

FRAUD DEFINITIONS

Definition - Fraud: Fraud has been defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it for personal or organizational benefit. Fraud includes, but is not limited to; theft, disappearance, or destruction of any asset; misappropriation of funds, securities, supplies or any other asset; misrepresentation of information on documents; improprieties in the handling or reporting of money transactions; authorizing or receiving payments for goods not received or services not performed; forgery or alteration of documents; any apparent violation of Federal, State, or local laws related to dishonest activities or fraud; and any other similar or related activity.

Opportunities for Fraud: Opportunities for fraud can occur because of the following reasons: poor internal controls, management override of internal controls, collusion between employees and third parties, poor or non-existent ethical standards, lack of control over employees by their supervisors/managers, and type of organization (some operations are high risk).

Fraud Prevention: The following internal controls help prevent fraud: adherence to all organizational procedures, especially those concerning documentation and authorization of transactions; physical security over assets such as locking doors and restricting access to certain areas; proper training of employees; independent review and monitoring of tasks; segregation of duties so that no one employee is responsible for a transaction from start to finish; clear lines of authority; rotation of duties in positions more susceptible to fraud; enforcement of City of St. Petersburg Code of Ethics for City Employees - Administrative Policy #010405.