Department of Health and Human Services
Office of Inspector General
Office of Evaluation and Inspections

September 2026 | OEI-07-25-00140

North Carolina Medicaid Fraud Control Unit: 2025 Inspection

REPORT HIGHLIGHTS

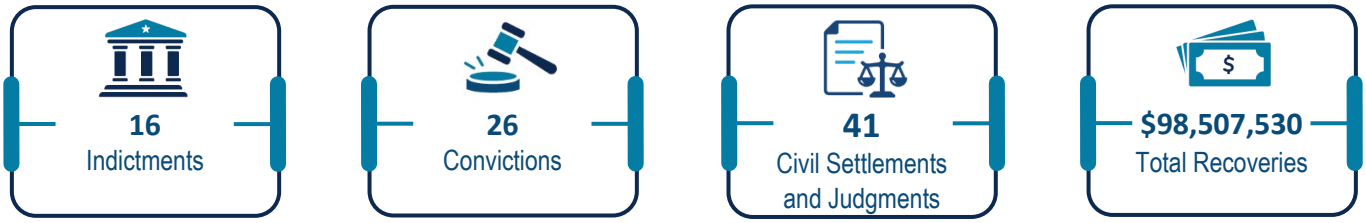
September 2026 | OEI-07-25-00140

North Carolina Medicaid Fraud Control Unit: 2025 Inspection

OIG administers the Medicaid Fraud Control Unit (MFCU or Unit) grant awards, annually recertifies each Unit, and oversees Units' compliance with the requirements of the grant and adherence to established performance standards that reflect practices identified by OIG and MFCUs that will improve Unit effectiveness. As part of this oversight, OIG conducts periodic inspections of Units and issues public reports of its findings.

North Carolina MFCU Case Outcomes

With an average staff size of 48 during the review period, FY 2022 through FY 2024, the Unit reported:



Performance Assessment

PERFORMANCE STANDARD	FINDINGS	RECOMMENDATIONS
PERFORMANCE STANDARD 2 **Staffing**	• The Unit was understaffed during the review period. • Difficulties retaining staff and filling vacancies led to challenges opening cases and case reassignments.	Build upon its efforts to attain sufficient staffing by recruiting and retaining qualified staff and minimizing case disruptions during staffing shortages.
PERFORMANCE STANDARD 8 **Cooperation With Federal Authorities**	• The Unit lacked procedures for making referrals to Federal partners. • The Unit did not engage in consistent case deconfliction with OIG agents.	Update policies and procedures to establish processes for sharing referrals and engaging in consistent deconfliction of cases with Federal partners including OIG and the U.S. Attorney's Office.
PERFORMANCE STANDARD 11 **Fiscal Control**	• The Unit had limited access to a Statewide accounting system to reconcile expenses. • The accounting system had coding errors. • There were communication delays and challenges.	Develop and implement a plan with the North Carolina Department of Justice financial office to support robust fiscal controls.
PERFORMANCE STANDARD 12 **Training**	• The Unit lacked training plans for auditors and investigators and lacked a minimum number of training hours for investigators. • The Unit did not make sure staff met other training requirements.	Update its training requirements for auditor and investigator staff and verify that all staff meet the Unit's training requirements.

The North Carolina Unit concurred with the first, third, and fourth of our recommendations and did not explicitly concur or non-concur with our second recommendation.

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BACKGROUND

OBJECTIVE

To assess the performance and operations of the North Carolina Medicaid Fraud Control Unit (MFCU or Unit).

The Office of Inspector General (OIG) administers the MFCU grant awards, annually recertifies each Unit, and oversees the Units' performance and operations in accordance with the requirements of the grant. [1] As part of this oversight, OIG conducts periodic inspections of Units and issues public reports of its findings. For more information about MFCUs and OIG oversight of MFCUs, see the OIG website.

North Carolina MFCU

The North Carolina MFCU, also known as the Medicaid Investigations Division of the North Carolina Department of Justice (DOJ), is located in Raleigh. At the time of our inspection in May 2025, the Unit had 52 staff—23 investigators (including the Deputy Director, 4 financial investigator supervisors, and 1 nurse investigator); 2 investigator/auditors; 15 attorneys (including the Director, the Civil Chief, and the Criminal Chief); [2] 3 criminal justice support staff; 3 paralegals; and 6 administrative staff. During the review period of FYs 2022–2024, the Unit spent approximately $20.9 million, with a State share of approximately $5.2 million.

Referrals

During FYs 2022–2024, the Unit reported it received referrals of potential Medicaid provider fraud and patient abuse or neglect from several sources, including private citizens; managed care organizations (MCOs); and other State agencies, including the State Department of Health and Human Services and the Division of Health Service

[1] As part of its oversight, OIG evaluates Units' adherence to a set of performance standards. The most recent version of the MFCU performance standards is published at 89 Fed. Reg. 76431 (Sept. 18, 2024). The previous version of these standards, which was applicable during our review period, can be found at 77 Fed. Reg. 32645 (June 1, 2012). The performance standards were originally published at 59 Fed. Reg. 49080 (Sept. 26, 1994).

[2] Unit attorneys who are requested to act as Special Prosecutors by a District Attorney may act as the prosecutors in a criminal matter in State court. Unit attorneys are appointed as Special Assistant U.S. Attorneys (SAUSAs) by the U.S. Attorney in one of three Federal U.S. Attorney's Office (USAO) districts in North Carolina. SAUSAs may bring criminal or civil health care fraud actions in that district.

Regulation (DHSR).[3, 4] See Appendix A for a list of Unit referrals by source for FYs 2022–2024.

When the Unit receives a referral of fraud or patient abuse or neglect, the Deputy Director and the Criminal Chief review the referral and make a recommendation to the Unit Director on whether to open a case for investigation.[5] The Unit Director considers the extent of loss to the Medicaid agency, staffing capacity, and other factors in determining whether to accept a case, decline the referral, or refer the matter to another agency for investigation.[6]

Investigations and Prosecutions

When the Unit opens an investigation, the Director assigns the matter to a team. For fraud investigations, the team typically consists of at least one investigator and one attorney. For patient abuse and neglect investigations that the Unit receives from law enforcement, the team often consists of the nurse investigator and an attorney.[7] Teams may also coordinate with or request assistance from law enforcement agencies for other aspects of an investigation (e.g., carrying out field work and executing search warrants).[8, 9] Throughout each investigation, a supervisor oversees the team to ensure the case is progressing. For criminal cases, the team (i.e., assigned investigator, attorney, and supervisor) participates in quarterly supervisory

[3] 42 CFR § 1007.9(d)(3)(iv) requires that the Unit and State Medicaid agency establish procedures by which the Unit will receive referrals of potential fraud from MCOs either directly or through the Medicaid agency. MCOs in North Carolina must refer all cases of suspected provider fraud to the Office of Compliance & Program Integrity under the State's Department of Health and Human Services.

[4] In addition to referrals, the Unit can also self-generate cases via data mining, which is the practice of screening and analyzing Medicaid or other relevant data to uncover patterns and identify aberrant utilization, billing, and other practices that are potentially fraudulent. A data mining waiver permits Federal financial participation in costs of data mining if certain criteria are satisfied (see 42 CFR § 1007.20). OIG originally approved the North Carolina Unit's data mining waiver in 2017 and most recently renewed it in November 2023.

[5] Unit supervisors alternate serving as designees for the Deputy Director and Criminal Chief to review and open cases.

[6] Unit policies state that the Director, in reviewing referrals, "shall consider and comply with OIG Performance Standards related to Unit case mix and 42 CFR § 1007.11 (b)(3)" in determining whether a case has a substantial potential for criminal prosecution.

[7] Patient abuse and neglect complaints in North Carolina are primarily reported to law enforcement agencies, per CMS guidance. CMS, *State Operations Manual*: Chapter 5, § 5330.

[8] The Unit previously had law enforcement authority via a Memorandum of Understanding with the State Bureau of Investigations; this agreement was terminated prior to our review. Although the Unit continued to employ two law enforcement investigators (i.e., special agent investigators) during the review period, the remaining special agent investigator retired in FY 2023.

[9] In 2014, SB744, Sec. 17.1 moved the SBI from under the Attorney General's Office to the Department of Public Safety for administrative purposes. According to the Unit, the North Carolina DOJ experienced a budget cut and was not able to secure additional expenditures to get sworn agents for the North Carolina MFCU.

case reviews; for civil cases, the civil attorney and the Civil Chief participate in 180-day case reviews. When the investigator concludes investigative activities, they meet with the team to discuss the sufficiency of evidence in the case and whether to charge it as a criminal matter, adjudicate or resolve it as a civil matter, or close the case.

North Carolina Medicaid Program

North Carolina's Department of Health and Human Services, Division of Health Benefits (DHB), administers the North Carolina Medicaid program. In July 2021, the program transitioned from a fee-for-service model to a Medicaid managed care model. Approximately 86 percent of North Carolina Medicaid enrollees received services through managed care plans as of June 2024.[10] As of September 2024, the program served approximately 2.4 million enrollees.[11] In FY 2024, North Carolina's Medicaid expenditures were approximately $30.2 billion.[12]

The Office of Compliance and Program Integrity (OCPI) within DHB is responsible for North Carolina's Medicaid program integrity efforts. OCPI reviews complaints of suspected fraud, initiates claim reviews and preliminary investigations, and refers potential cases to the Unit for investigation.

Prior OIG Report

OIG conducted a previous onsite review of the North Carolina MFCU in 2016.[13] In that review, which covered FYs 2013–2015, OIG found that: (1) 8 percent of case files did not have documentation of periodic supervisory reviews consistent with Unit policy; (2) the Unit did not report all convictions and adverse actions to Federal partners in a timely manner; and (3) the Unit's case management system posed challenges to retrieving case information.

OIG recommended that the Unit: (1) conduct and document supervisory reviews of Unit case files according to the Unit's policies and procedures; (2) implement processes to ensure that it reports convictions and adverse actions to Federal partners within required timeframes; and (3) proceed with plans to replace the Unit's case management system to ensure case information is readily accessible to Unit staff, as needed. On the basis of information received from the Unit, OIG considered these recommendations implemented as of November 2020.

[10] North Carolina Medicaid Division of Health Benefits, *Managed Care Program Annual Report for North Carolina: Standard Plan*, Dec. 27, 2024. Accessed on July 1, 2025.

[11] Centers for Medicare and Medicaid Services (CMS), "Updated September 2024 State Medicaid and CHIP Applications, Eligibility Determinations, and Enrollment Data." Accessed on June 30, 2025.

[12] OIG, *MFCU Statistical Data for FY 2024*. Accessed on June 10, 2025.

[13] OIG, *North Carolina State Medicaid Fraud Control Unit: 2016 Onsite Review* (OEI-07-16-00070), Sept. 28, 2016.

Methodology in Brief

OIG conducted an onsite inspection of the North Carolina MFCU in May 2025. Our inspection covered the 3-year period of FYs 2022–2024. We based our inspection on an analysis of data and information from 7 sources: (1) Unit documentation; (2) financial documentation; (3) structured interviews with key stakeholders; (4) structured interviews with the Unit's managers and other selected staff; (5) a review of a random sample of 90 cases from 281 case files that were open at some point during the review period; (6) a review of all convictions submitted to OIG for program exclusion and all adverse actions submitted to the National Practitioner Data Bank (NPDB) during the review period; and (7) an onsite review of Unit operations. See the Methodology for more information.

In examining the Unit's operations and performance, we applied the published performance standards, but we did not assess adherence to every performance indicator for every standard. [14]

Standards

We conducted this study in accordance with the *Quality Standards for Inspection and Evaluation* issued in 2020 by the Council of the Inspectors General on Integrity and Efficiency. These inspections differ from other OIG evaluations in that they support OIG's direct administration of the MFCU grant program, but they are subject to the same internal quality controls as are other OIG evaluations, including internal and external peer review.

[14] The most recent version of the MFCU performance standards is published at 89 Fed. Reg. 76431 (Sept. 18, 2024). The previous version of these standards, which was applicable during the review period for this inspection, can be found at 77 Fed. Reg. 32645 (June 1, 2012). The 2024 and 2012 performance standards are largely the same with respect to the findings of this report. The performance standards were originally published at 59 Fed. Reg. 49080 (Sept. 26, 1994).

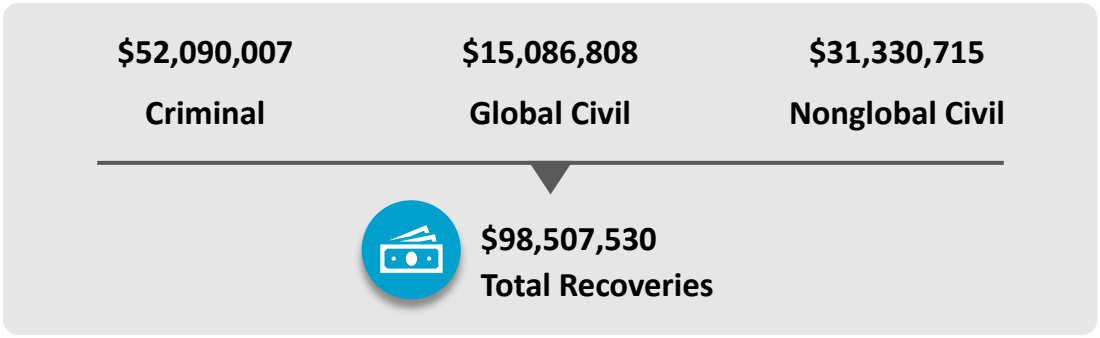
PERFORMANCE ASSESSMENT

Case Outcomes

The Unit reported 16 indictments, 26 convictions, and 41 civil settlements and judgments for FYs 2022–2024.

Of the 26 convictions reported by the Unit, 25 involved provider fraud and 1 involved patient abuse and neglect.[15]

From total Federal and State expenditures of approximately $20.95 million, the Unit reported combined civil and criminal recoveries of $98.5 million for FYs 2022–2024.



Source: OIG Analysis of Unit statistical data, FYs 2022–2024.
Note: "Global" civil recoveries derive from civil settlements or judgments in global cases, which are cases that involve the U.S. Department of Justice and a group of State MFCUs and are facilitated by the National Association of Medicaid Fraud Control Units.

[15] OIG provides information on MFCU operations and outcomes but does not direct or encourage MFCUs to investigate or prosecute a specific number of cases. MFCU staff should apply professional judgment and discretion in determining what criminal and civil cases to pursue.

Performance Standard 1: Compliance With Requirements

A Unit conforms with applicable statutes, regulations, and policy directives.

Observation: According to the information we reviewed, the North Carolina MFCU generally complied with applicable requirements governing the MFCU, with some exceptions.

We observed that the Unit generally complied with applicable requirements, laws, and OIG guidance. However, we identified two areas in which the Unit did not comply with applicable regulations related to Unit cooperation with Federal authorities and Unit fiscal controls (see Performance Standards 8 and 11).

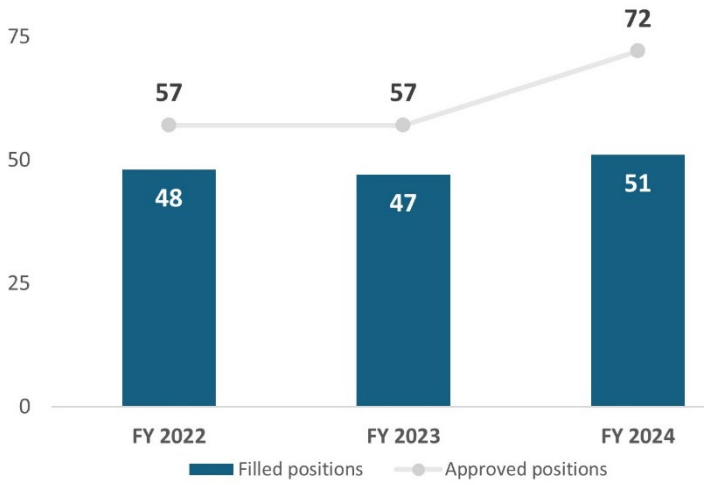
Performance Standard 2: Staffing

A Unit maintains reasonable staff levels and office locations in relation to the State's Medicaid program expenditures and has a salary and benefit package that allows the Unit to recruit and retain qualified staff.

Finding: Unit staffing shortages, particularly among investigators, created challenges for the Unit in opening new cases and continuing ongoing case work.

Performance Standard 2(A) states that the Unit should employ the number of staff that is included in the Unit's budget estimate as approved by OIG. During the review period, the Unit did not maintain staffing levels in accordance with its approved budget and experienced significant turnover. Seventeen employees—primarily investigators—left the Unit.[16] By the end of FY 2023, the Unit received approval from the State to increase its staffing by 15 positions. The Unit reported that it received these new positions and began recruitment in FY 2024, but the Unit's vacancy rate remained high, averaging 22 percent during FYs 2022–2024 (see Exhibit 1).[17] At the time of issuance of this

Exhibit 1: The Unit's filled positions fell short of the Unit's approved positions in FYs 2022-2024.



Source: OIG analysis of Unit recertification data, FYs 2022–2024.

[16] Of the investigators who departed the Unit during the review period, four were supervisors.

[17] The Unit's vacancy rate was 16 percent in FY 2022, 18 percent in FY 2023, and 29 percent in FY 2024. To calculate the average, vacancy rates for each year were rounded to the nearest percent.

report, the Unit reported that it had made substantial progress hiring new staff, bringing its vacancy rate to 8 percent.

The Unit identified salary concerns as a contributing factor to the Unit's staffing shortage.

The Unit attributed its recruitment and retention challenges to the low salaries it could offer. The Unit reported that it began experiencing increased competition in the job market from MCOs, which recruited staff with similar qualifications as the Unit, when North Carolina Medicaid transitioned to managed care in 2021. Unit officials explained that the Unit could not offer competitive salaries to match what MCOs offered. Additionally, the North Carolina DOJ, the Unit's parent agency, had experienced significant budget cuts, and told the Unit that State matching funds were unavailable to increase Unit salaries.[18] These budget cuts prevented the Unit from offering competitive salaries to fill new positions (e.g., a second nurse investigator) or to adjust salaries for existing staff.

> Recruitment has been incredibly tough. What we require for our minimum criteria are very specialized, so people who are qualified don't want to come at this salary.
>
> —Unit manager

The Unit experienced challenges related to case openings, case work, and investigative activities after losing investigators and could not fill the vacant positions.

A few aspects of the Unit's case work and investigations suffered after experienced staff left, and vacancies remained unfilled. First, the Unit, OCPI, and OIG's Office of Investigations attributed the Unit's declining number of cases to its insufficient staffing and the need to reassign cases due to investigator turnover. Second, the Unit reported that it did not receive patient abuse and neglect referrals timely after losing its last special agent investigator with law enforcement authority in 2023. The Unit received many patient abuse and neglect referrals after they had already been referred to law enforcement agencies. By the time the Unit received information on these cases, witnesses were difficult to locate, or another agency may have charged the case. Finally, the Unit reported that it had to rely on other State agencies to execute search warrants and arrest warrants after losing investigators with law enforcement authority.[19]

[18] MFCU operations are funded by contributions from both Federal and State governments. For mature Units, such as the North Carolina Unit, the Federal Government contributes 75 percent, and the State contributes 25 percent. SSA § 1903(a)(6).

[19] The Unit previously had law enforcement authority via a Memorandum of Understanding with the State Bureau of Investigations; this agreement was terminated prior to our review.

Performance Standard 3: Policies and Procedures

A Unit establishes written policies and procedures for its operations and ensures that staff are familiar with, and adhere to, policies and procedures.

Observation: The Unit maintained written policies and procedures, but the policies did not address some aspects of its operations, and Unit staff did not always adhere to the policies and procedures.

Consistent with Performance Standard 3, the Unit maintained a written policies and procedures manual for its operations, which it updated in August 2024. However, the manual lacked specific policies for referring cases to other State and Federal agencies and did not specify how or when the Unit would communicate and coordinate with these partners to support deconfliction efforts and share referrals (we address this issue as a finding in Performance Standard 8). Additionally, Unit training policies did not include requirements specific to auditor staff or the required number of training hours for investigators, and the Unit did not consistently document staff attendance at required training sessions in adherence with its policies (we address this issue as a finding in Performance Standard 12).

Performance Standard 4: Maintaining Adequate Referrals

A Unit takes steps to maintain an adequate volume and quality of referrals from the State Medicaid agency and other sources.

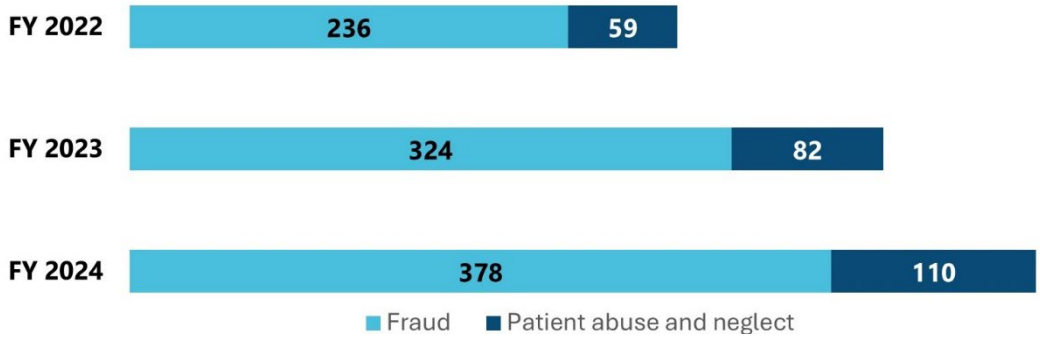
Observation: The Unit took steps to maintain an adequate volume and quality of referrals.

Consistent with Performance Standard 4, the Unit took steps to encourage referrals from several sources during the review period. We found that the Unit maintained positive working relationships with its partners, including OCPI, with whom the Unit engaged in regular communication and monthly meetings, MCOs, and other State agencies. The Unit, OCPI, MCOs, and other State agencies participated in quarterly and annual meetings, where they discussed fraud cases, trends, and what makes a quality referral. To help encourage new sources for patient abuse and neglect referrals, the Unit developed presentations and training materials and conducted outreach with Adult Protective Services (APS), local law enforcement, and mental health institutions to inform them of the Unit's presence and mission. The Unit also reported that it planned to conduct additional outreach to the North Carolina DOJ, Sheriffs' Association, and district attorneys.

The Unit reported a yearly increase in fraud and patient abuse and neglect referrals during the review period but may have been limited in its ability to open and investigate some of them (see Exhibit 2 on the next page). Specifically, the Unit received a total of 938 fraud referrals over the 3-year period and reported opening 251 of these referrals as cases. The Unit received 251 patient abuse and neglect referrals during the same period but opened only 16 of these referrals as cases. As described under Performance Standard 2, the Unit and its partners cited several

reasons the Unit may have declined to open referrals, including insufficient staffing, reliance on law enforcement partners to carry out some investigative activities, and untimely receipt of information on patient abuse and neglect referrals from law enforcement agencies that receive these reports. See Appendix A for details on referrals to the Unit, by source.

Exhibit 2: The Unit saw an increase in both fraud and patient abuse and neglect referrals over the review period.



Source: OIG analysis of Unit recertification data, FYs 2022–2024.

Observation: The Unit generated 22 new cases through its data mining activities.

In addition to receiving referrals, the Unit's internal data mining program generated 22 new cases during the review period—7 in FY 2022, 11 in FY 2023, and 4 in FY 2024. The Unit reported nearly $13.5 million in cumulative recoveries from these data mining cases. To conduct data mining, the Unit reported, it assigns a team of investigators, attorneys, and a criminal justice specialist to identify outliers in billing providers. A Unit manager explained that, rather than relying on outside contractors, the Unit trains its staff on data mining to ensure they have the skills and knowledge needed to generate cases. "I think we are successful because [data mining] is being done by people who know what makes a good fraud case," the manager said.

Performance Standard 5: Maintaining Continuous Case Flow

A Unit takes steps to maintain a continuous case flow and to complete cases in an appropriate timeframe based on the complexity of the cases.

Observation: The Unit took steps to maintain a continuous case flow and to complete cases within appropriate timeframes.

Despite its staffing shortages, we observed that the Unit took steps to maintain a continuous case flow for the cases it could investigate. This included documenting supervisory approval for the opening and closing of nearly all cases in our review and conducting periodic supervisory case reviews as required by Unit policy. For 95 percent of cases, we found documentation that supervisory reviews were conducted according to this policy, meaning Unit supervisors reviewed criminal cases quarterly and civil cases every 6 months. Some Unit managers and staff reported

more frequent interactions, describing ongoing communication regarding cases. We also found that 96 percent of case investigations appeared to progress within an appropriate timeframe. See Appendix B for additional details from the case file review.

Beneficial Practice

Several of the Unit's attorneys have been cross-designated by the U.S. Attorney to serve as Special Assistant U.S. Attorneys (SAUSAs) in the U.S. Attorney's Office (USAO) Districts of North Carolina. The Unit's SAUSAs sit in one of the USAOs several days a week and typically serve as second chair (i.e., serve a support role) to the lead U.S. Attorney on a Federal case. Through this arrangement, Unit attorneys receive mentorship and training from U.S. Attorneys on working complex Federal cases. USAOs and a Unit manager reported the practice as mutually beneficial, noting the arrangement also provides opportunities for experienced Unit SAUSAs to work independently on cases they are delegated, with oversight from the U.S. Attorney.

Performance Standard 6: Case Mix

A Unit's case mix, as practicable, covers all significant provider types and includes a balance of cases involving fraud and abuse or neglect of patients or residents.

Observation: The Unit's case mix included many provider types.

The Unit took steps to balance its case mix by discussing referrals and requesting a variety of case types during scheduled meetings and outreach to partners. Of the Unit's 663 cases that were open at any point during FYs 2022–2024, 89 percent (588 cases) involved provider fraud and 3 percent (19 cases) involved patient abuse or neglect.[20] During our review period, the Unit's case mix involved 56 provider types, including mental health facilities, pharmaceutical manufacturers, and medical device manufacturers.

[20] The Unit's remaining 56 cases were designated as limited-assistance matters. These matters are not counted for State or Federal reporting purposes and did not result in the Unit bringing criminal charges or a civil action in court in North Carolina.

Performance Standard 7: Maintaining Case Information

A Unit maintains case files in an effective manner and uses an electronic case management system that allows efficient access to case information and other performance data.

Observation: The Unit's electronic case management system provided efficient access to case information, but the Unit had limited access to the system's performance data for reporting purposes.

Consistent with Performance Standard 7, Unit staff reported that the Unit's case management system was organized and easy to navigate for case information. During our case file review, we observed that the system allowed effective monitoring of case information, investigative and prosecutorial activities, and supervisory reviews. Despite this, a Unit staff member reported that it was difficult to access performance data in the system for annual reporting to OIG. The staff member said the system posed challenges for compiling statistical data in an appropriate layout and shared that the Unit maintained a database for comparison purposes. The Unit reported that it has worked with the system contractor to enable preparation of most components of the annual statistical report and that the Unit is getting closer to no longer needing the database.

Performance Standard 8: Cooperation With Federal Authorities on Fraud Cases

A Unit cooperates with OIG and other Federal agencies in the investigation and prosecution of Medicaid and other health care fraud.

Finding: Although the Unit maintained positive working relationships with Federal law enforcement partners, it lacked procedures for making referrals to these partners and did not engage in consistent case deconfliction with OIG agents.

Performance standards 8(A) and 8(B) and Federal regulations state that a Unit should regularly communicate and coordinate with OIG and other Federal agencies and establish written policy regarding cooperation and coordination with these partners.[21] We found that the Unit maintained collaborative relationships with OIG's Office of Investigations and partners in the USAO districts. An OIG manager said that OIG agents met regularly with the Unit in person one to two times per year and communicated about cases through ad hoc conversations.[22] USAO managers reported a close working relationship with the Unit, including ongoing case-specific coordination and participation in quarterly health care fraud work group meetings.

[21] 42 CFR § 1007.11(e)(2)–(e)(5).

[22] The Unit reported 57 joint case investigations with OIG during the period of review.

Although the Unit maintained positive working relationships with OIG and the USAO districts, these partners reported that the Unit sent them few referrals during our review period. We found that the Unit did not have written policies for how and when it would coordinate with these Federal partners regarding case referrals. As such, the Unit sent two referrals to OIG and five referrals to other law enforcement partners during FYs 2022–2024. Both OIG and the USAO stated that they would welcome additional referrals from the Unit.

Performance Standard 8(A):
The Unit communicates on a regular basis with OIG and other Federal agencies investigating or prosecuting health care fraud in the State.

The Unit also lacked a practice of regularly engaging in case deconfliction with OIG, which an OIG manager said introduced challenges.[23] The manager offered that the Unit did not share case lists with OIG consistently and, at times, requested OIG involvement late in the progression of a case after determining that it had a Medicare nexus. To remedy these concerns, OIG suggested establishing more regularly scheduled meetings, sharing case lists more frequently, and engaging in earlier discussions regarding cases.

Observation: The Unit reported nearly all convictions and adverse actions to Federal partners within the appropriate timeframes.

During the 3-year review period, the Unit submitted all of its 26 convictions to OIG within 30 days of sentencing, as required by Federal regulations and outlined in Performance Standard 8(F).[24] The Unit also submitted 25 of its 26 adverse actions to the NPDB within 30 days of the final adverse action, as required by Federal regulations.[25, 26, 27]

[23] Deconfliction is a process to identify and avoid any duplicative and overlapping actions by different law enforcement agencies.

[24] 42 CFR § 1007.11(g) requires the Unit to transmit information on convictions within 30 days of sentencing, or as soon as practicable if the Unit encounters a delay in receiving the necessary information from the court.

[25] 45 CFR § 60.5. Examples of adverse actions include, but are not limited to, health care-related criminal convictions and civil judgments (but not civil settlements), and program exclusions. See SSA § 1128E(a) and (g)(1).

[26] 45 CFR § 60.1. The NPDB is intended to restrict the ability of physicians, dentists, and other health care practitioners to move from State to State without disclosure or discovery of previous medical malpractice and adverse actions.

[27] The Unit submitted the remaining action 38 days following the final adverse action.

Performance Standard 9: Program Recommendations

A Unit makes statutory or programmatic recommendations, when warranted and appropriate, to the State government.

Observation: The Unit made a programmatic recommendation to the State Medicaid agency during our review period.

During FYs 2022–2024, the Unit made programmatic recommendations to OCPI regarding the MCO referral process and MCO responsibilities to report all suspected fraud to OCPI. Following our review period in January 2025, the Unit proposed to the State legislature draft statutory amendments to expand prohibited sexual behavior in North Carolina's patient abuse statute and a statute to reestablish the Unit's law enforcement authority.[28, 29]

Performance Standard 10: Agreement With Medicaid Agency

A Unit periodically reviews its memorandum of understanding (MOU) with the State Medicaid agency to ensure that the MOU reflects current practice, policy, and legal requirements.

Observation: The Unit's MOU with the State Medicaid agency generally reflected current practice, policy, and legal requirements.

The Unit and OCPI had an MOU that was amended and executed in December 2021 and generally reflected applicable policy and legal requirements, as well as current practices, between the parties. The amended MOU included a new provision that referrals by MCOs would be channeled through OCPI and then to the Unit following the State's transition to managed care. The amended MOU also included a provision regarding the coordination of data mining activities between the Unit and OCPI.

Performance Standard 11: Fiscal Control

A Unit exercises proper fiscal control over Unit resources.

Finding: The Unit experienced challenges in a Statewide accounting system including access issues and coding errors, had communication lapses related to its fiscal control of resources, and was missing one inventory item.

Performance Standard 11(D) and Federal regulation require that a Unit must apply generally accepted accounting principles in its control of Unit funding and operate financial systems that comply with Federal standards.[30] In our review of Unit

[28] The Unit proposed to expand prohibited sexual behavior and to define elder adult, physical injury, and mental injury under the current State patient abuse and neglect statute.

[29] As of May 2026, the State had not adopted the proposed statutory amendment to establish law enforcement authority in the Unit.

[30] 45 CFR § 75.302; 2 CFR § 200.302.

financial documentation, we identified several concerns related to the Unit's fiscal controls and compliance with these Federal standards.

First, we identified reconciliation errors in the Unit's FY 2023 accounting records that may have resulted from limited permissions for Unit staff to access a new Statewide accounting system.[31] Unit staff stated that they could not access sufficient details in the system to track invoices against what the Unit was spending. The system summarized similar expenses in categories (e.g., salaries, software subscriptions, and registration fees) rather than as individual expenses. Second, we determined that coding errors in the new accounting system may have limited the Unit's ability to validate expenses against what the Unit reported in its Federal Financial Reports. A manager in the State's DOJ financial office stated that these system errors introduced extra rows and bad data in monthly budget reports. The manager noted that the Unit had requested additional access to the accounting system, and that DOJ was working to decentralize the Unit's account to provide the Unit more fiscal control. Finally, we identified coordination and communication delays between the DOJ financial office and the Unit. After the end of FY 2024, OIG's grant management officer requested the Unit's financial records to close the annual grant. Because the Unit and the DOJ financial office did not promptly submit these records as required, OIG could not close the Unit's FY 2024 grant until FY 2026.[32]

> Performance Standard 11(D):
> The Unit applies generally accepted accounting principles in its control of Unit funding.

In our review of the Unit's inventory, we located 29 of the 30 sampled items. Specifically, we observed and matched 21 inventory items from our sample and verified via Unit documentation that the Unit disposed 8 items into surplus inventory. The Unit reported that it could not locate one item, a computer monitor, with a value of $186.

Performance Standard 12: Training

A Unit conducts training that aids the mission of the Unit.

Finding: The Unit lacked training plan requirements specific to auditor and investigator staff and did not ensure staff met other training requirements.

Although the Unit maintained training plans for its investigators and attorneys, we found, on the basis of Performance Standard 12(A), that it lacked a plan specific to two staff with investigator/auditor responsibilities and did not establish the annual

[31] In October 2023, the State implemented a new North Carolina Financial System. *State of North Carolina Office of the State Controller: NASCIO State IT Recognition Awards, 2024 – The Financial Backbone is Connected to … **Everything**!* Accessed on February 4, 2026.

[32] 2 CFR § 200.344 states that all federal grant recipients must submit all reports (financial, performance, and other reports required by the Federal award) no later than 120 calendar days after the conclusion of the period of performance.

minimum number of training hours required for these staff. Despite the lack of a training plan for these two staff, these employees completed an average of 93 training hours per year. The Unit did not establish the minimum number of training hours required annually for its investigators either. The Unit's training plan for investigators directed them to obtain and maintain certifications by completing "minimum hours of training or continuing education year." Despite the lack of a requirement, we found that Unit investigators on average completed more than 72 hours of training per year. The training plan for Unit attorneys included a minimum number of training hours annually (i.e., 12 hours each year), but we found that the training records for more than one-third of attorneys did not meet this requirement. [33]

> Performance Standard 12(A):
> The Unit should maintain a training plan for each professional discipline that includes an annual minimum number of training hours.

Additionally, the Unit did not adhere to some aspects of Performance Standard 12(B) related to compliance with training plans. We found that the Unit lacked documentation for staff participation in a joint program with OCPI, which was required by Unit training plans. Specifically, training records for each of the investigator/auditors lacked evidence of annual participation in this training during the review period, along with those for more than two-thirds of investigators and just over half of Unit attorneys. Further, the Unit training policy stated that supervisors serve as training officers and ensure staff compliance with training plans, but several Unit staff expressed uncertainty on their training requirements and supervisors' responsibilities related to staff's training plans.

> Performance Standard 12(B):
> The Unit ensures that professional staff comply with their training plans and maintain records of their staff's compliance.

[33] On March 1, 2024, during the final year of our review period, continuing legal education requirements for attorneys in North Carolina changed from 12 hours per year to 24 hours of continuing legal education every 2 years. We accounted for the training-hour requirement change in our analysis.

RECOMMENDATIONS

To address the findings identified in this report, we recommend that the North Carolina Unit:

Build upon its efforts to attain sufficient staffing by recruiting and retaining qualified staff and minimizing case disruptions during staffing shortages

The Unit should prioritize its efforts to fill vacancies, particularly for investigators, and limit disruptions to Unit case work related to staff turnover. As part of these efforts, the Unit should leverage any available incentives through the North Carolina DOJ to recruit qualified candidates and fill expansion positions. If possible, these efforts could include revising specifications for position classifications to remove any unnecessary requirements and hiring staff at higher salaries when justified (e.g., nurse investigator position). The Unit should also pursue salary adjustments within the department, as appropriate, and continue working with DOJ to decentralize Unit funding to support recruitment and salary adjustment efforts.

The Unit could also take steps to support investigators during staffing shortages or when they are subject to case reassignments. To achieve this, the Unit could consider: (1) assigning the nurse investigator to serve as a consultant for investigators who are assigned patient abuse and neglect cases, and (2) cross-training to help ensure that all Unit investigators are well equipped to investigate both fraud and patient abuse and neglect cases, as needed.

Update policies and procedures to establish processes for sharing referrals and engaging in consistent deconfliction of cases with Federal partners including OIG and USAO

The Unit should establish processes for referring cases to OIG and other Federal investigators or prosecutors, in adherence with performance standards. The Unit should also update its existing policies regarding regular communication and coordination with Federal partners (e.g., regular sharing of case lists to support deconfliction of cases).

Develop and implement a plan with the DOJ financial office to support robust fiscal controls

The Unit should develop and implement a plan with the DOJ financial office and/or grant officer to help resolve challenges we identified related to its fiscal controls. As part of the process, the Unit should coordinate with the DOJ financial office to:

1) gain access to necessary permissions in the Statewide accounting system to help the Unit exercise proper fiscal control of its resources;

2) address miscoding errors in the Statewide accounting system to support reconciliation of Unit expenses; and

3) determine what responsibilities each office has for fiscal controls and document the resulting agreement, including how to communicate and submit to OIG timely responses to queries regarding required Federal financial reporting.

Update its training plan requirements for auditor and investigator staff and verify that all staff meet the Unit's training requirements

The Unit should revise its training plan to include requirements specific to staff with auditor responsibilities. The plan should also include the minimum number of training hours required annually for all investigators. Additionally, the Unit should take steps to ensure Unit supervisors verify that professional staff complete and document the minimum number of annual training hours as well as mandatory training sessions included in their plans. The Unit could examine whether existing policies (e.g., mandatory trainings) reflect current operational procedures or warrant reassessment.

UNIT COMMENTS AND OIG RESPONSE

The North Carolina Unit concurred with the first, third, and fourth of our recommendations and did not explicitly concur or non-concur with our second recommendation.

In response to our first recommendation for the Unit to build upon its efforts to attain sufficient staffing by recruiting and retaining qualified staff and minimizing case disruptions during staffing shortages, the Unit noted it had already taken actions and would continue these efforts. The Unit stated that it had successfully filled most of its vacancies and was engaging with the North Carolina Department of Justice (DOJ) to consider revisions to position classifications and specifications, salary adjustments, and a decentralized Unit funding approach. Finally, the Unit noted that it was working to implement cross-training of financial investigators to minimize case disruptions.

In response to our second recommendation to establish procedures for sharing referrals and engaging in consistent deconfliction with Federal partners, the Unit stated that it did not concur with the associated report finding, but that it welcomed opportunities to strengthen coordination with Federal partners. The Unit reported it had already established processes to share with OIG monthly a list of investigations that had been opened, and to share referrals received from the State Medicaid agency with USAO partners. The Unit indicated that both processes would be incorporated into its policy and procedure manual.

Third, the Unit concurred with our recommendation to develop a plan with the financial office in the DOJ to support robust fiscal controls. The Unit reported that it was engaging with the financial office to obtain necessary permissions within Statewide accounting systems to exercise proper fiscal control, address miscoding errors, and support reconciliation of Unit expenses. The Unit also reported it would clarify and memorialize responsibilities that each office holds for its fiscal controls.

Fourth, the Unit concurred with our recommendation to update its training plan requirements and verify staff compliance with these requirements and reported that it was in the process of revising its training plan for investigators and for staff with audit responsibilities. The Unit also reported it would take steps to ensure Unit supervisors verify staff completion and documentation of required training hours.

We appreciate the steps the Unit has taken and plans to take to address the recommendations in the report. We believe that these steps will improve the Unit's adherence to performance standards and program requirements and will strengthen its operations. To close these recommendations, the Unit should submit to OIG documentation of its implementation of each recommendation within 6 months of the issuance of this report. For the full text of the Unit's comments, see Appendix C.

METHODOLOGY

OIG conducted the inspection of the North Carolina MFCU in May 2025. Our inspection covered the 3-year period of FYs 2022–2024.

We collected and analyzed data from the seven sources described below to identify any opportunities for improvement and instances in which the Unit did not adhere to the performance standards or was not operating in accordance with laws, regulations, or OIG guidance. We also used the data sources to make observations about the Unit's case outcomes as well as the Unit's operations and practices concerning the performance standards.

In examining the Unit's operations and performance, we applied the published performance standards, but we did not assess adherence to every performance indicator for each standard.

Review of Unit Documentation

Before the inspection, we reviewed the recertification analysis for FYs 2022–2024, which involved examining the Unit's recertification materials, including (1) the Unit director's recertification questionnaires; (2) the Unit's MOU with the State Medicaid agency; (3) the program integrity director's questionnaires; and (4) the OIG Special Agent in Charge questionnaires. We also reviewed the Unit's policies and procedures manual and the Unit's self-reported case outcomes and referrals included in its annual statistical reports for FYs 2022–2024. We examined the recommendations from the 2016 OIG onsite review report and the Unit's implementation of those recommendations.

Review of Unit Financial Documentation

We conducted a limited review of the Unit's control over its fiscal resources. Before the inspection, we analyzed the Unit's response to a questionnaire about internal controls and conducted a desk review of the Unit's financial status reports. We followed up with the North Carolina Department of Justice (DOJ) and Unit officials to clarify issues identified in the questionnaire about internal controls. While onsite, we also verified a purposive sample of 30 items from the Unit's inventory list of 214 items maintained by the Unit.

Interviews with Key Stakeholders

In April–August 2025, we interviewed key stakeholders, including officials in the North Carolina Medicaid Office of Compliance and Program Integrity, Division of Health Services Regulation; the North Carolina DOJ; and the U.S. Attorney's Office

from two Federal districts in North Carolina. We also interviewed one official from OIG's Office of Investigations. We focused these interviews on the Unit's relationship and interaction with the stakeholders, as well as opportunities for improvement. We used the information collected from these interviews to develop subsequent interview questions for Unit management and other staff.

Interviews With Unit Management and Other Selected Staff

We conducted structured interviews with the Unit's management and other selected staff in May 2025. Of the Unit management, we interviewed the Director and Deputy Director. Of the other selected staff, we interviewed two attorneys, four investigators (including the Unit's nurse investigator), a criminal justice analyst, an administrative officer, a paralegal, and an investigator/auditor. We asked these individuals questions related to (1) Unit operations; (2) Unit practices that contributed to the effectiveness and efficiency of Unit operations and/or performance; (3) opportunities for the Unit to improve its operations and/or performance; (4) clarification regarding information obtained from other data sources; and (5) the Unit's training and technical assistance needs.

Review of Case Files

To craft a sampling frame, we requested that the Unit provide us with a list of cases that were open at any time during FYs 2022–2024 and include the status of each case; whether the case was criminal, civil, or global; and the dates on which the case was opened and closed, if applicable. The total number of cases was 663.

We excluded global cases from our review of the Unit's case files because global cases are civil false claims actions that typically involve multiple agencies, such as the U.S. Department of Justice and a group of State MFCUs. We also excluded from our review 56 cases that the Unit had designated as limited-assistance matters, as these cases were not always subject to periodic supervisory reviews. We excluded 326 global cases and 56 limited-assistance matters, leaving 281 case files.

We then selected a simple random sample of 90 cases from the population of 281 cases. This sample allowed us to make estimates of the overall percentage of case files with various characteristics with absolute precision of no more than +/- 10 percent at the 95-percent confidence level.

We reviewed the 90 case files for adherence to the relevant performance standards and compliance with statute, regulation, and OIG guidance. During the review of the sampled case files, we consulted MFCU staff to address any apparent issues with individual case files, such as missing documentation.

Review of Unit Submissions to OIG and the NPDB

We also reviewed all convictions submitted to OIG during the review period so that convicted individuals could be excluded from programs (26) and all adverse actions submitted to the NPDB during the review period (26). We reviewed whether the Unit submitted information on all sentenced individuals and entities to OIG for program exclusion and all adverse actions to the NPDB for FYs 2022−2024. We also assessed the timeliness of the submissions to OIG and the NPDB.

Onsite Review of Unit Operations

During the onsite inspection, we observed the workspace and operations of the Unit's office in Raleigh. We observed the Unit's offices and meeting spaces; security of data and case files; location of select equipment; and general functioning.

APPENDICES

Appendix A: Unit Referrals by Source for Fiscal Years 2022–2024

Referral Source	FY 2022		FY 2023		FY 2024		3-Year Total		
	Fraud	Abuse or Neglect	Fraud	Abuse or Neglect	Fraud	Abuse or Neglect	Fraud	Abuse or Neglect	Total
Adult Protective Services	0	0	1	0	1	0	2	0	2
Anonymous	1	0	3	1	5	0	9	1	10
HHS-OIG	5	0	16	0	18	0	39	0	39
Law enforcement—other	1	0	3	2	2	2	6	4	10
Licensing board	1	0	0	0	0	0	1	0	1
Local prosecutor	1	0	1	0	8	0	10	0	10
Medicaid agency—Office of Compliance and Program Integrity	53	0	35	0	7	0	95	0	95
Office of Compliance and Program Integrity: MCO origination	2	0	87	0	123	1	212	1	213
Private citizen	133	27	148	47	185	48	466	122	588
Private health insurer	0	0	0	1	0	0	0	1	1
Provider	1	1	0	0	1	0	2	1	3
State survey and certification agency	0	8	2	31	3	52	5	91	96
State agency—other	22	23	22	0	11	7	55	30	85
Other	16	0	6	0	14	0	36	0	36
Subtotal	**236**	**59**	**324**	**82**	**378**	**110**	**938**	**251**	**1,189**
Total	**295**		**406**		**488**		**1,189**		

Source: OIG analysis of North Carolina MFCU's annual statistical data, FYs 2022–2024.

Appendix B: Point Estimates and 95-Percent Confidence Intervals of Case File Reviews

Estimate Description	Sample Size	Point Estimate	95-Percent Confidence Interval	
			Lower	Upper
Percentage of all cases that had supervisory approval to open	90	97.78	92.88	99.29
Percentage of eligible cases that had periodic supervisory reviews according to Unit policy	87*	95.40	89.69	98.58
Percentage of eligible cases without significant delays in the investigative stage	89**	95.51	89.68	98.58
Percentage of closed cases that had supervisory approval to close	54	94.44	85.41	98.58

Source: OIG analysis of North Carolina MFCU case files, 2025.
*Two cases were opened and closed before becoming eligible for a periodic supervisory review; we were missing a response for an additional case. We excluded these cases from the analysis.
**We were missing a response for one case and excluded this case from the analysis.

Appendix C: Unit Comments

JEFF JACKSON
ATTORNEY GENERAL

STATE OF NORTH CAROLINA
DEPARTMENT OF JUSTICE
PO BOX 629
RALEIGH, NORTH CAROLINA 27602

F. EDWARD KIRBY, JR.
SENIOR DEPUTY ATTORNEY
GENERAL

August 21, 2026

Ann Maxwell
Deputy Inspector General for Evaluation and Inspections
HHS Office of Inspector General
Office of Evaluation and Inspections

Re: Formal Written Comments in Response to Draft N.C. MFCU 2025 Inspection Report

Dear Ms. Maxwell:

On behalf of the North Carolina Attorney General, I write to offer comments in response to the draft HHS-OIG Report relating to the 2025 inspection of our Medicaid Fraud Control Unit (MFCU or Unit). Thank you for the professionalism exhibited by the HHS-OIG onsite review team. We are pleased that the review found our Unit to be generally in compliance with the applicable laws, regulations, and policy transmittals. We welcome the Office of Evaluation and Inspections' (OEI) constructive guidance and four recommendations.

In accordance with your request for our comments, we offer the following:

Recommendation #1: Build upon its efforts to attain sufficient staffing by recruiting and retaining qualified staff and minimizing case disruptions during staffing shortages.

Comment:

We concur with the recommendation. The Unit has taken or will take the following actions to ensure that we recruit and retain the staff needed to perform our work, and to minimize case disruptions:

1. Our Unit has successfully filled most of the previously vacant positions. The draft inspection report states in footnote 16 that "the Unit's vacancy rate was 16 percent in FY 2022, 18 percent in FY 2023, and 29 percent in FY 2024." As of the date of this letter, our Unit's vacancy rate is 9 percent. Specifically with respect to our Unit's investigative team, we have hired two financial

investigations supervisors, two senior financial investigators, five financial investigators, and one nurse investigator.

2. We will work with NCDOJ Human Resources to leverage any available incentives through NCDOJ to recruit qualified candidates and fill expansion positions, as you recommend. As noted above, most of the prior vacancies are already filled. With respect to the expansion positions, as of the date of this letter only one of the 15 positions established by the 2023 expansion is vacant. We will provide supplemental information to you by October 30, 2026.

3. We and NCDOJ Human Resources will evaluate your recommendation to revise specifications for our position classifications to remove unnecessary requirements. We will provide supplemental information to you by October 30, 2026.

4. We will evaluate opportunities to pursue salary adjustments and position reallocations for our staff members, as you recommend. We will provide supplemental information to you by October 30, 2026.

5. We will continue discussions with NCDOJ regarding Unit funding structure, including feasibility of the decentralization approach recommended, and will assess its implications for recruitment and salary administration. We will provide supplemental information to you by October 30, 2026.

6. We will evaluate your recommendations with respect to supporting investigators during staffing shortages or when they are subject to case reassignments. We respectfully disagree with the suggestion that our nurse investigators should act only as consultants to our financial investigators in our Unit's patient abuse investigations. Our nurse investigators effectively investigate patient abuse matters. As noted above, since the May 2025 HHS-OIG onsite visit, our Unit has hired a second nurse investigator.

7. We will cross-train our financial investigators to ensure that they, in addition to our nurse investigators, are well equipped to investigate both fraud and patient abuse and neglect cases, as you recommend. We will provide supplemental information to you by October 30, 2026.

Recommendation #2: Update policies and procedures to establish processes for sharing referrals and engaging in consistent deconfliction of cases with Federal partners including OIG and USAO.

Comment:

We respectfully disagree that our Unit has not sufficiently shared referrals and deconflicted with our federal partners. While it may be possible for our Unit managers and the OIG manager you interviewed to meet more frequently, there has been and continues to be active engagement between OIG agents and MFCU investigators. At the line MFCU investigator and attorney level, the Unit's cooperation with HHS-OIG is strong. In my conversation with our HHS-OIG ASAC after receiving your draft report, we discussed the fact that our Unit may have undercounted the number of referrals to HHS-OIG, because when a Unit investigator reaches out to an HHS-OIG agent about any particular matter, that could be considered a referral. Regardless of this, the draft report's focus on the mechanism of referral, rather than whether our Unit's investigators and attorneys were in fact working with HHS-OIG agents on investigations, risks painting an inaccurate picture of the level of our cooperation with HHS-OIG and other federal investigative agencies.

The draft report's inclusion of the statement that the USAO would welcome additional referrals from the Unit does not fully reflect the facts regarding our Unit's referrals. During the review period, 65% of our Unit's fraud convictions were federal prosecutions in which we partnered with our USAO colleagues. The draft report itself highlights the beneficial practice that "several of the Unit's attorneys have been cross designated by the U.S. Attorney to serve as Special Assistant U.S. Attorneys." Indeed, currently 14 of the Unit's 19 attorneys serve as SAUSAs. Having these SAUSA appointments promotes close cooperation with the USAOs. Our SAUSAs, as they are participating in our Unit's referral review, are routinely coordinating with the USAOs about the potential referrals. SAUSAs assigned to each district were involved with the review process. They would bring referrals that appeared to warrant federal investigation, based on discussions with their assigned USAO, to the attention of their colleagues at their USAO. Additionally, if a state investigation revealed evidence warranting federal involvement, the case would be presented to the USAO. This was true throughout the review period, and it is a primary reason why such a large percentage of our Unit's prosecutions are in federal court.

While we do not concur with the finding, we are glad to continue to strengthen our coordination with HHS-OIG and the USAOs and we welcome ongoing opportunities to do so. Toward that end, we respond further as follows:

1. The Unit has already established additional processes for referring cases to HHS-OIG. Since July 2026, we are sharing with our HHS-OIG ASAC all intake memos for healthcare fraud investigations that our Unit has opened. We do this monthly. We will incorporate this process into our Unit's policy and procedure manual. We will provide supplemental information to you by October 30, 2026.

2. The Unit has already established an additional process for referring cases to other federal investigators and prosecutors. Since June 2026, and as part of our ongoing referral discussions, we are sharing the referrals we receive from our program integrity unit with two of our USAO partners. The third USAO elected to continue to leverage its SAUSAs by having them review and bring forth referrals that may warrant federal investigations. In the other two districts, the SAUSAs continue to review the referrals, but AUSAs also review them. We will incorporate this process into our Unit's policy and procedure manual. We will provide supplemental information to you by October 30, 2026.

Recommendation #3: Develop and implement a plan with the DOJ financial office to support robust fiscal controls.

Comment:

We concur with the recommendation. The Unit has taken or will take the following actions to help resolve challenges identified by HHS-OIG relating to fiscal controls:

1. Unit managers have engaged with NCDOJ Financial Services leaders with respect to providing the Unit with access to the necessary permissions in the Statewide accounting systems to help the Unit exercise proper fiscal control of its resources, as you recommend. We will provide supplemental information to you by October 30, 2026.

2. Unit managers also have engaged with NCDOJ Financial Services leaders to address miscoding errors in the Statewide accounting system to support reconciliation of Unit expenses, as you recommend. We will provide supplemental information to you by October 30, 2026.

3. Unit managers will coordinate with NCDOJ Financial Services leadership to clarify and memorialize responsibilities each office has for fiscal controls , including how to communicate and submit to OIG timely responses to queries regarding required Federal financial reporting, as you recommend. We will provide supplemental information to you by October 30, 2026.

Recommendation #4: Update its training plan requirements for auditor and investigator staff and verify that all staff meet the Unit's training requirements.

Comment:

We concur with the recommendation, but I would like to provide additional context. For decades, our Unit has been structured differently than many others. We expect ***all*** our investigators to be able to pull Medicaid utilization data themselves and to work with the data themselves. We expect the investigators to conduct financial analyses in their cases. Our Unit's investigators perform the tasks that are done by auditors in other Units. In our Annual Statistical Report, we designate two staff members as auditors because we understand that we must. It is also important to underscore that the staff members we designate as auditors have in fact received ample training. As noted in the draft report, the two staff members we designated as auditors received an average of 93 hours of training per year – a full day of training per month – during the period under review.

The Unit has taken or will take the following actions:

1. The Unit will revise its training plan to include requirements specific to staff with auditor responsibilities, as you recommend. We will provide supplemental information to you by October 30, 2026.

2. The Unit will revise its training plan for investigators to include the minimum number of training hours required annually, as you recommend. We will provide supplemental information to you by October 30, 2026.

3. The Unit will take steps to ensure Unit supervisors verify that professional staff complete and document the minimum number of annual training hours as well as mandatory training sessions included in their plans, as you recommend. We will provide supplemental information to you by October 30, 2026.

4. The Unit will review and update existing policies on training. We will provide supplemental information to you by October 30, 2026.

I express my gratitude to the review team for recognizing our Unit's accomplishments and the beneficial practice of having our attorneys appointed as SAUSAs. I also thank you for your recommendations to improve our Unit's performance. We look forward to continuing to work with OEI with respect to implementation of the recommended actions.

Respectfully,

F. Edward Kirby, Jr.
Senior Deputy Attorney General
Director, Medicaid Investigations Division

cc: Attorney General Jeff Jackson
Chief of Staff Eric Wilson
Criminal Bureau Chief Boz Zellinger

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