

## UCF-4.015 Fraud Prevention and Detection

**(1) Applicability.** This Regulation is applicable to all members of the University of Central Florida (University or UCF) community, including all UCF Board of Trustees' (Board) members, University employees, students, volunteers, and all contractors and guests attending, doing business with, or affiliating with the University or any of its employees, organizations, components, campuses, facilities, or events.

### **(2) Definitions.**

- (a) Fraud: An intentional misrepresentation or concealment of a material fact for the purpose of obtaining a benefit that would not otherwise be received, or inducement of another to act upon the intentional misrepresentation or concealment to his or her detriment.
- (b) Fraud Prevention: Hindering, precluding, stopping, or intercepting the performance of fraud.
- (c) Fraud Detection: Finding, discovering, or bringing out facts related to the occurrence of fraud.
- (d) Employee: A person who performs services for, and under the control and direction of, UCF.

**(3) Fraud Prevention and Detection Criteria.** The Board of Trustees is committed to creating an organizational culture that proactively identifies potential fraud scenarios, discourages the commitment of fraud, and provides encouragement to report potential fraud. This Regulation establishes University criteria related to appropriate institutional controls and risk management framework to provide reasonable assurance that fraudulent activities within the University's areas of responsibility are prevented, detected, reported, and investigated. Accordingly, the University hereby identifies the following fraud prevention and detection criteria:

- (a) Zero tolerance. The University has zero tolerance for fraudulent activities and will promote consistent organizational behavior and institute preventive measures and controls designed to deter, prevent and/or detect fraudulent activities.
- (b) Acts constituting fraud. Examples of fraud may include, but are not limited to:
  - 1. Forgery or alteration of any document or account belonging to UCF;
  - 2. The willful and/or intentional destruction, alteration or concealment of any records to be used in the conduct of an audit, bid/vendor selection, contract execution, or pursuit of debt financing;
  - 3. Misappropriation of funds, securities, supplies, equipment, or other assets of UCF;
  - 4. Theft of a check or other diversion of payment intended for an internal or external party;
  - 5. Participation in any activity that is intended to initiate an identity theft scheme; and
  - 6. Any similar or related inappropriate conduct or irregularity and/or dishonest or fraudulent act while performing University functions.
- (c) Anti-Fraud Framework and Strategies.
  - 1. Framework. Under the direction of the president and with assistance from other members of management and University Audit, the university will develop and maintain an anti-fraud framework, which shall include, but not be limited to:

- a. Committing to combating fraud by creating an organizational culture and structure conducive to fraud risk management through awareness, training and a “tone at the top”;
  - b. Planning regular fraud risk assessments using scenario analysis and similar methods to identify potential fraud scenarios and assessing the likelihood and impact of these risk scenarios to determine the University’s overall fraud risk profile;
  - c. Designing and implementing a strategy with specific preventative and detective control activities to mitigate assessed fraud risks associated with potential scenarios and fostering collaboration at all levels of the University to help ensure effective implementation of the identified strategies and control activities; and,
  - d. Evaluating the success of the adopted framework based on actual fraud losses and changes in known fraud scenarios using a risk-based/cost-benefit approach and adapting current activities to improve future fraud risk management.
2. Management Commitment. All levels of management are responsible for establishing and following process controls as applicable for their division or unit in accordance with this regulation. Management is responsible for ensuring their controls are functioning effectively and designed to prevent and/or detect fraud. Any instance of fraud, misappropriation, or irregularity that is detected or suspected must be reported immediately to the University’s Chief Audit Executive. Management shall not initiate their own fraud investigations or hire external parties to initiate a fraud investigation.
  3. Division of Audit. University Audit has the primary responsibility for the investigation of all suspected fraudulent acts as defined by this regulation, along with developing and maintaining the university’s anti-fraud framework to prevent, detect and report fraud. As necessary, University Audit will work with the Board and management to obtain external parties with subject matter expertise and/or professional independence to perform or assist with fraud investigations.
  4. Risk Assessment. University Audit, with the assistance and active participation of other divisions, will periodically perform a fraud risk assessment and advise the Board and management of potential actions and activities that could reduce the risk of fraud.
- (d) Delineation of Responsibilities. The delineation of responsibilities for the prevention, detection, reporting, investigation, and remediation of fraud shall operate in accordance with the roles and responsibilities outlined in this regulation.
- (e) Reporting.
1. Requirement to Report. University employees, consultants, vendors, persons doing business with UCF, or DSO employees, who have suspicion of a fraud or misappropriation, shall immediately notify University Audit. Complaints may be made anonymously.
  2. Requirement to Act in Good Faith. Anyone reporting an irregularity that is detected or suspected must be acting in good faith and have reasonable grounds for believing the information provided. Allegations made maliciously or with knowledge of their falsity may be subject to appropriate institutional disciplinary action.

3. Complainant Notification Procedure. Reports of fraud should be made to either of the following:
  - a. University Audit. University Audit may be emailed at [audit@ucf.edu](mailto:audit@ucf.edu) and/or contacted at (407) 823-2889 <https://universityaudit.ucf.edu>. Persons seeking whistle-blower protection should file reports of fraud directly to University Audit.
  - b. UCF IntegrityLine. The University's IntegrityLine allows anonymous reporting and may be used to submit reports of potential fraud: <http://www.ucfintegrityline.com/>.
- (f) Rights and Protections of the Reporting Individual.
  1. Confidentiality. The University will treat all information received confidentially to the extent permitted under applicable law.
  2. Whistleblower Protection. University Audit shall initially assess each reported complaint when there is a known complainant to determine if the allegations fall under the Whistle-blower Act (Sections 112.3187 – 112.31895, Florida Statutes). If the reported allegations fall under the Whistle-blower Act, that employee who reported the wrongful acts, or suspected acts in good faith, is protected against retaliation for making such report and the identity of the whistle-blower is confidential and exempt from disclosure. Additional whistle-blower information is outlined in UCF 2-010 Whistle-blower Determination and Investigation Policy. <https://policies.ucf.edu/documents/2-010.pdf>
  3. Retaliation. UCF prohibits any form of retaliation against individuals who make a good faith report of potential misconduct including fraud or suspected fraud or for their participation in an investigation into misconduct. An employee or other person who lawfully, appropriately, and in good faith reports suspected fraud or other improper activity shall not be discharged, demoted, suspended, threatened, harassed, or suffer adverse personnel action of any kind because of such individual's lawful actions in providing information or assistance to an investigation into fraudulent or other inappropriate activity. Additional information is outlined in UCF 2-700 Reporting Misconduct and Protection from Retaliation Policy. <https://policies.ucf.edu/documents/2-700.pdf>
- (g) Alert Process.
  1. General. The results/status of ongoing investigations will not be disclosed or discussed with anyone, unless required by law, regulation, or University policy. When a final report is issued, University Audit will abide by the notification guidance outlined in Board of Governors' Regulation 4.001.
  2. Substantiated Fraudulent Activities. If the investigation substantiates that any fraudulent activities have occurred, University Audit will issue reports to appropriate designated University personnel and external parties as required to provide details and support for this conclusion.
  3. Notification to Board of Governors. The Chief Audit Executive shall timely notify the Board of Governors Office of Inspector General and Director of Compliance (OIGC) of any significant and credible allegation(s) of fraud, waste, mismanagement, misconduct, or other abuse made against a University Board of Trustees' member or the president. Such allegations will be handled as follows:

- a. The Chair of the Board of Trustees (or the Chair of the Audit and Compliance Committee of the Board of Trustees if the allegations involve the Board Chair), in consultation with the Chair of the Board of Governors, shall review the matter and may ask the OIGC to conduct a preliminary inquiry, in accordance with section 10.2.a of the OIGC charter. If it is determined that an investigation is warranted, it shall take one of the following forms:
      - i. The Board of Trustees will hire an independent outside firm to conduct the investigation with OIGC guidance and monitoring; or
      - ii. The OIGC will perform the investigation.
    - b. At the conclusion of such investigation, the report shall be submitted to the subject, who shall have twenty (20) working days from the date of the report to submit a written response. The subject's response and the investigator's rebuttal to the response, if any, shall be included in the final report presented to the Chair of the Board of Trustees and the Board of Governor's Audit and Compliance Committee.
  4. Significant and credible allegations of fraud, waste, mismanagement, misconduct, or other abuses made against the Chief Audit Executive or Chief Compliance and Ethics Officer. If the University receives a significant and credible allegation of fraud, waste, mismanagement, misconduct, or other abuse against the Chief Audit Executive or the Chief Compliance and Ethics Officer, the President and the Chair of the Audit and Compliance Committee will consult to review the matter and timely provide the OIGC with sufficient information to demonstrate that the Board of Trustees is both willing and able to address the allegations. If, after review, an investigation is warranted, the Chair of the Audit and Compliance Committee in consultation with the President may either hire an independent outside firm to conduct the investigation or direct the Office of Inspector General to conduct the investigation if appropriate. At the conclusion of the investigation, the report shall be submitted to the subject, who shall have twenty (20) working days from the date of submission of the report to submit a written response. The subject's response along with any rebuttal by the investigator shall be included in the final report presented to the President, the Chair of the Audit and Compliance Committee, and the OIGC.
- (h) Actions.
  1. General. Employees determined to have participated in fraudulent acts will be subject to disciplinary action (i.e., demotion, suspension, termination, etc.) in accordance with University policies and regulations and any applicable collective bargaining agreements.
  2. Criminal, Civil, or Administrative. Criminal, civil and/or other administrative actions may also be taken against any person or entity who is found to have participated in unlawful acts or who knowingly withheld information that would have revealed fraudulent or other improper activities.
  3. Non-employee. Failure to comply by a consultant, vendor, contractor, outside agency, or person doing business with UCF or in any other relationship with UCF could result in cancellation of the business or other relationship between the entity and UCF.

**(4) Periodic Review.** This regulation shall be reviewed every five years for currency and consistency with applicable Board of Governors and University regulations. The Board of Trustees shall be notified, at least annually, of the efficacy of the University's antifraud framework and any necessary revisions to improve the framework.

*Authority: Article IX, Section 7, Florida Constitution, Board of Governors Regulations 1.001, 3.003, and 4.001. History—New 11-18-21. Amended 2-22-22.*