

Office of the  
Internal Auditor

# ENGAGEMENT REPORT

February 2025

Anti-Fraud Activities:  
Occupational Fraud Program



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## Executive Summary

### Background

Internal Audit conducted anti-fraud activities aimed at preventing and detecting occupational fraud. Occupational fraud is a term used to describe fraudulent activities committed by employees, management, or third parties against the organization. As a trusted entity responsible for serving policyholders, maintaining integrity and transparency is paramount. Internal Audit's anti-fraud analytics are designed to mitigate internal fraud risks while reinforcing a culture of accountability and ethical behavior.

### Objectives and Scope

The anti-fraud program is structured to uphold trust and safeguard operations through the following key objectives:

- Foster an ethical workplace culture that promotes fraud awareness and prevention.
- Protect operational resources from misuse and misappropriation.
- Ensure compliance with policies and regulations.
- Provide actionable recommendations to strengthen fraud prevention processes and controls.

### Annual Anti-fraud Program Activities

Each year, Internal Audit performs the following activities to achieve this objective:

- **Fraud Prevention Education and Awareness:** A key component of the program focuses on educating employees on occupational fraud, including risk indicators and preventative methods. Internal Audit collaborates with the Special Investigations Unit, the Office of Inspector General, and Corporate Communications to enhance awareness through an annual fraud awareness campaign. This initiative provides insight into fraud prevention efforts conducted across various business units and reinforces the importance of vigilance.
- **Data Analytics Anomaly Detection:** Internal Audit leverages data analytics to identify potential fraud risks through anomaly detection. This program uses a group of fraud-focused analytics developed within Internal Audit to detect unusual patterns in financial and operational data. Identified anomalies undergo further review, analysis, and validation to determine reasonableness. Where high-risk anomalies are confirmed, a sample of transactions is reviewed in detail, while others are evaluated for consideration in future audit planning.

### Engagement Results

The analysis was conducted across four key categories, with a focus on reviewing the following high-risk anomalies:

- **Human Resources:** Detect inconsistencies in employee and payroll information, the high-risk anomalies of personnel records were reviewed to verify the existence of employees and validate payroll data accuracy within HR systems. No fraud activities were identified. However, some additional processes and procedural follow-up will be discussed with management.
- **Vendor Management:** Assess the validity and existence of vendors and the accuracy of records, high-risk anomalies were reviewed for potential unauthorized activities. No fraud activities were identified; however, Internal Audit identified a few general process recommendations for vendors with multiple addresses to be discussed with management.



## Executive Summary

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- **Procurement & Payments:** To highlight inconsistent or unusual purchases and high-risk anomalies for potential unauthorized spending. Internal Audit did not identify any suspicious or fraudulent activity during the review.
- **Travel & Expenses:** Identify potential unusual activity in employee spending, high-risk anomalies of expense reimbursement activity were reviewed to validate the accuracy and appropriateness of expenses. Internal Audit did not note any suspicious or fraudulent activity during the review.

The program did not uncover any instances of fraud. However, Internal Audit did note some procedural and process items that will be followed up to ensure data accuracy, reporting, and potential process improvements.

We thank management and staff for their cooperation and professional courtesy during the engagement.



## Distribution

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Addressee(s) Tim Cerio, Chief Executive Officer

**Audit Committee:**

Jamie Shelton, Audit Committee Chair

Carlos Beruff, Audit Committee Member and Chairman of the Board

**Following Audit Committee Distribution:**

The Honorable Ron DeSantis, Governor

The Honorable Jimmy Patronis, Chief Financial Officer

The Honorable John Guard, Acting Attorney General

The Honorable Wilton Simpson, Commissioner of Agriculture

The Honorable Ben Albritton, President of the Senate

The Honorable Daniel Perez, Speaker of the House of Representatives

The External Auditor

*Completed by Ximena Baquerizo, Internal Audit Manager, under the Direction of Joe Martins, Chief of Internal Audit.*