



# **TRANSFORM**386

**STRENGTHENING VOLUSIA'S FUTURE**

## **Policies and Procedures**

### **Anti-Fraud, Waste, and Abuse**

**Community Development Block Grant - Disaster Recovery**





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## Version History

Version	Date	Notes
1.0	July 6, 2023	Original version posted on Transform386 webpage for comments

## Section A: Background

Volusia County is the recipient of Community Development Block Grant-Disaster Recovery (CDBG-DR) funds from the United States Department of Housing and Urban Development (HUD) to support long-term disaster recovery needs for housing, infrastructure and economic development. As a steward of public funds, Volusia County is actively working to combat fraud, waste and abuse in its programs.

This policy manual is directed specifically to Volusia County's CDBG-DR funds and is intended to establish procedures and processes that will aid in the detection and prevention of fraud, waste, and abuse in its CDBG-DR funded programs. Volusia County and the wider Transform386 team will be responsible for implementation of these policies and procedures.

This policy applies to all Volusia County employees, providers, vendors, contractors, consultants, partners, citizens, applicants, external departments and agencies doing business with Volusia County, as well as beneficiaries and others associated with, working for, accessing, or attempting to access benefits under the CDBG-DR funds.

## Section B: Definitions/Examples

Fraud is the intentional (willful or purposeful) deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to him/herself or some other person. There are many forms of fraud.

Examples of fraud include, but are not limited to, misrepresentation of:

- Income (Unreported or under-reported)
- Household composition
- Financial resources (transferred or hidden resources)
- Residency
- Citizenship status

Other types of fraud include, but are not limited to:

- Using another person's identification
- Forging signatures or documents
- Concealing access to duplicate funding
- Misrepresenting a medical condition to obtain additional benefit
- Misusing funds (diverting them for an unintended use)

Waste includes over-utilizing Volusia County's services, supplies or equipment, or causing unnecessary costs through carelessness or inefficiency.

Abuse includes activities that result in unnecessary costs to the Volusia County. Note that this is financial abuse, not physical or emotional abuse of a person. Physical and emotional abuse of a person should be reported to the police.

Other actions constituting fraud, waste and abuse include, but are not limited to:



- Any dishonest or fraudulent act
- Misappropriation of funds, supplies or assets
- Impropriety in handling or reporting money or financial transactions
- Profiting as a result of insider knowledge
- Unauthorized disclosure of confidential or private information
- Accepting or seeking anything of material value from contractors, vendors or any person that seeks a beneficial decision, contract, or action for CDBG-DR activities.
- Unnecessary cost or expenditures
- Diversion of program resources

## Section C: Complaint Process

Volusia County Council is striving to make our government more effective, open, and accessible to all citizens. Therefore, the County is very interested in receiving any citizen or employee concerns regarding fraud, waste, or abuse within Volusia County government operations. Volusia County's Internal Auditor has been charged with receiving any citizen or employee concerns regarding fraud, waste, or abuse within Volusia County government operations.

There are three ways to report a concern to the Internal Auditor:

1. Phone: 386-822-5056
2. Email: [jpedwards@volusia.org](mailto:jpedwards@volusia.org) \*
3. Mail: Internal Auditor, 123 W. Indiana Ave., Room 301, DeLand, FL 32720-4612

\*Under Florida law, email addresses are public records. If you do not want your email address released in response to public records requests, do not send electronic mail. Instead, contact this office by phone or in writing.

All substantiated cases of fraud, waste, or abuse of government funds will be forwarded to the United States Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) Fraud Hotline (phone: 1-800-347-3735 or email: [hotline@hudoig.gov](mailto:hotline@hudoig.gov)).

## Section D: Prevention Measures

The Transform386 team is responsible for ensuring that Volusia County's CDBG-DR funds and programs comply with all federal, state and local regulations as well as recommending improvements that enhance programmatic efficiency, effectiveness, and documented results. Below are the main critical responsibilities of this team:

- Ensure ongoing compliance with federal, state, and local regulations through review of the policies and procedures, applicant eligibility and award determinations, and program activity files.
- Conduct regular internal monitoring of Volusia County's CDBG-DR programs and report results to the director.
- Provide oversight monitoring for Volusia County's CDBG-DR contractor(s).

- Monitor any duplication of benefits, any anomalies, any suspected fraud related to performance problems, and any abuse of funds, as stated in 83 FR 28.
- Review risk level of all grant programs to determine frequency of monitoring, as stated in 83 FR 28.
- Dependent upon risk level of grant programs, monitoring frequency and what is reviewed will vary, as stated in 83 FR 28.
- Identify and assist with investigations of potential fraud, referring cases to Volusia County's Internal Auditor as appropriate.
- Oversee and coordinate all reporting for Volusia County's CDBG-DR programs, including federal reporting requirements, data analysis, and providing data dashboards for agency leadership.
- Volusia County's Internal Auditor will monitor the Transform386 internal financial management or programmatic oversight related to grantee activities and monitoring, 83 FR 28.
- Volusia County's Internal Auditor has authority in conducting audits, reviews or evaluations of agency controls of Transform386. Thereby ensuring all Transform386 monitored grant programs are inspected for any fraud, waste, or abuse.
- Provide technical assistance to program areas regarding compliance issues and questions, as well as monitoring findings.

## Section E: Conflicts of Interest

All Volusia County employees are bound by Section 86-43 of Volusia County's Merit Rules and Regulations subsection (e), which prohibits employees of Volusia County from engaging in any activity that could create a conflict of interest (see, Appendix 1, attached). All new employees are provided an overview of the Merit Rules and Regulations concerning employee conduct during new-hire orientation. The Merit Rules and Regulations are further buttressed by the County of Volusia, Code of Ordinances, 2-283, which provides:

No employee of the county shall contract with or for any business with the county whereby he may derive income or benefits other than those provided as remunerations from the county for his employment. Employees and council members shall comply with the Code of Ethics for Public Officers and Employees, Part III, Chapter 112, Florida Statutes and other applicable laws as applicable.

In addition to these legal prohibitions on engaging in activity that creates a conflict of interest, Volusia County provides additional training to officers and employees who have been delegated authority to enter into contracts and manage procurements on behalf of Volusia County. For additional information on procurement controls, please see Volusia County's Purchasing and Contracts Procedures Manual.

## Section F: Confidentiality

Complainants reporting fraud, waste and abuse of federal resource, or other program irregularities may remain anonymous. All information received about suspected fraud, waste and abuse will be treated confidentially. Furthermore, all investigative materials developed, and interviews conducted to substantiate the allegations of fraud, waste or abuse will be treated confidentially.

Information will only be disclosed on a need-to-know basis to appropriate law enforcement authorities. No information about the status of an investigation will be shared outside of authorized Transform386 team members, Director, Internal Auditor and County Manager's office, except with the HUD OIG upon conclusion of the investigation or with law enforcement or legal counsel, in the event legal action should be needed.

## Section G: Fraud Related Training

Volusia County's Internal Auditor will be providing Fraud Awareness Training for all Directors and Managers and as needed afterwards. All applicable Transform386 team members and all subrecipients shall attend fraud related training provided by the HUD OIG to assist in the proper management of CDBG-DR grant funds.

As specific recovery programs become operational, the Transform386 team will implement procedures for educating beneficiaries about the risk of contractor fraud. Outreach efforts will be designed to raise awareness of possible fraudulent activity, how it can be avoided, and what Volusia County or state agencies can be contacted in response. These procedures will include provisions designed assist any beneficiary who experienced contractor fraud through no fault of their own and will include remedial steps to ensure that any beneficiary with a remaining unmet need is given access to any additional assistance that may apply.

## Section H: Administration

This Anti-Fraud, Waste and Abuse policy will be reviewed annually and revised as necessary to comply with Federal and State requirements. The Transform386 director is responsible for the administration, revision and application of this policy.

## Appendix 1: Merit Rules and Regulations concerning Employee Conduct

### Sec. 86-43. Conduct of employees.

- (a) *Code of conduct.* Employees of the county government are employed to provide service to the citizenry of the county and the public in general and are expected to conduct themselves in a manner that will reflect credit on the county government, public officials, fellow employees and themselves. Employees must avoid any action which might result in or create the impression of using public office for private gain, giving preferential treatment to any person, or losing impartiality in conducting public business.
- (b) *Political activity.*
- (1) All employees are entitled to exercise their rights as citizens to express their opinions on all political subjects and candidates, to vote as they choose, to hold membership in and support a political party, to maintain political neutrality, and to attend political meetings.
  - (2) No employee shall use official authority or influence for the purpose of interfering with or affecting the result of an election or nomination for office; participate in the management, affairs or campaign of any candidate for political office during work hours, in a county building, or on a county work site; solicit any assessments, contributions, services, or petitions for any political party or political campaign during work hours, in a county building, or on a county work site; use county property for any political party or any candidate campaign; or appear in any county uniform as a political candidate or as part of an event or advertisement in support of any candidate or political party.
  - (3) No employee may hold elected political office, except as provided in subsection (b)(4). Any employee elected or appointed to any elective public office other than one of the offices of elected department head created pursuant to Charter section 602.1 shall be deemed to have vacated his or her former position of county employment and to retain no right to re-employment.
  - (4) Any employee appointed to fill a vacancy in one of the offices of elected department director created pursuant to Charter section 602.1 shall be placed on leave of absence for the duration of the appointment. An employee appointed as an elected department director thereafter may become a candidate for such Charter office. However, if elected, such employee shall be deemed upon commencement of the term for which election is first sought to have vacated his or her former position of county employment and to retain no right to re-employment.
  - (5) An employee without resignation of employment may become a candidate for any elected public office subject to the restrictions of this section; provided that nothing herein shall excuse compliance with controlling provisions of Florida or federal law that forbids candidacy for certain offices or requires resignation of certain employees when seeking office. Employees who run for office pursuant to this subsection shall continue to abide by all other applicable county personnel rules and policies while employed by the county.
  - (6) Unless waived by the county manager for the needs of the county, an employee who becomes a candidate for an elected public office shall be required to take 15 calendar days of mandatory uninterrupted leave immediately prior to and on the date of each primary or general election for which such office is on the ballot. An employee taking such leave shall use available personal or annual leave time to meet the requirements of this subsection; however, if such employee has insufficient personal or annual leave available for the entirety of the mandatory leave period, the remainder shall be treated as approved unpaid leave without pay but without loss of benefits.
- (c) *Outside employment.*
- (1) Full-time employees are not encouraged but not prohibited from engaging in other employment during their off-duty hours. However, county employment shall be considered the primary employment; and no employee may engage in outside employment which in any manner interferes with proper and

effective job performance, results in a conflict of interest or which may subject county government to public criticism or embarrassment.

- (2) Approval to engage in outside employment must be obtained in writing from the employee's appointing authority. If the specific conditions of the outside employment change, a new request for approval must be submitted. Failure to secure required approval may cause an employee to be suspended or discharged. Approval will at all times be subject to review and cancellation.
- (3) Disapproval of a request or cancellation of an existing approval may be appealed through the grievance procedure.

(d) *Gifts and gratuities.*

- (1) No employee shall solicit or accept any gift, gratuity, favor, entertainment, loan or any other item of monetary value from any organization, business firm or person who has or is seeking to obtain business with the county government or from any organization, business firm or individual whose interests may be affected by the employee's performance or nonperformance of official duties. This restriction is not intended to prohibit employees from obtaining loans from regular lending institutions.
- (2) Acceptance of nominal gifts in keeping with special occasions, such as marriage, retirement or illness; food and refreshments in the ordinary course of business meetings; unsolicited advertising or promotional material, e.g., pens, notepads, calendars, etc., or social courtesies which promote good public relations is permitted.
- (3) Contributions made for flower funds or special gifts for fellow employees are not prohibited. However, participation in such activities, including contributions for even nominal gifts to supervisors, must be wholly voluntary on the part of each employee, and any gifts should be of minimal value.
- (4) Supervisors, in addition, must avoid placing themselves in a position which could interfere with, or create the impression of interfering with, the objective evaluation and direction of their subordinates. No supervisor shall accept gifts from subordinates other than those of nominal value for special occasions, and no supervisor shall borrow money or accept favors from subordinates.
- (5) Inspectors, contracting officers and enforcement officers must be particularly careful to guard against relationships which might be construed as evidence of favoritism, coercion, unfair advantage or collusion.

(e) *Conflict of interest.*

- (1) No employee shall solicit or accept anything of value to the recipient, including a gift, loan, reward, promise of future employment, favor or service:
  - a. That would cause a reasonably prudent person to be influenced in the discharge of official duties.
  - b. That is based upon any understanding that the vote, official action or judgment of the public officer, employee or candidate would be influenced thereby.
- (2) No public officer or employee of an agency or his spouse or minor child shall, at any time, accept any compensation, payment or thing of value when such public officer or employee knows, or with the exercise of reasonable care should know, that it was given to influence a vote or other action in which the officer or employee was expected to participate in his official capacity.
- (3) No employee shall corruptly use or attempt to use his official position or any property or resource which may be within his trust, or perform his official duties, to secure a special privilege, benefit or exemption for himself or others.
- (4) No employee shall have or hold any employment or contractual relationship (personal services) with any business entity or any agency which is subject to the regulation of, or doing business with, the county, excluding those organizations and their officers, who, when acting in their official capacity, enter into or negotiate a collective bargaining contract with the county; nor shall an employee have or



- hold any employment or contractual relationship that will create a conflict between his private interests and the performance of his public duties or that would impede the full and faithful discharge of his public duties.
- (5) No employee shall disclose or use information not available to members of the general public and gained by reason of his official position or benefit or for the personal gain or benefit of any other person or business entity.
  - (6) It is not the intent of this section, nor shall it be construed, to prevent any employee of the county from accepting other employment or following any pursuit which does not interfere with the full and faithful discharge of such employee of his duties to the county.
  - (7) The provisions of this subsection (e) shall be construed to be consistent with state law regarding conflict of interest. Notwithstanding anything in this section to the contrary, employees are bound by all state laws respecting conflict of interest, including but not limited to any required disclosure of financial interests.
- (f) *Business activities and solicitation.* No employee shall engage in any business other than his regular duties during working hours, including such activities as selling to fellow employees, lending of money for profit, etc.
- (g) *Privileged information.* Employees may deal with plans, programs and information of significant public interest. Employees must not use this privileged information for their own financial advantage or to provide any other person with financial advantage, or with information which could be used for financial advantage. If an employee finds that he has an outside financial interest which could be affected by county plans or activities, he must immediately report the situation to his supervisor. Each employee is charged with the responsibility of ensuring that he releases only information that he has authority and responsibility to release and that should be made available to the general public. Violation of privileged information or use for private gain is just cause for dismissal. This section shall not be construed to be in conflict with the State Public Records Act, F.S. ch. 119.
- (h) *Family employment restrictions.* No employee shall advocate, lobby, influence, use their position to influence, or appear to influence, any employment or personnel related decision for or on behalf of an immediate family member or an immediate family member of another employee. No member of the immediate family of an employee may be employed, promoted, demoted or transferred on a permanent or temporary basis, to a position where that relative would be supervised by or supervising, or influenced by or influencing, the activities of that employee. For purposes of this subsection, the term "immediate family" is defined as blood, marital or step relatives, including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, step-sister, half-brother, half-sister, or any ward of an employee living within the same household.
- (i) *Use of county property.* Employees should not, directly or indirectly, use or allow the use of county property of any kind for other than official activities.
- (j) *Violations.* Any officer or employee of the county who knowingly violates any of the provisions of this section shall be subject to dismissal from his position in the county service.
- (1) No person shall make any false statement, certificate, mark, rating or report with regard to any test, certification or appointment made under any provisions of this article or in any manner commit or attempt to commit any fraud preventing the impartial execution of this article.
  - (2) No person shall, directly or indirectly, give, render, pay, offer, solicit or accept any money, service or other valuable consideration for any appointment, proposed appointment, promotion or proposed promotion to, or any advantage in, a position in the county government.
  - (3) No employee of the human resources office, or any other person, shall defeat, deceive or obstruct any person in their right to examination, eligibility, certification or appointment under this article, or

furnish to any person any special or confidential information for the purpose of affecting the rights or prospects of any person with respect to employment in the county service.

- (4) No councilmember during the term for which he has been elected or appointed, or for one year thereafter, shall be eligible for appointment to any office, position or employment in the county service which carries compensation.
- (5) Any county employee participating in a strike, as defined in F.S. ch. 447, pt. II (F.S. § 447.201 et seq.), shall be subject to termination from county employment.
- (k) *Loyalty oath.* All persons who now or hereafter are employed by the county shall be required to take the state loyalty oath. Penalty for refusing shall be as prescribed by state law, which includes but is not limited to the immediate discharge of said person.

(Ord. No. 81-19, § 2.05, 9-3-81; Ord. No. 2016-03 , § I, 1-21-16; Ord. No. 2016-05, § I, 4-7-16; Ord. No. 2017-27, § I, 11-16-17)

Editor's note(s)—Ord. No. 2017-27, § I, adopted Nov. 16, 2017, repealed the former §§ 86-43 and 86-44, which pertained to consolidation into or conversion to merit system coverage and service of classified employees in unclassified positions and derived from Ord. No. 81-19, § 2.03, 9-3-81 and Ord. No. 81-19, § 2.04, 9-3-81. At the direction of the county, §§ 86-45 and 86-46 have been renumbered as §§ 86-43 and 86-44.

Charter reference(s)—Ethics, art. XII.

State law reference(s)—Political party membership, F.S. § 112.046; public ethics, F.S. § 112.311 et seq.; official oath, F.S. § 876.05.