

CLERK OF CIRCUIT COURT & COUNTY COMPTROLLER PASCO COUNTY



FRAUD, WASTE, AND ABUSE

Definitions of Fraud, Waste, and Abuse

Fraud

The American Institute of Certified Public Accountants (AICPA) defines two basic categories of *fraud*: (1) intentional misstatement of financial information and (2) misappropriation of assets (or theft). Other audit-related organizations provide additional insight into the definition of fraud that can be summarized as follows:

Fraud consists of an illegal act (the intentional wrongdoing), the concealment of this act, and the deriving of a benefit (converting the gains to cash or other valuable commodity).

Legally, fraud can lead to a variety of criminal charges including theft, embezzlement, and larceny. Each charge has its own specific legal definition and required criteria, and each can result in severe penalties and a criminal record.

Waste

Waste means the thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the Clerk & Comptroller to the potential detriment of the Clerk & Comptroller or the citizens of Pasco. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls. Waste does not normally lead to an allegation of fraud, but it could.

Abuse

Abuse means the excessive, or improper use of something, or the use of something in a manner contrary to the natural or legal rules for its use. It also means the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the Clerk & Comptroller, or extravagant or excessive use so as to abuse one's position or authority. Abuse refers to violations and circumventions of departmental or agency regulations, which impair the effective and efficient execution of operations. Abuse does not necessarily lead to an allegation of fraud, but it could.

Examples of fraud, waste, or abuse activities include, but are not limited to:

- Forgery or alteration of any document
- Misappropriation of funds, supplies, etc.
- Improper handling or reporting of money or financial transactions
- Misrepresentation of information on documents
- Abuse of time such as unauthorized time away from work, or use of Clerk & Comptroller time for personal business
- Theft, destruction, or intentional disappearance of records or any asset
- Accepting or seeking anything of material value from vendors, or persons providing services, or materials to the Clerk & Comptroller, for personal benefit
- Authorizing or receiving payments for goods not received, or services not performed
- Any claim for reimbursement of expenses that were not made for the exclusive benefit of the Clerk & Comptroller
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes, or misuse or misappropriation of Clerk & Comptroller - owned software or hardware
- Authorizing or receiving payment for hours not worked
- Misuse of authority for personal gain
- Inappropriate use of Clerk & Comptroller-provided electronic devices such as computers, tablets, cell phones, or email
- And/or any similar or related irregularity

Opportunities for Fraud, Waste, and Abuse

Opportunities for fraud, waste, or abuse occur because of the following reasons:

- Poor internal controls
- Management override of internal controls
- Collusion between teammates and third parties
- Poor or nonexistent ethical standards
- Lack of Supervision over teammate activity

Indicators of Fraud, Waste, and Abuse (Red Flags)

The following are common indicators of fraud, waste, or abuse:

- Changes in a teammate's lifestyle, spending habits, or behavior
- Poorly enforced internal controls, procedures, policies, or security
- Overly complex and confusing financial information
- Inventory shortages
- Failure to take action on results of internal or external audits or reviews
- Unusually high expenses or purchases
- Frequent complaints from customers or citizens
- Missing files and supporting documentation
- Ignored teammate comments concerning possible fraud
- Falsifying records
- Impeding access to records or information
- Working excessive overtime
- Refusing vacations
- Excessively rewriting records under the guise of neatness