

# Fraud Policy

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## Policy Statement

Fiscal irregularities, employee malfeasance and related misconduct will not be tolerated. Employees found to have participated in employee malfeasance, fraudulent acts and/or gross misconduct will be subject to disciplinary action, up to and including termination, as well as criminal penalties, pursuant to applicable policies, rules and legal requirements. The University System of Georgia requires institutions to report all instances of fiscal irregularity and employee malfeasance to the Office of Internal Audit of the University System of Georgia.

Administrators and all levels of management are responsible for preventing and detecting instances of fiscal irregularities, employee malfeasance and related misconduct. In addition, administrators are expected to recognize risks and exposures inherent in their area of responsibility and to be aware of indications of fraud and related misconduct. In order to establish and maintain proper internal controls that provide security and accountability for the resources, administrators should ensure that they and their staff receive adequate fiscal management training for their level of responsibility.

## Reason for Policy

The University of Georgia is committed to maintaining the highest professional standards in its administrative operations; promoting ethical practices among its faculty and staff; and ensuring a level of accountability appropriate for a public institution. This policy and related procedures for the investigation, reporting and resolution of fiscal irregularities and employee malfeasance are established as an integral part of the university's efforts to ensure all faculty and staff conduct themselves in accordance with high ethical standards and university performance with respect to these matters is consistently applied in accordance with University System of Georgia Board of Regents policies including but not limited to: 7.16.1 Compliance, 8.2.20 University System of Georgia Ethics Policy, and the University System of Georgia Ethics & Compliance Program.

7.16.1 Compliance <http://www.usg.edu/policymanual/section7/policy/C2032>

8.2.20 University System of Georgia Ethics Policy  
[http://www.usg.edu/policymanual/section8/policy/C224/#p8.2.20\\_university\\_system\\_of\\_georgia\\_ethics\\_policy](http://www.usg.edu/policymanual/section8/policy/C224/#p8.2.20_university_system_of_georgia_ethics_policy)

University System of Georgia Ethics & Compliance Program  
<http://www.usg.edu/audit/compliance/>

## Procedures

Administrators, faculty, and staff who know or suspect that other employees are engaged in theft, fraud, embezzlement, employee malfeasance, fiscal misconduct, or violation of University financial policies have a responsibility to report it to their supervisor and the Internal Auditing Division 706-542-6854 or to the Compliance, Ethics and Reporting Hotline: <http://www.tnvinc.com/uga/> or 1-877-516-3467.

Management and staff should not confront the individual under suspicion or initiate investigations, as such actions could compromise any ensuing investigation. All employees must

cooperate fully with those performing an investigation pursuant to this policy or will be subject to disciplinary action pursuant to Board of Regents' Policy on Cooperation in Internal Investigations ([http://www.usg.edu/hr/manual/cooperation\\_in\\_internal\\_investigation](http://www.usg.edu/hr/manual/cooperation_in_internal_investigation)).

### **Investigative Procedures**

When a fiscal irregularity is reported, the cognizant vice president(s) will be advised. The University vests coordination and oversight of any needed investigation with a committee appointed by the Office of the President. This committee will be chaired by the Director of Internal Auditing and at a minimum, consist of representation from the Office of Academic Fiscal Affairs, the Controller's Office, the Office of Legal Affairs, UGA Human Resources, and can include other representation as determined by the Office of the President. In those instances where the Director of Internal Auditing and the cognizant vice president(s) determine that an investigation, either by UGA's Internal Auditing Division or the Police Department, is needed, the Director of Internal Auditing will consult with the committee and, if required, the University Police Department, to determine appropriate interim administrative action that should be taken by the cognizant administrators to protect University faculty, staff, students and property. The Internal Auditing Division will communicate these recommended actions to the cognizant administrators and notify the cognizant administrator that it is his/her responsibility to secure all University resources and to place appropriate personnel on administrative leave (paid or unpaid depending on the circumstances of the case), while the investigation is pending. The Internal Auditing Division will inform Human Resources when administrative leave actions are being taken by the cognizant administrator.

The University is not authorized to negotiate a promise not to report employee malfeasance in return for the employee's resignation, restitution, etc. The decision not to prosecute rests with the State of Georgia's Attorney General's Office.

The Internal Auditing Division will report, in a confidential manner, the following to the Office of Internal Audit at the University System of Georgia:

- I. Institutional point of contact, telephone and email address,
- II. Description of the incident to include incident date and time, location, improper activity, estimated loss to the institution, etc.,
- III. Known suspect information including employee name, title, employment status (administrative leave, pending termination, etc.); and
- IV. Current case status to include law enforcement and the results of any internal investigation.

Once the audit or investigation is complete and circumstances surrounding the irregularity or impropriety have been determined, responsibility shall be assigned for taking appropriate personnel action and operating action to minimize the likelihood of recurrence. The committee, under the leadership of the Director of Internal Auditing will initiate one of the following steps when internal action is needed:

- I. Determine the office(s) responsible for making changes to policies, procedures and/or practices to minimize the likelihood of a recurrence and work with that office(s) to execute the appropriate changes,

- II. Meet with the cognizant supervisor, usually a Vice President, Dean, Director and/or Department Head, to discuss the findings in the audit report and/or investigation and to make recommendations regarding appropriate personnel action. The Vice President, Dean, Director, and/or Department Head will be responsible for taking the personnel action recommended by the committee after an opportunity for providing the committee with input regarding the matter; or
- III. Follow through to determine that all corrective actions have been taken before closing the case.

### **Confidentiality**

The committee will make reasonable efforts to protect the rights of the employee who makes a complaint or who provides information of a fiscal irregularity and/or employee malfeasance in a manner consistent with the University's legal obligation to investigate, to take appropriate action, and to comply with any confidentiality, discovery or disclosure obligations required by law.

### **Prohibition Against Retaliation**

An employee who, in good faith, reports what he or she believes to be a fiscal irregularity and/or employee malfeasance, or who cooperates in any investigation, will not be subjected to retaliation. Any employee who believes he or she has been the victim of retaliation for reporting a fiscal irregularity and/or employee malfeasance or cooperating in an investigation should immediately contact the Internal Auditing Division. Any person found to have engaged in retaliation will be subject to disciplinary action up to and including termination of employment.

### **Policy Definitions**

Fiscal irregularities and employee malfeasance include violations of law and Board of Regents and University fiscal policies and procedures. Employee malfeasance generally includes instances of embezzlement, misappropriation, alteration or falsification of documents, false claims, theft of any asset, inappropriate use of computer systems to include hacking and software piracy, bribery or kickback, etc.