

County of Cumberland Board of Commissioners	Policy Number: 5.11	Pages: Page 1 of 5
Chapter: Miscellaneous		Effective Date: April 24, 2024
Subject: FRAUD, WASTE, & ABUSE POLICY As Required by 2 CFR 200		

I. Purpose

The purpose of this policy is to establish a framework for preventing, detecting, identifying, remediating, and avoiding circumstances under which fraud, waste, and abuse occur within the County of Cumberland in accordance with 2 C.F.R. 200.

II. Policy and Definitions

Consistent with federal and state law, the County of Cumberland strictly prohibits all acts that constitute fraud, waste, and abuse. This policy shall be disseminated and made available to all county employees, officers, agents, elected or appointed officials, contractors, consultants, etc. who are charged with ensuring compliance.

“Abuse” means activities by any party, including a recipient of county services, that are inconsistent with sound fiscal, business, or educational practices, which result in unnecessary costs to the county, or in reimbursement of services that are not necessary or that fail to meet professionally recognized standards for such services. (Examples: making procurement or vendor selections contrary to existing policies or that are unnecessarily expensive or extravagant; receiving favors for the award of contracts to certain vendors; using position for personal gain or to have an advantage over others; taking an excessive amount of time to perform a task or function; purchase and use of equipment for personal financial gain and use; spending budgeted funds for purposes not needed for the ordinary and necessary function of a department [the concept that if “you don’t use it, you lose it”])

“Fraud” means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to themselves or some other person. (Examples: altering documents or falsifying information on documents related to application submittals and/or eligibility; contractors and/or staff involved in collusion [via sharing proprietary information, inflating bids, or any other concerted effort to mislead and create a competitive advantage for personal financial profit, etc.]; billing for goods not purchased or services not rendered or duplicating payments; payroll and/or timekeeping mishandling [not reporting to work but fraudulently claiming time worked or attendance] or false reporting of approved expenses; computer fraud or theft of personal data or otherwise proprietary information; intentional pursuit of duplicative benefits from other federal, state, or local funding sources; altering documents or forgery on bid submittals, contracts, purchase orders, and invoices; bribery or kickbacks; false claims or bid rigging; delivering substandard work or

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unnecessary change orders; theft, embezzlement, or other misapplication of funds; intentionally incorrectly reporting financial transactions)

“Knowing” and “knowingly” means that a person, with respect to information –
 Has actual knowledge of the information;
 Acts in deliberate ignorance of the truth or falsity of the information;
 Acts in reckless disregard of the truth or falsity of the information; or
 It is practically certain from the conduct of the person that a certain result will occur.

“Waste” means activities involving payment or the attempt to obtain reimbursement for items or services where there was no intent to deceive or misrepresent, but the outcome of poor or inefficient claiming or inappropriate development causes unnecessary costs to the county. Waste includes any action or inaction that does not rise to the level of fraud or abuse but results in overpayments or misspent funds. (Examples: purchasing unnecessary supplies, materials, and equipment; purchasing supplies, materials, and equipment without regard for cost [e.g., buying overpriced office supplies from a favored vendor]; using supplies, materials, and equipment carelessly, resulting in unnecessary waste and replacement [discarding working computer laptops])

III. Prevention & Detection Measures

Fraud, waste, and abuse prevention is crucial for businesses, organizations, and government agencies to maintain financial integrity and prevent losses. The county implements internal controls, through policies and procedures, that establish clear lines of responsibility, accountability, and oversight. This can include measures like segregating duties, ensuring proper documentation, project and beneficiary eligibility verification and quality control measures using process and compliance-related checklists, implementing transaction limits, cost allocable and reasonable standards, clear expenditure tracking and reporting, as well as conducting regular audits and reviews.

The county additionally invests in employee training programs. These programs help employees understand the importance of financial integrity, recognize potential signs of fraud, waste, or abuse, and encourage them to report any suspicious activity. By combining internal controls with employee training and awareness programs, the county can effectively prevent and detect, or otherwise mitigate, fraud, waste, and abuse.

For any suspected incidents concerning fraud, waste, or abuse, the following reporting chains shall be followed:

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- For county employees, agents, officers, officials – contact shall be made to the Personnel Director, County Counsel, or Chief Financial Officer directly.
 - For those that wish to report evidence of fraud, waste, or abuse anonymously and confidentially can do so by contacting the New Jersey Office of the State Comptroller [online](#), emailing comptrollertips@osc.nj.gov, or calling the hotline at 1-855-OSC-TIPS (672-8477).
 - Violations may also be reported to the New Jersey Office of the Attorney General [online](#), U.S. Treasury Office of Inspector General (OIG), Report Waste, Fraud, and Abuse [online](#), U.S. Government Accountability Office [online](#) or calling 1-800-424-5454, or the Federal Bureau of Investigation [online](#).
- For county contractors, consultants, vendors – contact shall be made to the County Purchasing Agent at 856-453-2132, or Personnel Director, County Counsel, or Chief Financial Officer directly.
- For members of the general public and external stakeholders – contact the Public Information Officer at publicinfo@cumberlandcountynj.gov or 856-453-2180
- As always, if there is any emergency being reported, call 9-1-1 immediately.

Cases believed to involve fraud, waste, or abuse shall be investigated by the appropriate staff persons within the county. Upon notification of alleged fraud, waste, or abuse, the county must document the:

- a) Date(s)
- b) Parties involved
- c) Sources and basis for allegations
- d) Steps that will be taken to investigate the allegations
- e) Names of individuals who will be interviewed
- f) Projected timeline for the investigation
- g) Any findings related to the investigation
- h) Agency remedial action taken as a result of the findings
- i) Any disciplinary actions imposed upon employees or contractors as a result

Should any activity be identified as the physical absence of county assets (e.g., missing cash, equipment, vehicles, etc.), the County Chief Financial Officer must be notified immediately in order to communicate with the County appointed auditors, and any shortage report must be filed disclosing such fraud, waste, or abuse to the New Jersey Division of Local Government Services. The County risk manager must additionally be notified through the issuance of an incident report, accompanied by any police reports related to the incident, to ensure any relevant insurance claims are made.

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If an individual or group of individuals have been adjudged to have committed fraud, waste or abuse, the county shall impose sanctions, including, but not limited to:

- a) Recoupment of funds linked to fraud, waste or abuse, together with interest and any applicable civil penalties.
- b) Suspension of services (if applicable).
- c) Disqualification of a practitioner/contractor from serving within the county through N.J.S.A. 40A:11-4.
- d) Termination of contract/employment.
- e) Referral of any evidence of suspected fraud or other criminal activity to the County Prosecutor or through the Office of the Attorney General, NJ Division of Criminal Justice.

III. Regulatory References

County employees, officer, employee, agent, contractor, consultant, etc. must comply with all federal and state statutes, as updated and amended in the delivery of county services such as:

- a) Federal False Claims Act, 31 U.S.C. § 3729 – 3733;
- b) Federal Program Fraud Civil Remedies Act, 31 U.S.C. § 3801 – 3812;
- c) New Jersey Conscientious Employee Protection Act, N.J.S.A. 34:19-1 et seq;
- d) New Jersey False Claims Act, N.J.S.A. 2A:32C-1 et seq;
- e) Federal Anti-Kickback statute, 31 U.S.C. §§ 3801-3812;
- f) Section 6032 of the Deficit Reduction Act of 2005, 42 U.S.C. §1396a(a)(68);
- g) Uniform Enforcement Act, N.J.S.A. § 45:1-21(b) and (o); and
- h) New Jersey Consumer Fraud Act, N.J.S.A. §§ 56:8-2, 56:8- 3.1, 56:8-13, 56:8-14, and 56:8-15

In accordance with 41 U.S.C. § 4712, the county may not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the lists of persons or entities provided below information that the employee reasonably believes is evidence of gross mismanagement of a contract or grant, a gross waste of funds, an abuse of authority relating to a contracts or grants, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a contract (including the competition for or negotiation of a contract) or grant.

The list of persons and entities referenced in the paragraph above includes the following:

- i. A member of Congress or a representative of a committee of Congress;
- ii. An Inspector General;
- iii. The Government Accountability Office;
- iv. A Treasury employee responsible for contract or grant oversight or management;

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- v. An authorized official of the Department of Justice or other law enforcement agency;
- vi. A court or grand jury; or
- vii. A management official or other employee of the county, contractor, or subcontractor who has the responsibility to investigate, discover, or address misconduct.