

General Policy – Theft, Fraud, Abuse and Waste Reporting

Policy:

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.
4. 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 Accounting Officer (CAO). An employee with knowledge or suspicion of theft, fraud, abuse, waste or unlawful use of public resources involving an immediate supervisor or the CAO shall report that information to an employee at a level above the immediate supervisor or CAO.
2. The CAO 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 policy 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 policy is the CAO. A supervisor or other person who receives a report of suspected theft or fraud shall report that information to the CAO, unless the CAO is implicated, in which case the information shall be reported to the Vice President for Operations/Chief Financial Officer (CFO).
2. The CAO shall inform the Vice President for Operations/CFO and the President, unless either is implicated, in which case the CAO shall inform the NDUS General Counsel.
3. The CAO shall document when the report or complaint was made and when the review or investigation was started and completed.
4. The CAO 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 policy or procedure amendments, a report summarizing findings or other steps. The CAO shall consult the NDUS General Counsel and information shall be kept confidential as directed by the General Counsel.
5. The CAO, 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 CAO 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 CAO 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 in order 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 CAO 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 policy and the required Code of Conduct. Each employee must agree to comply with the policy 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: 866-912-5378 or fill out an anonymous report online at: www.eidebailly.com/hotline
- Talk to an experienced Eide Bailly consultant
- Know that you will not be identified at any time unless you agree to be identified

Reference:

SBHE Policy 611.10 Employee Responsibility and Activities: Theft, Fraud, Abuse and Waste

History of This Policy:

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.