

Improper Payment Policy

The purpose of this policy is to establish guidelines and procedures to identify, prevent, and manage improper payments in alignment with the regulations set forth by the U.S. Department of Housing and Urban Development (HUD) and 2 CFR Part 200. This policy applies to all departments and employees involved in the administration of U.S Department of Housing and Urban Development (HUD) Funds The Village of Oak Park is committed to ensuring the proper use of federal funds by establishing robust internal controls to prevent, detect, and address improper payments. We will adhere to all applicable federal, state, and local regulations regarding financial management and accountability.

Improper Payment is defined as any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. This includes:

- Overpayments.
- Underpayments.
- Payments to ineligible recipients.
- Payments for ineligible goods or services.
- Duplicate payments.
- Payments for goods or services not received.

Implementation

Implementing the Improper Payment Policy involves the work of two key teams: Programmatic staff and the Financial management team. These two teams are defined as follows.

Programmatic staff

- Oversee the implementation of internal controls within their respective departments.
- Ensure that staff are aware of and comply with this policy.
- Report any suspected or actual improper payments to the Financial Management Team.
- Comply with procedures and controls designed to prevent improper payments.
- Report any discrepancies or suspicions of improper payments immediately to their supervisor or the Financial Management Team.

Financial management team

- Ensure compliance with federal regulations concerning improper payments.
- Develop and implement internal controls to identify and prevent improper payments.
- Conduct regular reviews and audits to detect improper payments.
- Provide training and guidance to staff on the prevention and management of improper payments.

Procedures

As these teams implement the policy, they will follow the following principles.

Internal Controls

- **Payment Authorization:** All payments must be authorized by appropriate personnel. Payment requests must include proper documentation to support the legitimacy of the transaction.
- **Verification:** Verify recipient eligibility and the appropriateness of the payment before disbursement.
- **Separation of Duties:** Ensure separation of duties in the payment process to prevent conflicts of interest and reduce the risk of improper payments.
- **Reconciliation:** Regularly reconcile payments with supporting documentation and budgetary allocations.

Detection and Correction

- **Monitoring:** Implement continuous monitoring mechanisms to detect improper payments.
- **Audits:** Conduct periodic internal and external audits to identify and address improper payments.
- **Correction:** Correct identified improper payments promptly. Recover funds where possible and adjust records accordingly.
 - Written loan agreements that clearly describe the repayment terms
 - collection procedures that provide for the recognition of all current amounts due, payments received, notification to borrower when payments are overdue, a process for taking further action on defaulted loans, and criteria for writing off bad debts

Reporting

- **Internal Reporting:** Report suspected improper payments immediately to the Financial Management Team for investigation and resolution.
- **External Reporting:** Report improper payments to relevant federal authorities as required by HUD regulations and 2 CFR Part 200.

Training

- Provide training to all relevant staff on:
 - The identification of improper payments.
 - Procedures for preventing and reporting improper payments.
 - Updates to relevant laws, regulations, and internal procedures.

Compliance

Non-compliance with this policy may result in disciplinary actions, including termination of employment. Continuous failure to comply may also result in legal consequences and the loss of federal funding.