
Section IV:	General Administration
Title:	Reporting Theft and Misuse of State Property
Current Effective Date:	1/1/26
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Purpose

This policy serves two purposes. First, to inform NCDHHS employees of legal requirements and expectations for reporting potential or actual incidents involving arson, theft, misuse, damage, or embezzlement of state property. Second, to establish an internal reporting system to ensure criminal violations involving state-owned property are reported to the State Bureau of Investigation (SBI).

Policy

NCDHHS and its employees, temporary staff, and contractors shall comply with all laws and regulations to report any information or evidence of an attempted arson, or arson, damage of, theft from or theft of, or embezzlement from, or embezzlement of, or misuse of any state-owned personal property, buildings or other real property to the SBI per NCGS § 143B-1208.6.

The NCDHHS Office of the Internal Auditor (OIA) shall serve as the liaison for reporting incidents to the SBI and will monitor compliance with this policy.

All employees, temporary staff, and contractors are required to cooperate with the SBI and its officers and agents, as far as may be possible, in aid of any investigation.

Misuse of State Property Defined

Misuse of state property is the illegal or prohibited use of state assets. Misuse of state property may include arson, loss, damage, theft, embezzlement, and any unauthorized use of state-owned property or other real property, as well as any financial liability to the division/department/state resulting from the misuse. An illustrative, but not exhaustive, list of state property is as follows: purchasing cards, tools, supplies, computers, tablets, telephones, other equipment, vehicles, office space, and buildings.

Applicable Laws, Rules, and Policies

- [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.
- [N.C.G.S. 14-91](#) Embezzlement of State Property by Public Officers and Employees
- [NCDHHS Fraud, Waste, and Abuse Policy](#)
- [NCDHHS Fixed Asset Policy and Regulations](#)

Implementation and Reporting

Employees must report violations (incidents), to their immediate supervisor as soon as possible, but no later than three (3) days after discovery. The immediate supervisor must in turn immediately report such information or evidence to the director of the respective division, agency, or institution.

The director shall immediately provide notification based on the type of incident:

For any immediate or ongoing emergencies, employees or directors should contact local emergency personnel or the State Capitol Police (if located in Raleigh). If there is no emergency, the following protocol should be followed:

- Arson or attempted arson shall be reported to the Division of Property and Construction. The Division of Property and Construction will report the incident to the State Capital Police or local law enforcement and obtain a police report, which it will then share with OIA.
- Theft of real property, vehicles, or damage to state-owned buildings, including all break-ins, shall be reported to the Division of Property and Construction. Real property refers to land, and anything permanently attached to it (e.g., other structures, permanently attached fixtures). The Division of Property and Construction will report the incident to the State Capital Police or local law enforcement and obtain a police report, which it will then share with OIA.
- Theft or loss of IT assets shall be reported as a security incident to the NCDHHS Privacy and Security Office (PSO). The PSO needs to be aware of the sensitivity of any data on the missing or stolen IT asset. The incident shall be reported on the required online form at: <https://security.ncNCDHHS.gov/>. If theft is suspected, the division experiencing theft shall also report the incident to the State Capital Police or local law enforcement and obtain a police report, which it should then share with OIA.
- All other types of loss, damage, theft, fraud, or embezzlement, shall be reported directly to OIA. The incident will be reviewed and/or investigated and reported to the appropriate authorities.

As part of the reporting process, the division from which any theft or loss occurred shall complete an [incident report form](#) and submit it and any related information or evidence to OIA, including a police report.

Within ten (10) days of receipt of the incident report OIA shall review all documents provided by the division/facility director or designee, approve, and electronically submit the required form on behalf of the Secretary to the SBI within the required timeframe. OIA will attach any related information or evidence, including the police report.

OIA shall ensure that copies of the submitted documentation and SBI responses are provided to the following:

- Chief Financial Officer
- Director of Budget and Analysis
- General Counsel
- Director of Property and Construction or Privacy and Security Officer (where applicable)

OIA will work with the reporting division or facility on any supporting documentation necessary for departmental review and may determine to pursue further investigation where appropriate.

If the incident resulted in the theft or loss of any fixed asset, the division from which the loss occurred shall complete a [FAS-1 Form](#) and submit it to the NCDHHS Fixed Asset Officer within the Office of the Controller. This form is required for any missing or stolen equipment that is not recoverable to remove the item(s) from inventory. The form should be signed by the person completing the form and transmitted to the Fixed Asset Officer in the NCDHHS Office of the Controller for approval.

For questions or clarification on any of the information contained in this policy, contact Risk Management, Compliance, and Consulting at [RMCC Audit Monitoring Team@dhhs.nc.gov](mailto:RMCC_Audit_Monitoring_Team@dhhs.nc.gov). For general questions about department-wide policies and procedures, contact the [NCDHHS Policy Coordinator](#).