



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

JANET COWELL
TREASURER

T. VANCE HOLLOMAN
DEPUTY TREASURER

MEMORANDUM #2010-2

TO: Local Government Officials and Their Independent Auditors
FROM: Sharon Edmundson, Director, Fiscal Management
SUBJECT: Reporting Allegations of Fraud, Waste, and Abuse of ARRA Funds
DATE: July 2, 2009

The North Carolina Office of Economic Recovery and Investment (OERI) has issued Management Directive #5 detailing the procedures for reporting allegations of fraud, waste, and abuse of ARRA funds.

Section 1553(a) of the ARRA provides for protection of an employee that makes allegations that the employee reasonably believes is evidence of fraud, waste, or abuse involving ARRA funds. Fraud, waste, and abuse is evidenced by the following:

- Gross mismanagement of an agency contract or grant relating to covered funds
- Gross waste of covered funds
- Substantial and specific danger to public health or safety related to the implementation or use of covered funds
- Abuse of authority related to the implementation or use of covered funds
- Violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) or grant, awarded or issued related to covered funds

Covered funds are defined by Section 1553(g)(2) of the ARRA as “any contract, grant or other payment received by a non-Federal employer if – (A) the Federal government provides any portion of the money or property that is provided, requested, or demanded; and (B) at least some of the funds are appropriated or otherwise made available by this Act.”

The OERI has developed a web-based mechanism to report suspected fraud, waste and abuse of ARRA funds. They also are taking this information via telephone. The OERI website is <http://www.ncrecover.gov> and the phone number is (919) 733-1433. The whistleblower provisions in the ARRA protect non-Federal employees that report suspected fraud, waste, and abuse from reprisal or discrimination from their employer as a result of their report. If an employee makes a report that includes allegations of a

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reprisal, that employee may submit a complaint to the appropriate inspector general for investigation as outlined in the ARRA Section 1553(b).

If your unit of government has received ARRA funds, it is required by the appropriate inspector general that the unit post notice of the rights of and remedies available to employees. These rights and remedies can be found in Section 1553 of the ARRA. Any units receiving reports of allegations of fraud, waste and abuse of ARRA funds must report that information to the OERI either via the website or by mail. The report must include a description of the allegation and one of the following: 1) the steps the agency is taking to resolve the complaint; or 2) information showing that the complaint has been resolved.

If you have any questions regarding this memorandum, please contact Sharon Edmundson at (919) 807-2380 or via email at sharon.edmundson@nctreasurer.com