



UNIVERSITY OF CENTRAL FLORIDA

## Office of the President

<b>SUBJECT:</b> Fraud Prevention and Detection	<b>Effective Date:</b>  7/17/2020	<b>Policy Number:</b>  2-800.2
	<b>Supersedes:</b> 2-800.1	<b>Page Of</b> <b>1 5</b>
	<b>Responsible Authority:</b> Chief Audit Executive, University Audit	

**DATE OF INITIAL ADOPTION AND EFFECTIVE DATE 10-17-2007**

### **APPLICABILITY/ACCOUNTABILITY**

This policy applies to all members of the university community, including Direct Support Organizations (DSO) along with individuals and companies in relation to their business activities with the university.

### **POLICY STATEMENT**

The university is committed to the highest standards of ethical behavior and thorough investigation of fraud allegations. Acts of fraudulent behavior can be costly and may erode the public's trust and confidence in the integrity of the institution. It is the policy of the university to proactively exercise due diligence in the prevention and detection of fraud and objectively and independently investigate any misuse of university resources and any suspected acts of fraud, theft, corruption, waste, or abuse (collectively referred to as "fraud" for the remainder of this policy), and to take appropriate disciplinary or legal action, including the pursuit of criminal prosecution.

Each member of the university community is required to report suspected fraud, waste, or abuse to University Audit. Failure to report knowledge of potential activity in a timely manner could result in disciplinary action up to and including termination.

University Audit is responsible for overseeing and investigating all allegations of defalcation, falsification, misappropriation, and other fiscal irregularities unless the UCF Board of Trustees appoints an external party to perform the investigation, or there is a potential conflict of interest where University Audit must recuse themselves.

Individuals not appointed, assigned or authorized to perform investigative work should not attempt to personally conduct investigations or interviews, hire or retain external parties to conduct an investigation, or discuss allegations with the individuals suspected of fraud.

## **DEFINITIONS**

**Abuse.** The improper use of something or someone.

**Defalcation.** An amount of funds misappropriated by a person trusted with its charge; also, the act of misappropriation.

**Falsification.** The action of falsifying information.

**Fiscal irregularity.** An occurrence in which there is a shortage or overage of public funds, illegal disbursement(s) resulting from fraud, forgery, alteration of vouchers, improper certification, or other improper practices, or improper accounting for receipts.

**Fraud.** A willful or deliberate act or omission with the intention of obtaining an unauthorized benefit, service, property, or something of value by deception, misrepresentation, or other unethical or unlawful means.

**Misappropriation.** The intentional, illegal use of the property or funds of the university or another person for one's own use or other unauthorized purpose.

**Waste.** An act or instance of using or expending something carelessly, extravagantly, or to no purpose.

## **PROCEDURES**

### **A. Fraud Prevention**

All levels of management should become familiar with the types of improprieties that might occur in their areas and be alert for any indication that such a defalcation, falsification, misappropriation, or other fiscal irregularity has occurred. Vice presidents are responsible for ensuring that a system of internal control is established and maintained that provides reasonable assurance that improprieties are prevented. All levels of management should establish and follow controls as applicable for their division or unit. University Audit is available to assist management in recognizing improper conduct, establishing internal controls to prevent and mitigate fraudulent activities and providing fraud awareness training.

U.S. Federal Sentencing Guidelines call for organizations to develop reasonable protections against internal and external threats of corruption and fraud. University Audit, with the assistance and active participation of other departments, will periodically perform a fraud risk assessment and advise management of the actions needed to reduce the risk of fraud.

## B. Fraud Detection

Fraud may include but is not limited to the following activities:

- Inappropriate purchases using university funds
- Theft or misuse of university fixed assets or tangible resources
- Theft of university information for personal gain, identity theft and/or attempts at ransomware
- Misappropriation of funds
- Inappropriate use of contract or grant funds
- Identity theft or misuse of personal identifying information
- Inappropriate receipt of employee benefits
- Authorizing or receiving employee compensation for hours not worked
- Authorizing payments to vendors for goods not received or services not performed
- Establishment of fictitious or non-existent vendors
- Related party transactions
- Kickbacks
- Forgery, destruction, or alteration of documents (checks, time sheets, contracts, purchase orders, leave reports, budgets, etc.)
- Falsification of reports to management or external agencies
- Academic related fraud (grade alteration, bribery, or falsification of data)

Complaints can be made directly or anonymously to University Audit via telephone, email, letter, or in person. In addition, the UCF IntegrityLine is available as an alternative communication channel. However, if you are seeking whistle-blower status, the complaint should be made directly to University Audit.

## C. Investigation

As part of the investigation process, University Audit is responsible for determining whether allegations fall under the Whistle-blower Act (Section 112.3187, Florida Statutes) and coordinating an evaluation of internal control breakdowns for remediation. To avoid damaging the reputations of innocent persons and to protect the university from potential civil liability, the results of investigations will not be disclosed or discussed with anyone, unless required by law, regulation, or university policy.

Allegations or matters of conduct deemed outside the scope of this policy, such as personnel-related issues, Title IX reports, or potential scientific research misconduct, may be referred by University Audit to the respective area of management for review and appropriate action.

When an investigation reveals suspected criminal activity or is initiated due to an allegation of criminal activity, the University Police and other law enforcement agencies will be notified, as appropriate. University Audit will also inform and consult with the Office of the General Counsel as needed.

Violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting a federal award must be reported to the federal awarding agency or pass-through entity in a timely manner. Failure to properly or timely disclose can result in withholding payments to the university, disallowing costs, termination of the award, suspension, debarment, and restriction from receiving further awards.

University employees must support the university's fiduciary responsibilities and must cooperate with University Audit, University Police, and other law enforcement agencies in the detection, investigation, and reporting of fraudulent or criminal acts, including prosecution of offenders.

Failure to cooperate with University Audit or providing false information in an investigation could result in disciplinary action up to and including termination.

The university will not tolerate harassment, victimization, or retaliation against those who report allegations of fraud or assist in an investigation.

#### D. Subsequent Action

Anyone found to have engaged in fraud or fraudulent conduct is subject to disciplinary action by the university up to and including termination or expulsion and civil or criminal prosecution. The university will make every effort to recover losses that result from fraudulent or criminal acts, including investigative costs. In addition, the university may report the employee's fraudulent gains to the Internal Revenue Service in accordance with their regulations for the investigation of tax evasion.

When their investigative costs are not recovered through restitution, litigation, or insurance, University Audit may seek reimbursement of investigative costs from the university department where the fraud occurred.

Employees who knowingly make false accusations are subject to disciplinary action up to and including termination. Anyone who harasses, victimizes, or retaliates against persons reporting fraud or assisting with an investigation is subject to disciplinary action up to and including termination or expulsion.

#### **RELATED DOCUMENTS**

Section 200.113, Code of Federal Regulations, Mandatory disclosures

<http://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-113.pdf>.

Section 8B2.1, U.S. Sentencing Guidelines, Effective Compliance and Ethics Program  
<https://guidelines.uscourts.gov/gi/%C2%A78B2.1>

Sections 112.311-.3261, Florida Statutes, Code of Ethics for Public Officers and Employees  
[http://www.leg.state.fl.us/statutes/index.cfm?App\\_mode=Display\\_Statute&Search\\_String=&URL=0100-0199/0112/0112PARTIIIContentsIndex.html](http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0100-0199/0112/0112PARTIIIContentsIndex.html)

Sections 112.3187-.31895, Florida Statutes, Whistle-blower's Act  
[http://www.leg.state.fl.us/statutes/index.cfm?App\\_mode=Display\\_Statute&URL=0100-0199/0112/Sections/0112.3187.html](http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&URL=0100-0199/0112/Sections/0112.3187.html)

UCF Policy 2-008 Internal Control Policy  
<https://policies.ucf.edu/documents/2-008.pdf>

UCF Policy 2-010 Whistle-blower Determination and Investigation Policy  
<https://policies.ucf.edu/documents/2-010.pdf>

UCF Policy 2-700, Reporting Misconduct and Protection from Retaliation  
<https://policies.ucf.edu/documents/2-700.pdf>

University Audit charter  
<http://www.universityaudit.ucf.edu/Charter.asp>

## CONTACTS

UCF University Audit, 4365 Andromeda Loop N., MH 341, Orlando, FL 32816-0080. Phone: (407) 823-2889. [www.universityaudit.ucf.edu](http://www.universityaudit.ucf.edu)

UCF IntegrityLine  
<https://compliance.ucf.edu/compliance-helpline/>

## INITIATING AUTHORITY

President

<b>POLICY APPROVAL</b> <b>(For use by the Office of the President)</b>	
Policy Number: 3-111.2	
University Policies and	
Procedures Committee Chair: 	Date: <u>6/26/2020</u>
President or Designee: <u>Alexander Cartwright</u>	Digitally signed by Alexander Cartwright Date: 2020.07.17 09:26:16 -04'00' Date: <u>7/17/2020</u>