

Fraud, Waste and Abuse – August 28, 2024

Hello!

Today, State Auditor Keith Faber issued *The General Standard for August 2024*. Auditor Faber stated in this newsletter that one of the ways that we can all help his office is to take the [AOS's new training](#) (about fraud and risk management) and learn how to identify the red flags of potential fraud, waste and abuse of tax dollars.

As a reminder, Fairfield County Human Resources sent a communication on July 9, 2024, to all employees addressing this required training. Please ensure the required training is completed prior to September 28, 2024.

To support the announcement in the AOS newsletter and the recently issued [Auditor of State bulletin 2024-005 Required Fraud Training](#), we in the County Auditor's Financial Systems office would like to provide the following Word to the Wise.

As a public employee, you can help stamp out Fraud, Waste and Abuse! We sometimes get questions about what is fraud, waste, or abuse. The following information includes highlights from the AOS bulletin.

Fraud, for purposes of your reporting obligation, refers to the criminal concept of fraud, which occurs when a person knowingly uses deception to obtain a benefit for himself or another. It can also occur when a person knowingly causes, by deception, some detriment to another.

Fraud differs from an unintentional error or mistake, or theft, where there is no knowing use of deception.

Examples of Fraud may include:

- Impersonating a government official to steal cash from a government cash collection point
 - Creating fictional invoices and using public funds to pay them to yourself or a friend
 - Falsifying timesheets for the purpose of gaining additional compensation or leave time
 - Falsifying financial statements to cover up a redirecting of public money to a personal bank account
- Examples of Errors/Mistakes

- Posting a receipt for the incorrect amount due to a mathematical error
- Accidentally paying an invoice twice
- Inadvertently calculating utility bills at an old rate
- Collecting the student price for an adult ticket at a school sporting event
- Theft in office occurs when a public official commits any theft offense of a property or service owned or offered by a public governmental entity while using the official's office in aid of committing the theft.

o An example of theft in office is using the government's credit card, that you have authority to use only through your position with the government entity, to pay for a personal expense.

Waste occurs in government when resources are used carelessly or extravagantly without adequate oversight.

Examples of Waste may include:

- ☐ Overpaying for goods or services
- ☐ Unnecessary spending on projects
- ☐ Intentionally inefficient processes for a routine task

Abuse excludes fraud and non-compliance and involves actions that a prudent person would determine to be deemed unreasonable based on the circumstances.

Examples of Abuse may include:

❑ Requesting to be reimbursed for an expensive meal

❑ Asking an employee to perform a task not within their scope of work, even after hours

If something doesn't look right, it is important to stay vigilant. Making a report is the first step in addressing Fraud, Waste and Abuse.

On a related matter, our [Internal Control Manual](#) addresses areas of internal control and defines how to establish Program Integrity, Segregation of Duties, and consideration for a Fraud Risk Analysis.

- Management of the County government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the county are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

- Program Integrity is a foundational concept that seeks to ensure that the County develops and maintains governance structures, controls, and processes to safeguard taxpayer resources. To accomplish this objective, Management of the County government should consider the following aspects within their processes related to operations, reporting and compliance.

- Fraud Risk Analysis – How exposed to fraud are you? Some areas to consider are frequent turnover of staff, size and types of payments, appropriate oversight, and ensuring your functional area has clearly documented processes and procedures.

- o After the risks have been identified, address control activities.

- These include policies and procedures, techniques and mechanisms that help ensure risks are mitigated.

- o Performing a fraud risk analysis is essential for proper stewardship and accountability for government resources and for achieving effective and efficient program results.

Thanks for taking the time to accomplish the training and read this Word to the Wise