



## 611.1 – Theft, Fraud, Abuse and Waste Reporting

### Purpose:

BSC employees are responsible for safeguarding and preserving the assets and resources of the college and ensuring they are used only for authorized purposes, in accordance with BSC rules, policies, and applicable law. All employees are responsible for reporting suspected theft, fraud, abuse, waste or unlawful or improper use of public resources, including funds, supplies, data, technology, property, or position.

### Definitions:

1. Theft means knowingly taking, exercising unauthorized control over, or making an unauthorized transfer of interest in, or receiving or disposing of property of another, including institution or state property or funds, with the intent to deprive the owner, including, but not limited to, embezzlement, obtaining money by false pretenses, fraudulent conversion or misappropriation of public funds or authorizing or receiving compensation for goods not received or services not performed.
2. Fraud means any intentional act or omission designed to deceive others that results in a loss or other disadvantage to resources or achieving a gain or advantage to which an employee or other person would not normally be entitled, including, but not limited to, making false statements, or creating or reporting false information.
3. Abuse means intentional or willful destruction, diversion, manipulation, misapplication, or misuse of resources, including, but not limited to, destruction, damaging or removal of records or property.

Waste means intentional or willful expenditure, consumption, mismanagement, squandering or use of resources, resulting in unnecessary costs

### Procedures:

The following procedures should be followed in reporting suspected or detected fraudulent activity:

1. An employee with knowledge or suspicion of theft, fraud, abuse, waste or unlawful or improper use of public resources involving BSC or affiliated entities, shall report that information to a supervisor or the Chief Financial Officer (CFO). An employee with knowledge or suspicion of theft, fraud, abuse, waste, or unlawful use of public resources involving an immediate supervisor or the CFO shall report that information to an employee at a level above the immediate supervisor of CFO.
2. The CFO shall immediately submit the report to the NDUS Director of Internal Audit.
3. Unreasonable failure to report such information as required may result in discipline, up to and including dismissal.
4. The employee or supervisor who suspects fraudulent activity should not attempt to conduct an investigation.



5. It is a violation of college procedure to retaliate against an employee who, in good faith, reports dishonest or fraudulent activity.

The following procedures should be involved for investigating suspected or detected fraudulent activity:

1. The BSC employee designated with responsibility for receiving, documenting fact-finding steps, and acting upon reports under this procedure is the CFO. A supervisor or other person who receives a report of suspected theft or fraud shall report that information to the CFO, unless the CFO is implicated, in which case the information shall be reported to the Executive Vice President.
2. The CFO shall inform the Executive Vice President and the President, unless either is implicated, in which case the CFO shall inform the NDUS General Counsel.
3. The CFO shall document when the report or complaint was made and when the review or investigation was started and completed.
4. The CFO shall take reasonable and appropriate action in response to receipt of a report, which may include an internal investigation, commission of an audit, referral to law enforcement officials, recommended procedure or procedure amendments, a report summarizing findings or other steps. The CFO shall consult the NDUS General Counsel and information shall be kept confidential as directed by the General Counsel.
5. The CFO, with assistance from the Chief Human Resources Officer, has the primary responsibility for the investigation. If the investigation reveals that fraudulent activities have occurred, the CFO will issue a report to the appropriate administrative officials.
6. Employee discipline, up to and including dismissal, will follow BSC processes and procedures.
7. Decisions to prosecute or involve appropriate law enforcement and/or regulatory agencies for independent investigation will be made by the President in consultation with NDUS General Counsel.
8. The CFO is also responsible for periodic review of BSC internal control procedures, making recommendations for appropriate controls and staff training to minimize opportunities for theft or fraud. If a report or complaint prompts any internal control or process changes to mitigate concerns, those shall also be documented.

### **Training:**

All benefited employees are required to participate in fraud prevention and detection training on an annual basis.

Training content and format will be determined by the CFO with consultation from the Chief Human Resources Officer. The training requirement may be satisfied by classroom instruction, a seminar or online training, provided it is approved by the NDUS Director of Internal Audit. The training must include review of this procedure and the required Code of Conduct. Each employee must agree to comply with the procedure and Code of Conduct. The Chief Human Resources Officer will document that benefited employees have met the annual training requirement.

### **Confidential Fraud Hotline:**

In addition to the above procedures, a confidential program is available for reporting suspected theft, fraud, abuse, waste or unlawful or improper use of public resources. To use the fraud hotline:

- Call the toll-free number: 833-210-3961
- Fill out an anonymous report online at: [North Dakota University System | Compliance and Ethics \(ndus.edu\)](https://ndus.edu/compliance-ethics)

### **Reference:**

[SBHE Policy: 311.10 Employee Responsibility and Activities: Theft, Fraud, Abuse and Waste](#)

### **History:**

Approved by the Executive Council June 18, 2007.

Revisions – February 5, 2010; March 26, 2010; Reviewed by the Operations Council on February 20, 2012 and approved by the Executive Council on March 1, 2012; September 12, 2018; September 24, 2019.

Changed to Operational Procedure and approved by Doug Jensen on October 13, 2023