

SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: Fraud Policy

NUMBER: 4:37

This policy does not displace policies surrounding academic misconduct.

1. Definitions

A. Fraud shall be defined to include the following for purposes of this policy:

1. Conduct within the scope of employment, or conduct apparently within the scope of employment, and representations to the Board, or any of the institutions governed by it or any affiliated organizations that constitutes:
 - a. Intentional or deliberate act to deprive the State of South Dakota, the Board, any of the institutions governed by it or any affiliated organizations or students of something of value (property, money, services, or opportunities).
 - b. Deception, false representation of fact by either conduct or other communication, or concealing what should have been disclosed, or made when the actor knew or should have known that the other party relied upon his or her representations, leading to injury of the State of South Dakota, the Board, any of the institutions governed by it or any affiliated organizations or students.
 - c. Examples of a fraudulent act include but are not limited to:
 - i. Embezzlement
 - ii. Misappropriation, misapplication, destruction, removal, or concealment of property
 - iii. Alteration or falsification of documents
 - iv. Theft of any asset (money, tangible property, etc.)
 - v. Authorizing or receiving compensation for goods not received or services not performed
 - vi. Authorizing or receiving compensation for hours not worked
 - vii. Misrepresentation of fact

- B. Suspected fraud is defined as a reasonable belief or actual knowledge that fraud has occurred or is occurring.

2. Responsibilities

- A. Each university and special school shall designate a contact for employees to report suspected or known fraudulent acts.
- B. Employees of the South Dakota Regental System shall read and understand this policy. Additionally, suspected or known fraudulent acts shall be reported to their respective supervisor or to the Director of Internal Audit of the Board Office.
- C. Supervisors shall 1) communicate the provisions of this policy to all staff, 2) take no action without consulting the designated contact at the respective university or special school, 3) recommend appropriate temporary disciplinary action when there is evidence of wrong-doing, and 4) if suspension or termination is recommended, consult with a campus representative.
- D. The designated contact at the respective university or special school shall communicate the suspected or known fraudulent act to the Director of Internal Audit of the Board Office. The designated contact shall initiate internal investigative actions of the suspected or known act.
- E. Director of Internal Audit shall investigate suspected or known fraudulent acts in cooperation with the designated contact at the respective university or special school.
- F. Recognized fraudulent acts will be reported to the appropriate law enforcement authorities by the Director of Internal Audit or the designated contact at the respective university or special school.

2. Prevention

Each university and special school shall maintain an internal control environment to protect the university or special school from loss or other damages as a result of a fraudulent act.

3. False Allegations

False allegations of suspected fraud with the intent to disrupt or cause harm to another will be subject to disciplinary action according to procedures in place for their respective employment classification.

4. Corrective Actions and Discipline

Appropriate and timely action will be taken against those proven to have committed a fraudulent act. These remedial actions may include, but are not limited to:

- A. Disciplinary action (up to and including termination of employment),
- B. Restitution for all losses, including investigation and legal expenses,
- C. Forwarding information to the appropriate authorities for criminal prosecution,
- and
- D. Institution of civil action to recover losses.
- E. Where an institution elects to take corrective or disciplinary action, it will proceed under the procedures in place under Board policy or under any collective bargaining agreement for the respective employment classification.
- F. An institution may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from the fraudulent conduct.

5. Other

All investigations will be conducted in confidence insofar as reasonably possible. The name or names of those communicating information about a fraudulent act and the name or names of those suspected of a fraudulent act will be revealed when required in conjunction of the investigation or legal action.

SOURCE: BOR, June 2002