

ARTICLE 1: ESTABLISHMENT OF PROCEDURE FOR
DEVELOPMENT OF UNIVERSITY POLICIES
AND UNIVERSITY-WIDE POLICIES

Section 2: University-wide Policies
Policy: 2.1 Anti-Fraud Policy
Issued: July 1, 2002
Revised: March 8, 2010

PURPOSE

This policy is established to provide increased protection to the assets and financial interests of Chicago State University, to provide a coordinated approach to the identification, investigation and resolution of fraudulent activities, and to increase the overall awareness of the responsibility to report fraud and reasonably suspected fraudulent activity to the appropriate Chicago State administrators.

SCOPE

This policy applies to any situation of fraud or suspected fraud involving University employees, students, vendors, contractors, consultants, outside agencies, and/or any other parties with a business relationship with Chicago State University. Any investigative activity conducted will be done without regard to the suspected wrongdoer's title/position, past performance, or length of service to the University.

FRAUD DEFINITION and EXAMPLES

For purposes of this policy, fraud includes any willful or deliberate act committed with the intention of obtaining an unauthorized benefit, such as money or property, by misrepresentation, deception, or other unethical means.

Fraud and financial impropriety may include, but are not limited to the following actions:

- Embezzlement or other financial irregularities;
- Forgery, alteration, or falsification of documents (including checks, time sheets, travel expense reports, contractor agreements, purchase orders, other financial documents, student academic or financial records, electronic files);
- Misappropriation, misuse, theft, removal, or destruction of University resources (including funds, securities, supplies, inventory, furniture, fixtures, equipment, intellectual property or any other asset);
- Improprieties in the handling or reporting of money or financial transactions, including P-Card;
- Misuse of University facilities (including telephones, computers and e-mail system);
- False claims by student, employees, vendors, or others associated with Chicago State University;
- Receiving or offering bribes, rebates, or kickbacks;
- Personal use of University property in commercial business activities;
- Accepting or seeking anything of material value from contractors, vendors or persons providing or seeking to provide services/materials to the University (Except as permitted by the Illinois Gift Ban, 5 ILCS 430/10);
- Conflict of interest;
- Misrepresentation of facts;

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- Intentional violation of the State Purchasing Act, including dishonest or improper reporting of results, selective reporting, or omission of conflicting data for deceptive purposes;
- Assigning an employee to perform non-employment related tasks by persons in a supervisory or management position

RESPONSIBILITIES

Chicago State University's Professional Conduct establishes guidelines for professional conduct and indicates those acting on behalf of the University have a general duty to conduct themselves in a manner that will maintain and strengthen the public's trust and confidence in the integrity of the University. All University employees are responsible for safeguarding University resources and ensuring they are used only for authorized purposes, in accordance with University rules, policies, and applicable law. It is a violation of University policy for any employee to receive or use University resources for non-University purposes or personal gain.

Management employees are responsible for detecting fraudulent activities or misconduct in their areas of responsibility. Each manager should be familiar with the types of improprieties that might occur in his/her area and be alert for any indication that improper or dishonest activity is or was in existence in his/her area. Management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent the reoccurrence of fraud.

University employees are required to cooperate with the University Ethics Office, Office of University Audits, University Police, and other involved law enforcement agencies in the detection, reporting, and investigation of fraud, including the prosecution of offenders. The Office of University Audits, University Counsel, Ethics Office or University Police will direct management involvement in any University investigation.

FRAUD INDICATORS

The following, though non-exclusive, may indicate fraudulent financial activities:

- Excessive number of missing or voided documents
- Alterations of documents
- Questionable handwriting or approval

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- Documents not numerically controlled
- Duplicate payments
- Unusual billing addresses or arrangements
- Vendor's billing address is the same as employee's
- Duplicate or photocopied invoices

REPORTING FRAUD

Employees, students, staff and other individuals associated with Chicago State (collectively, members of the University community) who become aware of, or have a reasonable basis for believing that fraud, defalcation, misappropriation or other fiscal irregularities has occurred shall promptly report the suspected activity to the Office of Internal Audit, University Police, or General Counsel/Ethics Officer. If the suspected fraudulent activity involves a member of the Internal Audit, University Police or General Counsel/Ethics Officer, the activity should be reported to the Chicago State University President. If the suspected fraudulent activity involves the Chicago State University President, the activity should be reported to both the Ethics Officer, who is responsible for preparing a report for the Board of Trustees, and then to the Chairman of the Board of Trustees.

Great care must be taken in dealing with suspected fraudulent activities so as to avoid any incorrect accusations, alerting suspected individuals that an investigation is under way, violating a person's right to due process, or making statements that could lead to claims of false accusations or other civil rights violations. Any employee who suspects fraudulent activity shall report it to the Office of Internal Audit 773 995-3595 and shall not attempt to personally conduct an investigation or interview individuals suspected of being involved in the suspected fraudulent activity.

INVESTIGATION

The Office of Internal Audit has the primary University office responsible for conducting investigations of fraud and suspected fraudulent activity reported to its office. Additionally, the Office of Internal Audit may identify and investigate any suspected dishonest or fraudulent activity, which in its opinion, may represent risk of significant loss of assets or reputation to the University. The Internal Auditor may work with internal or external departments, such as the University General Counsel's office, Human Resources, Police and other law enforcement agencies, as circumstances may require.

In the event that the Office of Internal Audit determines that an investigation of suspected fraudulent activity is warranted, the Office will conduct the following procedural steps:

- Notify the President and General Legal Counsel.
- Advise management to meet with Human Resources Director to determine if any immediate disciplinary personnel actions should be taken.

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- Coordinate the notification of insurers and filing of claims with the Risk Management Office. This office is responsible for notifying bonding companies and filing bonding claims.
- If federal funds are involved, determine the required federal reporting in cooperation with the grantee department and University General Legal Counsel.
- If illegal activity is indicated, notify the University Police to coordinate an investigation.
- If illegal activity appears to have occurred, the findings will be reported to the appropriate agency for review such as the Office of the Executive Inspector General. This will be coordinated with the University General Legal Counsel.

INVESTIGATION REPORTING

The Office of Internal Audit will review and communicate the results of any investigation with responsible management administrators. It will make recommendations for improvement to the systems of internal control, as needed. The results of any investigation will also be communicated to the University President and Board of Trustees.

OFFICE OF EXECUTIVE INSPECTOR GENERAL

The Office of Executive Inspector General is an agency of the State of Illinois that has authority to receive and investigate allegations of fraud, waste, abuse, mismanagement, misconduct or other violations of the State Officials and Employees Ethics Act.

UNIVERSITY ACTIONS

Chicago State University will take appropriate disciplinary and legal action against any individual or entity who commits fraud against the University. Any employee or student who engages in fraudulent activity relative to Chicago State University will be subject to discipline, which may include, but is not limited to, discharge from employment, expulsion from the University and or criminal prosecution under appropriate State and federal laws.

WHISTLE BLOWER PROTECTION

In accordance with the Whistle Blower Protection Act (5 ILCS 395 et seq.), any Chicago State employee who reasonably believes that fraudulent activity occurred and reasonably reports the activity, will not be subjected to an adverse employment action as a result of reporting the activity.