit Notes: If applicable, any notes or findings if a housing agency conducts a home visit to verify household composition.

Verifications

Cross-Validation: Data from different documents should be cross-verified to ensure consistency.

Periodic Updates: Require households to update their information regularly, especially if there have been changes in family composition.

Privacy Compliance: Ensure that all documents are handled in compliance with privacy laws and regulations, such as the Fair Housing Act and the Privacy Act.

After gathering information and conducting an investigation, the NMHC Lead Compliance Official will forward his/her findings and recommendation to the Fraud, Waste, and Abuse Review Panel.

5. Fraud Involving the Non-Disclosure of Household Members

NMHC may further review the household member in question (individual who was not disclosed in the household composition), should a suspected fraud report be received. The following documents will be requested by the NMHC Lead Compliance Official:

- a. Affidavit or Written Statement
 - Affidavit from the Applicant: The applicant can provide a sworn statement affirming that the individual in question does not reside with them.
 - Affidavit from Neighbors or Other Witnesses: Statements from neighbors, friends, or family members testify that the individual does not live at the residence.
- b. Third-Party Verification
 - Landlord or Property Manager Statements: A confirmation from the landlord or property management confirming that the individual is not listed on the lease or does not reside at the address.
 - Utility Company Statements: Documentation from utility companies indicating that the individual does not have an account registered at the residence.
- c. Documentation Evidence
 - Mail and Official Correspondence: Mail addressed to the individual at a different address, including utility bills, bank statements, or government correspondence.
 - Voter Registration Records: If the individual is registered to vote at a different address, this can serve as proof of residency elsewhere.
 - Employment Records: Pay stubs or employment letters indicating the individual's primary work location is outside the residence in question.
- d. Inspections or Home Visits
 - Home Visit Observations: Observations made during a home visit by housing agency staff can provide evidence. For example, if the individual's personal belongings or vehicles are not present.
 - Photographic Evidence: Photos of the living space that do not show the individual's belongings or any indication of their residence.
- e. Social Media and Public Records
 - Social Media Activity: Posts or check-ins that may indicate the person lives at a different address.
 - Public Records: Other public records, such as court documents or property tax records, showing the individual's primary residence.
- f. Financial Documentation
 - Bank Statements: Bank statements showing transactions that indicate the individual spends a significant amount of time at a different address or is maintaining an account elsewhere.
- g. Interview Process
 - Interviews of Residents: Conduct interviews with other residents in the household or neighbors to ascertain the living situation accurately.
 - Address Confirmation: Asking the individual in question for their current address and proof of residence (e.g., lease, utility bills, etc.).

6. Fraud Involving the Non-Disclosure of Additional Income

- a. Affidavit from the Applicant: The applicant can provide a sworn statement affirming that their income is true and accurate

- b. Third-Party Verification (e.g. Enterprise Income Verification (EIV) and other forms of verifications)

7. Agency Decision

The applicant will be informed of their file being under review by the FWA Review Panel and informed about the opportunity to present supporting documents or be represented by counsel during the FWA Review Panel.

The FWA Review Panel will conduct a comprehensive review of the application file, which may include interviews, further document reviews, and site visits. The review panel will be composed of NMHC Management and Staff.

Panel Hearing: The FWA Review Panel will provide the applicant with notice of the upcoming review and the opportunity to present evidence or supporting documents. The FWA Review Panel will then review the documentation and preside over the Panel Hearing proceeding, if applicable. The FWA Review Panel will maintain detailed records of the review process, including findings, evidence collected, and actions taken. The FWA Review Panel will decide on the matter and will forward their recommendation to the designated program manager/administrator. The designated program manager/administrator will then issue the agency decision to the applicant/client.

Notification of Agency Decision

The applicant will receive written notification of the Final Agency Decision.

The notice should include:

- The specific reasons for the decision
- Information on their right to appeal and how to appeal of the decision
- A contact person or office for questions or further clarification

Administrative Action: If fraud is confirmed, take appropriate administrative actions, including the conversion of grants to loans (specifically CDBG-DR), possibility of terminating housing assistance and demanding repayment of funds.

Referral to Authorities: If applicable, refer the case to law enforcement or other appropriate authorities for criminal prosecution.

8. Appeal Process

Right to Appeal: An Applicant must file an appeal of the final agency decision by submitting their appeal in writing to the Corporate Director within 10 calendar days of the written notice of the final decision. Any appeal submitted must indicate the basis for the appeal and include any supporting documents.

Appeal

- **Acknowledgment:** Upon receiving the appeal request, the Corporate Director should confirm receipt of the appeal in writing.
- **Review Process:** The Corporate Director should review the appeal and any information provided.

- This could include:
 - The documents which supported the administrative decision as well as new material presented.
 - Re-examining the eligibility criteria.
 - Considering any new evidence or mitigating circumstances.
 - Checking for administrative errors in the original decision.
 - Hold a hearing to preside over the appeal, if requested
- **Possible Outcomes:**
 - **Upheld Denial:** If the original decision is confirmed, the applicant should be notified with a clear explanation of why the decision stands.
 - **Reversal of Denial:** If the decision is overturned, the applicant should be granted housing assistance, and they should receive written confirmation.
 - **Further Action:** If the appeal is complex, a hearing or meeting may be scheduled.

Hearing (if requested/applicable)

- **Scheduling:** If the applicant requests a hearing, the agency should schedule it within 30 days or as soon as possible.
- **Location:** The hearing can be held in person or virtually, depending on the circumstances.
- **Representation:** The applicant may be allowed to bring a representative, such as a lawyer, advocate, or family member, to assist with the hearing.
- **Presentation of Evidence:** Both the applicant and the agency can present evidence or make arguments related to the denial.
- **Neutral Hearing Officer:** The Corporate Director or a neutral party should preside over the hearing to ensure fairness.

Decision on Appeal

- **Issuance of Decision:** After the hearing or review, the Corporate Director should issue a written decision, which should include:
 - A summary of the hearing or review process.
 - The findings of fact.
 - The rationale for the decision.
 - Information on next steps, if applicable (such as the right for judicial review).
- If a Hearing Officer presides over the appeal, the Hearing Officer will adhere to 1 CMC § 9110. Which includes the need to provide the agency and applicant to submit proposed findings of fact and conclusions of law under 1 CMC § 9110(b)(1); and providing parties the ability to submit exceptions to the Hearing Officer's recommended order or decision before it becomes the final agency decision under 1 CMC § 9110(b)(2).
- **Timeframe:** The decision should be made within a reasonable time after the hearing or review was conducted.
- Under 1 CMC § 9112(b), within 30 days after the final agency decision has been issued, the applicant will have a right for judicial review.

Conclusion

By adhering to this Fraud, Waste, and Abuse Policy, Northern Marianas Housing Corporation aims to uphold the highest standards of integrity and accountability in all of its operations. All

staff and stakeholders are expected to fully support the prevention and identification of fraudulent activities, thereby ensuring the responsible use of public resources.

Approval and Amendment History

This policy was approved on 5/30/2025 by the NMHC Board of Directors and will be reviewed annually for any necessary amendments.

CONTACT INFORMATION

For Northern Marianas Housing Corporation

By Postal Mail:
NMHC
P.O. Box 500514
Saipan, MP 96950

By Email:
Fraudhotline@nmhcgov.net

Fraud Hotline:
670-989-3900

Website:
CDBG-DR Division: <http://www.cnmi-cdbgdr.com>
All other Programs: <http://www.nmhcgov.net>

For HUD Office of Inspector General

By Postal Mail:
HUD OIG Hotline
451 7th Street SW
Washington, D.C. 20410

By Email:
HOTLINE@hudoig.gov

HUD OIG Hotline:
1-800-347-3735 (Toll-Free)



NORTHERN MARIANAS HOUSING CORPORATION

P.O. BOX 500514, Saipan, MP 96950-0514

Email: nmhc@nmhc.gov.mp

Website: <http://www.nmhc.gov.net>

Tels: (670) 234-9447

234-6866

234-7670

Fax: (670) 234-9021

NMHC COMPLAINT FORM

If you know or suspect someone has committed fraud, waste or abuse related to the Northern Marianas Housing programs, please fill in the complaint form.

Do you wish to remain anonymous?

- Yes
- No

If your answer is “Yes”, it is not necessary to complete the contact information section. It is important to note that we will not be able to contact you if we need additional information about your complaint.

Do you wish to maintain your contact information private?

- Yes
- No

If your answer is “Yes”, your contact information will not be shared outside the Lead Compliance Official’s Office. Our policy is to honor requests for confidentiality and not to release any data that would identify such individuals unless required to do so by order of law.

ALLEGATION DESCRIPTION

Are you a victim of the alleged fraud, waste or abuse?

- Yes
- No

Do you have evidence to support the allegations?

- Yes
- No



Tinian Field Office
Tel: (670)433-9213
Fax: (670)433-3690

“NMHC is an equal employment and fair housing public agency”

CDBG-DR Office
Tel: (670)233-9447/9448/9449

Rota Field Office
Tel: (670)532-9410
Fax: (670)532-9441

Will you be able to provide supporting documents?

- Yes
- No

Please provide information about your relationship with the person/entity who allegedly has committed or is involved in the fraud, waste or abuse:

Please provide a summary of the facts of the alleged fraud, waste or abuse:

Where did the fraud, waste of abuse occur?

In what date (specific or range of dates) did the fraud, waste or abuse happen?



Describe what happened. Please include specific details as to who was involved, and how did you obtain the information. Failure to provide sufficient information or documentation may prevent or delay the investigation of your complaint.

By submitting this form, you attest that all of the statements made, including any additional pages and/or supporting documentation, are true, complete, and correct to the best of your knowledge. In addition, you recognize that knowingly and wilfully making a deliberate or materially false, fictitious, or fraudulent statement or representation in this Complaint Form is a criminal offense for which you may be prosecuted.

In accordance with 2 C.F.R. § 200.303, regarding internal controls of a non-Federal entity, NMHC is committed to protect all Personally Identifiable Information obtained. This includes, but is not limited to, Social Security Numbers, driver's license numbers, alien registration numbers, financial or medical records, biometrics or criminal history. Although NMHC maintains websites with acceptable and reasonable precautions to protect your personal information, since no method of transmission over the Internet or storage of data on an Internet server is 100% secure, we do not guarantee its absolute security.

In the alternative, you may visit the NMHC Main Office in Garapan, Saipan the NMHC Field Offices in Tinian and Rota or the NMHC CDBG-DR Office in Oleai, Saipan.



Tinian Field Office
Tel: (670)433-9213
Fax: (670)433-3690

“NMHC is an equal employment and fair housing public agency”

CDBG-DR Office
Tel: (670)233-9447/9448/9449

Rota Field Office
Tel: (670)532-9410
Fax: (670)532-9441