

 <p>Category: Financial</p> <p>Policy applicable for: Faculty/Staff</p>	<p><i>Policy Title:</i> Financial Fraud Prevention</p> <p>Effective Date: 05/01/2009</p> <p>Prior Effective Date: mm/dd/yyyy</p> <p>Enabling Act(s): University Board Rule 10-5-04 Statement on Auditing Standards No. 99</p>	<p><i>Policy Number:</i> 1.3.1</p> <p>Policy Owner: Sr. VP for Administration and Finance</p> <p>Responsible Office(s): Controller's Office General Counsel Human Resources Internal Audit Public Safety UCit</p>
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Background

The university is committed to the highest standards of ethical behavior. Acts of fraudulent behavior can be financially costly and may erode the public's trust and confidence in the integrity of the institution. In addition to the financial fraud prevention policy, there are university-wide codes of conduct and codes of conflict being developed.

Policy and Procedures

Financial fraud is defined as an intentional act that results in a material misstatement in financial statements. There are two types of financial fraud: Misstatements arising from misappropriation of assets (ex. theft of assets or fraudulent expenditures) and misstatements arising from fraudulent financial reporting (ex. falsification of accounting records). Generally there are three "fraud triangle" conditions present when fraud occurs. First, there is an incentive or pressure that provides a reason to commit fraud. Second, there is an opportunity for fraud to be perpetrated (e.g., absence of controls, ineffective controls, or the ability of management to override controls). Third, the individuals committing the fraud possess an attitude that enables them to rationalize the fraud.

University policy prohibits any kind of fraud, waste and abuse of resources by any member of the University of Cincinnati community. It is the policy of the university to objectively investigate any misuse of resources and any suspected fraudulent acts and to take appropriate disciplinary and/or legal action.

Examples of fraud include but are not limited to:

- Embezzlement or other financial irregularities;
- Misappropriation, misapplication, destruction, removal, or concealment of property;
- Forgery, falsification, or alteration of documents (e.g., checks, bank drafts, deposit tickets, promissory notes, time sheets, time and effort reporting, travel expense reports, contractor agreements, purchase orders, electronic files, etc.);

- Improprieties/misrepresentation in the handling or reporting of money or financial transactions, including procurement card;
- Theft, destruction, or misappropriation of funds, securities, supplies, inventory, or any other asset (including furniture, fixtures or equipment, trade secrets and intellectual property);
- Authorizing or receiving payment for goods not received or services not performed;
- Authorizing or receiving payment for hours/time not worked;
- Inappropriate use of university facilities, such as vehicles, telephones, mail systems, or computer-related equipment ;
- Intentional violation of university purchasing requirements;
- Bribery or kickbacks;
- Rebates that benefit the employee and not the institution;
- Assigning an employee to perform non-employment-related tasks by person in a supervisory or management position; and
- Actions related to concealing or perpetuating abovementioned activities.

The university will take appropriate disciplinary and legal action against employees who commit fraud. This may include termination and/or criminal prosecution.

Responsibilities of Employees, Affiliates, and Volunteers

All university faculty, staff, affiliates, and volunteers are responsible for safeguarding university resources and ensuring that those resources are used only for authorized purposes, in accordance with university rules, policies, and applicable federal and state laws. It is a violation of university policy for any employee, regardless of rank or position, to receive or use university resources for non-university purposes or personal gain.

Detection of fraud is the shared responsibility of organizational unit management and central administration. Both should be familiar with the types of improprieties that may occur in their areas of influence and responsibility. They must be alert for any indication of improper or dishonest activity.

Any employee who has reason to believe, or has knowledge that fraud has occurred, is obligated to report the incident(s) and all relevant information to their supervisor. If the employee has reason to believe her/his supervisor may be involved in the fraud, the employee is obligated to report the fraudulent activity to the next higher level of management or to other university officials such as the Office of Internal Audit, University Police, or the university's Anonymous Reporting Hotline at:

Phone: 1-800-889-1547 (staffed 24/7 with live operators)

Web: <https://secure.ethicspoint.com/domain/media/en/gui/22314/index.html>

For those cases when fraudulent behavior is reported, but after investigation there is no fraud found, the employee who reported the incident will be protected from experiencing negative repercussions.

Related Links:

[University Board Rules](#)

Phone Contacts:

Anonymous Reporting Hotline	1-800-889-1547
Controller's Office	556-3152
General Counsel	556-3483
Human Resources	556-6381
Internal Audit	556-4310
Public Safety	556-4951