

# Fraud Awareness Training

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# AGENDA

- Overview of Fraud
- Facts: ACFE 2024 Report to the Nations
- Fraud in Higher Education
- Fraud Prevention Strategies
- CSU Specific Examples
- How to Report Fraud

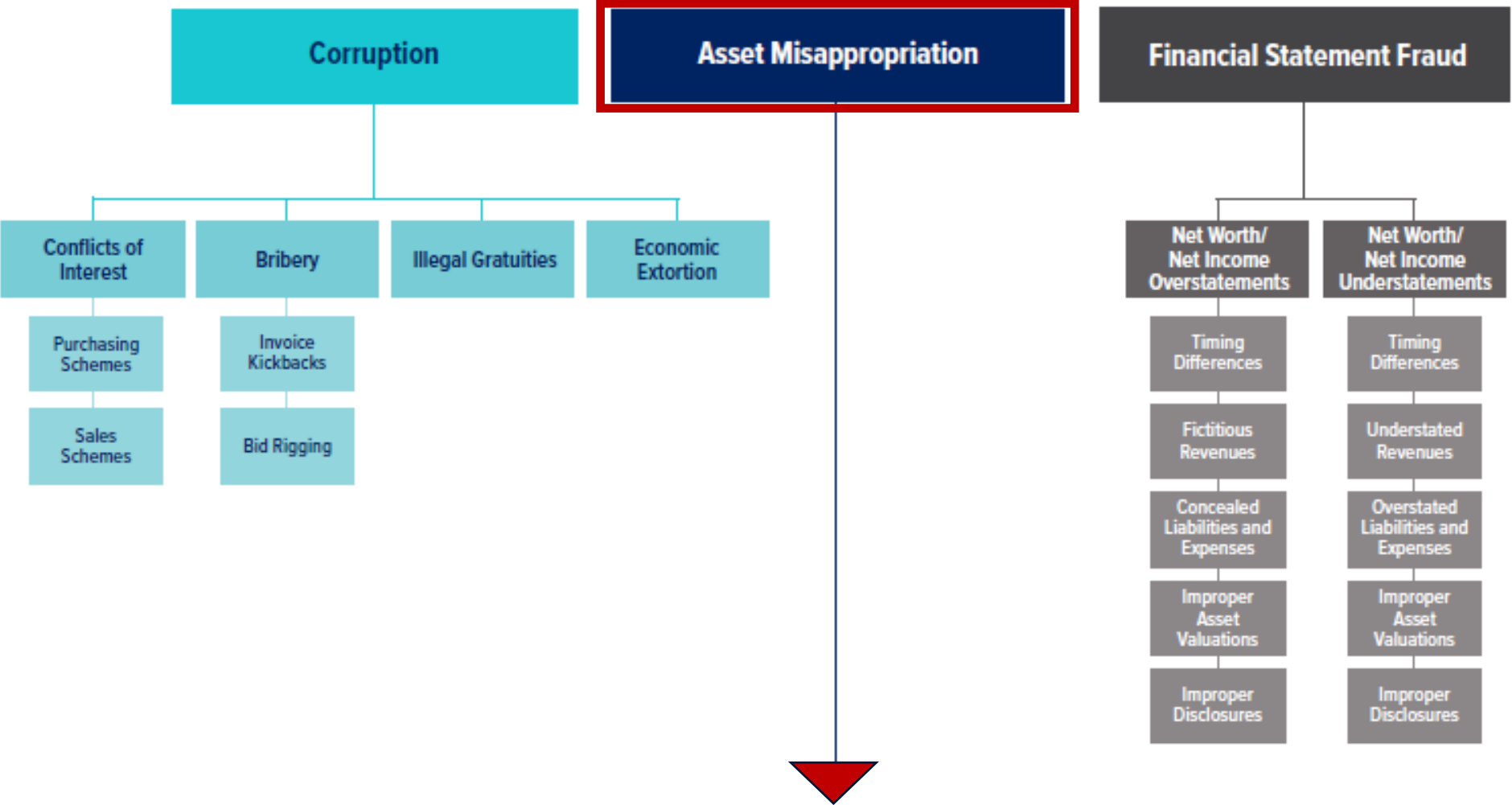


# FRAUD DEFINITION

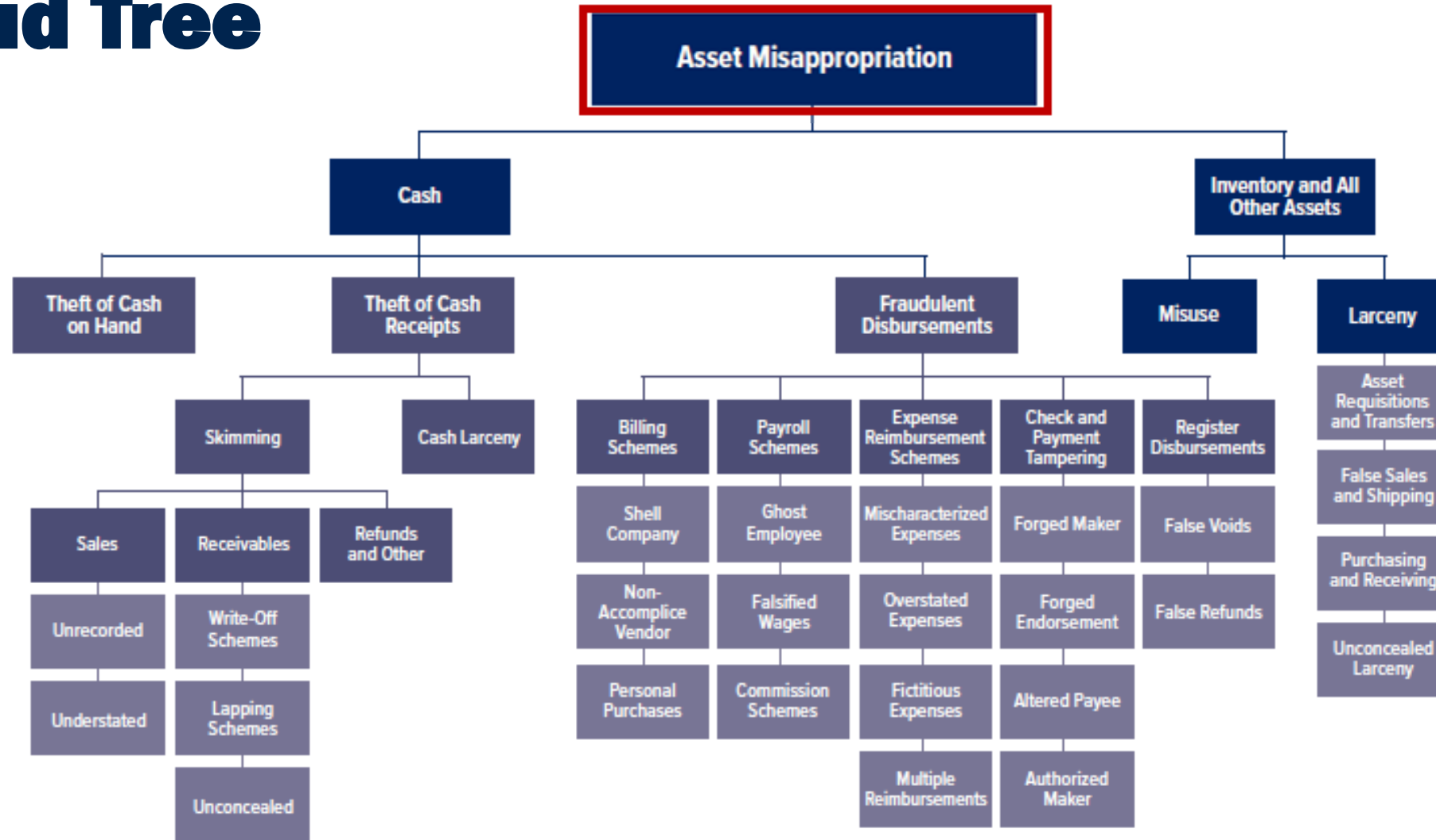
- **Fraud is the wrongful or criminal deception intended to result in financial or personal gain. It is a deliberate act.**
  - Unlike fraud, errors are unintentional mistakes.
- **Fraud and theft are both criminal acts that involve taking something from others without asking permission. Fraud is different from theft in that it involves concealment such as deceit or trickery.**



# Associated Certified Fraud Examiners (ACFE) Fraud Tree



# Associated Certified Fraud Examiner (ACFE) Fraud Tree



# FRAUD IN HIGHER EDUCATION



## Conflicts of Interest

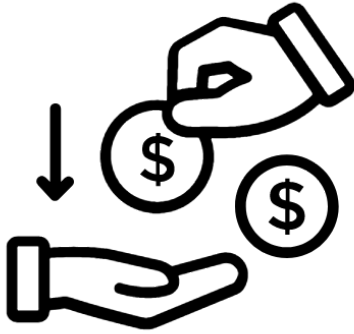
- Using one's position as a CSU employee to solicit gifts or anything of value.
- Awarding contracts to family members or for one's own financial interest.
- Performing duties for another job during CSU work hours.



## Financial Fraud

- Taking or redirecting university funds for personal gain.
- Using university dollars for personal expenses or in any way that is not appropriate.

# FRAUD IN HIGHER EDUCATION



## Grant Fraud

- Deceiving the federal government or university about how grant dollars are spent.
- Using grant dollars for personal expenses or in any way that is not appropriate.



## Other Asset Fraud

- Using university equipment, property, or resources for unapproved purposes.
- Taking university equipment, property, or resources for personal use or failing to return equipment to the university.

# FRAUD TRIANGLE

**The Motive:** I'm suffering from increased financial hardship. My spouse lost their job and now we are struggling to make ends meet.

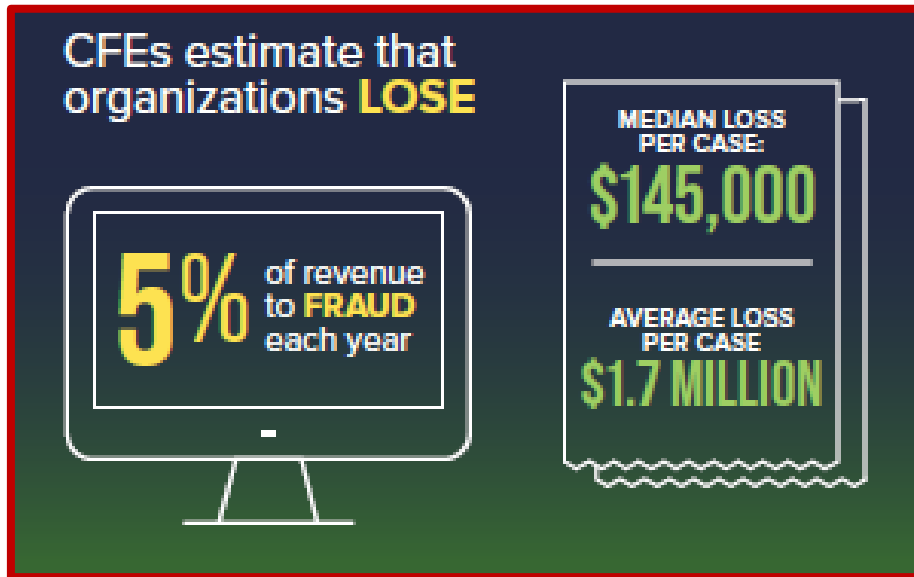


**The Mentality:** I've given so much to the University, in times like this, they can afford to help me.

**The Means:** I know my supervisor is really busy and doesn't do a detailed review of transactions or asks questions. Maybe I can take advantage of that.

# ACFE 2024 REPORT TO THE NATIONS STATISTICS

## DID YOU KNOW?



- Cal State Fullerton's operating fund budget was approx. **\$595.3 million** for the 2024-25 fiscal year.

Five percent of that is

**\$29,765,000**



# THE EFFECTS OF FRAUD AND PREVENTION STRATEGIES

## Significant Loss Of:

- Funding
- Time and Productivity
- Reputation
- Customer Relationships



## Anti-Fraud Strategies Include:

- Awareness
- Prevention
- Detection



# PREVENTION STRATEGIES CONT'D

Prevention Strategies Include:

- Know our CSU Policies (Training)
- Segregate Duties
- Restrict Access
- Conduct Detailed Reviews
- Verify Information
- Ask Questions



# DETECTION STRATEGIES/CONTROLS

## Detective Controls Include:

- Reconciliations:
  - Budget vs actuals (budget reviews)
  - Cash receipts to supporting documents
- Physical asset inventory counts
- Periodic system change log reviews
- Periodic system access reviews
- Supervisory reviews



# ASSESSING REASONABLENESS

We know your time is limited.

Questions to consider when reviewing different types of expenses for approval – remember your ABCs:

- Is the expense **a**ppropriate?
- Is there a **b**usiness need?
- Is there a **c**lear or demonstrable benefit to the CSU/campus?

# CSU EXAMPLES



# FRAUD AT THE CSU

## Campus Example #1



# FRAUD AT THE CSU

## Campus Example #2

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# FRAUD AT THE CSU

## Campus Example #3

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# FRAUD AT THE CSU

## Campus Example #4

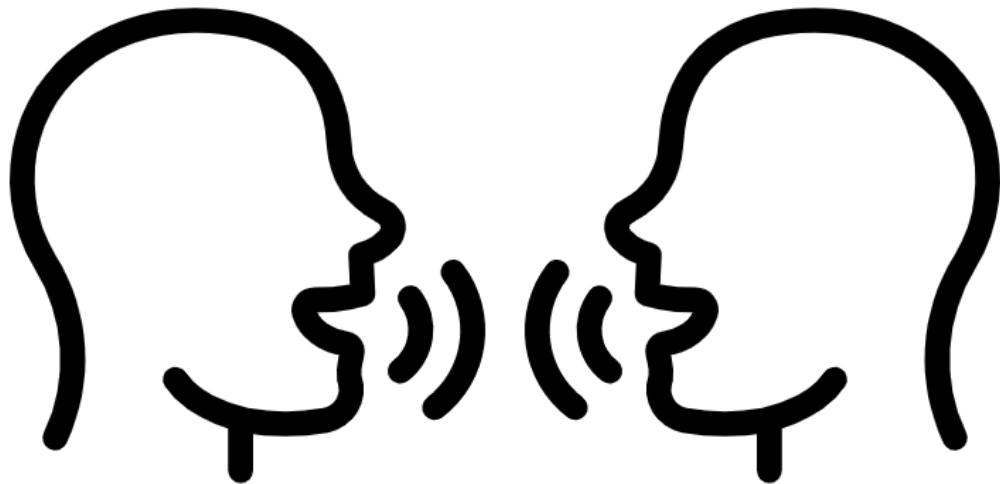
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# ACFE 2024 REPORT TO THE NATIONS STATISTICS

## DID YOU KNOW?

- You can make a difference by making a report.



# HOW TO REPORT

If you suspect fraud, report it to:

- Your supervisor or department head
- Labor and Employee Relations
- University Whistleblower Administrator (Confidential)
  - Anne Grogan
  - Email, complaint form, voicemail
- Internal Audit
- Audit & Advisory Services at the Chancellor's Office

# QUESTIONS & DISCUSSION

