

<b>Policies of the University of North Texas Health Science Center</b>	<b>Chapter 05 Human Resources</b>
<b>05.19 Fraud Policy</b>	

Policy Statement.

**Purpose:** This policy addresses the responsibility of employees for detecting and reporting fraud or suspected fraud.

**Policy:** It is the policy of the health science center to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the health science center and, when appropriate, to pursue legal remedies available under the law. When fraud or other dishonest activities are discovered, the health science will take appropriate disciplinary and legal actions against employees and/or entities to include the possibility of termination of employment, restitution, and forwarding information to the appropriate authorities for criminal prosecution.

Application of Policy.

Faculty and Staff

Definitions.

1. **Fraud:** Dishonest or fraudulent activities include, but are not limited to, the following:
  - Forgery or alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.)
  - Misrepresentation of information on documents.
  - Misappropriations of funds, securities, supplies, or any other asset.
  - Theft, disappearance, or destruction of any asset.
  - Improprieties in the handling or reporting of money transactions.
  - Authorizing or receiving payments for goods not received or services not performed.
  - Authorizing or receiving payment for hours not worked.
  - Any apparent violation of Federal, State, or local laws related to dishonest activities or fraud. Any similar or related activity.
  
2. **Employee:** Any faculty member, staff member or student who receives compensation, either full or part time from the health science center. The term also includes any volunteer who provides services to the health science center through an official arrangement with the health science center or a HSC organization.
  
3. **Management:** Any administrator, manager, account holder, director, supervisor, or other individual who manages or supervises funds or other resources.

4. **Fraud Response Team:** The Fraud Response Team is comprised of a representative(s) from: the Institutional Compliance Office, Internal Audit and the Office of General Counsel. The team will be activated by the office receiving the initial complaint of suspected fraud within two (2) working days of receiving the complaint. The Fraud Response Team has primary responsibility for evaluating reports of suspected fraud and identifying a primary investigator. Representatives from Human Resource Services, the appropriate Department Head, and Campus Police (if criminal activity is suspected) are included on the Fraud Response Team if appropriate and invited by the team.

Procedures and Responsibilities.

Procedure / Duty

Responsible Party

1. **Management Responsibility**

UNTHSC  
Management

Management is responsible for preventing and detecting fraudulent or related dishonest activities in their areas of responsibility. Each manager shall be familiar with the types of improprieties that might occur in their area and be alert for any indication that improper activity, misappropriation, or dishonest activity is or was in existence in his or her area. When an improper activity is detected or suspected, management shall report the suspected fraudulent activity to Compliance Office or Internal Audit.

2. The Compliance Office or Internal Audit shall determine if there is reasonable suspicion that the reported activity may involve fraud or related dishonest activity. If it is determined there is reasonable suspicion the reported activity is fraud, the Fraud Response Team shall be activated. **Upon review by the Fraud Response Team, all suspected financial fraud shall be referred to Internal Audit.** Suspected fraudulent activities of a non-financial nature shall be referred to the appropriate institutional compliance division.

Compliance Office /  
Internal Audit

3. Management will support the center’s responsibilities and will cooperate with Internal Audit, the institutional Compliance Office, other involved departments, and/or law enforcement agencies in the detection, reporting and investigation of criminal acts, including prosecution of offenders. Internal Audit and Division Compliance Officers shall have full, free and unrestricted access to all necessary records and personnel. All HSC furniture and contents, including desks and computers, are open to inspection when there is reasonable suspicion of a dishonest or fraudulent activity, which makes such inspection appropriate; there is no assumption of privacy. Every effort shall be made to effect recovery of the center’s losses.

UNTHSC  
Management

4. Great care must be taken in the dealing with suspected dishonest or fraudulent activities to avoid the following: incorrect accusations; alerting suspected individuals that an investigation is underway; treating employees unfairly; and making statements that could lead to claims of false accusations or other offenses. Individuals who knowingly make false accusations may be subject to disciplinary action. UNTHSC Management
5. Responsibilities of the manager in handling dishonest or fraudulent activities include the following: UNTHSC Management
- a.) Do not contact (unless requested) the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to "what you did," "the crime," "the fraud," "the forgery," "the misappropriation," etc.
  - b.) Do not discuss the case, facts, suspicions, or allegations with anyone outside the health science center, unless specifically directed to do so by a member of the Fraud Response Team.
  - c.) Do not discuss the case with anyone inside the center other than employees who have a need to know.
  - d.) Direct all inquiries from the suspected individual, or his or her representative, to Legal Affairs. All inquiries by an attorney of the suspected individual shall be directed to Legal Affairs. Direct all inquiries from the media to Marketing and Communications. A proper response to such an inquiry might be, "I'm not at liberty to discuss this type of matter."
  - e.) Take appropriate corrective and disciplinary action after consulting with Human Resource Services.
  - f.) Management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.
6. **Employee Responsibilities:** When suspected fraudulent incidents or practices are observed by or made known to an employee, the incident or practice must be reported to his/her superior for reporting to the proper management official. When the employee believes the supervisor may be involved in the inappropriate activity, the employee shall make the report directly to the next higher level Employee

of management, the Compliance Office or Internal Audit.

The reporting employee shall refrain from further investigation of the incident, confrontation of the alleged violator, or further discussion of the incident with anyone unless requested to by a member of the Fraud Response Team and/or law enforcement personnel.

7. **Reporting and Investigation Responsibilities:** The Compliance Office shall receive reports of suspected fraudulent activities on a confidential basis to the extent allowed by law. Individuals have the right to contact, the Compliance Office or Internal Audit directly whenever a dishonest or fraudulent activity is suspected. Employee/  
Compliance/  
Internal Audit

If warranted, a prompt investigation will be conducted to include detailed analyses of available records. All suspected financial fraud shall be investigated by Internal Audit. Suspected fraudulent activities of a non-financial nature shall be investigated by the appropriate institutional compliance division. All investigations require the full cooperation of institutional personnel.

If evidence is uncovered showing dishonest or fraudulent activities, the appropriate Fraud Response Team member shall:

- a.) Discuss the findings with management and the appropriate administrators.
- b.) Advise management, if the case involves staff members, to meet with the Human Resource Services to determine if disciplinary actions should be taken.
- c.) Notify the Chancellor, and the Vice Chancellor & General Counsel as appropriate.
- d.) Notify Marketing and Communications and the Board of Regents if the investigation is an area of high public interest or if the amount is greater than \$5,000.00.
- e.) Coordinate notification of insurers and filing of insurance claims.

If illegal activity appears to have occurred, the findings will be reported to the appropriate law enforcement agencies. This will be

coordinated with the Vice Chancellor & General Counsel and Health science center administrators. Once fraudulent activities are confirmed and documented, the involved employee(s) may be excluded from the center's Public Employee Bond Coverage.

8. **Accounting for Loss, Restitution, and Recovery:** The department incurring the loss from a dishonest or fraudulent act will normally suffer the loss until the monies can be recovered through insurance or restitution. The Institutional Budget Office will set up a receivable from the amount owed to the Health science center. At fiscal year end, the department account will be credited with any amounts collected. Department/  
Institutional  
Budget Office
9. **Cost of Recovering Funds:** There is no special fund to cover the costs of recovery, such as hiring special investigators. These expenses may be allocated from existing budget funds. Department
10. **NON-RETALIATION:** It is a violation of this policy to retaliate against an individual who files a complaint, attempts to stop fraudulent activity, or participates in the investigation of reported fraud. Retaliation by faculty, staff or administrators will not be tolerated. Employees should report suspected retaliation to their immediate supervisor, their department head or to Human Resource Services. Students should report suspected retaliation to the Dean of their school. A claim of retaliation may result in a subsequent investigation. Employee/  
Management /  
Human Resource  
Services

#### References and Cross-references.

**Related Policies:** This policy is designed to augment other policies and not replace or preclude them. Other policies containing related information include: Human Resource Policy 05.505 – Employee Ethics and Standard of Conduct, Human Resource Policy 05.901 - Performance Counseling and Discipline, the Fiscal Regulations, and the Purchasing Policies.

#### Forms and Tools.

None

Approved: 9/1/2006

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