

## Fraudulent Financial Reporting

Financial reporting fraud is the least common fraud scheme but can be the costliest. Financial reporting schemes involve intentional misrepresentation of financial information. Examples of these schemes include miscoding expenditures to hide inappropriate activities, charging contracts or grants for impermissible costs, overstating cost matching or effort, and inappropriately encumbering funds to indicate resources are committed.

The Q&As below contain tips for the prevention and detection of financial reporting fraud.

👉 Are reporting guidelines in place?

- Units should develop clear policies and procedures to ensure consistent and transparent financial reporting.

👉 Are financial reports supported?

- Financial reports should be supported by sufficient documentation to enable the verification of reported figures.

👉 Are independent reviews conducted?

- Management should review financial reports to analyze trends, verify data is consistent with activities and budgets, and confirm reporting complies with grant or applicable requirements.

👉 Are duties appropriately segregated?

- Duties should be separated to prevent any one individual from controlling all aspects of an operation, including authorization, recording, reconciliation, and custody of assets.

👉 Are reconciliations performed?

- Financial records should be reconciled regularly to determine whether transactions were recorded accurately and in the proper period.

👉 Is access properly restricted?

- Access to financial systems should be limited. Only authorized personnel should have the ability to approve transactions or edit reports.

### Where can I find more information?

👉 [USF Regulation 5.001](#): Fraud Prevention and Financial Detection

👉 USF Office of Internal Audit website: <https://www.usf.edu/audit/>

### How can I report potential fraud or abuse?

👉 Notify your supervisor.

👉 Contact the USF Office of Internal Audit at (813) 974-2705.

👉 Report activities anonymously through the [EthicsPoint](#) hotline at (866) 974-8411.