



PARTNERING WITH AGENCIES TO INCREASE LICENSING INTEGRITY IN HUMAN CARE REGULATORY SYSTEMS

A Governance Framework and Policy Toolkit for Strengthening Integrity, Accountability, and Public Trust

Abstract

This paper provides a practical, nonpolitical framework to help agencies make fraud prevention a core part of strong governance, shows how agencies can strengthen accountability by defining clear roles, using consistent oversight tools, and building reliable systems that work to prevent fraud and protect public funds.

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“Effective regulatory administration is essential in protecting individuals of all ages, managing public resources, and ensuring public trust. Transparency, ethics, and sound oversight are not optional; they are the foundational components of dependable human care systems.” (National Association for Regulatory Administration [NARA], 2017)

Executive Summary

Fraud in human care programs, such as child care, child welfare, adult services, and behavioral health, puts people at risk, reduces service quality, and harms public trust. Enforcement is still important, but fraud usually happens because systems are weak or oversight is not strong enough, not just because of one provider’s actions.

When systems are disconnected, rules are unclear, and enforcement is uneven, it creates opportunities for exploitation. Variation in rules and regulations across programs and states makes it possible for bad actors to change names, shift ownership, or move to a new jurisdiction to avoid consequences.

This paper demonstrates a practical, nonpolitical approach to making fraud prevention a core function of good governance. It focuses on public trust, strong professional standards, and solid systems, shifting the focus away from crisis-driven responses and political pressures.

This paper provides:

- Clear, plain-language definitions of fraud, waste, abuse, and technical noncompliance.
- A simple accountability model showing who is responsible for what.
- A short set of indicators to gauge oversight quality.
- A practical toolkit for consistent and fair regulatory work.

In this paper, “government payment” means any money or financial help the government gives to people, programs, or organizations, such as grants, subsidies, or reimbursements.

Foundational Principles: A Governance Framework

Fraud in human care programs puts children, adults, and program staff at risk. It also lowers service quality, harms trust in regulatory agencies and weakens how well public dollars are managed. Stopping fraud is not about punishment, it is about protecting people and public funds. NARA believes ethical regulation is an essential part of every agency’s mission to protect



health, safety, and well-being. To do this, agencies need strong policies, procedures, and standards with defined expectations, accountability practices, strong controls, and solid systems. These elements help agencies prevent fraud by setting a shared baseline for what “right behavior” looks like across programs and roles.

I: Clarifying the Landscape Through Definitions and Due Process

The first step is to clearly explain the difference between fraud, waste, abuse, and technical noncompliance. These definitions help agencies avoid overreacting, protect due process, and ensure fair and consistent enforcement:

Term	Definition
FRAUD	Intentional deception to gain something of value or deprive the government of resources.
WASTE	Careless expenditure of resources resulting from deficient practices, systems, or controls.
ABUSE	Improper behavior that is inconsistent with prudent, reasonable business practice.
TECHNICAL NONCOMPLIANCE	Failure to follow specific rules , policies, or procedures, often without intent to harm or deceive.

If agencies do not clearly separate these four categories, they risk unfair enforcement, inconsistent decisions, and loss of trust from providers and the public. That is why all policies, training, and tools should start with these shared definitions.

II: Governance Insight: Fraud as a System Failure

Fraud usually happens because systems and controls are weak, not just because a provider acts badly. It grows when licensing, payment, and data systems are not connected, when rules are unclear or applied inconsistently, and when ownership or eligibility checks are not strong enough. A major risk is when bad actors move between states or programs, change their names, or shift ownership to avoid detection. To reduce this, agencies need more transparency, shared information, clear ownership records, consistent identifiers, and tools that flag risks across systems.

III: Regulatory Continuity as a Core Integrity Safeguard

Licensing is not a single approval event. It is the primary mechanism for ensuring regulatory continuity over time. This continuity ensures that provider history, ownership, and enforcement actions remain visible and actionable, even as programs change names, ownership, funding streams, or jurisdictions.



Fraud and serious misconduct often occur during transitions, when fragmented systems allow bad actors to obscure prior violations or re-enter regulated environments undetected. Licensing agencies serve as the stabilizing control point by maintaining persistent records, verifying ownership, and ensuring compliance history informs future decisions.

Strengthening regulatory continuity requires systems that support persistent provider identifiers, ensure transparent ownership, and support coordinated information sharing across licensing, payment, and oversight functions.

By anchoring oversight in continuity rather than point-in-time approval, licensing becomes a sustained integrity safeguard that protects vulnerable populations, strengthens fraud prevention, and ensures consistent regulatory decision-making over time. To that end, agencies need to work together in a practical, organized way, not just in theory. Each major function needs an identified owner with defined responsibilities. When no one is clearly in charge, fraud prevention becomes inconsistent and depends too much on individual judgment. The table below shows an example of how ownership can be assigned.

Function	Primary Owner	Key Accountability
PROVIDER VERIFICATION	Licensing agency	Eligibility, accuracy, ownership validation
ONGOING MONITORING	Licensing & program agencies	Timely inspections, risk-based scheduling
PAYMENT INTEGRITY	Program administrators	Service delivery verification, anomaly detection
INVESTIGATION REFERRAL	Designated integrity unit	Timely escalation, documented thresholds
ENFORCEMENT/SANCTIONS	Licensing & legal units	Proportional, consistent, appealable actions

IV: Measurable Indicators of Oversight Effectiveness

To move from good intentions to actual results, agencies need clear measures to track how well their fraud-prevention efforts are working. Organizations like the U.S. Government Accountability Office (GAO) and the U.S. Office of Inspector General (OIG) stress that agencies can only improve what they measure and that strong oversight depends on accurate, timely data. By focusing on a few clear indicators, leaders can see whether controls are working, whether risks are being managed quickly, and whether enforcement is fair and consistent.

One important measure is **how quickly a case is escalated** after a red flag or critical concern is found. When agencies take too long to act, fraud can grow, money can be lost, and people can experience additional harm. Tracking how fast cases move helps agencies spot delays, unclear roles, or staffing shortages early, before small problems become bigger system failures.

Another key measure is **how well records match across different systems**, such as licensing data, payment data, and other government systems. When match rates are low, it becomes easier for fraud or identity mistakes to go unnoticed, especially when systems are disconnected.



Using shared identifiers and common data standards helps agencies catch risks earlier and work together more effectively.

Agencies should also measure how often the same provider or ownership group **repeatedly have the same problems**. When violations repeat, it often means the corrective steps did not work, the penalties were not strong enough, or the monitoring approach is not addressing the real issue. This measure helps agencies focus on long-term behavior patterns, not just single incidents. A licensing violation alone does not mean fraud, but repeated serious issues, especially those that involve hiding information or falsifying records, can be early warning signs of possible fraud.

Another important measure is **how audit exceptions change over time**. Instead of looking at single audit findings, agencies should watch for patterns across multiple audits to see whether their controls are getting better or worse. The Committee of Sponsoring Organizations (COSO) of the Treadway Commission says tracking trends is a key part of strong internal monitoring. If exceptions keep happening, or increase, it usually points to bigger system problems, not just one provider's mistake.

Another useful measure looks at how **complete and accurate the documentation** is for each regulatory action. Good documentation means the evidence, legal basis, reasoning, and due-process steps are all clearly recorded. Poor documentation often leads to overturned decisions, uneven enforcement, and problems during audits. Tracking this measure helps agencies maintain high professional standards and ensures their actions can be supported and defended.

To make sure enforcement is fair, agencies should track **how consistent their penalties are for similar violations**. If different regions or programs give vastly different sanctions without an apparent reason, it may show bias or weak oversight. Measuring consistency helps protect due process and builds public trust by showing that rules are applied the same way for everyone. Agencies can improve consistency by using clear guidance, doing team inspections, and relying on strong tools and procedures.

The final measure is **how long it takes for a case to move from a formal referral to a final decision**. When this process takes too long, penalties lose their impact, problems remain uncorrected, and whistleblowers may lose trust in the system. Tracking this timeline helps agencies find delays and identify where more resources or clearer processes are needed.

When these indicators are used together, oversight becomes steady and reliable, not driven only by complaints or crises. Measuring results helps agencies show that their controls work, spot risks early, and maintain public trust through clear and consistent regulatory practices.

v: Strategic Priorities for Agencies

Below is a practical guide for agencies to embed integrity into everyday regulatory work by applying ten foundational principles directly into agency policies, decisions, and operations:



1. Ground the Message in Public Trust and Mission

- Communicate that fraud prevention is about protecting people, strengthening programs, and safeguarding public resources. It should be presented as a core part of the agency's mission, not an extra task or political response.
- Stress that ethical regulation is a core part of their mission. It is central to protecting people, supporting quality, and managing public resources, not an optional task or something done only when problems are identified.
- Make it clear that rules should be enforced in a fair, consistent, and independent way. This helps build trust and shows that decisions are based on standards, not on pressure or individual opinions. Inter-rater reliability is essential.
- View integrity as a basic professional expectation for everyone involved in regulation. This means setting clear standards, training staff, and making integrity part of daily decision-making, not just something discussed during audits or crises.

2. Treat Regulatory Integrity as a Professional Standard

- Create clear ethics rules and provide regular training so staff understand expectations, can identify ethical concerns, and know how to act when they see something concerning.
- Make it normal and expected for staff to speak up when something looks unusual or does not follow normal patterns. Questioning irregularities should be treated as a routine part of professional practice, not as something risky or uncomfortable.
- Encourage staff to hold each other accountable and share responsibility for maintaining integrity. Everyone, not just leadership, plays a role in noticing problems, following standards, and supporting honest, consistent regulatory work.

3. Strengthen Prevention Over Detection Alone

- Use risk-based licensing and differential monitoring, meaning providers with higher risk receive more oversight and those with lower risk receive less. This helps staff focus their time and resources where they are needed most (NARA, 2026).
- Make sure that eligibility rules and documentation requirements are clear and consistently enforced. Clear standards help prevent mistakes, reduce risk, and make oversight more reliable.
- Regularly compare information across licensing records, payment systems, and related data sources. Crosschecking helps catch errors early and prevents fraud from slipping through gaps between systems.
- Give staff quick, real-time access to licensing and payment information. When staff can see up-to-date data, they can make better decisions and respond faster to risks.
- Collaborate with providers and other partners to share best practices and identify ways to prevent problems before they occur. Strong communication across the sector supports better prevention and reduces repeat issues.



4. Advance Transparency as a Deterrent

- Share licensing status and enforcement actions with the public when it is appropriate and allowed by law. Clear, accessible information helps deter bad behavior and build trust.
- Use consistent formats for reporting inspections and sanctions. Standard reporting makes information easier to understand and compares programs and regions.
- Clearly document why decisions were made and share those explanations internally. This helps staff learn from past decisions, improves consistency, and strengthens transparency within the agency.

5. Support Data Governance and Interagency Collaboration

- Create secure agreements that allow agencies to share data safely with trusted partners. This helps everyone access the information they need while protecting privacy and security.
- Use the same definitions and identifiers so information can be matched easily across systems. Shared terms and program identification reduces confusion and helps agencies work together more effectively.
- Develop stronger data and analytics tools so they can spot risks early, not just wait for complaints. This helps shift oversight from reacting to problems to preventing them.

6. Protect and Normalize Whistleblowing

- Agencies should make sure staff and providers have safe, confidential ways to report concerns. Strong reporting systems help people come forward without fear.
- Leaders should regularly remind staff that reporting concerns is part of their responsibility. Clear messages from leadership help build a culture where speaking up is normalized, expected and supported.
- Agencies must investigate reports quickly and fairly and protect people from retaliation. When staff know they are safe, they are more willing to report problems.

7. Balance Enforcement with Equity and Due Process

- Agencies must enforce rules the same way for all providers and communities. This helps ensure fairness and keeps decisions free from bias.
- Any enforcement action should match the seriousness of the issue, be clearly documented, and allow the provider a fair chance to appeal.
- Agencies must clearly separate fraud, waste, abuse, and regular noncompliance so that each issue is managed appropriately and fairly.



8. Build Provider Capacity and Clarity

- Create and share clear, easy-to-understand guidance so providers know exactly what is expected of them.
- Offer technical help to providers so they can meet requirements, correct issues, and use systems more effectively.
- Give providers examples of common mistakes and explain how to fix them and prevent them from happening again.

9. Lead With Evidence and Continuous Improvement

- Use data to identify risks instead of relying only on complaints or isolated events. Data-driven assessments help us to understand where problems are most likely to occur.
- Monitor whether providers follow through on required fixes. Watching corrective action progress ensures issues are resolved and do not keep happening.
- Agencies should share what they learn about risks, solutions, and effective practices with staff, providers, and partners so the entire system can improve over time.

10. Position the Organization as an Objective, Professional Voice

- Do not comment on ongoing cases. Staying silent during active investigations protects fairness, avoids misunderstandings, and maintains the agency's professional credibility. Always follow your agency communication policy.
- Take part in policy discussions and help shape strong regulatory frameworks and tools. Professional voices and expertise support better laws, clearer standards, and improved outcomes for the public.
- Remind stakeholders that ethical regulation helps programs remain viable, operational and improves the quality of their services. Strong ethics support long-term trust and stability.

Field-Ready Toolkit Enhancements: Strengthening Integrity, Accountability, and Public Trust

Agencies need practical tools to help staff apply policies in the same way in the field every day. Oversight organizations say that clear tools and standard procedures help reduce bias, protect due process, and make enforcement more consistent across different programs and locations (U.S. Government Accountability Office [GAO], 2018; Committee of Sponsoring Organizations [COSO] of the Treadway Commission, 2013). Without these tools, even good policies can be applied unevenly, which can weaken trust in the agency.

One key tool is a simple **one-page definition sheet** in all training and field materials. It should clearly explain the difference between fraud, waste, abuse, and technical noncompliance. GAO (2014) says clear definitions are essential because confusing categories often lead to unfair or inconsistent enforcement. Using shared definitions helps staff make accurate decisions and



reduces the chance of mistakes or misclassification. Using the same definition outlined above, the table below offers an example.

Category	Definition	Key Characteristics	Example
FRAUD	Intentional deception to gain something of value or deprive the government of resources.	Willful misrepresentation, dishonest, criminal intent, high-level investigations.	Submitting invoices for services never rendered; falsifying timecards.
WASTE	Careless expenditure of resources resulting from deficient practices, systems, or controls.	Inefficiency, mismanagement, no intent to mislead required.	Ordering excess supplies that expire; repeated expedited shipping for routine items.
ABUSE	Improper behavior is inconsistent with prudent, reasonable business practice.	Misuse of authority/position violates policy, excessive, not necessarily illegal.	Using a government vehicle for personal errands; using a travel card for personal purchases.
TECHNICAL NON-COMPLIANCE	Failure to follow specific rules , policies, or procedures, often without intent to harm or deceive.	Procedural violation, oversight, lack of training, administrative error.	Failing to submit a report by the exact deadline; using an outdated form.

Instead of long lists of red flags, agencies should use a **risk-based triage tool** that sorts cases into low, medium, or high risk. This helps staff focus on the most serious problems first. Risk levels can be based on things like whether issues are one-time errors, repeat patterns, or signs of more serious problems like ownership changes or suspicious billing. A structured tool makes decisions clearer and reduces guesswork. The table below provides an example:

Level	Characteristics	Action
LOW	Isolated documentation issues	Monitor, technical assistance
MODERATE	Pattern anomalies, repeat minor issues	Targeted review
HIGH	Ownership changes, billing anomalies, falsification, concealment	Immediate escalation

Another helpful tool is an **escalation trigger table** that shows exactly when staff must take action, who is responsible, and how quickly it must happen. COSO (2013) says having set

triggers improves control by reducing delays and confusion. For example, if ownership changes and a payment looks unusual, the case may need to be referred to the integrity unit within five (5) days. Clear rules make the process predictable and easier to review. The table below provides an example:

Trigger	Action	Owner	Timeframe	
Ownership change + payment anomaly	Refer to integrity unit	Licensing	Five days	business
Repeat high-risk violation	Formal investigation	Integrity unit	Five days	business
Pattern that shows intentional disregard for core requirements	Formal investigation	Licensing	Ten days	business

Agencies should use a **standard documentation form** for every regulatory action. GAO (2018) and OIG (2020) note that poor documentation often leads to overturned decisions and inconsistent enforcement. A standard form should capture the issue, evidence, rules involved, reasoning, due-process steps, and outcome. This creates a clear record, helps with appeals, supports audits, and allows the agency to review trends over time.

These tools help agencies put strong governance into everyday practice. By using consistent definitions, clear risk levels, set escalation rules, and standard documentation, fraud prevention becomes more structured and professional. This leads to decisions that are more consistent, easier to defend, and more transparent.

Cross-Cutting Fraud Prevention Themes and NARA Publications

Several fraud-prevention pillars emerge across all publications:



The table below highlights the core elements of fraud prevention and shows which NARA publications reinforce each one, making it easy to see how national research supports stronger oversight and service integrity across all human care settings.



Fraud-Prevention Pillar	What It Means in Practice	Why It Strengthens Integrity	NARA Publications That Reinforce the Pillar
Continuous oversight	Oversight functions operate year-round rather than only at licensing or renewal.	Reduces staged compliance and improves early detection of problems.	<u>Regulatory Science and the Human Care Oversight Industry; Child Care Licensing Studies*</u> ; <u>NARA Professional Development & Credential</u>
Verification of actual service receipt	Confirming that beneficiaries truly received the care, supervision, or treatment billed or approved.	Prevents billing for services not delivered and improves subsidy/program integrity.	<u>Regulatory Science and the Human Care Oversight Industry; Remote Inspections in Child Care Settings</u>
Clear ownership of regulatory functions	Defined responsibility for monitoring, documentation, and decision-making.	Eliminates gaps and ambiguity that fraud schemes exploit.	<u>Regulatory Science and the Human Care Oversight Industry; Quality Indicators White Paper</u> ; <u>NARA Professional Development & Credential</u>
Evidence-based rules and indicators	Standards grounded in research, data, and observable measures.	Limits loopholes and reduces subjective interpretation.	<u>Regulatory Science and the Human Care Oversight Industry; Quality Indicators White Paper</u>
Consistent decision-making	Inspectors and agencies apply rules uniformly across providers and settings.	Reduces reliance on individual judgment and makes fraud harder to hide.	<u>Regulatory Science and the Human Care Oversight Industry; Child Care Licensing Studies*</u> ; <u>NARA Professional Development & Credential</u>
Structured documentation	Standardized records, evidence expectations, and documentation formats.	Makes falsification more difficult and improves auditability.	<u>Quality Indicators White Paper; Remote Inspections in Child Care Settings, Human Care Regulatory Writing Course</u>
Cross-agency coordination	Licensing, subsidy, and program oversight systems share information and align practices.	Closes gaps between systems where fraud, waste, or abuse can occur.	<u>Child Care Licensing Studies*</u> ; <u>Regulatory Science and the Human Care Oversight Industry</u>

*Indicates publications accessible with NARA membership.



Workforce Capacity and Modernization

Strong fraud prevention depends on good systems, clear standards, and teamwork across departments, such as policy, operations, finance, and legal, not just tougher enforcement. It also requires long-term investment in staff, training, and modern data tools. Oversight groups have shown that agencies without enough staff or data skills often react to problems instead of preventing them (U.S. Government Accountability Office [GAO], 2018; Office of Inspector General [OIG], 2019). To prevent fraud, agencies need enough staff to support investigations, monitor, prevention efforts, and data analysis, as well as regular training on new fraud risks and best practices (GAO, 2014).

Modern data systems are just as important as staffing. Agencies need technology that allows them to match records across systems, spot unusual billing or ownership patterns, and track actions over time (GAO, 2016; COSO of the Treadway Commission, 2013). Without these tools, oversight becomes inconsistent, gaps grow, and risks go unnoticed. When that happens, agencies end up reacting to problems instead of preventing them, which reduces deterrence, increases errors and improper payments, and harms public trust (OECD, 2017; OIG, 2020).

Modern technology is essential to maintain regulatory continuity and effective fraud prevention. When licensing and oversight systems are fragmented or outdated, agencies must rely on incomplete records and manual processes, increasing the risk of inconsistent decisions and missed warning signs. Interoperable licensing systems that link provider records, ownership data, inspections, enforcement actions, and government payments allow agencies to track entities over time and identify trends and emerging risks more quickly.

Technology that supports persistent provider identifiers, cross-system visibility, and real-time access to compliance history strengthens the consistency, defensibility, and effectiveness of regulatory oversight. Investment in integrated technology is not simply an operational improvement. It is essential infrastructure for protecting public resources, maintaining regulatory integrity, and ensuring licensing agencies can safeguard vulnerable populations effectively over time.

Conclusion

Strong fraud prevention in human care systems does not come from tough talk or heavier punishment. It comes from strong governance, clear professional standards, teamwork across departments, reliable systems, and steady discipline. To improve, agencies need clear definitions, measurable results, and clear roles for who verifies, monitors, escalates, and enforces. They also need practical tools to help staff apply policies every day, ongoing investment in staff and data systems, and a commitment to public trust as a foundation for all regulatory work.

When these elements work together, fraud prevention becomes proactive and long-lasting, not just a reaction to problems. This protects vulnerable people, uses public funds responsibly, and builds trust in human care and regulatory systems. Regulatory organizations can lead by



offering strong frameworks, clear standards, and consistent tools that support credibility across all programs and jurisdictions.

About the National Administration for Regulatory Administration

NARA is an international not-for-profit, professional association for human care regulators in adult care, child care, and child welfare who promote the health and safety of children and adults through the study and development of best practices in the formulation, application and enforcement of licensing statutes and rules, producing educational materials and professional development resources on regulatory administration, and the provision of technical assistance to human care licensing agencies regarding the operation and management of the regulatory process.

For more information about NARA, please visit <https://nara.memberclicks.net/>

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