
Section IV:	General Administration
Title:	Fraud, Waste, and Abuse Policy
Current Effective Date:	11/08/2024
Revision History:	
Original Effective Date:	11/08/2024

Purpose

The North Carolina Department of Health and Human Services (hereafter referred to as Department) recognizes the importance of protecting its operations, employees and assets against financial risks, operational breaches, and unethical activities. The Department maintains a zero-tolerance policy regarding fraud, waste, and abuse. Therefore, it is incumbent upon the Department and management to institute and clearly communicate the Fraud, Waste, and Abuse Policy to all employees.

Policy

Under state law, state employees shall have the duty to report verbally or in writing to their supervisor, department head or other appropriate authority, evidence of activity by a state department or state employee of any violations of State or Federal law, rule, or regulation; fraud; misappropriation of state resources; gross mismanagement of monies or authority; and substantial and specific danger to the public health and safety (N.C.G.S.126-84). This policy applies to Department employees without regard to length of service, title/position, or relationship.

This policy also covers volunteers, temporary staff, contractors, vendors, grantees, customers, and partners to the extent that any Department resources are committed or used. The Department will make all efforts to recover assets lost to those committing fraud.

Applicable Laws and Rules

N.C.G.S.126 -Article 14- Protection for Reporting Improper Government Activities

01 NCAC 05B.1511- Anticompetitive, Deceptive and Fraudulent Practices

N.C.G.S.143B-1208.6- Department Heads to Report Possible Violations of Criminal Statutes Involving Misuse of State Property to State Bureau of Investigation. See also NCDHHS Policy, Reporting Theft and Misuse of State Property

Definitions

Employee: Persons employed by the Department and subject to any part of the State Human Resources Act.

Fraud: Any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the application or threat of violence or of physical force. Fraud is

Section XX:	General Administration	Page 1 of 3
Title:	Fraud, Waste and Abuse Policy	
Current Effective Date:	11/08/2024	

perpetrated by parties and organizations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage.

Fraud may involve:

- Any dishonest act,
- Falsification or alteration of physical documents or computer files,
- Misappropriation (i.e. misuse or theft) of assets, such as, but not limited to, monies (cash, checks, money orders, etc.), office supplies, equipment, vehicles, etc.,
- Accepting or seeking anything of value from contractors, vendors, grantees or other persons in exchange for favorable treatment, such as, but not limited to, winning a bid, extending a contract, and/or acceptance of overbilling, or
- Authorization or receipt of payment for goods not received or services not performed.

Waste: The intentional or unintentional, thoughtless, or careless expenditure, consumption, mismanagement, use, or squandering of State resources to the detriment or potential detriment of the State.

Abuse: Intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of State resources.

Reporting Fraud, Waste, and Abuse

Employees should report suspicions of fraud, waste, and abuse using one of the following methods:

- Report to the employee’s supervisor or division management. Management is responsible for reporting all credible allegations to the NCDHHS Office of the Internal Auditor (OIA).
- Report written concern/complaint to the NCDHHS Office of the Internal Auditor (OIA) via the online webform found at <https://www.ncdhhs.gov/about/administrative-offices/internal-audit/report-fraud-waste-abuse-or-financial-mismanagement>
- Medicaid, Temporary Assistance for Needy Families (TANF), and Food and Nutrition Services (FNS) programs have designated mechanisms to report fraud, waste and abuse concerns/complaints. Visit the NCDHHS Report Fraud website for more information.

As an alternative, fraudulent activity may be reported to the NC State Auditor Tipline 1-800-730-8477 or email Tipline@ncauditor.net or write to State Auditor’s Tipline: 20601 Mail Service Center Raleigh, NC 27699

Information to Submit

To allow proper investigation of the information you report, provide as much detail as possible concerning who, what, when, where and how.

- WHO - identify the person(s), company, or organization involved.
- WHAT - describe in as much detail as possible what occurred.
- WHERE - list department, programs, or individuals affected.
- WHEN - provide dates or time-period during which the event(s) occurred.
- HOW - describe how you learned about event(s) and how the event(s) occurred if known.

- **ADDITIONAL INFO** – Identify any potential witnesses and list the name and location of any supporting documents and information. Please also provide your name and contact information if you are willing– an investigation may be limited if we cannot contact you with follow up questions.

Investigation and Discipline

Upon receipt of the notification of alleged fraudulent activities, the allegation will be reviewed and where appropriate, investigated and/or reported to the appropriate authorities. Employees have a duty to cooperate with any fraud, waste or abuse investigation. An employee who has committed fraud or fails to cooperate with a fraud investigation may be subject to disciplinary action up to and including dismissal.

Any disciplinary action taken by the Department because of its investigation shall be in accordance with Department and State personnel policies. Decisions to refer investigation results to the appropriate authorities for prosecution will be made in conjunction with OIA investigations, legal counsel, and senior management. Fraudulent activities may be fully prosecuted under the law.

Whistleblower Protection

Employees may not retaliate (N.C.G.S.126, Article 14) against a whistleblower for reporting suspected incidents of fraud, waste or abuse. Retaliation can be evidenced by the intent of adversely affecting the terms or conditions of employment (including, but not limited to, threats of physical harm, dismissal, transfer to an undesirable job assignment, demotion, suspension, or impact on salary or wages). The whistleblower is defined as someone who reports allegations of fraud in accordance with the provisions of this Fraud, Waste and Abuse Policy.

When federal funds are involved, also refer to 41 U.S.C.471.

For questions or clarification on information contained in this policy, contact Risk Management, Compliance and Consulting at RMCC_Audit_Monitoring_Team@dhhs.nc.gov. For general questions about department-wide policies and procedures, contact the [*DHHS Policy Coordinator*](#)