

## Indicators of Fraud

The Association of Certified Fraud Examiners (ACFE) estimate U.S. organizations lose seven percent of their annual revenues to fraud.

Confirming incidents of fraud requires a thorough investigation of facts and circumstances. However, there are some activities which may indicate the presence of fraud. These activities do not confirm the existence of fraud. They merely raise red flags which may require follow-up.

Although this list is not exhaustive, the following conditions may be indicators of fraud:

- Accounts not reconciled and reviewed in a timely manner
- Continuous or unusual account transfers
- Employee wanting to control too much of a given process or procedure
- Frequent or unusual related party transactions
- Lack of interest in compliance with policies
- Unrecorded transactions or missing records
- Altered or counterfeit documents
- Excessive voids, credits, over-rings
- Unexpected results, i.e., revenue decreasing & attendance increasing
- Inadequate screening of new employees
- Employee with lifestyle beyond their means
- Employee refusing to take time off and/or unwilling to share duties with co-workers
- Employee in close relationship with suppliers

If you have reason to suspect fraud, please contact us: 797-1084 or Internal Audit Services' anonymous hotline 755-7118.

## Conflict of Interest

Per University *Conflicts of Interest* Policy 307, "a conflict of interest exists when a University employee owes a professional obligation to the University, which is or can be compromised by the pursuit of outside interests." <http://www.usu.edu/hr/policies/section300/307.pdf>

A conflict of interest can exist even if there was no improper action that resulted from the conflict. Conflicts of interest are a matter of perception which can create the *appearance* of impropriety. When dealing with conflicts of interest, perception = reality.

Policy 307 states "Conflicts of interest are not necessarily unwarranted, unethical or illegal, nor are they always avoidable." Therefore, it is important to manage and mitigate the risk conflicts may pose. Management plans may include:

- Avoidance
- Public Disclosure
- Balance-third party interest participation
- Mediation-oversight by immediate supervisor
- Abstention-employee recuse him or herself
- Divestiture-employee forfeits outside interests
- Prohibition

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## Identity Theft: Protecting Yourself

Identity theft occurs when someone obtains your personal information and uses it to commit fraud or other crimes. Per the Federal Trade Commission (FTC), nine million Americans are victims of identity theft each year. Identity theft is the fastest growing “white collar” crime and is among the crimes with the lowest conviction rates.

### How your personal information may be compromised:

- Stolen wallet or purse
- Diverting your mail to another address
- “Dumpster Diving” for bills or statements with personal information
- “Skimming” credit card magnetic strip data by using a special storage device
- “Phishing” or “pretexting” for personal information by posing as a legitimate business or government agency
- Stolen laptops or other media containing unencrypted, sensitive data

### How to protect yourself:

- Do not share personal information unless the recipient has a legal right to know, i.e., banks, employer, investments.
- Do not share or store personal information via email or portable media.
- Encrypt files with sensitive data.
- Regularly review credit card and bank statements for unauthorized activity.
- Be alert to unexpected account statements or denials of credit.
- Stop paper & view statements online.
- Shred documents with any personal information before discarding.
- Encourage businesses to ask all customers for a photo ID before processing a credit card transaction.
- Request a FREE annual credit report from <https://www.annualcreditreport.com/cra/index.jsp>.

### What do you do if you’re a victim:

- Close compromised accounts.
- File a report with the local police to protect your legal rights with the credit reporting bureaus.
- Contact all creditors to let them know.
- File a complaint with the Federal Trade Commission Identity Theft Hotline 1-877-IDTHEFT (438-4338) <http://www.ftc.gov/bcp/edu/microsites/idtheft/>.
- Contact the three major credit bureaus and place a “fraud alert” on your account:

#### Equifax - Consumer Fraud Division

1-800-525-6285  
P.O. Box 740241  
Atlanta, GA 30374-0241

#### Experian - National Consumer Assistance

1-888-397-3742  
P.O. Box 2104  
Allen, TX 75013

#### TransUnion - Fraud Victim Assistance

1-800-680-7289  
P.O. Box 6790  
Fullerton, CA 92634-6790



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