

21.04 Control of Fraud, Waste and Abuse

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Policy Statement

Fraud, waste and abuse of resources of any kind by employees or members of The Texas A&M University System (system) are prohibited. The system places a strong emphasis on establishing and maintaining strong internal control systems to assist in the prevention, deterrence and detection of fraud, waste and abuse.

Employees are required to report factual information suggestive of fraudulent, wasteful or abusive activities that may involve the system or any of its members. The system will pursue available legal remedies against persons or entities involved in fraudulent, wasteful or abusive acts against the system.

Reason for Policy

This policy is established to protect the assets, resources, and interests of the system; to increase the awareness of all employees of the possibility of fraud, waste and abuse, and to govern the reporting and investigation of allegations of suspected fraud, waste and abuse. The policy also addresses the Governor's Executive Order #RP36 (dated July 12, 2004) which requires all state agencies to establish a fraud prevention program to prevent, detect, and eliminate fraud, waste and abuse in state government.

Procedures and Responsibilities

1. RESPONSIBILITIES OF SYSTEM MEMBERS

Management at all levels within the system are responsible for establishing the appropriate tone of intolerance for fraud, waste and abuse by establishing a culture founded on integrity and high ethical standards and principles as set forth in the system ethics policy. Management must display the proper attitudes toward complying with laws, policies, regulations and rules, including the Governor's Executive Order #RP36 on fraud prevention. Management should also be cognizant of the risks and exposures inherent in their area of

responsibility, and should establish and maintain proper internal controls which will provide for the security and accountability of the resources entrusted to them.

2. RESPONSIBILITIES OF ALL EMPLOYEES

All employees are responsible for acting with propriety in the use of any resources of the system and to abide by laws, policies, regulations and rules of the system and its members. When suspected fraud, waste or abuse is observed by or made known to an employee, the employee is responsible for reporting that information.

3. RESPONSIBILITIES OF THE CHIEF AUDITOR

The chief auditor of the system shall have the primary responsibility for the investigation, documentation and reporting of all allegations of suspected fraud, waste and abuse in the system. The investigations, documentation, and reports shall be considered confidential to the extent permitted by law.

4. INVESTIGATION PROCESS

The chancellor shall insure that the system uses all available resources to investigate allegations of suspected fraud, waste and abuse. Participation among appropriate parties, including the chancellor, the applicable system member chief executive officer, the Internal Audit Department, the Office of General Counsel, and law enforcement officials, shall allow for a comprehensive and coordinated investigative process to be conducted.

5. ACTIONS

The system will pursue disciplinary and recovery actions against all employees found to have participated in fraudulent, wasteful or abusive acts as defined by this policy.

Related Statutes, Policies, or Requirements

[System Risk, Fraud and Misconduct Hotline](#) – 1-888-501-3850

[System Internal Audit Department](#) – 979-458-7100

[System Policy 07.01, Ethics](#)

[System Policy 10.01, Internal Auditing](#)

[System Policy 32.01, Employee Complaint and Appeal Procedures](#)

[System Policy 32.02, Discipline and Dismissal of Employees](#)

Definitions

Fraud – any intentional act or omission designed to deceive others and resulting in the victim suffering a loss and /or the perpetrator achieving a gain. (A willful or deliberate act or failure to act with the intention of obtaining an unauthorized benefit, such as money or property, by deception or other unethical means.) For purposes of this policy, fraud and fraudulent activities include, but are not limited to, such things as:

- Theft of any system asset including money, tangible property, time, trade secrets and intellectual property
- Embezzlement
- Bribery/rebate/kick-back
- Misappropriation, misapplication, destruction, removal or concealment of system property
- Forgery, alteration or falsification of documents
- Conflicts of interests

Waste – intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement, use or squandering of resources to the detriment of the organization. Waste also includes incurring unnecessary costs as a result of inefficient or ineffective practices, systems or controls.

Abuse – Excessive or improper use of a resource. Intentional destruction, diversion, manipulation, misapplication, or misuse of resources. Extravagant or excessive use as to abuse one's position or authority.

Employee – All personnel employed by the system including faculty, staff, and students who receive compensation, in either a full or part-time capacity.

Management – Any administrator, manager, account holder, director, or supervisor who manages or supervises funds or other resources, including human resources.

Factual Information – Information supported by observations and/or documentation.

Contact Office

System Internal Audit Department
(979) 458-7100