

COLORADO STATE UNIVERSITY SYSTEM

Policy and Procedures Manual

SUBJECT: BUDGET AND FINANCE

Policy 210: CSUS Board Financial Fraud Policy

Board Policy

The Colorado State University System is committed to upholding the highest standards of honest behavior, legal and ethical conduct, and fiduciary responsibility with respect to CSUS and institutional funds, resources, and property. All members of the CSUS community have a responsibility for the stewardship of the CSUS's resources.

Management is responsible for the detection and prevention of fraud, misappropriation, and other irregularities. As such, CSUS seeks to prevent and detect any fraud or irregularities and will diligently pursue any instance that involves financial fraud. It is a violation of this policy for any employee to engage in financial fraud, as defined below.

Scope of Policy

This policy applies to any irregularity, or suspected irregularity, involving employees, consultants, vendors, contractors, sponsored program awardees, and any outside entities with a business relationship with CSUS.

Definitions

Financial fraud ("fraud") is defined as a deliberate act or deliberate failure to act with the intent to obtain unauthorized financial benefit from the CSUS or University for oneself or any other person or entity not authorized by the CSUS or University to receive such benefits. Fraud includes, but is not limited to, any of the following:

- a. Misappropriation or concealment of CSUS or University funds or property;
- b. Intentional impropriety in the handling of money or financial transactions;
- c. Forgery, falsification, or alteration of documents and/or information (e.g., checks, bank drafts, deposit tickets, promissory notes, travel expense reports, contractor agreements, purchase orders, invoices, electronic files, etc.);
- d. Deviations from standard procedures in the handling or reporting of money, cash equivalents or financial transactions, with the intent to obtain an unauthorized financial benefit;
- e. Misappropriation of petty cash;
- f. Misuse of a CSUS or University Procurement Card, State Travel Card, or other University or CSUS credit mechanism for personal gain;
- g. Claiming reimbursement for travel costs not actually incurred, or for which reimbursement was already received;

- h. Theft of any CSUS or University asset (including furniture, fixtures or equipment, data, trade secrets and intellectual property);
- i. Authorizing payment to vendors when it is known that the goods were not received by the University, or services were not performed for the CSUS or University;
- j. Soliciting or accepting money, loans, credits, discounts, gifts, entertainment, favors, or services from present or potential vendors in exchange for influencing or attempting to influence any purchasing decision;
- k. Misuse of CSUS or University facilities, such as vehicles, telephones, mail systems, or computer equipment in violation of CSUS or University policy;
- l. Violation of CSUS or University purchasing procedures and requirements;
- m. Engaging in bribery, kickbacks, or seeking unauthorized rebates; and
- n. Actions related to concealing or perpetuating any of the foregoing activities.

Reporting Suspected Fraud

All employees of the CSUS or institution have an affirmative obligation to report suspected fraud. Reports should be made to the [Compliance Reporting Hotline](#) (1-855-263-1884) or directly to Internal Auditing or Office of General Counsel. Reports may be made anonymously. Reports must be made in good faith based on a reasonable belief that fraud may have occurred; a legal certainty is not required. A supervisor or administrator who receives a report of suspected fraud from an employee likewise has an obligation to report it to the Compliance Reporting Hotline, Internal Auditing, or the Office of General Counsel. The supervisor or administrator may make initial inquiries to the matter reported, but shall not independently initiate or conduct an investigation.

Responsibility For Conducting Investigations

Primary responsibility for investigating reports of suspected fraud belongs to Internal Audit, which will work with a team consisting of Office of General Counsel, appropriate law enforcement agency, and other agencies, offices or departments as needed to provide relevant expertise. The Director of Internal Audit may engage external auditors, law enforcement, or other investigators to assist with the investigation. Decisions to refer any matter to law enforcement authorities or regulatory agencies will be made in conjunction with the General Counsel and senior administration.

Cooperation with Investigation

All employees of the CSUS and institutions have an affirmative obligation to fully cooperate with the investigation.

Confidentiality

Care must be taken by all involved to protect the confidentiality of personal information, reports, investigations, and outcomes, to the extent allowed by law and determined appropriate by General Counsel. Employees are not to disclose information about the events or investigation to anyone other than the offices listed above for reporting purposes, except as required by law.

Whistleblower Protection

Employees of the CSUS or University shall not retaliate against a person who has reported suspected fraud, or participated in any investigation, hearing, legal proceeding or disciplinary action. Whistleblowers who believe they have been retaliated against may file a written complaint with the institution's equal opportunity office or the Office of General Counsel.

Actions Taken On Suspicion That Fraud Has Occurred

When there is reasonable cause to believe that fraud has likely occurred, the CSUS or University may take any or all of the following actions:

- Initiation of an investigation
- Immediate suspension of the alleged perpetrator's duties or authority to conduct transactions, including access to CSUS or University systems, records and data
- Removal and exclusion of the alleged perpetrator(s) from the workplace
- Referral to law enforcement

When a formal inquiry is warranted, the following officials may coordinate to ensure appropriate expertise:

- CSUS Internal Audit – Research allegations, compile evidence, provide financial and internal control information;
- CSUS Office of General Counsel - Advise on legal issues, including employment issues; establish and maintain attorney-client privilege when warranted; facilitate interaction between legal system, law enforcement, and investigation team;
- Campus law enforcement (CSU Police Department, Pueblo County Sheriff's office, or appropriate authorities) – Aid in gathering pertinent information, gather evidence and conduct interviews where appropriate;
- Officials from the unit affected by the alleged incident; and
- Other units (examples are Human Resources and the University Controller) as needed to provide information and expertise.

Actions Taken at the Conclusion of a Review

If the investigation presents sufficient evidence that fraudulent activities have likely occurred, the CSUS or University may take any or all of the following actions:

- Disciplinary action, up to and including termination of employment,

- Referral to law enforcement and cooperation in the prosecution of the perpetrator(s),
- Initiation of legal action to recover misappropriated funds or property and damages resulting from the fraud, plus costs and reasonable attorney's fees and
- Disclosure to external auditors, as deemed necessary

The decision regarding actions taken as a result of the investigation will consider the facts and conclusions of the investigation, and will be made in consultation with the Office of General Counsel, the Department of Internal Audit, Human Resources, the CSUS Chief Financial Officer, and the institution's controller.

Apprising the Board of Governors

The Director of Internal Audit, acting on behalf of the Audit and Finance Committee, will ensure that the Chancellor is apprised of all matters of fraud. In collaboration with the Office of General Counsel, the Chancellor and/or the Director of Internal Audit will inform the Audit and Finance Committee of the Board of Governors as and when appropriate.

History: Effective October 6, 2017 by Board Resolution