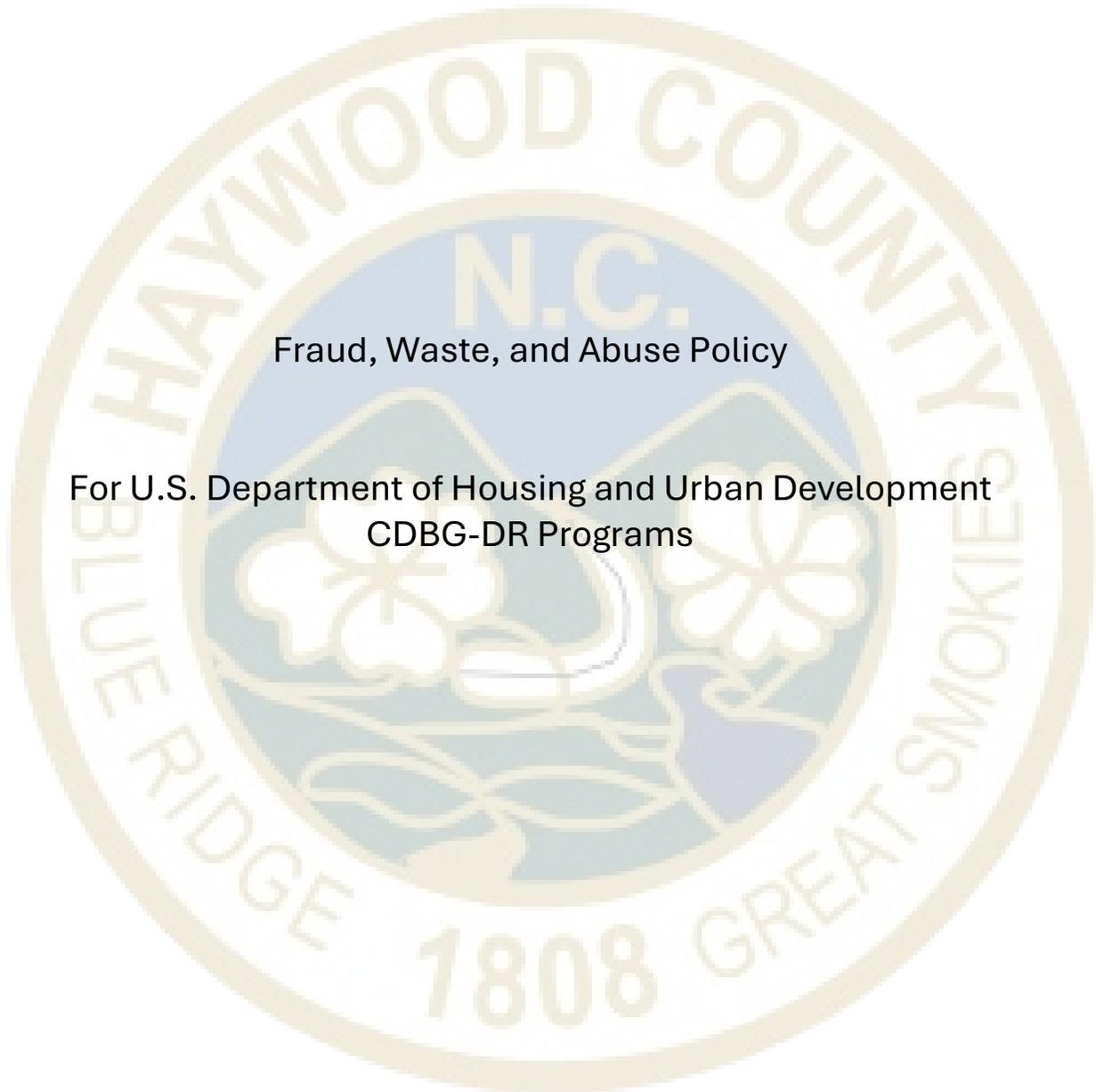


Haywood County, North Carolina



Fraud, Waste, and Abuse Policy

For U.S. Department of Housing and Urban Development
CDBG-DR Programs

Table of Contents

Anti-Fraud, Waste and Abuse Policy Overview	4
Definitions and Examples	4
Preventing Fraud, Waste and Abuse in CDBG-DR- Administered Programs.....	5
Program Developer, Vendor, Contractor Compliance with FWA Policies.....	6
Allegations and Reporting Suspected FWA	6
Haywood County Employee Reporting Requirements	7
Investigations	7
Confidentiality	7
Termination.....	7
Whistleblower Protection.....	7
Other Fraud, Waste and Abuse Efforts	8
Appendix A: North Carolina Fraud, Waste and Abuse Laws	9

Revision History

Version Number	Date Updated	Summary of Changes
1.0	June 1, 2025	First version



Anti-Fraud, Waste and Abuse Policy Overview

Haywood County is responsible for managing, administering, and distributing federal funds. These funds are allocated to programs and projects benefitting eligible residents in Haywood County, North Carolina, impacted by qualifying natural disasters or pandemics. Funds are distributed in a manner consistent with the local, State and Federal regulations, with a high level of transparency and accountability.

This Anti-Fraud, Waste and Abuse policy is intended to aid in the detection and prevention of fraud, waste, and abuse (FWA) in Haywood County's federally funded CDBG-DR programs, and applies to the general public, Haywood County's employees and any other parties doing business with Haywood County. Haywood County's Finance Department is responsible for implementation of this policy. Any discovered, suspected, or reported FWA within a federally funded CDBG-DR program will be documented and reviewed by the department. If the allegation warrants further examination, department staff will refer the allegation to the proper investigators for further examination.

Haywood County shall implement adequate measures to detect and prevent FWA in:

- The federally funded CDBG-DR programs;
- The provision of services by vendors, contractors, program developers, and employees; and
- The provision of program benefits to applicants.

Haywood County employees, contractors and all other persons or agencies with a role in the implementation of federally funded CDBG-DR programs, are responsible for the detection, prevention, and reporting of FWA, misappropriations, and other irregularities. Haywood County management performs continuous oversight and routinely assesses internal controls to prevent and detect FWA. These procedures are subject to updates as disaster recovery, mitigation and other federally funded programs are being implemented and additional measures are needed to ensure effective management and oversight of funds.

Definitions and Examples

Fraud is the intentional (willful or purposeful) deception or misrepresentation made by a person and/or organization with the knowledge that the deception could result in some unauthorized benefit to him/herself or some other person. There are many forms of fraud. Examples of fraud include, but are not limited to, misrepresentation of:

- Income (Unreported or under-reported)
- Household composition
- Financial resources (transferred or hidden resources)
- Residency (non-resident of North Carolina)
- Citizenship status
- Using another person's identification
- Forging signatures or documents
- Concealing access to duplication of funding
- Misrepresenting a medical condition to obtain additional benefits
- Misusing funds (diverting them for an unintended use)
- Providing fraudulent bills, work estimates, and collusion of beneficiaries with contractors

Waste is carelessly, excessively, and/or haphazardly using grant-funded services, supplies,

equipment, or incurring unnecessary costs through carelessness and inefficiency.

Abuse is the excessive or improper use of or the intentional destruction, diversion, manipulation, misapplication, or misuse of resources; or extravagant or excessive use so as to abuse one's position or authority. *Note: For the purposes of this policy, this definition does not cover physical or emotional abuse of a person.

Example of actions constituting FWA include, but are not limited to:

- Any fraudulent act
- Misappropriation of funds, supplies or assets
- Impropriety in handling or reporting money or financial transactions
- Profiting as a result of insider knowledge
- Unauthorized disclosure of confidential or private information
- Accepting or seeking anything of material value from contractors, vendors or any person that seeks a beneficial decision, contract, or action
- Accepting or seeking anything of material value from contractors, vendors or any person that is providing services for federally funded-activities
- Unnecessary cost or expenditures
- Diversion of program resources

Preventing Fraud, Waste and Abuse in CDBG-DR- Administered Programs

Haywood County Finance Department develops, implements and trains staff on program- specific policies and procedures to detect, prevent and report FWA in the program(s) under their oversight. The Finance Director will review and approve all FWA policies and procedures.

Haywood County staff overseeing federally funded CDBG-DR programs that provide financial assistance to eligible individuals are required, but not limited to, take the following steps to prevent fraudulent activities:

- Require and review supporting documentation to determine eligibility.
- Determine the identity of the applicants and household income following the manual for each program. Applicant identities may be compared to other documentation provided to ensure consistency.
- Haywood County staff will review supporting documentation provided to determine household income and composition, or other income documentation as allowed by each program.
- Haywood County staff will perform analyses aimed at ensuring compliance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act, (42 U.S.C. §§ 5121 - 5207) to ensure that no unnecessary, excess federal assistance is provided to an applicant, called a duplication of benefit (DOB). All forms of assistance will be verified (VOB) using third-party sources if possible. CDBG-DR and CDBG- MIT Programs will incorporate the Duplication and Verification of Benefits Uniform Policies and Procedures into each program's SOP.
- Incorporate the Quality Control function for each program at specific intervals ensure accuracy of analyses at each step.

- Include repayment/recapture and/or subrogation clauses in award letters and contracts with program participants. For CDBG-DR and CDBG-MIT funded programs and awards, and for the Buyout Program regardless of funding source, the following language specifically will be included in the Subrogation and Assignment Agreement and in repayment/recapture clauses:
 “Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. section 287, 1001 and 31 U.S.C. section 3729.”

Haywood County is required to adhere to 2 CFR 200 as well as program policies and procedures for procurement of contractors. Haywood County will take the following steps to prevent FWA by contractors, outlined in further detail in the Procurement Manual:

- Perform Independent Cost Estimates
- Check contractor registration status on SAM.gov
- Perform Cost Reasonableness Analysis
- Provide training to contractors and Program developers regarding FWA

Each program has specific policies and procedures to prevent FWA in the program manual and Standard Operating Procedures. At various steps in each program, quality control reviews are performed to ensure that award amounts are calculated accurately and properly, and that awards do not exceed unmet needs. Program managers and staff are familiar with the type of improprieties that might occur within his or her area of responsibility and should continue to improve practices to identify and prevent instances of improprieties.

Program Developer, Vendor, Contractor Compliance with FWA Policies

Haywood County requires recipients of federal CDBG-DR funds, such as program developers, vendors, and contractors to certify their adoption of both Federal and Haywood County policies to ensure that funds are used in accordance with all local, State and Federal laws. Recipients of CDBG-DR funding must demonstrate and certify that they have policies in place that require due diligence in detecting FWA of Federal resources. The FWA policies adopted by program developers must subsequently be reviewed by Haywood County during routine monitoring.

Allegations and Reporting Suspected FWA

Any person may report any suspected FWA directly to Haywood County or to the following agencies:

- NC Office of State Budget and Management
 Via Email: FWA@osbm.nc.gov
 Via Internet form: [Fraud | NC OSBM](#)
 Via Mail: C/O Office of Internal Audit
 20320 Mail Service Center
 Raleigh, NC 27699-0320
- NC Department of Public Safety
 Via Internet Form: [NC DPS: Report Fraud, Waste, Abuse or Misconduct](#)
 Via Phone: 1-(844) 208-4018

- HUD Office of the Inspector General
Via Phone: 1-800-347-3735
Via Internet form: [Hotline Form | Office of Inspector General](#)
- US Treasury Office of the Inspector General
Via Internet form: [US Treasury OIG Fraud Form](#)

Haywood County Employee Reporting Requirements

An employee should not attempt to investigate, gather information/facts, or discuss their suspicions with anyone but the appropriate reporting authorities. The reporting individual should be informed of the following:

- Do not contact the alleged fraudster to determine facts or demand restitution.
- Do not discuss facts, suspicions, or allegations with anyone unless specifically asked to do so by Haywood County Finance Director

Once the employee has reported the alleged FWA, no information concerning the status of the investigation will be provided. The proper response to any inquiry is: "I am not at liberty to discuss the matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

Investigations

If at the completion of the investigation the investigators substantiate the incidence of fraud, Haywood County will review the outcome and determine where the allegation should be referred.

For all instances of substantiated fraud with a loss, the Finance Director will share the outcome with the Program Developer. The Program Developer will then determine if their own investigation is warranted and, provide Haywood County with next steps. Depending on the funding source, Haywood County reserves the right to send all substantiated fraud cases (with or without loss) to the appropriate funding agency's Office of Inspector General. In the event the SBI indicates fraud will not be prosecuted, Haywood County will coordinate with local law enforcement to run the case over. In parallel with this process, Haywood County pursues administrative recapture in an effort to recoup as many misused funds as possible.

Confidentiality

To the extent allowed by law and consistent with responsibilities under this policy, employees who make or receive a report under this policy or who have responsibilities for investigation or other actions under this policy shall at all times maintain the confidentiality of communications made under this policy.

Termination

If an investigation results in a recommendation to terminate an employee, the recommendation will be reviewed for approval by the Chief of Administration and the Legal Department and, if necessary, by outside counsel, before any action is taken.

Whistleblower Protection

All Haywood County employees are obligated to disclose and report any irregularities, possible violations of fiduciary responsibility or possible violations of state or federal statutes, rules or regulations, or serious wrongdoing and/or the gross or willful mismanagement of programs funds to a person with the authority to investigate, discover, or correct the possible violation or noncompliance. Whistleblower Protection applies to all CDBG-DR activities, across all programs, including program developers, contractors, vendors, or any actions associated with the funding awarded for eligible activities and administration costs.

The North Carolina False Claims Act, as added by Session Law 2009-554 and amended by Session Law 2010-96, allows whistleblowers to file “qui tam” lawsuits if they know of violations of that state law. The North Carolina False Claims Act imposes liability on persons who knowingly present false or fraudulent claims for payment to the state, misappropriate state property, or deceptively avoid binding obligations to pay the state, among other violations. The North Carolina General Statutes, Chapter 96 of the Department of Labor Regulations, Code Section 95-240 *et seq* provides Whistleblower Protection for employees, former employees, or members of an organization who report suspected misconduct to people or entities that have the power to take corrective action.

Other Fraud, Waste and Abuse Efforts

Program and project-level monitoring is conducted throughout CDBG-DR’s programs. For subrecipients, other units of local government, program developers, and non-profit pass-through agencies, Haywood County conducts a risk assessment to determine and identify risks with those agencies in managing federal funding. Additionally, Haywood County provides training, technical assistance, and capacity building to all staff, program developers and other recipients of Federal funds that focus on both the identification and mitigation of FWA.

In an effort to maintain compliance with HUD OIG Anti-Fraud, Waste and Abuse statute, Haywood County in accordance with Federal Register Notice, Volume 83, No. 28, dated February 9, 2018, requires the States to:

- Establish remedies for noncompliance by any designated program developers, public agencies, or local governments.
- Attend fraud related training provided by HUD OIG to assist in the proper management of CDBG-DR and CDBG-MIT funds.

Haywood County has also embedded FWA prevention and/or detection procedures within the program application process; program developers, vendors, and contractors’ procedures, procurement processes, and compliance monitoring programs.

Appendix A: North Carolina Fraud, Waste and Abuse Laws

Employee Reporting Requirements for Fraud, Waste and Abuse Policy Overview

§ 126-84. Statement of policy.

- a.) It is the policy of that Haywood County employees shall have a duty to report verbally or in writing to their supervisor, department head, or other appropriate authority, evidence of activity constituting any of the following:
- (1) A violation of State or federal law, rule or regulation.
 - (2) Fraud.
 - (3) Misappropriation of State resources.
 - (4) Substantial and specific danger to the public health and safety.
 - (5) Gross mismanagement, a gross waste of monies, or gross abuse of authority.
- b.) Further, it is the policy of Haywood County that employees be free of intimidation or harassment when reporting to public bodies about matters of public concern, including offering testimony to or testifying before appropriate legislative panels.

§ 126-85. Protection from retaliation.

- a.) No head of any State department, agency or institution or other State employee exercising supervisory authority shall discharge, threaten or otherwise discriminate against a State employee regarding the State employee's compensation, terms, conditions, location, or privileges of employment because the State employee or a person acting on behalf of the employee, reports or is about to report, verbally or in writing, any activity described in G.S. 126-84, unless the State employee knows or has reason to believe that the report is inaccurate.
- (1) No State employee shall retaliate against another State employee because the employee, or a person acting on behalf of the employee, reports or is about to report, verbally or in writing, any activity described in G.S. 126-84.
- b.) No head of any State department, agency or institution or other State employee exercising supervisory authority shall discharge, threaten or otherwise discriminate against a State employee regarding the employee's compensation, terms, conditions, location or privileges of employment because the State employee has refused to carry out a directive which in fact constitutes a violation of State or federal law, rule or regulation or poses a substantial and specific danger to the public health and safety.
- (1) No State employee shall retaliate against another State employee because the employee has refused to carry out a directive which may constitute a violation of State or federal law, rule or regulation, or poses a substantial and specific danger to the public health and safety.

- c.) The protections of this Article shall include State employees who report any activity described in G.S. 126-84 to the State Auditor as authorized by G.S. 147-64.6B or to the Program Evaluation Division as authorized by G.S. 120-36.12(10). (1989, c. 236, s. 1; 1997-520, s. 6; 2008-196, s. 2(b); 2008-215, s. 8.)

§ 126-86. Civil actions for injunctive relief or other remedies.

Any State employee injured by a violation of G.S. 126-85 who is not subject to Article 8 of this Chapter may maintain an action in superior court for damages, an injunction, or other remedies provided in this Article against the person or agency who committed the violation within one year after the occurrence of the alleged violation of this Article; provided, however, any claim arising under Article 21 of Chapter 95 of the General Statutes may be maintained pursuant to the provisions of that Article only and may be redressed only by the remedies and relief available under that Article. (1989, c. 236, s. 1; 1991 (Reg. Sess., 1992), c. 1021, s. 6; 2013-382, s. 7.10.)

§ 126-87. Remedies.

A court, in rendering a judgment in an action brought pursuant to this Article, may order an injunction, damages, reinstatement of the employee, the payment of back wages, full reinstatement of fringe benefits and seniority rights, costs, reasonable attorney's fees or any combination of these. If an application for a permanent injunction is granted, the employee shall be awarded costs and reasonable attorney's fees. If in an action for damages the court finds that the employee was injured by a willful violation of G.S. 126-85, the court shall award as damages three times the amount of actual damages plus costs and reasonable attorney's fees against the individual or individuals found to be in violation of G.S. 126-84. (1989, c. 236, s.1)

§ 126-88. Notice of employee protections and obligations.

It shall be the duty of an employer of a State employee to post notice in accordance with G.S. 95-9 or use other appropriate means to keep his employees informed of their protections and obligations under this Article. (1989, c. 236, s. 1.)

§ 143B-920. Department heads to report possible violations of criminal statutes involving misuse of State property to State Bureau of Investigation.

Any person employed by the State of North Carolina, its agencies or institutions, who receives 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, shall as soon as possible, but not later than three days from receipt of the information or evidence, report such information or evidence to his immediate supervisor, who shall in turn report such information or evidence to the head of the respective department, agency, or institution. The head of any department, agency, or institution receiving such information or evidence shall, within a reasonable time but no later than 10 days from receipt thereof, report such information, excluding damage or loss resulting from motor vehicle accidents or unintentional loss of property, in writing to the Director of the State Bureau of Investigation.