

## How Can I Prevent Fraud, Waste, Abuse, Conflicts of Interest, and Non-Compliance?

It is difficult to stop all fraud, waste, abuse, conflicts of interest and non-compliance. However, a number of things can be done to help eliminate some of this activity. For example:

- Reduce opportunities through strong internal controls
- Create a sense of honesty and ethics in your area
- Require employees to disclose real or potential conflicts of interest on a regular basis
- Report fraud, waste, abuse, conflicts of interest and non-compliance when detected
- Require employees to look for ways to eliminate this activity

Many individuals steal because they feel unappreciated or because they have a financial or other problem they are reluctant to share with others. Listening to your coworkers, employees, and others as well as recognizing their achievements creates a more enjoyable workplace and it helps to prevent fraud by eliminating some of the feelings that contribute to a person's decision to steal.

## How Can I be Protected from Retribution?

The "Idaho Protection of Public Employees Act" (Title 6, Chapter 21) provides protections from "adverse action" for state employees who, in good faith, provide information concerning the waste of public funds, resources or manpower or who report potential violations of laws and regulations (both state and federal). This law protects state employees who participate in investigations, court cases, or administrative reviews associated with such activity. It also protects employees who refuse to carry out or object to directives to commit an illegal act. State employees cannot be unreasonably restricted from documenting such cases. Other federal and state laws also provide protection to individuals who report waste of government funds and/or violations of law.

## What Does it Cost?

Association of Certified Fraud Examiners (ACFE) 2010 Report to the Nations concluded:

- The typical organization is estimated to lose 5 percent of its annual revenues to fraud.
- Applied to the estimated 2009 Gross World Product, this translates to a potential total fraud loss of \$2.9 trillion worldwide.

Damages to the University go beyond dollars and cents. Fraud, waste, abuse, conflicts of interest and non-compliance can lead to:

- Damaged reputation
- Loss of public confidence
- Difficulty attracting new potential donors and volunteers
- Damage to relationships
- Low staff morale
- Loss of potential grant and external funding
- Distraction from the mission

## How to Report Concerns

Internal Audit will investigate allegations of fraud, waste and abuse of university resources, conflicts of interest and non-compliance. If you would like to report these types of misconduct occurring at Idaho State University, contact Internal Audit at **(208) 282-3182** or contact [Reese Jensen](#), Director at [jensstev@isu.edu](mailto:jensstev@isu.edu).

You may also anonymously report fraud, waste, abuse, conflicts of interest or non-compliance by calling **1-800-716-9007** or by visiting [www.MySafeCampus.com](http://www.MySafeCampus.com), 24 hours a day, seven days a week.

Concerns related to personnel matters should be reported to the [Office of Human Resources](#) **(208) 282-2517**

Discrimination or harassment should be reported to the [Office of Affirmative Action](#) **(208) 282-3964/3973**

Concerns related to safety or security should be reported to the [ISU Department of Public Safety](#) **(208) 282-2515**

# FRAUD, WASTE, ABUSE, CONFLICTS OF INTEREST AND NON-COMPLIANCE

## Information and Reporting Procedures

**Idaho State**  
UNIVERSITY  
Internal Audit

**(208) 282-3182**  
[www.isu.edu/audit](http://www.isu.edu/audit)

## What Are They?

### Waste

Waste occurs when someone makes careless or extravagant expenditures, incurs unnecessary expenses, or grossly mismanages resources. This activity results in unnecessary costs. It may or may not provide the person with personal gain. Waste is almost always a result of poor management decisions and practices or poor accounting controls.

### Abuse

Abuse most often involves an employee exploiting loopholes in policies and procedures for personal benefit. Abuse is very close to fraud, but is often not prosecutable as such. Abuse includes, but is not limited to the misuse or destruction of resources, using the power of an official position inappropriately, or any other seriously improper practice that cannot be prosecuted as fraud.

### Fraud

Fraud is a dishonest and deliberate course of action that results in the obtaining of money, property or an advantage to which the person committing the fraud would not normally be entitled. It is the intentional misleading or deceitful conduct that deprives another of his/her resources or rights. Fraud always involves intent and some violation of trust.

### Conflicts of Interests

Conflicts of interests occur when a person's private interests compete with his or her professional obligations to the University to a degree that an independent observer might reasonably question whether the person's professional actions or decisions are materially affected by personal considerations, including but not limited to personal gain, financial or otherwise.

### Non-Compliance

Non-compliance occurs when an employee either knowingly or unknowingly violates a policy, procedure, rule, regulation or grant agreement.

## Example 1

An employee attends a training conference in Hawaii.

The employee chooses the Hawaii location even though the same conference will be held in Seattle and travel costs will be less expensive.

The employee stays at a very expensive resort instead of at the hotel hosting the conference.

The employee submits multiple travel reimbursement requests for the same training trip to Hawaii.

The employee chooses to attend the conference in Hawaii over other comparable training opportunities because the conference is sponsored by a close relative's company.

The employee uses their University purchase card to buy airline tickets in violation of purchase card policy.

## Example 2

An employee works some manager-approved overtime in order to complete a project that is on a strict deadline.

The manager requires the employee to work the overtime even though there is no good reason to have the employee do so.

The employee knows that overtime of under one hour per week will not be questioned, so they regularly work a half hour extra simply to earn extra pay or comp time.

The employee adds extra time to their timesheet even though they didn't work the hours.

A university employee who also owns a private consulting business utilizes university staff to perform duties related to the private consulting. This employee also devotes a significant amount of time to the consulting business to the detriment of their university responsibilities.

An hourly employee works 40 hours per week but agrees to only record 20 hours on their timesheet in order to gain experience in a particular field.

## What Happens During an Investigation?

Generally, investigations include the following steps:

- An allegation is received from an employee or through the confidential anonymous hotline.
- If the allegation is made through the hotline, reports are immediately sent to both the Internal Audit Director and the University Attorney.
- A preliminary evaluation of the allegation is conducted to determine whether it appears to be substantiated, the seriousness of the concern and if it should be referred for further investigation.
- The allegation is also reviewed to determine if it may be more appropriately addressed by another department such as Human Resources for personnel issues, Affirmative Action for discrimination issues, General Counsel for legal issues, or Public Safety for safety or security issues.
- University administration and senior management in the affected area are notified when appropriate.
- A confidential investigation is conducted by Internal Audit personnel. The purpose of the investigation is to gather facts related to the allegation, not to determine guilt or innocence of the suspected individual(s). Investigations typically involve the examination of records and interview of employees.
- At the conclusion of the investigation, a report is issued to appropriate management and, if necessary, to law enforcement officials.
- Internal Audit will often follow up by consulting with the department involved about internal control improvements or changes that could be made to internal controls and processes to prevent recurrence, or provide training for staff in the affected department on internal controls and fraud awareness.