# Fraud Prevention and Education

As members of the UTSA community, it is our responsibility to protect the university and its assets from fraud. The Office of Institutional Compliance and Risk Services (OICRS) is providing the following resources and information to help prevent and detect fraud.
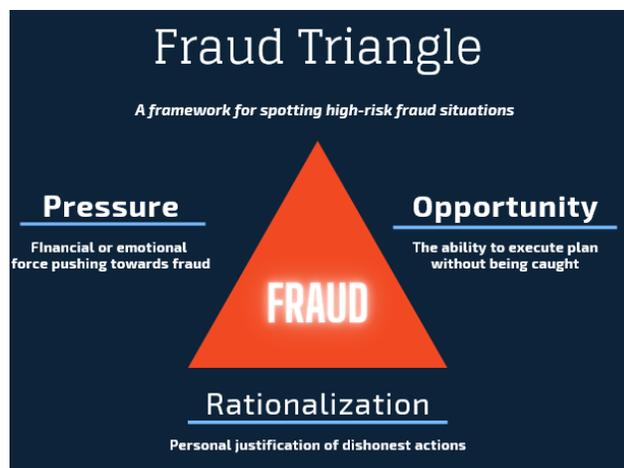
## Definition of Fraud

Fraud is a term that is used to describe a variety of illegal activities that involve deception or dishonesty for the purpose of financial gain or personal benefit. Fraud can take many different forms, such as embezzlement, forgery, identity theft, or credit card fraud. In general, fraud is committed by individuals or organizations who misrepresent facts, hide information, or use false statements in order to obtain something of value that they are not entitled to.

## Elements of Fraud

The fraud triangle is a model that is used to explain the three key elements that are typically present in cases of fraud. The three elements of the fraud triangle are:

1. Pressure or incentive: This element refers to the reason or motivation that an individual has to commit fraud. For example, an individual may feel pressure to commit fraud in order to pay off debts, maintain a certain lifestyle, or meet personal or professional goals.
2. Opportunity: This element refers to the means or opportunity that an individual has to commit fraud. For example, an individual may have access to sensitive information, financial resources, or other resources that could be used to commit fraud.
3. Rationalization: This element refers to the mental process that an individual goes through in order to justify or rationalize their fraudulent behavior. For example, an individual may rationalize their behavior by telling themselves that they are entitled to the money or resources they are taking, or that they are only doing what is necessary to meet their goals.



Fraud Triangle
A framework for spotting high-risk fraud situations

Pressure
Financial or emotional force pushing towards fraud

Opportunity
The ability to execute plan without being caught

FRAUD

Rationalization
Personal justification of dishonest actions

Together, these three elements create a situation in which an individual is more likely to commit fraud. This is why organizations and individuals should be aware of these elements and take steps to prevent or detect fraud.

Common types of fraud at universities include asset misappropriation, procurement fraud, corruption, and financial statement fraud.

These types of fraud can be defined as follows:
- Asset Misappropriation: Asset misappropriation is the unlawful use of an organization's assets for personal gain. This can include theft of cash, inventory, or other assets, as well as embezzlement or fraudulent expense reimbursement. Further examples:
  - Purchasing items using university funds for personal use
  - Theft of Cash on Hand
  - Lapping Schemes

- Procurement Fraud: Procurement fraud occurs when an individual misuses university funds or assets for personal gain. Further examples:
  - Misuse (e.g using university property for personal gain)
  - Larceny (e.g selling UTSA property)

- Corruption: Corruption is the use of an individual's position or influence for personal gain. This can include bribery, kickbacks, or other forms of illegal or unethical behavior. Further examples:
  - Conflicts of Interest
  - Bribery
  - Invoice Kickbacks

- Financial Statement Fraud: Financial statement fraud is the intentional misstatement or omission of financial information in order to mislead stakeholders. This can include manipulating accounting records, overstating revenue or assets, or understating expenses or liabilities. Further examples:
  - Improper Asset Valuations
  - Improper Disclosures

How to identify and detect fraud: There are several signs that may indicate that fraud is occurring. These include:
  - Unusually large or frequent transactions
  - Unexplained or unusual changes in financial reports
  - Lack of documentation or supporting information
  - Employees or vendors who refuse to cooperate with audits or investigations

**Policies**

The UTSA Handbook of Operating Procedures (HOP) is a comprehensive policy manual that outlines the policies and procedures for the university. The HOP is intended to provide guidance

to faculty, staff, and students on a wide range of topics, including financial management, internal controls, and ethical conduct.

UTSA has several policies that relate to fraud risk and prevention. These policies are designed to help prevent and detect fraud, and to ensure compliance with applicable laws and regulations. Some examples of these policies include:

- The "Code of Ethics" HOP 4.01, which establishes standards for ethical conduct and integrity at UTSA, and prohibits fraudulent or dishonest conduct.
- The "Whistleblower Policy" policy, which encourages employees to report suspected fraudulent or unethical conduct, and provides protection for employees who make such reports in good faith.

It is important for faculty, staff, and students at UTSA to be familiar with these policies and to follow them in order to help prevent and detect fraud at the university. If you have any questions about these policies, you should contact the UTSA Office of Institutional Compliance and Risk Services, which is responsible for overseeing the university's compliance with these policies.

**Additional resources**

Institutional Compliance and Risk Services

Office of Auditing and Consulting Services

UTSA Handbook of Operating Procedures

UTS118 Statement of Operating Policy Pertaining to Dishonest or Fraudulent Activities

UTS 131 Protection from Retaliation for Reporting Suspected Wrongdoing

Identifying and Responding to Red Flags: This guideline provides guidance for identifying and responding to "Red Flags" in accordance with the University of Texas at San Antonio (UTSA).

https://www.utsa.edu/financialaffairs/training/ and Which Training Is for Me?

Monitoring Plan for Segregation of Duties and Review of Financial Activity

If you notice any of these signs, or if you have any other reason to believe that fraud may be occurring, it is important to report it immediately.

**How to Prevent Fraud**

- Understand and follow the university's policies and procedures related to financial transactions and reporting
- Be vigilant and report any suspicious activity to the UTSA Fraud Hotline

- Follow the UTSA [Code of Ethics](#) in all of your actions and decisions as an employee of the university.

If you have any questions or concerns, please contact the Office of Institutional Compliance and Risk Services at (210) 458-4992 or [compliance@utsa.edu](mailto:compliance@utsa.edu). Thank you for your attention to this important matter.