

To: The University Community
From: Salim M. Alani, Director
Date: April 5, 2005
RE: "Fraud in the Workplace – *A Prevention Guide*"

The University's Code of Conduct for Business Activities (www.rochester.edu/working/codeofconduct) reflects the University's commitment to the highest standards of ethical and professional conduct. Each member of the University Community bears the responsibility for ensuring the integrity of the working environment.

For any institution—for-profit or non-profit—fraud in the workplace can become a serious issue without proper oversight, management, and monthly ledger review. According to the Association of Certified Fraud Examiners' 2004 Report to the Nation, fraud costs U.S. business and government agencies more than \$600 billion annually. The report also cites employee vigilance as the most powerful tool for fraud detection.

The enclosed pamphlet, "**Fraud in the Workplace – A Prevention Guide**," describes types of workplace fraud, the underlying reasons for their occurrence and best practices for preventing fraud. We request that you post (or otherwise circulate) the pamphlet within your department. In addition, it is available for your reference on the University Audit web site at <http://www.rochester.edu/adminfinance/audit/FraudintheWorkplace-APreventionGuide.pdf>.

If you have any questions or comments, please contact me at 5-2291 or salani@rochester.edu.

cc: President Jackson
R. J. Paprocki

Helpful Web Sites and Phone Numbers

University Audit

[www.rochester.edu/adminfinance/
audit/index.html](http://www.rochester.edu/adminfinance/audit/index.html)
x5-2291

Security Services

www.security.rochester.edu
x5-3333

URMC Compliance Office

www.urmc.rochester.edu/urmc/compliance
x5-1609

University Integrity Hotline

756-8888

Institute of Internal Auditors

www.theiia.org

Association of Certified Fraud Examiners

www.cfenet.com

Office of University Audit

Fraud in the Workplace A Prevention Guide



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The Office of University Audit assists in investigating various types of fraudulent activity. These can include

- Falsification of Travel and Conference reports (F-3 Form)
- Personal purchases charged to University Purchasing Cards (P-Card)
- Forgeries of signatures on Petty Cash (F-5 Forms), Requests for Payment (F-4 Forms), and Travel and Conference reports

The underlying reasons for such activities include

- Lack of management oversight
- Lack of segregation of duties
- Lack of appropriate ledger review

Appropriate management oversight includes, at a minimum, a cursory review of the ledger activity by the person who is fiscally responsible for the ledger accounts (usually the Chair or Principal Investigator).

Adequate segregation of duties occurs when one person alone is not responsible for all aspects of the financial activity in the account (generating the form of payment, approving it, reviewing ledger activity, and reconciling deposit amounts).

Appropriate ledger review includes reconciling each charge or deposit on the ledger reports to supporting documentation.

The following are best practices for preventing fraud:

- Be diligent. If something you are witnessing does not seem right, question it or report it to the anonymous University Integrity hotline at 756-8888, University Audit at x5-2291, or University Security at x5-3333.
- Review your ledger activity for unusual items.
- Appropriately safeguard University Purchasing Cards.

- Secure departmental petty cash funds.
- Obtain keys and identification cards from terminated employees.
- Assure there are appropriate internal controls in place for adequately safeguarding cash receipts throughout the revenue cycle.
- Assure segregation of duties exists.
- Notify your Human Resources representative before embarking on any decision to call.

When fraud is discovered, the intent of the University is to fully prosecute. Management at the University takes fraud seriously. For instance, in March 2003 an employee was sentenced to a prison term and full restitution for money embezzled from the University. Please refer to Human Resources Policy #154, Corrective Discipline, for a full list of types of misconduct.

If an investigation occurs in your area, please provide the investigation team, be it University Security, University Audit, or a law enforcement agency, your utmost cooperation. Please refer to the University Audit Web site for additional information about University Audit at www.rochester.edu/adminfinance/audit/index.html.

Remember, as an employee of the University of Rochester, you have stewardship responsibility for safeguarding University assets under your purview.

We believe the vast majority of University personnel are ethical, well-intentioned, and desire to conduct University business activities with utmost propriety. If you are uncomfortable with any activity in your department, University Audit is available to undertake a wide variety of audit and advisory services including investigations of questionable activity and internal control reviews.