

ADMINISTRATIVE ORDER 3:08

DEPARTMENT OF HUMAN SERVICES

EFFECTIVE DATE: 1 November 1977 DATE ISSUED: 15 October 1977

SUBJECT: Reporting of Suspected Incidence of Fraud or
Embezzlement by other than Institutional Personnel

This Administrative Order outlines the policies and procedures to be followed by other than institutional personnel in reporting suspected incidences of fraud or embezzlement by either Department employees or employees of provider agencies under contract with this Department or its operating Divisions. This Administrative Order does not amend or supercede Administrative Order Reporting of Suspected Violations of Criminal Statutes, as it applies to institutional personnel.

I. DEFINITIONS

- A. Fraud - A fraudulent misrepresentation or contrivance used by an employee of this Department or of a provider agency to deceive State officials, perpetrated to the State's prejudice and damage.
- B. Embezzlement - The fraudulent appropriation of State owned personal property or monies by one acting in a fiduciary capacity, as an agent, employee, or corporate officer to whom the property or money has been entrusted.
- C. Department Employee - Any person listed on either the regular or supplementary payroll of this Department in any capacity as of the date of the suspected incident.
- D. Provider Agency Employee - Any person on the payroll of or acting as a director or trustee of a provider agency under contract with the Department or its several Divisions, as of the date of the suspected incident.
- E. Provider Agency - Any incorporated or unincorporated entity providing services to this Department for a fee on either a contractual or noncontractual basis.

- F. Exempted Programs - Those programs administered by the Divisions of Public Welfare and Medical Assistance and Health Services outlined in Section IV below.

II. GENERAL POLICIES

- A. All Department personnel will cooperate with the police agencies having jurisdiction in completing investigations.
- B. Except as noted in Section IV below, all suspected incidences of fraud or embezzlement, as defined above, will be referred by the appropriate Division Director to the Department Audit Manager for review and, if appropriate, subsequent referral to the Division of Criminal Justice, Office of the Attorney General.

III. RESPONSIBILITY

- A. It will be the responsibility of the Director of each Division and the Commission for the Blind to develop with the Department Audit Manager mutually agreeable procedures for reporting suspected incidences of fraud or embezzlement as defined above.

Procedures developed will include appropriate methodology for the Department Audit Manager to inform the Division Directors as to the progress of investigations and the status of matters subsequently referred to the Division of Criminal Justice.

- B. It will be the responsibility of the Department Audit Manager to inform the responsible Division Director or Commissioner as to the progress of any investigation conducted either by that office or by the Division of Criminal Justice.
- C. It will be the responsibility of the Department Audit Manager to inform the appropriate Deputy Commissioner and/or staff, if directed by the respective Deputy Commissioner, as to the specific nature of each reported incident prior to referring the matter to the Division of Criminal Justice and periodically as to the disposition of all reported incidences.

IV. EXEMPTED PROGRAMS

- A. Inasmuch as the Division of Public Welfare and Medical Assistance and Health Services are currently in compliance with procedures established by the federal government for the reporting of suspected incidences of fraud by provider agencies within their Division, such procedures shall not be affected by this Administrative Order. Therefore, in lieu of the procedures outlined above, suspected incidences as they pertain to programs operated by these Divisions, shall be reported to the Department Audit Manager in summary form by submitting copies of currently required federal reports with regard to suspected fraudulent activities. This exemption does not apply to any suspected incidence of fraud involving employees of either of the above Divisions.



Ann Klein
Commissioner