



MEMORANDUM

To: University Employees

From: President David W. Pershing

John E. Nixon, Vice President for Administrative Services

Date: January 25, 2018

Subject: Safeguarding University Resources

NOTE: This constitutes University Rule 3-003B, enacted by authority of the President of the University and serves to implement University Policy 3-003. The original version (Revision 0) took effect September 1, 2009. This current version took effect January 19, 2018. Questions about this Rule may be directed to the Associate Vice President for Financial & Business Services.

The University of Utah is committed to the highest standards of integrity and care in all aspects of its educational, research, and public service missions. Diligence in safeguarding the University's resources is an integral part of upholding these standards. Every University faculty and staff member is responsible to safeguard the University's physical and financial assets, ensuring those resources are used only for lawful and authorized purposes, and being alert to possible exposures, errors and irregularities.

The purposes of this communication are to emphasize lines of responsibility for safeguarding University financial resources and to discuss fraud deterrence.

Lines of Responsibility

For every financial activity or project, a faculty or administrative person is designated as the account executive or principal investigator. This individual is primarily responsible to safeguard funds under his/her jurisdiction. Specific responsibilities include:

- Learning, following, and upholding financial policies established by the University and external agencies.
- Ensuring funds are used only for legitimate business purposes.
- Establishing basic internal controls to ensure transactions are fully documented and are appropriately approved and recorded.
- Being alert to weaknesses that can lead to loss, waste, misuse, misappropriation or destruction of assets (including data) and taking action to correct such weaknesses.

The account executive or principal investigator has authority to expend University funds to accomplish assigned responsibilities and is accountable for all transactions recorded in his/her activities/projects. This includes ensuring that transactions are reasonable and necessary, consistent with established University policies and practices, and consistent with sponsor or donor restrictions. Expenditures that are solely for personal benefit or purposes other than those that benefit the University are prohibited.

A key element in the University's system for maintaining control is review and approval of the monthly accounting statements. The statements should be reviewed and approved by the account executive or principal investigator, or by an approved alternate who is separate from the individual(s) initiating transactions. The account executive or principal investigator should not seek to delegate this function and may do so only when there is no practical alternative.

If review and approval authority must be delegated, it is imperative that the account executive or principal investigator remain sufficiently involved to be knowledgeable about financial matters and exert meaningful oversight (refer to University policy 3-003 and related guidelines).

Deans, directors, and department heads are responsible to set an example of diligence and care, reinforce high expectations of integrity and compliance with established policies, and provide meaningful financial oversight.

Fraud Deterrence

All employees likewise share responsibility for preventing, detecting, and reporting dishonest acts by others. The University investigates suspected problems thoroughly, with careful consideration to the rights of all affected individuals. Disciplinary or legal action is taken where warranted; willful misconduct is not tolerated.

There are several warning signs that administrators, supervisors and employees should be alert to:

1. Poor attitude, poor example, or lack of communication by those in authority.

The attitude and actions of those who have management responsibility greatly influence the potential for undetected fraud. Those in authority must communicate high expectations concerning ethical behavior, compliance with laws and policies, and financial accountability. Dishonesty and waste are much more likely to occur in situations where there is little or no such communication.

2. Indifference about or disregard for official University policies.

Policies should be referred to as questions arise or important decisions are considered. Compliance is expected. Repeated infractions or blatant disregard of University policy is, in itself, very serious. It can also be a warning sign of fraud.

3. Over-reliance on one person.

Problems often occur when all financial duties are given to one person with no accompanying checks and balances. A single individual should not be placed in a position to:

- Receive, deposit, reconcile, and handle all accounting functions for funds received.
- Initiate, approve, reconcile and handle all accounting functions for payroll or other disbursements.

No one should be allowed to provide final approval for his or her own expense reimbursements or payroll time reports.

4. Lack of meaningful oversight.

Problems are also generally accompanied by absent or ineffective oversight. High levels of trust and considerable freedom for employees often characterize University workplaces. Nonetheless, every employee should expect to be held accountable for his/her actions. Department heads, account executives and principal investigators must review accounting statements, ask appropriate questions, and otherwise hold their employees accountable for the proper use of University funds.

5. Use of University resources for personal purposes.

All University accounts, regardless of funding source, represent public funds that may be used only for legitimate business purposes. University equipment may be used only for approved purposes. Time and effort reporting must accurately reflect the work performed – reporting time that is actually spent on personal business or other non-work-related activities as work time is not allowed.

The University occasionally encounters situations involving dishonest acts by employees, ranging from irresponsible handling of funds to systematic fraud schemes. Although such cases involve a very small number of employees, they are very disruptive, expensive to investigate, and can seriously damage the University's reputation. The perpetrators, who are rightfully dismissed and prosecuted, cause long-lasting personal devastation to themselves and their families. There are also repercussions for their supervisors and an emotional toll on fellow employees.

Any dishonest or improper act by an employee (i.e. that violates the law, wastes money, or endangers public health or safety) is of great concern to the University. We encourage all faculty and staff to report suspected improprieties to their supervisor or directly to a higher level if the supervisor is involved. If you suspect a crime has been committed, you should report it immediately to University Police. You may also contact the University Internal Audit Department or make a report via the Ethics and Compliance hotline. The hotline (888-206-6025) is provided through a third party and offers independence, confidentiality, and is available 24 hours per day, 7 days per week.

The University is committed to protect employees who, in good faith, report suspected improprieties or illegal activities. In fact, it is unlawful in Utah to discharge, threaten, or otherwise bring a personal action against an employee who reports a violation of law or waste of public funds, property, or manpower unless the employee knows the report is malicious, false, or frivolous.

Together with the public, we hold ourselves to high standards of integrity and care. We thank you for your efforts to conscientiously safeguard University resources.