

3357:13-16-25 Fraud Policy

(A) Background - The College fraud policy is established to facilitate the development of control, which will aid in the detection and prevention of fraud against North Central State College (NC State). It is the intent of NC State to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

(B) Scope of Policy - This policy applies to any fraud, or suspected fraud, involving employees, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with NC State (also called the College).

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the College.

(C) Policy - Management is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intention, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the Vice President for Business Services, who coordinates all investigations with the Attorney General's Office and other affected areas, both internal and external.

(D) Actions Constituting Fraud - The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:

- (1) Any dishonest or fraudulent act
- (2) Forgery or alteration of any document or account belonging to the College
- (3) Forgery or alteration of a check, bank draft, or any other financial document
- (4) Misappropriation of funds, securities, supplies, or other assets
- (5) Impropriety in the handling or reporting of money or financial transactions
- (6) Profiteering as a result of insider knowledge of College activities
- (7) Disclosing confidential and proprietary information to outside parties
- (8) Disclosing to other persons securities activities engaged in or contemplated by the College

- (9) Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the College
 - (10) Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
 - (11) Any similar or related inappropriate conduct
- (E) Other Inappropriate Conduct - Suspected improprieties concerning an employee's moral, ethical, or behavior conduct, should be resolved by senior management and Director of Human Resources rather than the employee's supervisor.

If there is any question as to whether an action constitutes fraud, contact the Vice President for Business Services for guidance.

- (F) Investigation Responsibilities - The Vice President for Business Services has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this policy. If the investigation substantiates that fraudulent activities have occurred, the Vice President for Business Services will issue reports to appropriate designated personnel and, if appropriate, to the Board of Trustees.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

- (G) Confidentiality - The Vice President for Business Services treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Vice President for Business Services immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedure section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the College from potential civil liability.

- (H) Authorization for Investigating Suspected Fraud - Members of the Investigation Unit will have:

- (1) Free and unrestricted access to all College records and premises, whether owned or rented; AND
- (2) The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or

consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

- (I) Reporting Procedures - Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.
- (1) An employee who discovers or suspects fraudulent activity will contact the Vice President for Business Services immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney, or representative, or any other inquirer should be directed to the Vice President for Business Services. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.
- (2) The reporting individual should be informed of the following:
- (a) Do not contact the suspected individual in an effort to determine facts or demand restitution.
- (b) Do not discuss the case, facts, suspicious, or allegations with anyone unless specifically asked to do so by the Vice President for Business Services or upon the advice of the Attorney General's Office.
- (J) Termination - If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from Human Resources and the Attorney General's Office, and, if necessary, by outside counsel, before any such action is taken. The employee's supervisor does not have the authority to terminate an employee.
- (K) Administration - The Vice President for Business Services is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

Effective: October 24, 2005

Next Review: August 1, 2025

Review Dates: 10/24/05, 8/31/20