ABC 2015 Fall Summit

Asset Protection

September 9, 2015

- **Subject Areas**
  - Fraud
  - Bank accounts using the Cal Poly name or any form thereof
  - PCI DSS
  - Cash collection and business operations
  - Conflict of interest
Story Time…

Special Audit

- Investigation Results
  - Unauthorized Bank Account
  - Questionable and Undocumented Expenditures
  - Uncharged Vacation
  - Conflict of Interest
Special Audit

- What did he do wrong?
  - Bank account was not authorized and was inadequately administered
  - Expenditures not properly authorized or properly approved
  - Improper hiring and payments to vendors

The Big Picture

- Fiscal Impropriety
  - Fraud
  - Embezzlement
  - Misappropriation
  - Fiscal Irregularities
  - Reporting Requirements: Executive Order 813
  - All of us are responsible for reporting
    - State Whistleblower Hotline—800-952-5665
    - Office of Equal Opportunity—x61400
Impropriety Protection

Ways We Protect Against Fiscal Impropriety

- Protection of Cal Poly bank accounts
  - University related off-campus bank accounts are NOT permitted (different rules for auxiliaries)
- Off campus accounts used for campus activities and programs...
  - Increase risk of loss from inappropriate acts
  - Limits the campus’ ability to detect errors and irregularities
  - Compromises accountability

- Acceptance of Credit Cards
  - PCI DSS: Payment Card Industry Data Security Standards
    - Credit card acceptance must be vetted and pre-approved 
      [https://afd.calpoly.edu/fiscalservices/pci/](https://afd.calpoly.edu/fiscalservices/pci/)
    - Huge risk potential to the university
    - Brief training required for all who handle credit cards
Ways We Protect Against Fiscal Impropriety

- **Cash Handling and Collection**
  - CAP 341: "All cash, checks and other payments related to University accounts shall be received and deposited by the University Cashier in the Fiscal Services Department. No other departments are authorized to collect funds unless authorized in writing by the Director of Fiscal Services."
  - Protect the Cash AND the People Handling It
    - Appropriate security
    - Receipts
    - Logs
    - Safe transport

- **Conflict of Interest**
  - University required to follow State Conflict of Interest codes (COI)
  - "Designated Positions" must complete Form 700, Statement of Economic Interest, to disclose relationships, loans, gifts, etc.
  - Specific bid policies, RFP rules, sole-sourcing rules
  - All employees are responsible
Ways We Protect Against Fiscal Impropriety

- Other ways we protect assets
  - Policies and procedures
  - Computer and network security access and controls
  - Delegation of authority to spend
  - Pre-approval and approval levels (can’t approve your own or those above you)
  - Property tagging and inventories
  - Purchasing and vendor controls
  - Supporting documentation always required

Very specific rules and authority for conducting “business” operations

- CAP 145: Commercial operations generally only permitted for CPC and ASI
- But there are some exceptions (these are just a few)...
  - Clubs
  - Mustang News
  - Cal Poly Creamery, Meats, Plant Shop, etc.
  - Certain IRA fund activities
Other restrictions
- You can’t sell state property
- You can’t create items from state property and sell them
- You can’t donate to charities (unless you are a club)
- You can’t make a regular profit (usually)
- Money earned needs to be deposited to the proper fund/account

“But what do I do if my group or area wants to conduct a small business activity?”
- Let us help!
  - Contact us ahead of time so that we can advise on what is allowable and how you might be able to conduct the activity
  - We can provide solutions and alternatives that fit within the rules
  - Each situation is unique—we’ll look for opportunities to help you achieve your goals
Asset Protection

Brett Holman
Director, Fiscal Services / University Controller
bholman@calpoly.edu
x67417