

**STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION**

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TOPIC	INTERNAL CONTROL	SUB-SECTION 30.70.10
SECTION	POLICIES	ISSUANCE DATE May 13, 2011
SUB-SECTION	FRAUD, WASTE, AND ABUSE	REVISED - 2018

FRAUD, WASTE AND ABUSE

Work place fraud is the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets. Examples of fraud include breach of fiduciary duty, bribery, and concealment of material facts, theft of money or physical property, theft of secrets or intellectual property, and other statutory offenses.

Waste is the loss or misuse of State resources that results from deficient practices, system controls, or decisions. An example of waste is not taking advantage of an available prompt pay discount.

Abuse is defined as the intentional, wrongful, or improper use of resources or misuse of rank, position, or authority that causes the loss or misuse of resources, such as tools, vehicles, computers, copy machines, etc. Examples of abuse are receiving favor for awarding contracts to certain vendors, requesting an employee to perform personal errands for a supervisor or manager, and misusing the employee's position for personal gain.

The de minimis personal use of State property is not considered fraud, waste or abuse unless agency policy so states. Employees should refer to the agency's employee handbook for the agency's policy regarding personal use of State property. If an agency does not have an employee handbook, employees should refer to the Mississippi State Personnel Board Policy and Procedure manual found at:

<http://www.mspb.ms.gov/media/98788/mspb%20pp%20final%20-%20march%201%202019%20for%20web..pdf> .

The State of Mississippi has zero tolerance for the commission of acts of fraud, waste and abuse. State agency employees should be encouraged to report such acts through a hot line or other easily accessed system that promotes confidentiality and anonymity to the extent allowed by law. The Office of the State Auditor has a form on its website that allows any citizen to report fraud, waste and abuse. The link to this form is <http://www.osa.ms.gov/fraud/>

The agency head, the Office of the State Auditor, or other named state investigative body should investigate all reported acts of fraud, waste and abuse thoroughly. Whistleblower protection is granted to employees who report suspected fraud, waste and abuse per Miss. Code Sec 25-9-173. Retaliation against employees who file a report in good faith of alleged fraud, waste and abuse is strictly prohibited.

The Office of the State Auditor or appropriate law enforcement entity shall conduct investigations of potential fraud by State agency employees, public assistance recipients, providers, contractors, or sub grantees. If necessary, State agency employees reporting fraudulent activity will be contacted for additional information.

AGENCY POLICY

Agencies should establish a policy about fraud, waste and abuse that depicts the agency's responsibilities and facilitates employee participation in the prevention and detection of fraud, waste, or abuse. It should detail the requirements for reporting and specify protection for the employee(s) who file a report. The policy should apply to any fraud, waste, or abuse or suspected fraud, waste, or abuse involving any State agency employee (including management), consultant, vendor, contractor, sub-allocant, sub-recipient, outside agency, or person doing business with an agency or in any other relationship with an agency.

Each state agency should define the chain of command and the reporting method to follow when fraud, waste or abuse is suspected and this should be clearly stated in the policy. Generally, a state agency employee should immediately report the activity or the suspected activity to their direct supervisor. If the employee believes that the supervisor is involved with the activity, the employee should immediately report the activity to the supervisor's manager. If the employee believes

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that the supervisor's manager and/or the agency director may be involved with the activity, the State agency employee should either contact the Office of the State Auditor directly or file a complaint via the Office of the State Auditor's website at <http://www.osa.ms.gov/fraud/>.

The agency policy should also include information about how agency vendors, contractors, sub-recipients, sub-allocants and the public can report fraud, waste or abuse. The agency can establish an internal process or direct the report through the state auditor's office.

The agency's policy needs to specify the allowable period for reporting the incident. Employees and others should not attempt to investigate the suspected activity prior to reporting it.

A sample agency policy covering fraud, waste and abuse can be found in Section 31 – References (31.10.10) at: <https://www.dfa.ms.gov/media/6490/311010-sample-fraud-waste-and-abuse-form.doc>. Agencies can modify the sample policy and should review it periodically, at least annually.

MONITORING AND ENFORCEMENT

Any State agency employee who has knowledge of fraud, waste, or abuse, or who has good reason to suspect that such conduct has occurred, shall adhere to the procedures in the agency's policy. It is the policy of the State to investigate thoroughly and expeditiously any reported cases of suspected fraud to determine if disciplinary action, financial recovery and/or criminal prosecution are required.

All reports of suspected fraud must be handled under the strictest confidentiality. Only those directly involved in the investigation should be given information. Informants may remain anonymous but should be encouraged to cooperate with the investigators and should provide as much detail and evidence of the alleged fraudulent act as possible. The Office of the State Auditor or appropriate law enforcement entity shall conduct investigations of potential fraud by State agency employees, public assistance recipients, providers, contractors, or sub grantees.

Once an employee or management has been informed of suspected fraud, waste, or abuse (or if management itself suspects fraud, waste, or abuse), management shall either contact the Office of the State Auditor directly or file a complaint via the Office of the State Auditor's website.

The State agency employee should not attempt to investigate the suspected activity prior to reporting it. Once the agency employee or management has reported the suspected activities to the Office of the State Auditor, the Auditor or other law enforcement entity should coordinate the investigation of the fraud, waste, or abuse report.

A State agency employee should not destroy or allow to be destroyed any document or record of any kind that may be relevant to a past, present, or future investigation of fraud, waste, or abuse.