

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 30

DATE:
June 19, 2012

RECOMMENDATION

Fraud Policy

ACTION REQUESTED

It is recommended that the Board of Regents adopt the attached policy on Fraud.

STAFF SUMMARY

Every organization is vulnerable to fraud and it is the responsibility of University leadership to establish effective financial controls, non-financial systems, and management oversight. Everyone in the University has a role to play in the prevention of fraud. Management will develop and communicate a fraud prevention program designed to facilitate the reporting and investigation of allegations of fraudulent activities.

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

The proposed action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

Effective Date: June 19, 2012
Policy: Fraud and Fraudulent Activities

UNIVERSITY STATEMENT:

This policy is established to protect the assets and interests of the University, to increase overall fraud awareness, and to ensure a coordinated approach toward resolution of suspected fraud. The University must identify and promptly investigate all instances and allegations of fraudulent activities regarding University funds, documents, and equipment involving staff, faculty, students, vendors, agencies, or other parties. Good business practice dictates that suspected defalcation, misappropriation or other fiscal irregularities be promptly identified and investigated. It is everyone's responsibility to report any possible fraudulent activity.

All persons found to have committed fraud relevant to University financial affairs shall be subject to disciplinary action, up to and including discharge, as well as investigation by law enforcement agencies when appropriate.

Fraud in any form will not be tolerated. This policy applies to all University employees and will be enforced without regard to past performance, position held or length of service.

Scope & Definition of Fraud:

Fraud generally involves a willful or deliberate act with the intention of obtaining an unauthorized benefit, such as money or property, by deception or other unethical means. All fraudulent acts are included under this policy and include but are not limited to such things as:

- Embezzlement, misappropriation or other financial irregularities
- Forgery or alteration of documents (checks, time sheets, contractor agreements, purchase orders, other financial documents, electronic files)
- Improprieties in the handling or reporting of money or financial transactions
- Misappropriation of funds, securities, supplies, inventory, or any other asset (including furniture, fixtures and equipment)
- Authorizing or receiving payment for goods not received or services not performed
- Authorizing or receiving payments for hours not worked

The President shall issue guidelines and procedures to implement this Board of Regent's policy and revise them as appropriate.

UNIVERSITY PRACTICE:

University practices for implementing this policy include:

1. The development and enforcement of guidelines and procedures for a fraud prevention and disclosure program.
2. Effectively communicating with stakeholders to ensure that they are aware of the University's fraud and fraudulent activities deterrent and detection program.
3. Exercising oversight to ensure that all new employees acknowledge awareness of the program and a periodic reminder to all existing stakeholders.

RESPONSIBILITY FOR IMPLEMENTATION:

The President shall issue guidelines and procedures to implement this Board policy and revise them as appropriate.

SCOPE OF POLICY COVERAGE:

All University stakeholders