



Contract Fraud

Contract Fraud is the intentional manipulation or deceit of the contract process to secure illicit financial gain, often at the expense of an institution. The Association of Certified Fraud Examiners notes contract fraud as a prevalent form of occupational fraud, affecting sectors like higher education, where numerous vendors and large-scale contracts are common. Due to potential financial losses, implementing strong internal controls and management due diligence during the contract process is essential to minimizing risk.

Listed below are six potential contract fraud risks and related key controls:

Bribery or Kickbacks

- [USF Policy 0-027](#) prohibits accepting anything of value if given to influence one's official actions as an employee.

Improper Billing

- Ensure that goods and services are accurately matched and reconciled with corresponding contracts and invoices.

Unmitigated Conflicts of Interest

- [USF Policy 0-027](#) mandates that employees disclose certain outside activities and business relationships that may create a conflict of interest.

Change Order Abuse

- Closely monitor contract performance, limit non-essential changes, and hold contractors accountable for their estimates.

Phantom Vendors

- Implement proper segregation of duties related to new vendor approval, payments, and monitoring.

Biased Sole-Source Procurement

- Purchases must be made by USF and DSO procurement guidelines to uphold the integrity and fairness of the procurement process.

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.