Fraud, Risks, and Controls- Oh My!
What is Fraud?

• A knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment.¹

• Internal (occupational) and external

• How fraud is committed

  ➢ Corruption
    o Bribery
    o Conflicts of interest
  ➢ Asset misappropriation
    o Theft of cash
    o Fraudulent disbursements
    o Inventory and assets
  ➢ Financial statement fraud

Examples

- UNC Chapel Hill – student athlete academic scandal
- Vassar College – $2 million stolen by fictitious company
- Stanford Medical School – paid promotional speeches
- Iona College – $850,000 from personal purchases and false expenses
- LSU is not immune!
Fraud Facts

- 5% of revenues in a given year lost to fraud
- LSU represented in 3 of the top 5 victim industries
  - Government and public administration (11%)
  - Healthcare (7%)
  - Education (6%)
- Most common methods of concealment were creating and altering physical documents
- Lack of internal controls cited in 29% of cases and override of existing controls contributed to over 20%.

2 ACFE Report to the Nations, 2016
(Y)our Role

- Training
- Management review
- Security of assets
- Account reconciliation
- Segregation of duties
- Audits
- Fraud hotline
- PM-76
Internal Audit

- Independent and objective
- Add value through collaboration
- Evaluate risk and assess controls
- Types of engagements:
  - Compliance
  - Operational
  - Consultations
  - Investigations
Audit Process

- Risk assessment
- Prelim research
- Interviews
- Testing and analytics
- Discuss findings
- Corrective action

Continuous Communication
Contact Info

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- Sammy Wyatt, Director of Investigations
  - 578-5473 / swyatt@lsu.edu

- Fraud Hotline
  - 855-561-4099
  - www.lsu.ethicspoint.com

- Other Info / Staff
  - http://www.lsu.edu/administration/internal-audit/