



TEXAS SOUTHERN UNIVERSITY  
**MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES**

**SECTION: Human Resources/IA&F**  
**AREA: Employee Relations**

**Policy 02.05.06**

---

**SUBJECT: FRAUD POLICY**

---

**I. PURPOSE AND SCOPE**

Texas Southern University (TSU) recognizes the responsibility to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the University by University employees, and when appropriate, to pursue legal remedies available under the law. TSU will take appropriate disciplinary and legal action against employees who commit fraud. Appropriate action includes terminating employment, pursuing restitution, and forwarding information to the appropriate authorities for criminal prosecution. This policy is designed to inform TSU employees of their responsibility for detecting and reporting suspected fraud. It also is intended to clarify acts that are considered to be fraudulent and describe the steps to be taken when fraud or other related dishonest activities are suspected.

The objectives of this policy are to increase awareness of all University employees of the possibility of fraud; establish responsibility for detection, reporting and examination of suspected fraud; establish guidelines for processing allegations of fraud consistently throughout the University in a non-confrontational environment; ensure that the President and Board of Regents receive proper notification, documentation and reporting of all authenticated cases of fraud at the University, and; establishing the University as a leader in the creation and implementation of a policy that provides for strict adherence to the highest standards of morals and ethics.

This policy is designed to augment other policies and not replace or preclude them. Other policies containing related information include the University's Discipline and Termination Policy and Ethics Policy.

**II. FRAUDULENT OR DISHONEST ACTIVITIES- Defined**

Fraudulent or related dishonest activities include, but are not limited to:

- a. Theft of funds, securities, supplies or any other asset (including furniture, fixtures, or equipment);
- b. Fraud;
- c. Embezzlement;
- d. Bribery/rebate/kickback;
- e. Misapplication, destruction, removal or concealment of property, or conflicts of interest;

- f. Illegal or fraudulent handling or reporting of money transactions;
- g. Forgery or alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.);
- h. Forgery or alteration by employees, of student related items such as grades, transcripts, loans, fee or tuition documents, etc.;
- i. Acceptance or solicitation of any gift, favor or service that might reasonably tend to influence the employee in the discharge of his or her official duties;
- j. Destruction or disappearance of records, furniture, fixtures, or equipment where theft is suspected;
- k. Authorizing or receiving payments for hours not worked;
- l. Authorizing or receiving payments for goods not received or services not performed;
- m. Disclosing confidential information the employee is routinely privy to at the University;
- n. Any apparent violation of Federal, State, or local laws related to dishonest activities or fraud, and;
- o. Any similar or related activity.

### **III. MANAGEMENT'S RESPONSIBILITIES**

- A. Management is defined as vice presidents, directors, managers and supervisors.
- B. Management is responsible for detecting fraudulent, dishonest or improper activities in their area of responsibility.
- C. Management should be familiar with the types of improprieties that might occur in their area and be alert for any indication that fraud or dishonest or improper activities are or were in existence.
- D. When fraud or a dishonest or improper activity is detected or suspected, management should immediately contact the University Department of Public Safety if the situation warrants such action, for example, if obvious theft has taken place, security is at risk, or immediate recovery is possible. In addition, management should immediately contact the University's Office of Internal Audit & Fraud.
- E. Management should not attempt to conduct individual investigations, interviews or interrogations to determine if a suspected activity is fraudulent, dishonest or improper. The Office of Internal Audit & Fraud will conduct an investigation working in conjunction with internal or external departments, such as the University Office of General Counsel and law enforcement agencies.
- F. Management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent the occurrence of fraud or dishonest or improper activities.

- G. Management will support the University's responsibilities and will cooperate with the Office of Internal Audit & Fraud, the Office of General Counsel, and law enforcement agencies in the detection, reporting, and investigation of fraud, dishonest or improper activities or criminal acts, including prosecution of offenders. The Office of Internal Audit & Fraud shall have full and unrestricted access to all necessary records and personnel.
- H. There is no assumption of privacy; all University furniture and contents, including desks, are open to inspection when there is a reasonable suspicion of a dishonest or fraudulent activity that makes such inspection appropriate. Every effort should be made to effect recovery of University losses.
- I. Management's responsibilities in handling fraud or dishonest or improper activities include the following:
  - 1. Do not contact 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.
  - ii. Take appropriate disciplinary action after consulting with the Office of Human Resources and the Office of General Counsel.
  - iii. Do not discuss the case, facts, suspicions or allegations with anyone outside the University unless specifically directed to do so by Internal Audit & Fraud or General Counsel.
  - iv. Do not discuss the case with anyone inside the University other than employees who have a "need to know," Internal Audit & Fraud or General Counsel.
  - v. Direct all inquiries from the suspected individual, his or her representative or his or her attorney to General Counsel.
  - vi. Direct all inquiries from the media to the Office of University Advancement. A proper response to such an inquiry should be, "I'm not at liberty to discuss this matter."

#### **IV. EMPLOYEE'S RESPONSIBILITIES**

- A. When suspected fraudulent, dishonest or improper activities, incidents or practices are observed by or made known to an employee, the activity, incident or practice must be reported to his/her superior for reporting to the proper management official.
- B. When an employee believes the supervisor may be involved in the inappropriate activity, the employee shall make the report directly to the next higher level of management, the Fraud Manager and/or the Chief Audit Executive.
- C. 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 Internal Audit & Fraud, General Counsel and/or law enforcement personnel.

- D. Care should be taken in dealing with suspected dishonest or fraudulent activities to avoid the following:
  - i. Incorrect accusations;
  - n. Alerting suspected individuals that an investigation is under way;
  - iii. Violating the employee's right to due process;
  - iv. Making statements that could lead to claims of false accusation or other offenses;
  - v. Discussing the case with anyone inside or outside the University.
- E. Employees will not be suspended, terminated, or suffer any other adverse personnel action because of reporting fraudulent activity.

## **V. INVESTIGATIONS**

- A. The Office of Internal Audit & Fraud will investigate situations involving fraud or dishonest or improper activity. Internal Audit & Fraud is available and receptive to receiving relevant information on a confidential basis to the extent allowed by law. If warranted, a prompt investigation will be conducted to include detailed analyses of available records.
- B. Individuals have the right to contact Internal Audit & Fraud directly whenever a dishonest or fraudulent activity is suspected.
- C. The audit investigation requires the full cooperation of the departmental personnel.
- D. Internal Audit & Fraud will proceed as follows if evidence is uncovered showing possible fraudulent, dishonest or improper activity:
  - i. Internal Audit & Fraud will discuss its findings with management and appropriate administrators.
  - ii. Internal Audit & Fraud will also advise management, if the case involves staff members, to meet with the Assoc. VP or Executive Director of Human Resources (or his/her designated representative) to determine if disciplinary action should be taken.
  - iii. Internal Audit & Fraud will notify the Board of Regents, President, the associated Vice President and General Counsel, as appropriate.
  - iv. If illegal activity appears to have occurred, the findings may be reported to the appropriate audit and law enforcement agencies. This notice will be coordinated with the Office General Counsel and University administrators.
  - v. If appropriate, Internal Audit & Fraud will coordinate notification of Risk Management to notify insurers and address filing of insurance claims.
- E. Once fraudulent activities are confirmed and documented, the involved employee(s) may be excluded from the University's Public Employee Bond Coverage.

- F. In order to avoid damaging the reputations of innocent persons initially suspected of wrongful conduct, and to protect the University from potential civil liability, the results of audits/investigations will not be disclosed or discussed with anyone other than authorized representatives of law enforcement and/or regulatory agencies, and only those persons associated with the University who have a legitimate need to know such results in order to perform their duties and responsibilities, subject to the provisions of the Texas Public Information Act, Texas Government Code, Chapter 552. All subjects providing information and/or testimony in a due diligence review and/or investigation, may be asked to complete an Investigations Confidentiality Agreement to preserve the integrity of the data, resources and privilege examined during the investigation.

## **VI. REPORTING SUSPECTED FRAUD, WASTE AND ABUSE AT TEXAS SOUTHERN UNIVERSITY**

- A. The General Appropriations Act (Article IX, Section 17.05 Fraud Reporting) requires a state agency or institution of higher education the use of appropriated funds to assist with the detection and reporting of fraud involving state funds. Texas Southern University employees may report suspected fraud, waste or abuse of state funds or resources through the TSU Ethics and Fraud Hotline: 1-866-588-3344 which is disclosed on the University's website (via the Office of Institutional Compliance homepage).
- B. According to Chapter 321 of the Texas Government Code, the State Auditor's Office (SAO) is also authorized to investigate specific acts or allegations of impropriety, malfeasance or nonfeasance in the obligation, expenditure, receipt or use of state funds associated with state agencies, colleges, or universities. Therefore, TSU employees may report suspected fraud, waste or abuse to the TSU or the SAO Hotline at 1-800-TX-AUDIT (892-8348). Both the TSU and SAO Fraud Hotlines have been referenced and linked to TSU's website.

## **VII. 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 Vice President of Administration and Finance/Chief Financial Officer will set up a receivable from the amount owed to the University. At fiscal year end, the department account will be credited with any amounts collected.

## **VIII. 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.

## **IX. REGULATORY EVALUATIONS AND/OR ASSESSMENTS CONDUCTED BY THE OFFICE OF INTERNAL AUDIT AND FRAUD**

The Office of Internal Audit & Fraud shall evaluate the University's programs and activities that promote regulatory compliance, as it relates to Senate Bill 20 and other legislation, and assess its Purchasing Accountability Risk Analysis Procedure regarding the:

- Assessment of the risk of fraud, abuse or waste in the contractor selection process, contract provisions, and payment and reimbursement rates;
- Identification of contracts that require enhanced contract monitoring or immediate attention of the contract management staff; and
- Establishment of clear levels of purchasing accountability and staff responsibilities related to purchasing.

## **X. REVIEW AND RESPONSIBILITIES**

Responsible Parties: Associate Vice President – Human Resources  
Chief Audit Executive

Review: Every three years, on or before October 1

## **XI. APPROVALS**

Dr. Austin A. Lane University President

Ms. Keisha David Assoc. Vice President – Human Resources  
and Payroll Services/CHRO

Ms. Charla Parker-Thompson  
Chief Audit Executive

Effective Date: August 2016