

Fraud, Waste, and Abuse Policy

Tuskegee University

Tuskegee University (“Tuskegee” or “TU”) is committed to conducting its affairs ethically and in accordance with applicable laws, rules, regulations, policies, and procedures. Tuskegee is also committed to strong internal control systems and prevention, deterrence, detection, and elimination of fraud, waste, and abuse. Each member of Tuskegee’s workforce and community shares in this responsibility and has a fiduciary duty to conserve, preserve, and to restrict all use of University resources and property to activities and conduct that comply with this policy.

I. Purpose

The purpose of this policy is to:

1. Prevent, deter, and detect fraud, waste, and abuse;
2. Assign responsibility for implementing internal controls to prevent, deter, and detect violations of this policy;
3. Establish reporting mechanisms to be used for notification of known or suspected fraud, waste, or abuse as defined by state and federal regulatory and enforcement agencies, and state and federal law; and
4. Educate employees, students, affiliates, and the TU community about legal and policy requirements.

II. Scope

This policy applies to any fraud or suspected fraud, waste, or abuse, involving Tuskegee property, resources, employees, students, customers, vendors, contractors, consultants, or other parties affiliated with Tuskegee.

III. Policy

Individuals or entities shall not perpetrate, engage in, or otherwise facilitate any act or attempted act of fraud, waste, or abuse. All employees, students, and affiliates are responsible for reporting suspected or known violations of this policy. Tuskegee will investigate allegations of fraud, waste, or abuse in accordance with established policies and procedures.

IV. Definitions:

For purposes of this policy, the following definitions apply:

1. **Fraud** is defined as a false representation of a matter of fact that is intended to deprive the University of property or legal right to property.
2. **Fraud** is also 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. A fraudulent act may be illegal, unethical, improper, or dishonesty.
3. **Theft** is the misappropriation or taking of university property or assets, including documents such as student records, personnel records, financial records, grant and/or research documents, inventions and intellectual property records, financial aid information, procurement documents, and/or legal documents whether or not it results in a financial loss to the university.

4. **Waste** means the expenditure or allocation of resources in excess of need that is often extravagant or careless. Waste is also the thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the university to the detriment or potential detriment of the university.
5. **Abuse** means the intentional, wrongful, or improper use of resources. Abuse can be a form of wastefulness as it entails the exploitation of “loopholes” to the limits of the law, primarily but not always for personal advantage or for the advantage of an individual or entity with which the responsible individual has a personal or professional relationship, including but not limited to a familial relationship.
6. **Abuse** also means extravagant or excessive use as to abuse one’s position or authority.

V. **Grant Fraud and the Responsibilities of Grant Award Recipients**

Recipients of private and federal grants are awarded funds to carry out the goals and objectives identified in the grant. In addition, federal funds are subject to specific federal regulations, oversight, and audit.

A. **For grant recipients, the following principles apply:**

1. Grant recipients are stewards of funds, including federal funds.
2. Grant dollars must be used for their intended purpose.
3. Grant recipients must account for costs and justify expenditures.

B. **Criminal and civil prosecution under the laws of the United States**

Using federal grant dollars for unjust enrichment, personal gain, or any purpose other than their intended use is a form of theft, subject to criminal and civil prosecution under the laws of the United States. Federal grant dollars are susceptible to several forms of financial theft and federal violations, including but not limited to:

1. Embezzlement
2. Theft or bribery concerning programs receiving federal funds
3. False statements
4. False claims
5. Mail fraud and wire fraud

Each is a violation of law subject to criminal prosecution, fines, restitution, and civil penalties.

C. **Examples of Grant Fraud**

The following is a non-exhaustive list of common public and private grant fraud scenarios:

1. Charging personal expenses as business expenses against the grant
2. Charging for costs which have not been incurred or are not attributable to the grant
3. Charging for inflated labor costs or hours, or categories of labor which have not been incurred (for example, fictitious employees, contractors or consultants)
4. Inaccurate time and effort reporting
5. Falsifying information in grant applications or contract proposals
6. Billing more than one grant or contract for the same work
7. Billing a grant when no work is performed
8. Falsifying test results or other data or information
9. Substituting approved materials with unauthorized products

10. Misrepresenting a project's status to continue receiving government funds
11. Charging higher rates than those stated or negotiated for in the bid or contract
12. Influencing government/grantor employees to award a grant or contract to a particular company, family member, or friend
13. Creating or facilitating phantom students, employees, and vendors charging for services or receiving benefits under a grant or contract

D. Reporting Fraud Waste and Abuse Related to Grants

All persons responsible for grants must be knowledgeable of applicable public and private grant requirements, including requirements for federal grants. Reporting must occur as specified by applicable law, grant documents, and grantor agency statutes, guidance, rules, and regulations.

VI. Fraud Not Related to Grants

The following constitutes fraud under this policy whether related to grants or contracts or not:

1. Charging personal or non-university expenses as business expenses against a University account, petty cash or other cash withdrawal, credit card, or other source of University funding;
2. Charging for costs that have not been incurred or are not attributable to a University cost or expense;
3. Charging for inflated labor costs or hours, or categories of labor which have not been incurred (for example, fictitious employees, contractors or consultants);
4. Inaccurate time and effort reporting;
5. Falsifying information in University documents or records, including procurement; documents, timesheets, or contracts;
6. Billing more than one source, unit, department, public or private partner, or contract for the same work or expense;
7. Billing the University when no work is performed;
8. Falsifying test results or other data or information;
9. Substituting approved materials with unauthorized products;
10. Misrepresenting a project's status to continue receiving funds;
11. Charging higher rates than those stated or negotiated in any agreement, bid or contract
12. Awarding a job, contract, stipend, or any other source of funds to a particular company, family member, or friend, absent disclosure and an assessment by the CFO and General Counsel that a policy exception is required because the service or product is proprietary, must be compatible with existing equipment or systems, and cannot be obtained from another source. An exception requires a written justification and a signed approval from the CFO, and;
13. Creating or facilitating phantom students, employees, companies and/or vendors charging for services or receiving benefits funded or otherwise supported with University resources.

VII. Operational Responsibility and Fostering a Culture of Ethics

Administrators with supervisory responsibility are responsible for establishing intolerance for fraud, waste, and abuse by establishing a culture of integrity and high ethical standards and principles.

Each administrator is responsible for adequate financial and other internal controls within her/his area of responsibility. This responsibility requires acting prudently and inquisitively and

maintaining awareness of activities and locations where violations of this policy are likely to occur.

Faculty, staff, and students share responsibility for fostering an institutional culture of ethics. On an annual basis, all faculty, staff and students are required to acknowledge the responsibility to maintain a culture of ethics and integrity, to respect financial and operational policy and other internal controls, to maintain awareness of activities and locations where violations of this policy are likely to occur, and to report any policy violation of which they become aware.

VIII. Reporting

- A. Employees, students, and other individuals associated with Tuskegee who become aware of, or have a reasonable basis for believing that fraud, waste or abuse has occurred shall promptly report the suspected activity. Individuals and entities making such reports are subject to the protections of the Tuskegee University *Whistleblower Protection and Investigation Policy*.

Reports can be made to:

1. The Chief Audit Executive,
 2. The employee's supervisor, or
 3. **Lighthouse Services**, which is anonymous reporting hotline available 24 hours a day, 7 days a week through the following methods:
 - Website: www.lighthouse-services.com/tuskegee
 - Anonymous Reporting App (located in the Apple App/Google Play store) Keyword: Tuskegee
 - Telephone: 855-222-2594
 - E-mail: reports@lighthouse-services.com (must include company name with report)
 - Fax: (215) 689-3885 (must include company name with report)
- B. It is not required to have proof of wrongdoing when reporting suspected violations of this policy; however, anyone reporting such activity must have reasonable grounds for doing so.
- C. No disciplinary or retaliatory action shall be taken against any TU employee who, in good faith, reports or causes to be reported suspected fraud, waste, or abuse or who assists in an authorized review of alleged fraud, waste, or abuse as defined under this policy. The prohibition against disciplinary action does not include disciplinary action for self-reported violations.

XI. Disciplinary Action

- A. Tuskegee employees engaging in fraud, waste, or abuse, as defined by this policy may be subject to disciplinary action up to and including termination. TU employees suspected of perpetrating fraud, waste, or abuse may be placed on administrative leave during the course of the investigation.
- B. If the violation is identified as a potential crime, it will be reported to the appropriate law enforcement organization up to and including termination. Criminal investigations will be conducted separately from any internal investigation. Information obtained by the internal investigation may be made available to law enforcement to assist in the criminal investigation.

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