



OBJECTIVE

To define the university community's responsibility for reporting financial fraud, and to establish procedures for addressing wrongful acts.

POLICY

Applies to: Faculty, staff, students, visitors
Issued: 02/2006
Revised: 02/2008
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I. Financial Fraud

- A. The university will take appropriate disciplinary and legal action against employees who commit financial fraud. This may include termination and/or criminal prosecution.
- B. Financial fraud is defined by University Rule 3335-5-04 "as a deliberate act or deliberate failure to act that is contrary to law, rule, or policy with the intent to obtain unauthorized financial benefit from the university for oneself, one's family, or one's business associates. Financial fraud includes, but is not limited to, misappropriation of university funds or property, authorizing or receiving compensation or reimbursement for goods not received or services not performed or hours not worked, or unauthorized alteration of financial records."
- C. Examples of financial fraud include but are not limited to:
 - 1. Embezzlement or other financial irregularities;
 - 2. Misappropriation, misapplication, destruction, removal, or concealment of property;
 - 3. 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.);
 - 4. Improprieties/misrepresentation in the handling or reporting of money or financial transactions, including procurement card;
 - 5. Theft, destruction, or misappropriation of funds, securities, supplies, inventory, or any other asset (including furniture, fixtures or equipment, trade secrets and intellectual property);



6. Authorizing or receiving payment for goods not received or services not performed;
7. Authorizing or receiving payment for hours/time not worked;
8. Misuse of university facilities, such as vehicles, telephones, mail systems, or computer-related equipment;
9. Intentional violation of university purchasing requirements;
10. Bribery, kickbacks, or rebates;
11. Assigning an employee to perform non-employment-related tasks by person in a supervisory or management position; and
12. Actions related to concealing or perpetuating abovementioned activities.

II. Internal Controls

Internal controls are policies, practices, and procedures that are designed to provide reasonable assurance that objectives are achieved in the following categories:

1. Effectiveness and efficiency of operations (including safeguarding of assets and records).
2. Reliability of financial reporting.
3. Compliance with laws and regulations.

PROCEDURE

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I. Employee Responsibility

- A. All employees of The Ohio State University, regardless of rank or position, have a stewardship responsibility with regard to university funds and other assets.



- B. University employees 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.
- C. 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.
- D. Any employee who has reason to believe, or has knowledge that financial fraud has occurred, is obligated to report the incident(s) and all relevant information to an appropriate university authority.
 - 1. When financial fraud is suspected, observed, or otherwise made known to an employee, the employee must report the activity to her/his supervisor.
 - 2. If the employee has reason to believe her/his supervisor may be involved in the financial 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 Department of Internal Audit, University Police, or the university's confidential reporting line at:

Phone: 1-866-294-9350
Web: <http://www.ohio-state.ethicspoint.com>
 - 3. The reporting employee shall refrain from further involvement in the matter unless directed otherwise by Internal Audit or University Police.

II. Management Responsibility

- A. All management personnel are responsible for detecting fraudulent activities in their areas of responsibility.
 - 1. Each manager should be familiar with the types of improprieties which might occur in her/his area of responsibility and be alert for any indication that improper or dishonest activity is or was in existence in her/his area.
 - 2. When dishonest or improper activity is detected or suspected, management should determine whether an error or misunderstanding occurred or whether financial fraud exists.
 - 3. If a member of management has reason to believe that financial fraud has occurred, she/he must contact her/his immediate supervisor.



- B. When a supervisor is informed by management personnel that financial fraud has potentially occurred, the supervisor must contact Internal Audit, who will consult with Legal Affairs and University Police.
- C. Additionally, the supervisor must contact Human Resources Consulting Services, who in conjunction with University Police and Legal Affairs will determine the appropriate administrative action.
- D. Internal Audit and/or University Police will conduct an investigation with the appropriate departments or areas.
- E. Management will cooperate with Internal Audit, University Police, or Legal Affairs and other departments and law enforcement agencies in the detection, reporting, and investigation of the fraud, including prosecution of offenders. Internal Audit will report the outcome of the investigation to all the appropriate departments or areas.
- F. Management must refrain from any involvement in the investigation unless directed otherwise by Internal Audit, University Police, or Legal Affairs.
- G. If the investigation determines that criminal activity has occurred, University Police will report this information to the local prosecuting attorney.

RESOURCES

[Anonymous Reporting Line](#), 1-866-294-9350

Ohio State, [Office of Legal Affairs](#), 614-292-0611

Office of Business and Finance, [Department of Internal Audit](#), 614-292-9680

Office of Business and Finance, [Department of University Police](#), 614-292-2121

Office of Human Resources, [Department of Consulting Services](#), 614-292-2800