Memorandum

To: University Employees

From: Senior Vice President A. Lorris Betz
Senior Vice President David W. Pershing
Vice President Arnold B. Combe

Date: September 1, 2009

Subject: Safeguarding University Resources

In recent years the University has confronted several situations involving dishonest acts by employees, ranging from irresponsible handling of funds to systematic fraud schemes. Although such cases involve a 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.

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

Lines of Responsibility

Every University faculty and staff member is responsible to safeguard the University’s financial resources. 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 that 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.
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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 a person with supervisory responsibility for individuals who initiate transactions. The account executive 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 remain sufficiently involved to be knowledgeable about financial matters and exert meaningful oversight (refer to University policy 3-003).

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, 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 of 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.

Serious problems have often occurred where 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 approve his or her own expense reimbursements or payroll time reports.

4. Lack of meaningful oversight.

Serious problems are also generally accompanied by absent or ineffective oversight. High levels of trust and considerable freedom for employees often characterize University workplaces. Even so, every employee should expect to be held accountable for his/her actions. Department heads and supervisors 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 spent on personal business or other activities as work time is not allowed.

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 [www.Ethicspoint.com or (888) 206-6025]. The hotline is provided through a third party and offers independence, confidentiality, and 24 hours per day, 7 days per week availability.
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.

Sincerely,

A. Torris Betz
Senior Vice President

David W. Pershing
Senior Vice President

Arnold B. Combe
Vice President