



***Fraud, Waste, or  
Abuse Awareness  
Guide***

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## **FOREWORD**

Fraud, Waste or Abuse (FWA) is a potential problem that can drain significant resources and ultimately takes away from taxpayers. Further improvements targeted at reducing and eliminating FWA are needed, and it isn't possible without the involvement of conscientious school personnel who identify and report questionable spending. Administrators are responsible for both personnel and resources. They need to identify signs of FWA and create an environment where FWA reduction is part of the organization's culture.

The benefits of an active FWA program:

- It saves valuable resources by identifying illegal, inefficient and wasteful practices.
- It also makes for the better use of funds.

## **PREFACE**

1. Preventing Fraud, Waste or Abuse (FWA) is public law. An active FWA program is not only essential for efficient and effective operations, it is also a professional responsibility and a moral imperative for every educational leader.
2. The key to prevention, detection and reporting of FWA is the recognition of conditions that allow exploitation of management controls. It is important to remember that these indicators often appear as minor administrative or managerial irregularities on the surface, but the "indicators" of these conditions provide the initial warning and indicate the need for closer scrutiny by administrators and employees.
3. Each indicator in this guide came from audits, inspections and investigations. In a number of cases, the manager's recognition of the indicator was the primary reason FWA was uncovered.
4. This guide is for general information purposes only and serves to increase awareness of FWA. If FWA is suspected, individuals should contact an administrator, a member in their supervisory chain or the business office.

## **INTRODUCTION**

This document was designed to educate the reader about fraud, waste or abuse from a school perspective. It starts by explaining what FWA is and outlines the key roles that administrators play within an organization while attempting to conduct efficient and effective operations.

## FRAUD, WASTE or ABUSE

### FRAUD

Any intentional deception designed to unlawfully deprive the United States of something of value or to secure from the United States for an individual a benefit, privilege, allowance, or consideration to which he or she is not entitled. Such practices include, but are not limited to, the offer, payment, or acceptance of bribes or gratuities; making false statements; submitting false claims; using false weights or measures; evading or corrupting inspectors or other officials; deceit either by suppressing the truth or misrepresenting material fact; adulterating or substituting materials; falsifying records and books of accounts; arranging for secret profits, kickbacks, or commissions; and conspiring to use any of these devices. The term also includes conflict of interest cases, criminal irregularities, and the unauthorized disclosure of official information relating to procurement and disposal matters.

### WASTE

The extravagant, careless, or needless expenditure of government funds, or the consumption of government property that results from deficient practices, systems, controls, or decisions. The term also includes improper practices not involving prosecutable fraud.

### ABUSE

The intentional or improper use of taxpayer resources in accordance with the excessive or improper use of one's position, in a manner contrary to its rightful or legally intended use.

## ADMINISTRATOR'S & SUPERVISOR'S ROLE

### Administrator's Attitude Toward FWA Prevention and Detection

Administrators greatly influence the organizational environment and actions of assigned personnel. People will generally pay closer attention to programs that the school leaders emphasize. Therefore, the identification of FWA depends largely on administrator emphasis.

- Establish a proactive FWA program that systematically reviews operations and processes to detect deficiencies, minimize waste, emphasize economy, and identify/correct potential fraud, waste or abuse.
- Educate all assigned personnel on what constitutes fraud, waste, and abuse with an emphasis on process improvement and prompt reporting of suspected violations.
- Encourage personnel to elevate/report FWA concerns to administration.

### Importance of Standard Procedures and Controls

Properly followed and practiced, procedures and controls significantly reduce an organization's susceptibility to fraudulent, wasteful, and abusive actions. Conversely, auditors and investigators have found that most FWA occurs when organizations deviate from normal control practices and procedures. In addition, two common reasons have been found for deviations: either people did not understand the reasons for the control or procedure, or deviations were permitted to "get the job done."

### **Use of Trend Reports to Monitor Operations**

Evaluation of static information does not normally disclose indications of potential FWA. Rather, the evaluation of information over a period of time is more likely to disclose significant problems. Two conditions are often indicative of fraudulent or wasteful practices: (1) sudden or dramatic shifts in trends, and (2) persistent deviations from a known norm or standard.

### **Identification of Sensitive Areas**

As a general rule, organizations which manage items that can be put to personal use or are easily sold are the most susceptible.

### **Corrective Action on Inspections and Audits**

A key to FWA prevention is appropriate corrective action on known deficiencies. The longer deficiencies exist, the more vulnerable the organization is to fraudulent, wasteful, and abusive practices.

### **The "Watchful Eye"**

One of the most effective deterrents to FWA is the "watchful eye." Oftentimes, administrators are too busy to perform detailed analyses of operations. However, simply observing or listening serves a very useful purpose.

## **CONCLUSION**

1. Preventing Fraud, Waste or Abuse (FWA) is public law.
2. The key to prevention, detection and reporting of FWA is the recognition of conditions that allow exploitation of management controls.
3. Know the indicators associated with FWA. Standardization is fundamental.
4. Employees who suspect fraud against TMCSEA or any TMCSEA representative, parent or student shall immediately report the matter. If illegal or dishonest/fraudulent activity is suspected, an anonymous email may be sent to [tmcsea.@tmcsea.org](mailto:tmcsea.@tmcsea.org). Employees may also report the matter to his or her immediate supervisor, the Director or the Chairperson of the Executive Committee.
5. TMCSEA will not retaliate against a whistleblower. Any whistleblower who believes he/she is being retaliated against should contact the Director or the Chairperson of the Executive Committee immediately. A person is not entitled to whistleblower protections unless he or she reasonable believes that the information reported is, or is about to become, a matter of public concern and reports the information in good faith. The employee must exercise sound judgement to avoid baseless allegations. An employee who intentionally files a false report of wrongdoing will be subject to disciplinary action.