

**3364-15-18**    **Financial fraud prevention.****(A) Policy statement**

The university of Toledo (UToledo) is committed to the highest standards of ethical behavior. Acts of fraudulent behavior can be financially costly and may erode the public's trust and confidence in the integrity of the institution. In addition to the financial fraud prevention policy, there are multiple university code of conduct and conflict of interest policies.

**(B) Purpose of policy**

This policy provides all university employees and third-party contractors, information about federal and state laws pertaining to financial fraud, including protections for whistleblowers. The university prohibits any kind of fraud, waste, and abuse of resources by any trustee or employee, including but not limited to vendors and contractors.

**(C) Scope**

This policy applies to employees of all university of Toledo campuses, as well as UToledo vendors and contractors.

**(D) Financial fraud**

Procedures pertaining to financial fraud prevention are contained in the university's standards of ethical conduct.

- (1) Financial fraud is defined as an intentional act that results in a material misstatement in financial statements. There are two types of financial fraud.
  - (a) False statements arising from misappropriation of assets (examples, theft of assets or fraudulent expenditures).
  - (b) False statements arising from fraudulent financial reporting (example, falsification of accounting records).
- (2) Three "fraud triangle" conditions present when fraud occurs.

- (a) Incentive or pressure that provides a reason to commit fraud.
  - (b) Opportunity for fraud to be perpetrated (e.g., absence of controls, ineffective controls, or the ability for management to override controls).
  - (c) Individuals committing the fraud possess an attitude that enables them to rationalize the fraud.
- (3) Examples of fraud include but are not limited to embezzlement or other financial irregularities.

(E) References

- (1) University of Toledo policy webpage (Conflict of interest and standards of conduct content sections),  
<https://www.utoledo.edu/policies/content.html>
- (2) University of Toledo standards of ethical conduct,  
<http://www.utoledo.edu/offices/internalaudit/pdfs/StandardsofEthicalConductDraft.pdf>

Effective: 11/19/2020

CERTIFIED ELECTRONICALLY

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Certification

11/09/2020

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Date

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