The term “occupational fraud” is defined as “the use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization’s resources or assets.” This is a very broad definition that covers a wide range of misconduct. Occupational fraud can be as simple as stealing office supplies or as complex as falsifying reimbursement documentation and forging signatures.

Occupational fraud and abuse is a significant problem faced by organizations of all sizes, in every industry. Unfortunately, it is not a problem that can easily be solved. This pamphlet is designed to help educate the RIT community about the serious threat that occupational fraud poses, and how the university defends against it.

When occupational fraud is discovered, Institute Audit, Compliance & Advisement (IACA) is responsible for leading the investigation from start to finish. Any resulting employee disciplinary actions are determined by RIT management.

A few examples of the fraudulent activity that we may investigate include:
- Falsification of travel and business expense reports
- Personal purchases charged to university procurement cards
- Forgeries of signatures on invoice payment forms and travel expense reports
- Falsification of employee time worked records

The underlying reasons why such activities go undetected include:
- Lack of management oversight
- Lack of a segregation of duties
- Lack of appropriate ledger review
- Lack of detailed review of supporting documentation for a transaction

Appropriate management oversight includes a detailed review of the ledger activity. This includes a budget to actual review by the person who is fiscally responsible for the ledger accounts (i.e., the department director or chair, or principal investigator).

Adequate segregation of duties occurs when one person alone is not responsible for two or more aspects of the financial activity in an account (i.e., custody of assets procured, recording the purchase, approving the purchase, and reconciling the account).

Appropriate ledger review includes reconciling each charge or deposit on the ledger reports to supporting documentation.

An appropriate, detailed review of transactional supporting documentation includes reviewing each line item on an invoice or receipt for appropriate RIT business purpose.

You Are The First Line Of Defense!
Best Practices For Preventing Fraud:
- Be diligent. If something you are witnessing does not seem right, question it, report it to management, report it using the anonymous RIT Ethics Hotline, or contact IACA or Public Safety
- Review your ledger activity for unusual items; does the RIT “business purpose” make sense
- Appropriately safeguard university procurement cards
- Secure departmental petty cash funds
- Collect keys, identification cards, and procurement cards from terminated employees
- Have adequate knowledge of the accuracy of all employee time worked hours you approve
- Assure there are appropriate internal controls in place for adequately safeguarding cash receipts throughout the revenue cycle
- Assure segregation of duties exists
- Follow the RIT Information Security Office Standards

If an investigation occurs in your area, please provide the investigation team (IACA, Public Safety, or a law enforcement agency) your full cooperation.

Remember, as an employee of RIT, you have a stewardship responsibility for safeguarding university assets under your purview. RIT’s management takes fraud seriously.

The vast majority of RIT employees are ethical, well-intentioned, and desire to conduct university business activities with complete propriety. If you are concerned about an activity that is occurring in your department, IACA is available to undertake a wide variety of audit and advisory services including investigations of questionable activity and internal control reviews.

To learn more about how you can help prevent fraud (and strengthen internal controls) at RIT, register for the IACA training session, “Internal Controls and Fraud in the Workplace,” which is offered quarterly through RIT’s Center for Professional Development.

You Are The First Line Of Defense!
Best Practices For Preventing Fraud:
Helpful Contact Information

Rochester Institute of Technology
Institute Audit, Compliance & Advisement
1301 Orange Hall
4 Lomb Memorial Drive,
Rochester, NY 14623-5604
www.rit.edu/fa/iaca/
585-475-7647

Public Safety
www.rit.edu/fa/publicsafety
585-475-2853

Center for Professional Development
www.rit.edu/fa/cpd

RIT’s Ethics Hotline
www.rit.edu/fa/svp/content/ethics-and-compliance-hotline-whistleblower
secure.ethicspoint.com
866-294-9358 (Voice) toll free
866-294-9572 (TTY) toll free