

C  
B  
T

The  
Training  
Post

An Educational  
Computer Based Training Program



# Fraud, Outside Employment, and Financial Interests



The University of Texas at Dallas  
Compliance Training



# Fraud, Errors, and Omissions

## Tell me more!

- Who's responsible?
- What are the rules?
- Why/How does it happen?
- What are the warning signs?
- How do I find out more?



# Fraud, Errors, and Omissions

## Who's responsible?

- The minimization of fraud, waste, and abuse is every employee's responsibility.
- Fraud forces all Texans to pay more for goods and services.
- Each employee is responsible for knowing and understanding the technical requirements associated with the performance of his or her job duties and for taking steps to prevent errors and omissions.
- Every department is responsible for maintaining a strong system of internal controls that will reduce the risks of fraud, errors, and omissions.



# Fraud, Errors, and Omissions

## What are the rules?

- The UT System fraud policy requires prompt identification and internal investigations of any suspected instances of fiscal irregularities.
- The Texas State Governor's Office issued Executive Order RP36 relating to preventing, detecting, and eliminating fraud, waste and abuse at state agencies.

# Fraud, Errors, and Omissions



## Examples of fiscal irregularities:

- Forgery or alteration of checks, time cards, billings, medical charts or prescriptions, student grades, transcripts or loan documents;
- Signing someone else's name on a document;
- Wrongfully taking or using funds, supplies, or any other asset;
- Illegal or fraudulent handling or reporting of money transactions; and
- Acceptance or solicitation of any gift, favor, or service that might influence the employee.





# Fraud, Errors, and Omissions

## Why/How does it happen?

- **Poor or weak internal control system**
- **Lack of monitoring of internal controls**
- **High management turnover**

Employees are tempted by fraud due to financial crisis, family problems, gambling/drinking/drugs, or just living beyond their means. They may justify their actions by pointing out that their bosses or co-workers sometimes don't go by the rules in other situations. Be aware and set an example!

# Fraud, Errors, and Omissions

## What are the warning signs?



- An employee won't take a vacation
- Account reconciliations are not being performed
- Reports/documents are missing
- One employee "does it all"
- Documentation for payments is not the originals



# Fraud, Errors, and Omissions

What should I do if I suspect fraud?

- Follow the UT System Fraud Policy.
- Contact the UTD Hotline.
  - **1-888-228-7707**
  - <http://www.tnwinc.com/webreport/>





# Fraud, Errors, and Omissions

## How do I find out more?

- Business Procedures Memorandum 50-06-94 Statement of Operating Policy Pertaining to Dishonest or Fraudulent Activities  
<http://www.utsystem.edu/BPM/50.htm>
- Governor's Executive Order RP36 - July 12, 2004, Relating to preventing, detecting, and eliminating fraud, waste and abuse.  
<http://www.governor.state.tx.us/divisions/press/exorders/rp36/view>
- Ask your supervisor or the Office of Audit and Compliance. For contact information see <http://www.utdallas.edu/audit-compliance/>.

# Outside Employment & Financial Interests

Tell me more!

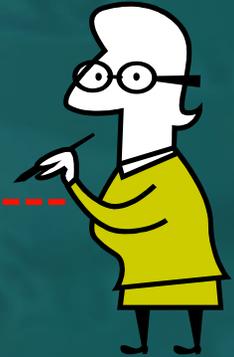
- What are the rules?
- What's OK?
- What's not OK?
- What do I need to do?
- What if I can't tell what's OK?



# Outside Employment & Financial Interests

## What are the rules?

- All full-time UTD employees should understand that their first employment responsibility is to The University. An employee should not have a direct or indirect interest, financial or otherwise, in any outside company or organization which might influence the performance of the employee's official duties.





# Outside Employment & Financial Interests

## What are the rules? (continued)

- Full-time employees must tell their supervisor about outside employment and obtain approval from the appropriate Vice President or the Provost. Approval must be obtained prior to beginning outside employment.





# Outside Employment & Financial Interests

## What's OK?



- Full-time employees may hold a non-elective office, advisory appointment, or other position with the State of Texas if there is no conflict between holding the office or position and UTD employment responsibilities. (Prior permission must be obtained.)
- Volunteer work is acceptable as long as the nature of the position does not go against the interests of the State of Texas, UT System, or UTD.



# Outside Employment & Financial Interest

## What's not OK?



- Employees may not use UTD resources (including stationery or business address) in connection with any outside employment.
- Employees who give professional opinions as a part of outside employment must make it clear that their work in this capacity is not to be associated with UTD.
- Full-time employees may not hold regular outside employment unless they have completed an authorization for outside employment form and received the appropriate approvals (see <http://www.utdallas.edu/provost/memos/PM-29.doc> or [http://www.utdallas.edu/utdgeneral/business/admin\\_manual/pdf/d112500.pdf](http://www.utdallas.edu/utdgeneral/business/admin_manual/pdf/d112500.pdf))



# Outside Employment & Financial Interests

## What do I need to do?

- Any employee who is involved in the awarding of contracts, the selection of vendors, or who can influence the purchase of goods or services, and who has a relationship as indicated below to a vendor under consideration for a contract, must report the following to the Vice President for Business Affairs and the Director of Procurement Management:
  - The name of the business for which the employee, his/her spouse, or dependent child serves as an officer or member of the governing board or is an owner (5% ownership interest or more);
  - The name of the business from which the employee, his/her spouse, or dependent child has received compensation; and
  - The name of the business or person (other than immediate relative) that has given anything of \$250 value or greater to the employee, his/her spouse, or dependent child.



# Outside Employment & Financial Interests

## What do I need to do?

UTD Research Investigators, Project Directors and any other person at UTD who is responsible for the design, conduct or reporting of research or educational activities supported by a grant or contract, are required to disclose the following significant financial interests:

- Any significant financial interest of the Investigator, their spouse or dependent child that would reasonably appear to affect the research or educational activities funded, or proposed for funding, by an external sponsor; or
- Any significant financial interest of the Investigator, their spouse or dependent child in an entity whose financial interest would reasonably appear to affect the research or educational activities funded, or proposed for funding, by an external sponsor.



# Outside Employment & Financial Interests

## What do I need to do?

- For more information regarding financial disclosure as it pertains to contracts and grants, please see UTD *Policy Memorandum No. 95-III.27-69, Research Investigator Financial Disclosure* or contact the office of Research Administration and Sponsored Projects at extension 2313.



# Outside Employment & Financial Interests

What if I can't tell what's OK?

Get more information at:

- UTD *Business Policy Memorandum 79-I.3-29* and *95-III.27-69*, or UTD *Administrative Policies and Procedures Manual, Sec. D11-250.0*
- Regent's Rules and Regulations Part One, Chapter 3, Section 4 - *Ethics* and Section 13 - *Outside Employment* and Chapter 7, Section 7 - *Conflict of Interest, Performance of Services, and Use of University Facilities* <http://www.utsystem.edu/bor/rules>.



# Outside Employment & Financial Interests

## What if I can't tell what's OK? (continued)



- UTD Policy regarding outside employment  
[http://www.utdallas.edu/utdgeneral/business/admin\\_manual/pdf/d112500.pdf](http://www.utdallas.edu/utdgeneral/business/admin_manual/pdf/d112500.pdf)
- U.T. System Policy - Financial Disclosure and Conflict of Interest Report  
<http://www.utsystem.edu/systempolicies/> Ask your supervisor or the UTD compliance officer. The compliance officer may be contacted at extension 2233.

# Test Your Knowledge



Following are several questions to test your knowledge of the information presented.

Answer all questions correctly to receive credit for the training.



# Question #1

Minimizing fraud, waste, and abuse is solely the responsibility of departmental managers.

**TRUE**

**FALSE**



**SORRY TRY AGAIN**

**REVIEW**



# Question #2

**Which of the following is NOT an example of fiscal irregularities?**

**Forgery of time cards**

**Illegal handling of money transactions**

**Acceptance of an influential gift**

**All of the above are examples of fiscal irregularities**



# SORRY TRY AGAIN

**REVIEW**



# Question #3

If departmental internal controls are weak and poorly monitored it increases the chance that fraud or errors could be overlooked.

**TRUE**

**FALSE**



# SORRY TRY AGAIN

**REVIEW**



# Question #4

One warning sign of fraud is:

**Vacation taken by an employee**

**One employee “does it all”**

**Monthly account reconciliations are current**

**All of the above are warning signs**



# SORRY TRY AGAIN

**REVIEW**



# Question #5

Outside employment is OK as long as it does not affect your official duties for UTD and you have obtained the appropriate approval to hold the position.

**TRUE**

**FALSE**



**SORRY TRY AGAIN**

**REVIEW**



# Question #6

Which of the following is OK?

**Using UTD resources in connection with outside employment**

**Giving a professional opinion in connection with outside employment and mentioning association to UTD**

**Holding a non-elective office or performing volunteer work where there is no conflict with the employee's UTD official duties**



**SORRY TRY AGAIN**

**REVIEW**



# Question #7

UTD employees who can influence the purchase of goods and services **do not** have to report the name of a business in which the employee's spouse or dependent child has a financial interest.

**TRUE**

**FALSE**



**SORRY TRY AGAIN**

**REVIEW**



**Thank you for completing the questions related to Fraud, Outside Employment, and Financial Interests.**

**Click on the button below to complete this module and receive credit for this course.**

**[Click Here to Receive Credit for This Course](#)**



# SORRY TRY AGAIN

**REVIEW**



**Congratulations!**  
**You have completed compliance  
training on**

**Fraud, Outside Employment, and  
Financial Interests**



**The University of Texas at Dallas  
Compliance Training 2007**

**C  
B  
T**

# **The T E N d**

*The Training Post*  
An Educational Computer Based Training Program