

# INTERNAL AUDIT

*at Pittsburg State University*



## FRAUD IN HIGHER EDUCATION

*by LaDonna Flynn*

Higher education is just as vulnerable to fraud as any other industry, and in fact fraud in higher education has been on the rise over the last two decades. Increased competition among students and institutions is a leading contributor, and examples include fake vendor payments, fraudulent employee expense reports, procurement card abuse, donation theft, and more.

The Fraud Enforcement and Recovery Act of 2009 (FERA) has enabled institutions to implement strong internal controls to help prevent fraud. At Pittsburg State University, our Compliance and Ethics Hotline enables students and employees to report suspicious behavior anonymously, with our [Compliance and Ethics Reporting Policy](#) serving as a foundation.

### EXAMPLE: EMBEZZLEMENT AT BUTTE COLLEGE

Former employee Teri Jo Buckman faces five charges after an internal investigation showed evidence of embezzlement and petty theft. As an employee in the student health clinic for 17 years, she is accused of stealing thousands of dollars in student fees. [Read the full story.](#)

### INTERNAL AUDIT CONTACT

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# HIGHER EDUCATION NEWS

**JUNE 28:** The University of California San Francisco is working with cybersecurity consultants and experts to investigate a malware attack that left servers inaccessible. The university was forced to pay a ransom of more than \$1 million to regain access to important research data. [Read about it.](#)

**SEPTEMBER 1:** The former director of facility maintenance at American International College, Floyd Young, pleaded guilty to a bribery scheme, admitting he skimmed nearly \$1 million from contractors in exchange for hiring them for different jobs at the city campus as well as at three other colleges where he worked. "Young steered contracts for construction, repair, maintenance, and other work for the collegiate institutions to favored contractors who paid him bribes, typically in the amount of 15% of the contract. The contractors inflated the amount of the invoices submitted to the collegiate institutions in order to be repaid the cost of the bribe payment made to Young," the statement said. "On occasion, Young and the contractors arranged for no-work invoices to be submitted to the collegiate institutions and then split the payment," the statement said. [Read about it.](#)

**SEPTEMBER 18:** Payment Card Fraud: The facilities director of SUNY Empire College was busted Friday for allegedly stealing more than \$31,999 through 171 unauthorized purchases on a school credit card that included Seiko watches, a high end purifier, power tools, kitchen appliances, truck and jeep parts, a lawnmower, snow-blower, leaf-blower and ski gloves, authorities said. [Read about it.](#)

**SEPTEMBER 20:** Phishing incident: Patients of University of Missouri Health Care may have had their information exposed after an email phishing incident. In a statement on their website, MU Health Care said, "That information may have included names, dates of birth, medical record or patient account numbers, health insurance information, and/or limited treatment or clinical information, such as diagnostic, prescription, and/or procedure information. For some patients, a Social Security number was also identified." [Read about it.](#)

**SEPTEMBER 22:** A California state audit released Tuesday found that the University of California system "unfairly" admitted at least 64 applicants based on "personal or family connections to donors and university staff" during the past six years, concluding a probe started in response to the 2019 national college admissions scandal at prestigious universities, including two UC schools. [Read about it.](#)



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