



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-8-28 (3)

Date: August 28, 2013
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Policy on Reporting Loss of Funds or Property

Background

State Law (RCW 43.09.185) requires all state agencies and local governments to notify the State Auditor's Office (SAO) immediately in the event of a known or suspected loss of public resources or other illegal activity.

State Law (RCW 42.56.590) requires any state or local government agency that owns or licenses computerized data that includes personal information to disclose any theft or breach of security of the data to the individual whose data is believed to have been accessed by an unauthorized person.

The purpose of the attached policy is to ensure compliance by THA with these state laws. The policy also sets reasonable parameters of what is considered reportable and non-reportable losses, and how to address these.

Recommendation

Approve Resolution 2013-08-28(3) adopting the draft policy in substantially the attached form governing the Reporting Loss of Funds or property.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-8-28(3)

ADOPTION OF THE LOSS OF THE POLICY FOR REPORTING LOSS OF FUNDS OR PROPERTY

Whereas, state law (RCW 43.09.185) requires the Authority to report known and suspected loss of public resources or other illegal activity to State Auditor's Office (SAO); and

Whereas, state law (RCW 42.56.590) requires the Authority to notify all individuals whose personal information was potentially disclosed through a breach of security or data loss; and


Whereas, the attached draft policies governing the reporting of loss of funds or property would help the Authority comply with these state laws; and

Whereas, the Authority intends to distribute and train all employees on the Reporting Loss of Funds or Property policies.

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington that:

The Board adopts the "Reporting Loss of Funds or Property" policy in substantially the form set forth in the attached draft, allowing for changes to format and procedures, and other changes pursuant to THA Policy G-01 on the Adoption, Amendment and Promulgation of Policies.

Approved: August 28, 2013



Greg Mowat, Chairman



TACOMA HOUSING AUTHORITY

Policy No. F-10.01
Policy Reporting Loss of Funds or Property
Date August 28, 2013

1. Purpose

The purpose of this policy and its procedures is to facilitate compliance by the Tacoma Housing Authority (THA) with applicable state laws concerning reporting of known and suspected loss of public resources or other illegal activity.

2. Sources for Policy

- ▶ RCW 43.09.185 Loss of public funds – Illegal activity – Report to state auditor’s office
- ▶ RCW 42.56.590 Personal information – Notice of security breaches

3. Scope of Policy

This policy sets forth THA’s methodology for ensuring compliance with the reporting requirements for known and suspected losses of public resources or other illegal activity throughout all of THA’s activities.

4. Who is Responsible for Implementing Policy

Who	Responsibilities
<i>Board of Commissioners and Executive Director</i>	Overall and final responsibility for ensuring compliance with reporting requirements.
<i>Human Resources (HR) Director</i>	Oversees internal investigations of suspected losses or illegal activities involving THA employees and reports these investigations to the Finance Director or Manager.
<i>Finance Director and Finance Manager</i>	Oversee and direct reporting of losses and illegal activities to the State Auditor’s Office (SAO) pursuant to these policies.
<i>Administration Director</i>	Oversees and directs notification of individuals affected by loss or theft of information technology (IT) assets containing their personally identifiable information.
<i>Employees and Managers</i>	Immediately report all instances of suspected or known losses or illegal activity involving THA employees to HR and those not involving THA employees to the Finance Department.
	Immediately report suspected losses involving the health or safety of employees or property or losses resulting from breaking and entering and other vandalism of property to the local law enforcement agency.

5. Definitions

Information Technology (IT) Asset

Any device that processes, stores or transmits THA information and/or data, including personally owned IT assets used to conduct THA business.

Non-Reportable Loss

Loss considered standard business costs not involving fraud or other criminal activity and not reportable to the SAO. These losses include but are not limited to:

- (a) Reasonable “over and short” situations from cash receipting operations or petty cash operations as part of normal accounting procedures unless unusual trends occur.
- (b) Reasonable inventory shortages identified during a physical count as part of normal accounting procedures unless unusual trends occur.
- (c) Breaking and entering or other vandalism of property not involving theft (which nevertheless should be reported immediately to the appropriate law enforcement agency).
- (d) Unpaid tenant rent and other charges when tenants vacate THA properties still owing these balances.
- (e) Underpaid tenant rent due to a non-fraudulent tenant error in public housing, Section 8, or other subsidized housing program.
- (f) Overpaid Housing Assistance Payments made to a Section 8 landlord due to a non-fraudulent error by a landlord.
- (g) Damage and destruction of THA properties beyond normal wear and tear caused by a tenant.

Reportable Loss

Any known or suspected loss of funds or property, supplies, furniture, equipment, IT assets or other assets of any value resulting from dishonest, fraudulent or other criminal activity; forgery or alteration of records or documents; use of THA facilities and equipment for private financial gain; and any successful computer hacking effort. These losses include but are not limited to:

- (a) Theft or loss of THA IT assets such as computers, cellular telephones, laptops, tablet computers and USB sticks.
- (b) Theft of THA property such as cash, checks, or other negotiable instruments, equipment and/or services.
- (c) Receipt of wages for time recorded on a time card or equivalent for which no work was performed or any other false claim for compensation or reimbursement other than payroll error.
- (d) Use of THA credit cards to purchase items which are not used for THA business.
- (e) Expenditure of petty cash to purchase items which are not used for THA business.
- (f) Overpayments to tenants, landlords or others in cases where there was fraud involved.

*Reportable Loss
Management Staff*

Manager(s) overseeing the functional area where the reportable loss incident took place.

6. Forms Associated with this Policy

THA Form F-10(01) Loss of Public Funds and Property Reporting

7. Policy and Procedures

7.1 Reportable Losses

THA must report "reportable losses" to the SAO regardless of value and regardless of whether or not a suspect has been identified.

7.2 Reporting Reportable Losses

Reporting of reportable losses should be accomplished using THA Form F-10(01) to ensure all required information is collected and reported. This includes situations in which disciplinary action against an employee is being considered.. A separate form must be submitted for each known or suspected loss or theft incident reported.

If a criminal act is suspected, the incident must also be reported to law enforcement authorities. A copy of the police report may be attached to the THA Form F-10(01). If the police report is not readily available, it may be provided at a later date or the report incident number may be listed on the form.

Employees and managers should not attempt to correct a loss or theft without a report to and approval of the Finance Director or Finance Manager.

The responsibilities for reporting reportable losses are the following:

- (a) **Employees and managers** must immediately report all instances of reportable losses as follows: All instances when a THA employee is suspected should be reported to HR. When no THA employee is suspected the reporting should be directed to the Finance Director or Finance Manager.
- (b) **The HR Department** should immediately forward all such reports to the Finance Director or Finance Manager.
- (c) When the loss or theft involves an IT asset the **Finance Director or Finance Manager** will immediately forward a copy of the completed THA Form F-10(01) to the Administration Director or his/her designee.
- (d) When the loss or theft involves an IT asset which holds computerized data that includes personally identifiable information, **the Administration Director or his/her designee** shall notify or cause the notification of the person whose personally identifiable information was, or is reasonably believed to have been, acquired by an unauthorized person.
- (e) **Reportable Loss Management Staff** must take reasonable actions to prevent further losses or thefts that may arise from or be associated with the reported loss or theft.
- (f) **Reportable Loss Management Staff** must put reasonable safeguards into place to preserve all records or other evidence pertaining to the reported loss or theft.
- (g) **Reportable Loss Management Staff** must immediately notify the appropriate local or state law enforcement agency of suspected losses involving the health or safety of employees or property and losses resulting from breaking and entering or other vandalism of property.
- (h) **The Finance Director or Finance Manager** must report all reportable losses to the State Auditor's Office (SAO).

7.3 Non-Reportable Losses

THA does not need to report non-reportable losses. THA regularly incurs business losses that are considered a cost of doing the business THA is engaged in. Generally Accepted Accounting Principles (GAAP) requires state and local governments to use enterprise funds for “business-type” activities. THA operates primarily as a real estate management and development concern and thus is involved in business-type activities. Standard enterprise fund accounting recognizes collection and other non-fraudulent losses as a standard cost of doing business and therefore THA considers these non-reportable to SAO.