



**Philadelphia Housing Authority**  
Building Beyond Expectations

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Building Beyond Expectations

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If you have information of possible wrongdoing call, write or visit:

**Office of Audit and Compliance**  
**Philadelphia Housing Authority**  
**12 S. 23rd Street, Philadelphia, PA 19103**  
**Fraud Hotline (215) 684-8300, [oac@pha.phila.gov](mailto:oac@pha.phila.gov)**

# INTRODUCTION

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## **PHA'S OFFICE OF AUDIT AND COMPLIANCE**

The Philadelphia Housing Authority's ("PHA") Office of Audit and Compliance ("OAC") is responsible for eliminating crime, corruption, conflicts of interest, unethical conduct, misconduct waste and mismanagement by PHA, its employees, officers, and persons doing business with, or receiving funds from or through PHA.

As a PHA employee, you are **required** to promptly report any knowledge or information you may have relating to corrupt or criminal activities, including unethical or questionable conduct, to the OAC. PHA's policies protect employees who make such good faith reports to the OAC from any type of retaliation. The failure of any PHA employee to report, as required, constitutes cause for dismissal or other appropriate penalty. The contact information for the OAC is at the beginning and end of this handbook.

In carrying out its responsibilities, the OAC has the authority to remove original records from any PHA office or department, and to interview PHA employees, residents, contractors and vendors. PHA employees, contractors and residents (including Housing Choice Voucher participants) are required to fully cooperate with OAC audits, reviews and/or investigations.

The OAC is comprised of attorneys, auditors, compliance specialists, investigators, and support staff.

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## PROTECTION FOR WHISTLEBLOWERS

As already stated, PHA employees **are required** to promptly report to the OAC any knowledge or information they might have relating to corruption or criminal activity relating to the PHA. Additionally, PHA's policies and the Pennsylvania Whistleblower law (Codified at 43 P.S., 81421, et Seq.) protect employees who "blow the whistle" on corruption such as fraud, criminal activity, and/or conflicts of interest within PHA.

Under the PHA Policies and the PA State's Whistleblower Law, it is unlawful for an officer or employee of PHA to retaliate against anyone who makes a report of corruption by taking an adverse personnel action against a "whistleblower." Therefore, a "whistleblower" cannot be fired, demoted or disciplined as a result of their having reported corruption.

If you think you have been retaliated against because of a report you have made, you should report that fact to the OAC. If, after an investigation, the OAC determines that you have been subjected to retaliation as a result of a good faith report of corruption, it will recommend appropriate remedial action (such as reinstatement) to PHA.

## OAC INVESTIGATIONS

OAC primarily conducts investigations in the following areas:

- Contractor/Vendor Fraud
- Tenant Fraud
- Employee Misconduct
- Conflicts of Interest

## CORRUPTION AWARENESS AND REPORTING GUIDELINES

**What is a Bribe?** (PA State Law- Bribery in official and political matters - 18 Pa. Cons. Stat. § 4701)

A person is guilty of bribery, a felony in the third degree, if he/she offers, confers or agrees to confer upon another, or solicits, accepts or agrees to accept from another:

- (1) any pecuniary benefit as consideration for the decision, opinion, recommendation, vote or other exercise of discretion as a public servant, party official or voter by the recipient
- (2) any benefit as consideration for the decision, vote, recommendation or other exercise of official discretion by the recipient in a judicial, administrative or legislative proceeding; or
- (3) any benefit as consideration for a violation of a known legal duty as public servant or party official.

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A public servant is guilty of bribe receiving when he/she solicits, accepts or agrees to accept any benefit from another person upon an agreement or understanding that his/her vote, opinion, judgment, action, decision or exercise of discretion as a public servant will thereby be influenced.

Bribery includes any offer of a benefit to a public servant with the understanding that the public servant's official action will be influenced.

**PHA employees are public servants.**

Some **examples** of **bribery** and **bribe receiving** situations include:

- A PHA employee, whose job it is to conduct inspections of a contractor's work, offers to refrain from reporting unsatisfactory work on a building in exchange for money or some other thing of value (e.g., supplies; free or discounted work on the employee's house; jewelry; a car; a trip; lunch).
- A contractor offers to pay a PHA employee a percentage of each contract or open market order the contractor receives from PHA in exchange for being guaranteed future contracts.
- An inspector agrees to allow a firm to dump hazardous waste into a local river in exchange for a cash payment.

**What is an Illegal Gratuity?** (PA State Law § 86.239. Gifts and gratuities and/or Federal Law, 18 U.S.C. § 201)

An illegal gratuity is any unauthorized payment or other benefit, even a "tip" or lunch money, beyond the salary and official benefits paid by PHA, to public servants for doing anything in connection with their job. It may solely be a reward to an employee in appreciation for performing his/her work. Often the payment of gratuities precedes more elaborate bribery schemes. Gratuities are frequently given to gain the confidence of the target of a bribe.

- (a) Except as provided in subsection (c), employees may not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or any other thing of monetary value, from a company which:
  - (1) Have interests, operations or activities that may be substantially affected by the performance or nonperformance of the employee's official duty.
- (b) Except as provided in subsection (c), gifts and gratuities shall be immediately reported to both the PHA Ethics Officer as well as the OAC. Failure to report such gifts and gratuities shall constitute a major violation of this policy.

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- (c) The prohibitions in subsection (a) do not apply in the context of obvious family or personal relationships, such as those between the parents, children or spouse of the employee and the employee, when the circumstances make it clear that it is those relationships rather than the business of the persons concerned which are the motivating factors. An employee may accept unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars and other items of nominal value (\$10 maximum).

**“An illegal gratuity**, may constitute merely a reward for some future act that the public official will take (and may already have determined to take), or for a past act that he has already taken.”

A public servant is guilty of receiving illegal gratuities when he/she solicits, accepts or agrees to accept any benefit for having engaged in official conduct which he/she was required or authorized to perform, and for which he/she was not entitled to any special or additional compensation.

Some **examples** of **illegal gratuities** include:

- A private company gives a PHA employee money as a “thank you” for reviewing its bid package.
- A vendor gives a PHA employee a discount on the purchase of supplies after the employee purchases items for use at PHA-owned properties and facilities.
- An inspector who inspected a particular landlord’s buildings receives from the landlord the free use of an unoccupied apartment.
- A PHA tenant gives a PHA carpenter extra money as a “thank you” for doing his job.

### **What is Official Misconduct?**

Official Misconduct is an improper and/or illegal act by a public official who violates his/her duty to follow the law and act on behalf of the public good.

Some **examples** of **official misconduct** include:

- A PHA inspector who gives an unjustified unsatisfactory rating to a contractor because of an argument with one of the contractor’s employees.
- A PHA employee who has his own company, submits and reviews his company’s proposal for a PHA contract.

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## **What is a Conflict of Interest?**

(PA State Ethics Act, Chapter 11, § 1102 and § 1103)

Use by a public official or public employee of the Authority of his/her office or employment or any confidential information received through his/her holding public office or employment for the private pecuniary benefit of himself/herself, a member of his immediate family or a business with which he/she or a member of his immediate family is associated. The term does not include an action having a de minimis economic impact or which affects to the same degree a class consisting of the general public or a subclass consisting of an industry, occupation or other group which includes the public official or public employee, a member of his/her immediate family or a business with he/she which he or a member of his/her immediate family is associated.

No public official or public employee shall engage in conduct that constitutes a conflict of interest.

## **Eight things that every PHA employee should know about PHA's Standard Code of Ethical Conduct:**

### **1. PHA Resources**

You can **NOT** use PHA resources, including time, staff, equipment, or letterhead, for any non-PHA purpose.

### **2. Gifts, Tips, and Gratuities**

You can **NOT** accept a valuable gift from any PHA vendor, or accept anything of value from any non-PHA source for performing your PHA job.

### **3. Moonlighting**

You **need** PHA's approval to have a second job, whether paid or unpaid.

### **4. Political Activities**

You can **NOT** ask a subordinate to work on a political campaign or make a political contribution.

### **5. Job Hunting**

You can **NOT** discuss possible future employment with a firm you are currently dealing with in your PHA job.

### **6. Volunteer Work**

You can **NOT** take part in a not-for-profit organization's business dealings without first obtaining PHA's authorization.

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## 7. Post-employment

After you leave PHA, you can **NOT** appear before PHA on behalf of a private entity for one (1) year. If you were personally and substantially involved in a particular matter on behalf of PHA, you are banned for two (2) years from appearing before PHA on behalf of a private employer on that matter. Lastly, you may never disclose or use for private advantage any confidential PHA information that you learn while working at PHA.

## 8. Second Job

Although PHA permits its employees to work second jobs, your second job can not be in conflict with your duties at PHA.

- If you are thinking about working a second job, you should contact PHA's Human Resources Department and obtain prior approval for such work.
- The Director of PHA's Human Resources Department will determine whether a PHA employee's outside or secondary employment violates any of the Authority's restrictions as per the established "Outside Employment Policy". PHA employees should not make this determination themselves and should always inform the Human Resources Department prior to accepting any outside employment.

Some **examples** of **conflicts of interest** include:

- An inspector takes a part-time job with a contractor he/she inspects.
- A PHA employee uses the contacts he/she has at PHA to obtain housing for his/her brother, without going through the proper screening procedures.
- A PHA contract manager owns shares of a company whose contract he/she manages.

***Note: If you have any questions about a conflict of interest matter, please contact the PHA's Ethics Officer, Barbara Adams at (215) 684-4127.***

## Recognizing a Bribe Offer

The offering, giving, solicitation or acceptance of a bribe or gratuity, to or by a PHA employee - **and this means you** – is a violation of the PA State Law and other applicable federal statutes. It is important to note that an item of value does not have to exchange hands for the crime to have been committed. The mere **offer** to solicit a bribe or gratuity may constitute a criminal act.

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## Why Should You Report a Bribe Attempt?

1. You may feel that it is too much trouble to report a bribe offer. Remember, you are **required** to report bribe offers, as well as other corrupt activity, and are subject to dismissal or disciplinary action for failing to do so.
2. The person making the offer may **already be under investigation or may be taking part in an undercover operation** — failure to report the offer may be considered as evidence against you in a later criminal prosecution.
3. If you fail to report the offer, the briber may continue to make such offers in the future, and ultimately you may succumb to the temptation.
4. If a person who offered you a bribe, or offered another public servant a bribe in your presence is later prosecuted, this person may implicate you in an attempt to help himself/herself in his/her criminal case. If you had reported the bribe offer, you might have avoided making yourself the subject of a later criminal investigation.
5. More importantly, each of us should take the responsibility to protect each other against those that would corrupt the system and contribute to hazardous conditions that ultimately have a negative effect on us all.

## PHA's ANTI-CORRUPTION EFFORTS

Corruption scandals have resulted in greater efforts by the OAC to detect, prevent and punish such activity. This can most clearly be seen by the following:

- The staff, record-keeping facilities and surveillance equipment of the OAC have been greatly expanded. PHA employees face the certainty of coming into periodic contact with the OAC, via undercover operations and/or integrity tests, compliance reviews, and audits on individual's work.
- The most severe penalties possible, including criminal prosecution, will be pursued against anyone involved in corruption or fraud.

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## **RISKS**

The risks everyone faces in participating in corruption or not reporting it far outweigh any monetary financial gains obtained. These risks include:

- Arrest and criminal prosecution
- Imprisonment
- Substantial fines
- Loss of your job
- Loss of your pension

## **CORRUPTION REPORTING PROCEDURES**

If you have any grounds to suspect that anyone is involved in any fraud, corrupt, criminal, or otherwise unethical or inappropriate behavior, you must do the following:

1. Immediately notify the OAC, and
2. Keep the incident Confidential—do not discuss it with anyone other than the OAC representatives.

The OAC will conduct an independent investigation based on your report and will ensure that criminal and/or administrative action is taken against the offenders, where appropriate.

## **HOW TO REPORT CORRUPTION TO THE OAC**

During regular office hours, someone is always available to handle complaints and allegations. Reports of corruption can be made by telephone **(215-684-8300)**, by fax **(215-684-8315)**, by e-mail **(oac@pha.phila.gov)**, by writing a letter **(PHA Office of Audit and Compliance, 12 S. 23rd St, Philadelphia, PA 19103)**, in person, or online at the PHA website **(<http://www.pha.phila.gov>)**.

### **Some things to remember when filing your report:**

- Although anonymous complaints are accepted, it is helpful if a person does provide a name and a call back number in case follow-up questions are necessary.
- The OAC will do everything possible to protect the complainant's request for confidentiality.
- We encourage employees to report even the suspicion of wrongdoing. It is OAC's job to evaluate the information—you need not become investigators. The sooner the OAC is told of an allegation, the better. Delays in reporting can hinder an investigation.

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- You should not discuss OAC matters with anyone—especially if you have requested confidentiality from us.
  - Reporting an allegation to other departments within PHA that may handle issues of criminal activity is **NOT** the same as reporting an allegation to the OAC. OAC staff usually investigates complaints alleging fraud, compliance, conflicts of interest, waste and mismanagement, completely independently from PHA.

**Kelvin A. Jeremiah, Director**

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