



Policy Number and Chapter: 04.007 Administration

Policy Title: Fraud

Policy Statement. It is the policy of UNT to identify and promptly investigate any possibility of fraudulent or related dishonest activities against UNT and, when appropriate, to pursue legal remedies available under the law.

Application of Policy.

All Faculty and Staff

Definitions.

1. **Fraud.** “Fraud”—Dishonest or fraudulent activities include, but are not limited to, the following:
 - Forgery or alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.)
 - Misrepresentation of information on documents.
 - Misappropriations of funds, securities, supplies, or any other asset.
 - Theft, disappearance, or destruction of any asset.
 - Improprieties in the handling or reporting of money transactions.
 - Authorizing or receiving payments for goods not received or services not performed.
 - Authorizing or receiving payment for hours not worked.
 - Any apparent violation of Federal, State, or local laws related to dishonest activities or fraud.
 - Any similar or related activity.

2. **Employee.** “Employee”—In this context, the word employee refers to any faculty member, staff member or student who receives compensation, either full or part time, from UNT. The term also includes any volunteer who provides services to UNT through an official arrangement with UNT or a UNT organization.

3. **Management.** “Management”—In this context, the word management refers to any administrator, manager, account holder, director, supervisor, or other individual who manages or supervises funds or other resources, including human resources.

Procedures and Responsibilities.

1. Purpose.

This policy addresses the responsibility of employees for detecting and reporting fraud or suspected fraud.

2. Policy.

It is the policy of UNT to identify and promptly investigate any possibility of fraudulent or related dishonest activities against UNT and, when appropriate, to pursue legal remedies available under the law.

UNT will take appropriate disciplinary and legal actions against employees and/or entities to include the possibility of termination of employment, restitution, and forwarding information to the appropriate authorities for criminal prosecution.

This policy will attempt to clarify acts that are considered to be fraudulent, and describe the steps to be taken when fraud or other related dishonest activities are suspected. This policy also includes the procedures to follow in accounting for missing funds, restitution, and recoveries.

3. Management Responsibility.

3.1. Management is responsible for detecting fraudulent or related dishonest activities in their areas of responsibility. Each manager should be familiar with the types of improprieties that might occur in their area and be alert for any indication that improper activity, misappropriation, or dishonest activity is or was in existence in his or her area. When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.

3.2. If management determines a suspected activity may involve fraud or related dishonest activity, they should contact their immediate supervisor and the department head. The head of the department should contact Internal Audit, Legal Affairs, and Human Resources (if the situation involves staff members). The head of the department should also immediately contact the UNT Police if they feel the situation warrants such action (for example, obvious theft has taken place, security is at risk, or immediate recovery is possible.) Internal Audit will conduct an investigation with appropriate internal and external departments to include Risk Management. After turning the matter over to Internal Audit, management should not attempt to conduct individual investigations, interviews, or interrogations. Management is responsible for

taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.

- 3.3. Management will support the University's responsibilities and will cooperate with Internal Audit, other involved departments, and law enforcement agencies in the detection, reporting and investigation of criminal acts, including prosecution of offenders. Internal Audit shall have full and unrestricted access to all necessary records and personnel. All University furniture and contents, including desks and computers, are open to inspection when there is reasonable suspicion of a dishonest or fraudulent activity which makes such inspection appropriate; there is no assumption of privacy. Every effort should be made to effect recovery of University losses.
- 3.4. Great care must be taken in the dealing with suspected dishonest or fraudulent activities to avoid the following:
- Incorrect accusations.
 - Alerting suspected individuals that an investigation is underway.
 - Treating employees unfairly.
 - Making statements that could lead to claims of false accusations or other offenses.

Individuals who knowingly make false accusations may be subject to disciplinary action.

- 3.5. Responsibilities of the manager in handling dishonest or fraudulent activities include the following:
- Do not contact (unless requested) the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to "what you did," "the crime," "the fraud," "the forgery," "the misappropriation," etc.
 - Do not discuss the case, facts, suspicions, or allegations with anyone outside the University, unless specifically directed to do so by Legal Affairs or Internal Audit.
 - Do not discuss the case with anyone inside the University other than employees who have a need to know such as Internal Audit, Legal Affairs, Risk Management and Human Resources.

- Direct all inquiries from the suspected individual, or his or her representative, to Internal Audit or Legal Affairs. All inquiries by an attorney of the suspected individual should be directed to Legal Affairs. Direct all inquiries from the media to University Public Affairs & Information Services. A proper response to such an inquiry might be, "I'm not at liberty to discuss this type of matter."
- Take appropriate corrective and disciplinary action after consulting with Human Resources.

Responsible Party: Managers

4. Employee Responsibilities.

- 4.1. When suspected fraudulent incidents or practices are observed by or made known to an employee, the following should be done:
- The incident or practice must be reported to his/her superior for reporting to the proper management official.. When the employee believes the supervisor may be involved in the inappropriate activity, the employee shall make the report directly to the next higher level of management and/or the Internal Auditor.
 - The reporting employee shall refrain from further investigation of the incident, confrontation of the alleged violator, or further discussion of the incident with anyone unless requested to by Internal Audit, Legal Affairs and/or law enforcement personnel.

Responsible Party: Employees

5. Investigation.

- 5.1. Internal Audit will investigate situations involving possible fraud or related dishonest activity.
- 5.2. Internal Audit is available and receptive to receiving relevant information on a confidential basis to the extent allowed by law. Individuals have the right to contact Internal Audit directly whenever a dishonest or fraudulent activity is suspected.
- 5.3. If warranted, a prompt investigation will be conducted to include detailed analyses of available records. The audit investigation requires the full cooperation of the departmental personnel. Internal Audit will proceed as

follows if evidence is uncovered showing possible dishonest or fraudulent activities.

- Internal Audit will discuss the findings with management and appropriate administrators.
- Internal Audit will advise management, if the case involves staff members, to meet with the Director of Human Resources (or his/her designated representative) to determine if disciplinary actions should be taken.
- Internal Audit will notify the Chancellor, the appropriate Vice President, and the Vice Chancellor & General Counsel as appropriate. Internal Audit will also notify the Board of Regents and Public Affairs & Information Services if the investigation is an area of high public interest or if the amount is greater than \$5,000.00.
- If illegal activity appears to have occurred, the findings will be reported to the appropriate audit and law enforcement agencies. This will be coordinated with the Vice Chancellor & General Counsel and University administrators.
- Internal Audit will coordinate notification of insurers and filing of insurance claims with the Risk Manager. Once fraudulent activities are confirmed and documented, the involved employee(s) may be excluded from the University's Public Employee Bond Coverage.

Responsible Party: Internal Audit

6. Accounting for Loss, Restitution, and Recovery.

The department incurring the loss from a dishonest or fraudulent act will normally suffer the loss until the monies can be recovered through insurance or restitution. The Controller's Office will set up a receivable from the amount owed to the University. At fiscal year end, the department account will be credited with any amounts collected.

Responsible Party: Department Manager, Controller

7. Cost of Recovering Funds.

There is no special fund to cover the costs of recovery, such as hiring special investigators. These expenses may be allocated from existing budget funds.

8. Related Policies.

This policy is designed to augment other policies and not replace or preclude them. Other policies containing related information include:

- Ethics - 05.015
- Performance Counseling and Discipline - 05.033
- Accountholder Responsibilities - 10.005
- Purchasing - 10.043

References and Cross-references.

UNT Policy 05.015, Ethics

UNT Policy 05.033, Performance Counseling and Discipline

UNT Policy 10.005, Accountholder Responsibilities

UNT Policy 10.043, Purchasing

Policy Contact:	Clay Simmons
Approved Date	9/1/1999
Effective Date	
Last Revision:	*5/2011 format only