

Fraud, Waste and Abuse: Indicators and Examples

(EPA, Office of Inspector General)

Fraud is a false representation about a material fact. It is any intentional deception designed to unlawfully deprive the United States, the EPA or the CSB of something of value or to secure for an individual a benefit, privilege, allowance or consideration to which he or she is not entitled.

Examples of Fraud Indicators

- Unexplained entries of altered records
- Unusually large amounts of payments in cash
- Inadequate or missing documentation
- Delays in producing requested documentation
- Non-serial number transactions
- Unauthorized transactions
- Unusual patterns and trends in contracting and procurement
- Unrealistic contract prices
- Increase in claims for reimbursement
- Offers of gifts, money, or gratuities from contractors, grantees, or others dealing with the government
- Photocopies of documents where it is difficult to detect alteration
- False or misleading information
- Missing approval signatures
- Lack of separation of duties
- Discrepancies in handwriting
- Lack of or out-of-date written policies and procedures, including those safeguarding assets
- Lack of communication and/or support for ethical standards by management
- Uncharacteristic behavior, including a person living beyond his/her means
- Unaccountable funds
- Uncharacteristic willingness to settle claims
- Fictitious vendors
- Unauthorized personnel with access
- Overly complex organizational structure
- High turnover rate
- Reassignment of personnel
- Termination of key personnel
- "Missing" files, reports, data, and invoices (both electronic and paper)
- Missing, weak, or inadequate internal controls
- Management override of key internal controls
- Inadequate monitoring by management
- A history of impropriety

Waste involves the taxpayers not receiving a reasonable value for money in connection with any government-funded activities due to an inappropriate act or omission. Most waste does not involve a violation of law; rather, waste relates primarily to mismanagement, inappropriate actions and inadequate oversight.

Examples of Waste Indicators

- The extravagant, careless, or needless expenditure of government funds.
- Programmatic or operational mismanagement.
- Consumption of government property that results from deficient practices, systems, controls, or decisions.
- Abuse of resources to the detriment (or potential detriment) of the U.S. government.
- Incurring unnecessary costs resulting from inefficient or ineffective practices, systems, or controls.
- The term also includes improper practices not involving prosecutable fraud.

Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud or violation of laws, regulations or provisions of a contract or grant agreement.

Examples of Abuse Indicators

- Creating unneeded overtime.
- Requesting staff to perform personal errands or work tasks for a supervisor or manager.
- Performing tasks related to a personal business during working hours and on government equipment.
- Misusing the official's position for personal gain (including not only the official's personal interests but the interests of family members or others).
- Making travel choices that are contrary to existing travel policies or are unnecessarily extravagant or expensive.
- Making procurement of vendor selections that are contrary to existing policies or are unnecessarily extravagant or expensive.