

➔ Best Practices for Maintaining an Environment of Integrity and Ethical Values During COVID-19

June 2020

Recently, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which provides the U.S. Department of Housing and Urban Development (HUD) with approximately \$12 billion to mitigate the effects of the COVID-19 crisis. Among other things, the CARES Act authorizes the HUD Secretary to waive certain statutes and regulations upon a finding of need. As HUD spends this large sum of money and entities are granted waivers, it is imperative that HUD, its grantees, and its business partners ensure that they maintain a strong ethical environment.

The following recommendations are intended to assist you in maintaining an ethical climate.

Identify and Manage Conflicts of Interest

Conflicts of interest arise when individuals receive personal benefit from actions taken in their official capacity, either directly or indirectly through business partners, relatives, or associates. This can happen during the hiring process, the grant process, or the contracting process. Examples include future employment, employment for relatives, grants to friends and business partners, gifts, generous deals for friends, money, etc. Organizations should develop and implement policies to help their employees identify, disclose, and manage actual and apparent conflicts of interest to avoid reputational risks and potential violations of Federal criminal and civil laws.

Implement Strong Internal Controls

Internal controls help an organization operate effectively to achieve its objectives, while complying with relevant policies and laws. Organizations should assess the adequacy of and enhance their internal controls as needed to 1) protect assets; 2) ensure accurate records; 3) promote operational efficiency; 4) achieve the organizational mission and goals; and 5) ensure compliance with policies, rules, regulations, and laws.

Provide Ethics Training

Organizations should provide ethics training for all employees, board members, partners, and others who help administer and award Federal funds and, as necessary, for contractors, subcontractors, grantees, and subgrantees. Ethics training should be documented.



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Maximize Competition in Grants and Contracts

The Federal and State regulations that govern procurement and grant actions vary for different HUD programs. Each organization has responsibility for ensuring that its employees understand and follow applicable grant and procurement regulations. Maximizing competition for grants and contracts, as required by Federal and State regulations can greatly reduce ethical concerns.

Maintain Document Records

Thorough record keeping is even more imperative when Federal requirements are relaxed or waived. Documenting all steps of an organization's actions and decisions promotes an environment of integrity and transparency and will help the organization during future audits and HUD reviews.

Encourage Employees To Report Ethics Concerns

During this time of the COVID-19 pandemic and beyond, organizations should be proactive in reminding employees of key ethics rules and encouraging employees to report ethics violations. Instances of fraud, waste, abuse, or gross mismanagement should be reported to the HUD, Office of Inspector General (OIG), hotline found on the HUD OIG website at <https://www.hudoig.gov/hotline>.

