

City of Fort Lauderdale  
Policies and Procedures for Detecting Fraud, Waste, and  
Abuse of Funds

# DOCUMENT REVISION HISTORY

Effective date: 09/30/2025

Document reversion history is tracked in the table below, with notes regarding version changes. Substantive changes in this document that reflect a policy change will result in the issuance of a new version of the document. Non-substantive changes such as minor wording and editing or clarification of existing policy that do not affect interpretation or applicability of the policy will be included in minor version updates denoted by a sequential number increase behind the primary version number (i.e., Version 2.1, Version 2.2, etc.).

VERSION #	REVISION DATE	DESCRIPTION	REVISION TRACKING NOTES
1.0	09/30/2025	Original Version (DRAFT)	N/A

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## I. OVERVIEW

This policy establishes the City of Fort Lauderdale's commitment to preventing, detecting, and addressing fraud, waste, and abuse in the administration of (CDBG-DR) funds. It outlines the controls, reporting mechanisms, and monitoring procedures required under federal regulations to safeguard program integrity.

## II. APPLICABILITY

This policy applies to all CDBG-DR funds administered by the City of Fort Lauderdale. It covers activities managed directly by City staff, elected/appointed officials, as well as work carried out by subrecipients, contractors, vendors, consultants, and beneficiaries. The Policy applies to any allegations or irregularities, either known or suspected, that could be considered acts of fraud, waste, abuse or mismanagement, involving any citizen, previous, current or potential applicant, beneficiary, consultant, contractor, employee, partner, provider, subrecipient, supplier, and/or vendor under the CDBG-DR Program.

## III. APPLICABLE REGULATION

This policy is established pursuant to:

- Universal Notice, Section II.A.1.d – Fraud, Waste, and Abuse requirements,
- HUD OIG Guidance on fraud prevention and reporting,
- 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements, and
- 24 CFR Part 570 – Community Development Block Grant regulations.

## IV. PURPOSE

The City of Fort Lauderdale is committed to safeguarding CDBG-DR funds from misuse by ensuring that fraud, waste, and abuse are prevented, detected, and addressed quickly. Pursuant to 83 FR 40314, the City implements adequate measures to create awareness and prevent fraud, waste, abuse, or mismanagement among other irregularities in all programs administered with CDBG-DR funds as well as encourages any individual who is aware or suspects any kind of conduct or activity that may be considered an act of fraud, waste, abuse or mismanagement, regarding the CDBG-DR Program, to report such acts to the CDBG-DR Internal Audit Office, directly to the Office of Inspector General (**OIG**) at HUD, or any local or federal law enforcement agency.

This policy establishes procedures to:

- Verify applicant eligibility through documentation and third-party checks,
- Assess subrecipient capacity before any funds are awarded,

- Regularly monitor the performance and compliance of subrecipients, contractors, and partners administering CDBG-DR funded activities,
- Provide clear procedures for reporting and referring suspected fraud, and
- Educate beneficiaries so they can recognize and avoid contractor scams and other fraudulent practices.

## V. SCOPE

This policy applies to:

- All individuals and organizations participating in CDBG-DR programs, including City staff, subrecipients, contractors, vendors, and beneficiaries,
- All stages of program delivery, from application intake and eligibility determination, through procurement, financial management, and compliance, and
- The full range of preventative controls, monitoring, and corrective actions necessary to protect the integrity of the funds.

## VI. DEFINITIONS

**Fraud:** Intentional deception to secure an unlawful gain.

**Waste:** Careless or needless expenditure or mismanagement of funds/resources.

**Abuse:** Excessive or improper use of authority, position, or resources.

**High-Risk Entity:** A subrecipient, contractor, or vendor with limited capacity, weak controls, or prior audit findings.

**HUD OIG Fraud Hotline:** Federal fraud reporting channel (1-800-347-3735; [hotline@hudoig.gov](mailto:hotline@hudoig.gov)).

## VII. POLICY

The City of Fort Lauderdale will:

- Implement applicant verification procedures, including documentation review, third-party checks, and site visits.
- Assess subrecipient capacity prior to awarding any funds, evaluating staffing, internal controls, prior experience, and audit history. Each subrecipient will be assigned a risk level and a monitoring schedule will be developed based on the subrecipient risk.

- Monitor all entities administering CDBG-DR funds, including subrecipients, contractors, and other program participants. High-risk entities will be monitored quarterly, and others will be monitored annually. The monitoring will cover financial management, procurement, performance, eligibility, environmental, and compliance requirements.
- Refer all credible allegations of fraud, waste, or abuse to the HUD OIG Fraud Hotline and cooperate fully with investigations.
- Ensure City staff and subrecipients attend HUD OIG fraud training when offered.
- Provide beneficiaries with information about fraud risks, contractor scams, and complaint channels, and assist them if fraud occurs (including reassessment for supplemental CDBG-DR assistance where unmet needs arise).

## VIII. PROCEDURES

### Applicant Verification

- Verify applicant eligibility using source documentation (income, ownership, damage assessments).
- Cross-check with third-party data sources (e.g., FEMA, SBA, NFIP, state systems).
- Conduct site visits for physical verification to confirm reported information where applicable.
- Maintain documentation of all verification in the applicant file.

### Subrecipient Capacity Review

Evaluate potential subrecipients using a standardized Subrecipient Capacity Assessment tool that evaluates subrecipients based on:

- Organizational Structure and Experience
- Staffing and Technical Capacity
- Internal Controls and Financial Management
- Audit History
- Policies and Procedures
- Systems and Technology
- Past Performance
- Regulatory Compliance

Awards may be denied, or special conditions may be added if deficiencies are identified. Corrective actions will be required before funds are disbursed.

## Monitoring of Subrecipient, Contractors, and Other Program Participants

The City of Fort Lauderdale will monitor all agencies administering CDBG-DR funds, including subrecipients, contractors, and other program participants.

- **Purpose:** Monitoring is conducted to ensure that subrecipients, contractors, and other program participants use funds appropriately, maintain effective internal controls, achieve program objectives, and comply with applicable regulations and City policies.
- **Methods:** The City will use a combination of monitoring methods, tailored by risk level and program activity, including:
  - **Desk Reviews:** Examination of financial reports, source documentation, procurement files, and performance reports submitted electronically.
  - **Remote Monitoring:** Virtual meetings, video calls, and digital document reviews for entities where site visits are not immediately feasible.
  - **On-Site Visits:** In-person inspections of records, facilities, and project sites to verify compliance with program requirements and physical progress.
  - **Targeted Reviews:** Focused examinations of specific program areas (e.g., procurement, labor standards, environmental compliance) based on identified risks or findings.
  - **Follow-Up Reviews:** Additional reviews to verify corrective actions have been implemented and deficiencies resolved.
- **Frequency:**
  - **High-risk entities:** monitored quarterly through desk reviews and/or site visits.
  - **Other entities:** monitored annually at minimum.
- **Scope:** Monitoring will address financial management, procurement, eligibility, environmental review, performance metrics, and compliance with City policies.
- **Investigating and Reporting:** An investigation will be conducted if the allegations are made in connection with the services provided by subrecipients using CDBG-DR funds. Each monitoring finding will result in a written report with required corrective actions and follow-up. Subrecipients will be required to respond with corrective actions, and follow-up reviews will verify completion of correction actions. The City will immediately:
  - Notify the subrecipient of the allegation and advise that the City will conduct an investigation; or
  - Advise the subrecipient that it must conduct a preliminary investigation and submit a written report within seven (7) working days from the date of notification. The report must include:

- Nature of the allegation, dollar amount involved, whether a fidelity bond exists and its dollar coverage,
  - Who is involved (e.g., individual(s) accused of fraud), subrecipient's name, names of the subrecipient's council/commission, and the subrecipient's chief elected officer,
  - Date the allegations were made,
  - Time period involved,
  - Where the incident occurred, and
  - How the alleged incident occurred.
- City compliance staff will review the report and make a determination as to whether further investigation is warranted:
  - If further investigation is not warranted, the file is closed and/or the subrecipient is directed to conclude the issue administratively.
  - If it is determined that further investigation is warranted, the City will conduct a full investigation of the allegations and may recommend withholding payments to the subrecipient pending completion of the investigation. The scope of the investigation will be determined by the facts surrounding the incident.
- Upon completion of the investigation the City will, at a minimum, complete the following tasks:
  - Prepare an Incident Report that includes all findings and any initial corrective action taken to date by the City,
  - Prepare a plan for corrective action, debt collection, and a plan for prosecution, if applicable,
  - Cause a claim against the fidelity bond to be filed, if applicable,
  - Proceed with the resolution process on any costs which are questioned as a result of the investigation,
  - Conduct a follow-up visit to ensure that corrective action has been implemented, and
  - Initiate debt collection procedures with the subrecipient, as applicable.
- If allegations arise in connection with statements provided by an applicant homeowner using CDBG-DR funds, the City will immediately place the individual application on “hold” until an investigation is completed.

## Reporting Fraud

- Any person, including any employee of the CDBG-DR Program, who suspects, witnessed, or discovered any fraud, waste, abuse, or mismanagement, relating to the CDBG-DR Program, should report it immediately.
- Staff, subrecipients, contractors, and the public may report suspected fraud anonymously through hotline, email, or online form.
  - All credible allegations will be referred to HUD within five business days via the following methods:
    - Phone: HUD OIG Fraud Hotline at 1-800-347-3735,
    - Email: [hotline@hudoig.gov](mailto:hotline@hudoig.gov), or
    - Mail: HUD Office of Inspector General (OIG) Hotline, 451 7th Street SW, Washington, D.C. 20410).
- It is possible that a citizen may disclose acts of fraud, waste, abuse, or mismanagement of CDBG-DR funds to any CDBG-DR Program staff (at Intake Centers, City Offices, events, or others). Therefore, any information received must be treated with extreme confidentiality and must be shared with the CDBG-DR program manager by following the established procedure. In those instances, CDBG-DR program manager will refer all reported instances of fraud, waste, abuse, or mismanagement to HUD's OIG Fraud Hotline.
- Maintain internal log of allegations, referrals, and outcomes for HUD monitoring.

## Training and Awareness

- City staff and subrecipients must complete fraud awareness training initially and annually.
- When offered, staff and subrecipients will attend HUD OIG fraud-related training.
- Contractors and vendors will be encouraged to participate in fraud awareness sessions.

## Beneficiary Education and Protection

- Beneficiaries will receive materials on how to recognize fraud and avoid contractor scams.
- Outreach will include flyers, website postings, and applicant counseling during the intake process.
- Beneficiaries will be advised to check contractor licenses, request written contracts, avoid upfront cash payments, and report suspicious behavior.
- If a beneficiary experiences fraud, the City will assist with remedies (e.g., referrals to consumer protection agencies, law enforcement).

- Where fraud creates additional unmet need, the City will reassess eligibility for supplemental CDBG-DR assistance.

### Cooperation with Investigations

- City will cooperate fully with HUD OIG, law enforcement, and auditors in all fraud investigations.
- Staff will provide documentation, access to records, and testimony as needed.
- Fraud investigations may result in withholding payments, suspension of activities, termination of agreements, or recovery of funds.

### Record and Retention

The City of Fort Lauderdale will maintain all verification records, monitoring reports, fraud referrals, training rosters, and beneficiary outreach records in accordance with City retention policy and HUD requirements.

### Enforcement

Violations of this policy may result in:

- Disciplinary action up to termination of employment,
- Suspension or termination of subrecipient agreements or contracts,
- Disallowance and repayment of costs,
- Recovery of misspent funds, and or
- Referral to HUD OIG and other enforcement authorities.