



CALIFORNIA STATE UNIVERSITY, CHICO

The Campus Strategic Plan priority #5 states: "Believing that we are accountable to the people of the State of California, we will continue to diversify our sources of revenue and strategically manage the resources entrusted to us." In an effort to meet this strategic priority, the following "Top Ten Practices to Avoid Fraud" is being distributed for your review and implementation. Following these best practices allow the campus to be in compliance with policies, laws and regulations; result in accurate and reliable financial information and reports; provide economical and efficient use of resources and allow the campus to achieve its mission.

Top Ten Practices to Avoid Fraud

10. Deposit all monies with the Campus or Auxiliary Cashiers. The Chancellor's Office has promulgated a draft policy ([attached](#)) that is expected to be implemented in July 2015, disallowing off-campus bank accounts. Campus funds need to be **transparent** to avoid inappropriate acts, errors and misappropriation of funds. Staff and Faculty should not have authorization for off-campus bank accounts for student clubs and organizations.

9. Campus and Auxiliary expenditures require appropriate authorization. Individuals cannot approve their own expenditures for reimbursements and must obtain their supervisor's signature. In addition, a direct or indirect subordinate may not sign their supervisor's reimbursement request even if they have signature authority for that department. Lack of proper approval for expenditures increases the risk of unallowable or inappropriate payments, as well as non-compliance with Campus, Auxiliary or CSU requirements.

8. Provide all necessary documentation for travel or other reimbursements. Include required receipts, description and related business purpose. Reimbursing employees without proper approvals and documentation increases the risk of paying for nonbusiness-related expenses and can result in non-compliance with Campus and CSU policies, as well as potential tax consequences.

7. Submit a requisition in advance of a procurement requiring a purchase order (e.g., services from an independent contractor). A Purchase Order is required in advance of work being started. Risks include misunderstanding of business terms, responsibilities, and liabilities involved in performing the work and expose the Campus to unauthorized financial and legal obligations.

6. Follow Human Resource and Departmental request and approval procedures for hiring employees or special consultants, taking vacation, and accepting overloads, additional or outside employment. Risk of overcompensating employees, misunderstanding of terms and condition of employment, unclear scope of work to be performed by a special consultant exposes the campus to financial obligations for unauthorized work being performed and legal obligations.



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5. Vendors, Consultants and Employees must be independent from the Decision Maker. To avoid a financial conflict of interest, you cannot engage immediate family members or a business entity you own or manage. Risks include negative publicity, substandard work, and penalties from the Fair Political Practices Commission.
4. Remember expenditures must match the allowable purchases for the Fund (Operating, Continuing Education, IRA, Lottery, etc.) per the specification sheet, contract or grant award. For example, a purchase in a Cxxx Fund must benefit activities related to continuing education or self-supporting instructional programs. Risk of non-compliance includes inappropriate expenditures, legal liabilities and negative public scrutiny.
3. Ensure equipment is properly accounted for and tagged. Departments should pay special attention to sensitive equipment (examples include laptops, tablets, cell phones, cameras, etc.). Inadequate accountability for sensitive equipment, especially computer-related items that may contain personal information or have access to such protected information, increases the risk of loss, inappropriate use of state property, and increases exposure to information security breaches.
2. Provide all necessary documentation for hospitality expenditures. Required documentation includes itemized receipts, list of attendee with relationship to the campus, description of event indicating the host/date/time/location, and related business purpose. Hospitality expenses must be directly related to, or associated with, the active conduct of official campus business. Inadequate documentation of hospitality expenditures increases the risk of non-compliance with campus and CSU requirements, as well as potential unallowable or inappropriate hospitality purchases.
1. Please help the campus prevent fiscal improprieties. All whistleblower complaints about waste, fraud or fiscal improprieties should be reported to the President's Chief of Staff.

