



Fraud & Ethics Training

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Agenda

- What does Fraud mean?
- Examples
- ACFE Report to the Nations 2022
- What Can You Do?
- Anonymous Hotline
- What to Report
- What is Ethics and Why Should I Care?

Poll

- Is fraud happening at Kansas State?
 - Absolutely, because I've witnessed it or reported it
 - It's likely but I've not witnessed it
 - Probably, but not in my department because we have adequate controls in place to prevent it.
 - No, we're in the Midwest where people are honest.

The “F” word!

A form of employee misconduct where an employee uses deceit to take (steal) or misuse an employer’s resources. *The IIA Fraud Awareness Training, March 16, 2017*

PPM 3230:

- Making or altering documents or computer files with the intent to defraud
- Purposely inaccurate financial reporting
- Misappropriation or misuse of University resources, such as funds, supplies, or other assets
- Improper handling or reporting of money transactions
- Authorizing or receiving compensation for goods not received or services not performed
- Authorizing or receiving compensation for hours not worked

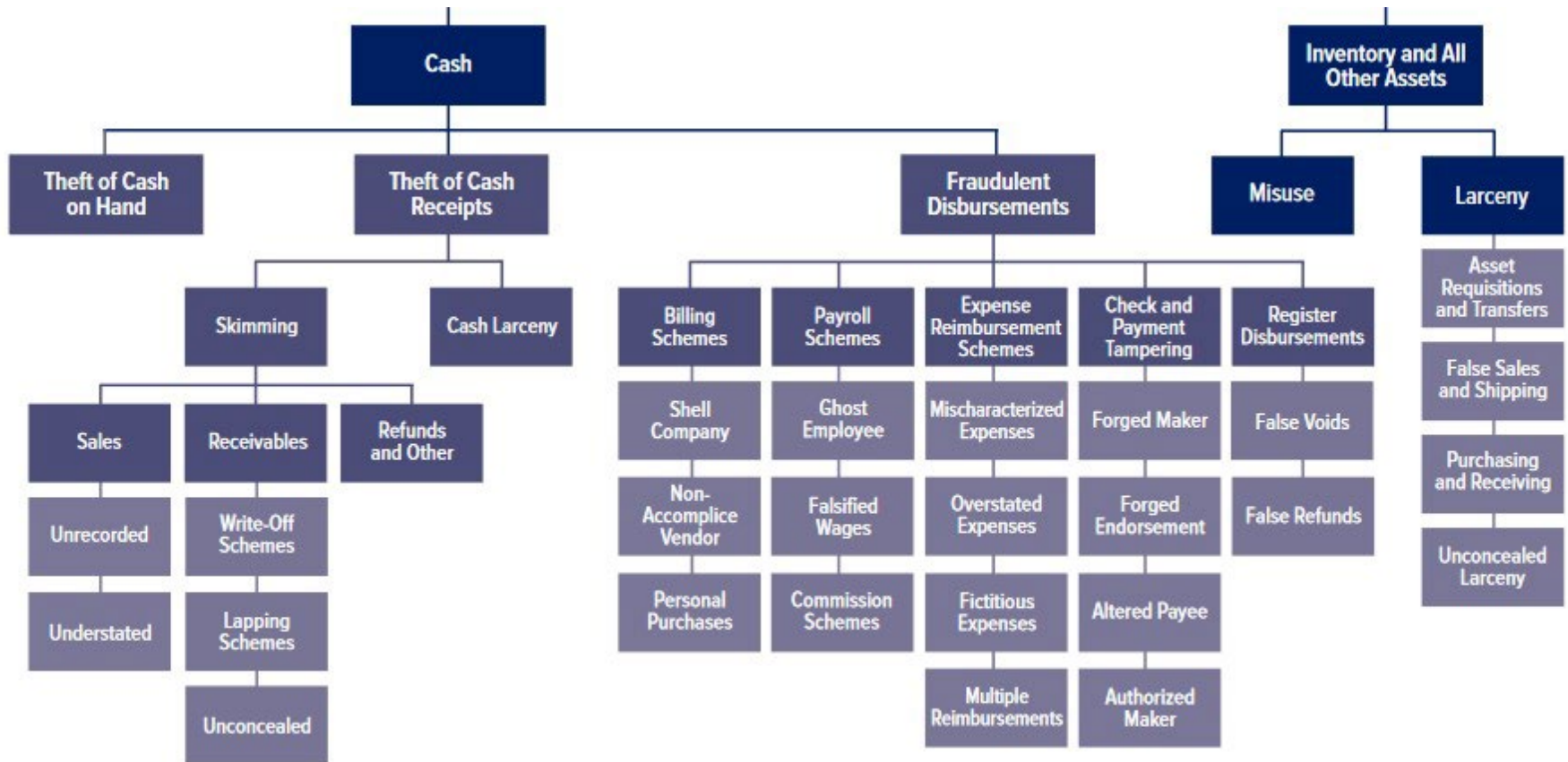
Examples of Fraud

- University vehicles
- Timecards and wages/Employee Leave
- Theft
- AP/supplier
- Credit Card/Expense reporting
- Research

ACFE Report to the Nations

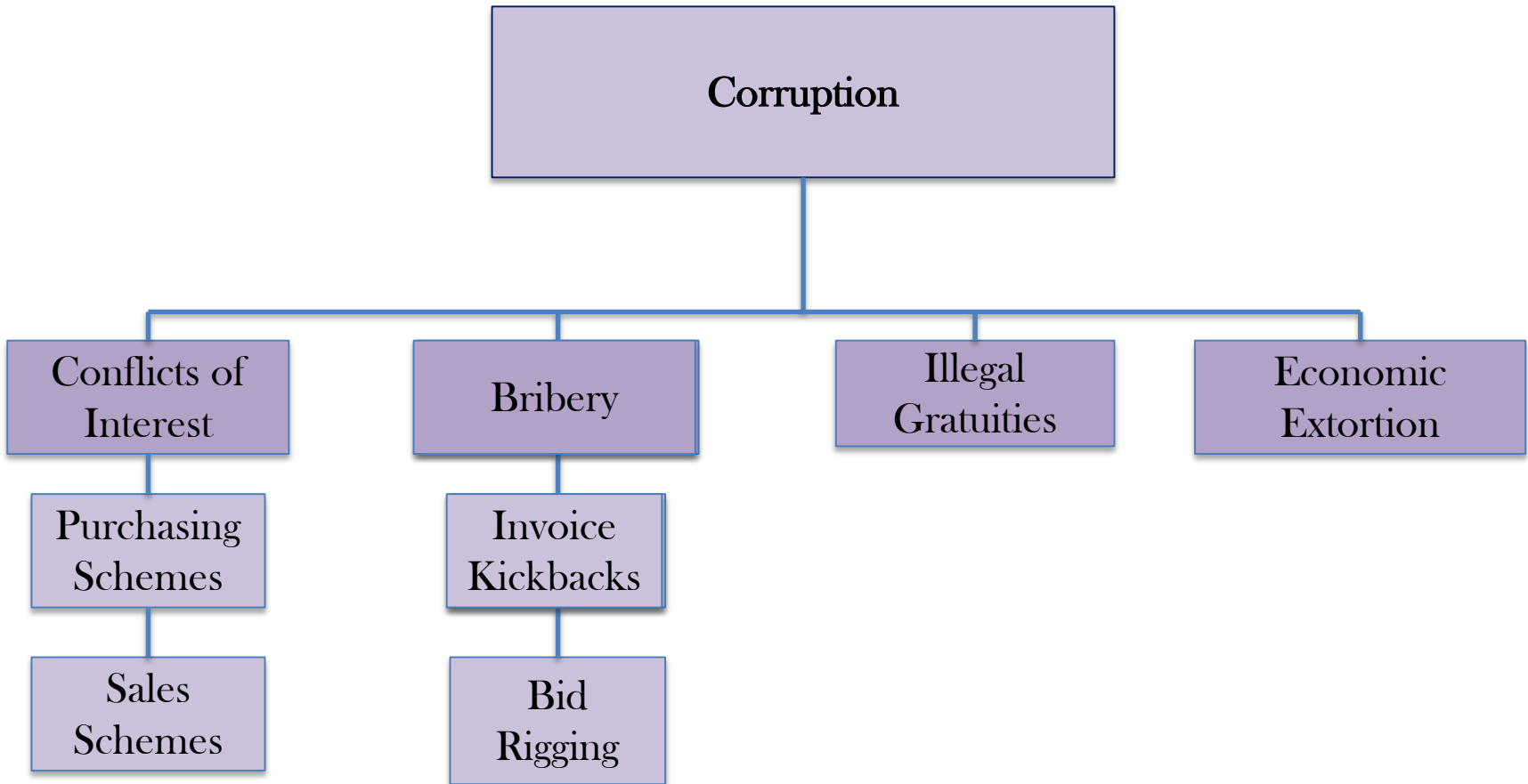
- 5% of revenue
- 42% detected by tips with > half by employees
- Asset misappropriation
 - 86% of cases
 - Median loss = \$100,000
- Corruption
 - 50% of cases
 - Median loss = \$150,000
- Typical fraud causes \$8,300 loss per month
- Lasts 12 months before detection

Asset Misappropriation

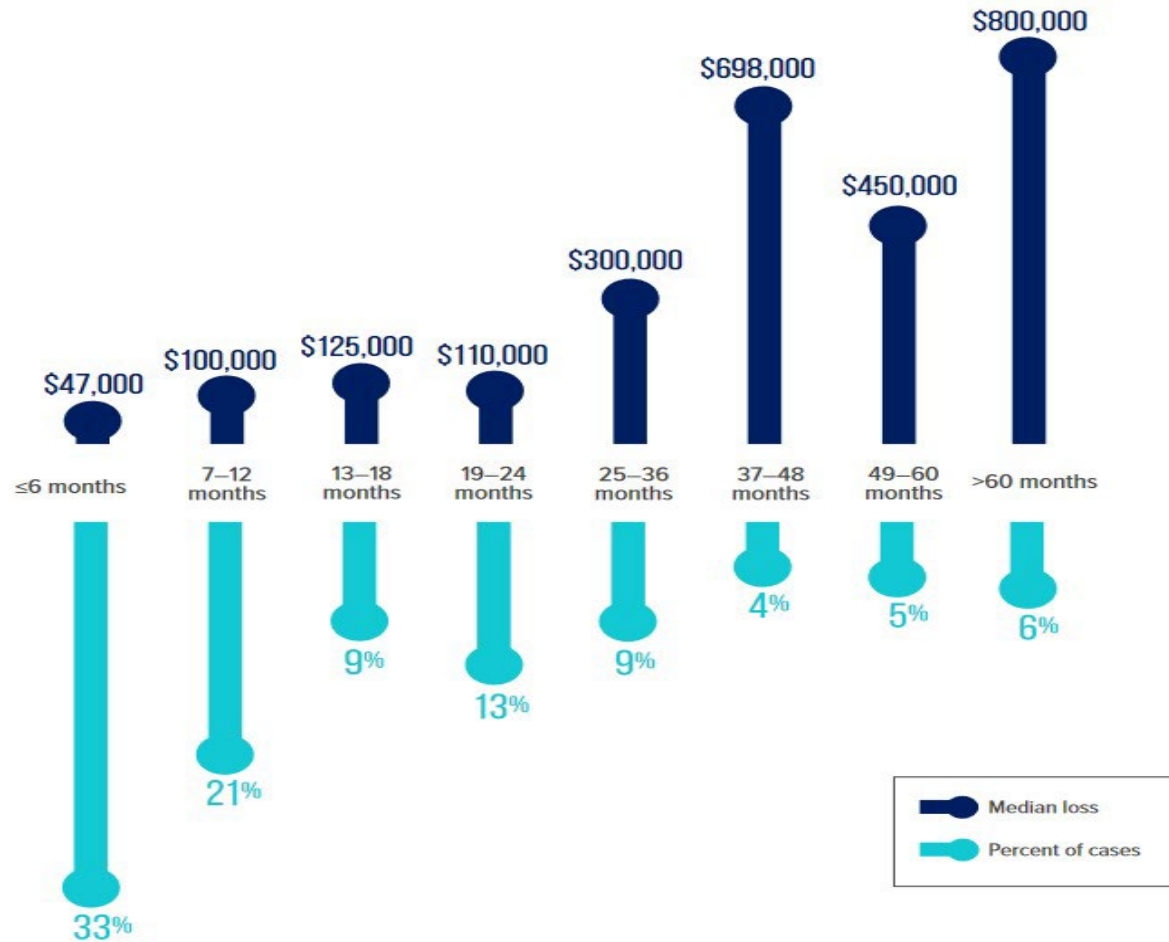


ACFE Report to the Nations 2022

Corruption



Duration of Fraud



ACFE Report
to the
Nations 2022

Methods of Detection

FIG. 10 HOW IS OCCUPATIONAL FRAUD INITIALLY DETECTED?

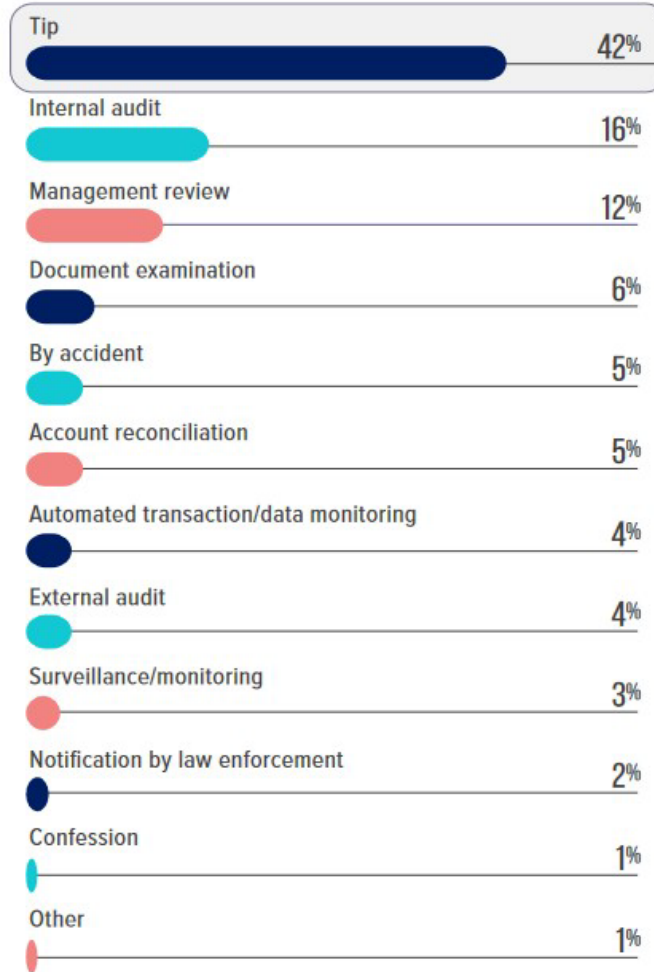
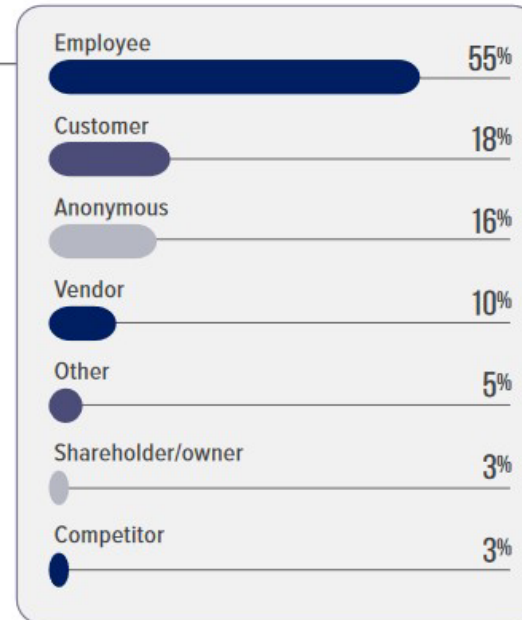







FIG. 11 WHO REPORTS OCCUPATIONAL FRAUD?



ACFE Report
to the Nations
2022

These five have **INCREASED** the most:

| | 2012 | 2022 | Increase |
|---|------|------|----------|
|  Hotline | 54% | 70% | 16% |
|  Fraud training for employees | 47% | 61% | 14% |
|  Anti-fraud policy | 47% | 60% | 13% |
|  Fraud training for managers/ executives | 47% | 59% | 12% |
|  Formal fraud risk assessments | 36% | 46% | 11% |

A DECADE OF OCCUPATIONAL FRAUD: TRENDS FROM 2012—2022 Occupational Fraud 2022: A Report to the Nations

What Can You Do?

- If you see something, say something
- Anonymous Hotline
- Ask questions
- Appropriate internal controls
 - Timesheets
 - Inventory
 - Reviews
 - Segregation of duties

Anonymous Hotline

- Syntrio/Lighthouse
- 24/7
- www.ksu.edu/internalaudit
 - Anonymous Reporting Hotline
- Report online, by phone, or e-mail



What to Report

- Embezzlement
- Collusion
- Forgery or alteration of documents
- Fraudulent financial reporting
- Misappropriation or misuse of Univ. resources
 - cash
 - inventory
 - facilities
 - services
 - supplies

What to Report (cont'd)


- Accepting or seeking gifts > \$40 (K.S.A. 46-237)
- Authorization or receipt of payment for goods not received or services not performed
- Submitting multiple vouchers for same expense reimbursement
- Using KSU tax exempt status for personal use

What to Report (cont'd)

- Authorization or receipt of unearned wages or benefits
- Personal use of University property
- Identity theft
- COI/ethics violations
- Destruction, removal, or inappropriate use of records, buildings, furniture, equipment, etc.

What Happens When I Report?

- Initial determination
- Coordination of Report
- Assign to investigator
- Investigation
- Writing report
- Review
- Official distribution



Ethics – What is it and Why
should we care?

Ethics

- Moral principles that govern a person's behavior or the conducting of an activity. Taught in younger stages.
 - Help us make decisions that create positive impacts and steer us away from unjust outcomes.
 - Integrity
 - Morals
 - Principles
 - Honesty
 - Right
 - Fair
 - Responsibility
 - Conscience
 - Honor
 - Value

Business Ethics

| Employer | Employee |
|---|---|
| Provide safe working environment for staff and employees | Show up on time |
| Treat employees with dignity and respect | Tend to company business the whole time while at work |
| Provide fair wage | Treat company resources and assets with care |
| Handle all business transactions with integrity and honesty | Give respect to company by working with honesty and integrity |



Principles of Community

- Inherent dignity, value of every person, atmosphere of justice
- Human diversity and inclusion, against all forms of discrimination
- Freely express thoughts and opinions in spirit of civility and decency, climate of courtesy, sensitivity, and mutual respect
- Honesty and integrity
- Engaged in positive way with civic partners
- Contribute positive spirit to affirm growth and learning for all members of the community



Ethical Dilemma

Imagine that you are standing on a footbridge spanning some trolley tracks. You see that a runaway trolley is threatening to kill five people. Standing next to you, in between the oncoming trolley and the five people, is a person wearing a large backpack. You quickly realize that the only way to save the people is to push the man off the bridge and onto the tracks below. The man will die, but his body will stop the trolley from reaching the others. (You quickly understand that you can't jump yourself because you aren't carrying enough weight to stop the trolley, and there's no time to put on the man's backpack.) Legal concerns aside, would it be ethical for you to save the five people by pushing this stranger to his death?

Additional Facts

On the way to the trolley depot, you saw a news report that this man was being sought by police as he had just escaped prison and had killed two guards during his escape. You further learned that he had told cell mates that he was on his way to murder the witnesses who put him in prison.

- Would you push him now?



The Plot Thickens

What if,

You now learn that the reason he had been put in prison is he had tortured and murdered an 89-year old woman and mutilated her body after her death.

- How about now?



What if,

You also learned that the trolley is full of children from a child care center on a field trip?

- Do you save the children?



What If?

The very reason you are at the depot is to pick up your 4-year old daughter, who is on that trolley.

Would you now take a life in order to save the lives of the five people on the tracks?

If your opinion has changed, do you think it makes you a bad person?



Get to the Point

- As these various complications were added, did your opinion change?
- If your view never changed and you would never take the life of another, do you see how **SOMEONE** else may do it?

Questions?

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