


# PROCEDURE

<b>Subject</b>	<b>Communicating and Reporting Known or Suspected Fraud</b>	<b>Number:</b> 2.55.02
<b>Source</b>	Vice President of Business and Administrative Services <span style="float: right;">Page 1 of 4</span>	<b>Reference (Rule #)</b> 6HX14-2.55
<b>President's Approval/Date:</b> 02/16/2009		

**PURPOSE:**

State College of Florida, Manatee – Sarasota wishes to maintain its reputation for sustaining an environment that fosters honesty and opposes fraud in its business practices. It is the purpose of this procedure to clearly identify actions which may constitute fraud, address the responsibilities of employees and management for the detection and reporting of known or suspected fraud, define incident reporting and investigative procedures, and to identify consequences for fraudulent behavior.

**POLICY:**

The College promotes an organizational environment and culture that requires honesty and ethical behavior and encourages the prevention of fraud by raising awareness of the need for high standards of personal and professional conduct. It is the policy of the College to identify and promptly investigate any possibility of fraudulent or dishonest activities involving the College and, when appropriate, to pursue any legal remedies to protect the interests of the College.

**PROCEDURE:**

**Definitions:**

For the purpose of this procedure, “fraud” shall include, but not be limited to:

- Theft or misappropriation of College assets;
- Submitting false claims for payment or reimbursement (e.g., fraudulent timesheet or travel authorization/reimbursement forms);
- Failure to submit leave requests for time not worked;
- Accepting or offering a bribe or accepting gifts or personal favors under circumstances that might lead to the inference that the gift or favor was intended to influence an employee’s decision-making while serving the College;
- Accepting a commission from or paying the same to a third party in exchange for a College service;
- Black-mail or extortion;
- “Off-books” accounting or making false or fictitious entries;
- Knowingly creating and/or distributing false or misleading financial reports;
- Paying of excessive prices or fees where justification thereof is not documented;
- Violation of the College’s procedures with the aim of personal gain or with resulting detriment to the College;
- Willful and/or negligent acts or omissions involving deception or dishonesty that cause damage to the interests of the College;

For the purpose of this procedure, an “employee” refers to administrative, faculty and staff members, either full or part time, who receive remuneration from the College, any volunteer or organization that provides services on behalf of the College through an official arrangement with the College or any College organization, College work-study student, temporary employees, independent contractors, or other individuals associated with the College.

### **Responsibility for the Detection and Prevention of Fraud**

Employees at all levels are responsible for exercising due diligence and control to prevent, detect and report acts of fraud. Those who fail to carry out these responsibilities may be subject to disciplinary action up to and including termination of employment.

- Responsibility of Employees.

It is the responsibility of all employees to conduct their College business in such a way as to prevent fraud from occurring in the workplace. Employees must be alert to the possibilities for fraudulent behavior and be on guard for any indications that improper or dishonest activity is taking place.

- Responsibility of Management.

It is the responsibility of the administration to be familiar with the types of improprieties that might occur in their respective areas of responsibility, to be alert for any indication that improper activity, misappropriation, or dishonest activity is or was in existence in his or her area, and to put in place controls to avoid any such occurrences.

Administrators are required to support and work with other College departments and law enforcement agencies in the detection, reporting and investigation of dishonest or fraudulent activity, including the prosecution of offenders. If a fraud or theft is detected, the administrator or manager responsible for that area shall take appropriate corrective actions to ensure adequate controls exists to prevent reoccurrence of improper actions.

### **Reporting Fraud.**

It is the responsibility of all College employees to report, without delay, suspicions of fraud according to the procedures set forth below. Persons who cover up, obstruct, or knowingly fail to report such suspicions, will be considered to be an accessory and may be subject to disciplinary action and/or discharge. Persons who threaten retaliation against a person reporting a suspected fraud shall be subject to disciplinary action up to and including termination of employment.

Great care must be taken in dealing with suspected dishonest or fraudulent activities to avoid:

- Incorrect accusations;
- Alerting suspected individuals to an investigation underway;
- Treating employees unfairly;
- Making statements that could lead to claims of false accusations, defamation, or other charges.

While the matter is being investigated, the incident, facts, suspicions or allegations should not be discussed with anyone inside or outside the College except in accordance with this Procedure and as directed to do so by the College officer investigating the incident.

Fraud can be detected at any level within the College and the following general principles should apply in the reporting of suspected fraud:

- Any person who suspects that a fraudulent practice may be operating should, in the first instance, report the matter to his/her Provost or immediate supervisor. Should it be inappropriate to make such a report

to the Provost or immediate supervisor, the report should be made to a higher level manager, or directly to the Vice President of Business and Administrative Services.

- Upon notification of suspected fraud, the Provost or supervisor receiving the report should immediately provide a written report describing the reported allegations of fraud to the Vice President of Business and Administrative Services.

No investigation of the alleged fraud should take place until the Vice President of Business and Administrative Services has been informed.

### **Procedure for the Investigation of Alleged Fraud**

The Vice President of Business and Administrative Services will (except in any case involving his/her office) have responsibility for coordinating the College's response and will seek expert legal advice from the College's legal counsel or other advice as appropriate.

The Vice President of Business and Administrative Services will notify the Associate Vice President of Finance or the College's internal auditors who will, if appropriate, conduct an initial investigation to gather factual information and reach a preliminary recommendation as to whether further action is required. The investigator will report the findings, conclusions and any recommendations to the Vice President of Business and Administrative Services.

Where initial investigation provides reasonable grounds for suspecting an employee, as defined herein, of fraud or a dishonest activity, the Vice President of Business and Administrative Services and other relevant College administrators will decide if any further actions are necessary to prevent further loss. This may require, in consultation with the President, the suspension with or without pay of the member or members of staff (which will be affected in accordance with Board policies) and/or the decision as to whether further investigation is required.

If further investigation is required, the Vice President of Business and Administrative Services will appoint an investigating committee and its chair. All meetings of the committee will be treated as confidential and shall be fully documented with investigation work normally led by the Associate vice President of Finance, an engaged internal auditor or the College's attorney. In circumstances where the investigation requires the use of technical expertise, which the Associate Vice President of Finance or internal auditor may not possess, the investigating committee, with approval of the Vice President of Business and Administrative Services, may engage external specialists to lead and/or contribute to the investigation.

Upon completion of its investigation, the investigating committee will submit a written report of its findings and its recommendation(s) to the Vice President of Business and Administrative Services, and other relevant College Administrators, who, upon review, shall determine whether internal disciplinary procedures should be invoked. The Vice President of Business and Administrative Services will communicate the decision to the person(s) accused of the fraud or related dishonest activity and will submit a summary of conclusions to the President.

Employees who are under investigation shall be entitled to have a member of College staff present during the course of any interview that is conducted in connection with the alleged fraud or related dishonest activity.

The Vice President of Business and Administrative Services will notify the College's insurance consortium at an early stage of the investigation to ensure that insurance matters are dealt with promptly and properly.

If the suspected incident involves the Office of the Vice President of Business and Administrative Services, the President, or his/her designee, shall undertake the role and functions specified for the Vice President of Business and Administrative Services.

### **Assessment of Internal Control**

The Associate Vice President of Finance will, at an appropriate time, consider the results of the investigation and assess whether there are weaknesses in the College's systems of internal control that should be addressed. The Associate Vice President of Finance will report the findings, conclusions and recommendations, following consultation with the relevant department(s), to the Vice President of Business and Administrative Services.

#### **Accounting for Loss, Restitution and Recovery**

The department incurring the loss from a dishonest or fraudulent act will normally suffer the loss until monies can be recovered through insurance or restitution.

#### **Notifying the Florida Auditor General**

Upon confirmation of the fraudulent event, and depending on the nature and materiality of the fraudulent activity involved, the Vice President of Business and Administrative Services and other relevant College administrators shall report such event to the Office of the Florida Auditor General indicating what steps have been taken to address any weaknesses in the systems of internal control related to the fraud.

#### **References for Employees Disciplined or Prosecuted for Fraud**

Where there is a request for an employment reference for a member of staff who has been disciplined or prosecuted for fraud or a dishonest activity involving the College, the Executive Director of Human Resources shall prepare any reply for such reference in accordance with College policies and applicable employment law.