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| <b>Volume F1:</b><br>Finance  | <b>F1.99.3</b><br><b>Fraud Prevention and Detection</b><br><br><b>Effective Date:</b> 10/17/2011<br><b>Last Revision:</b> 05/01/2020<br><b>Date of Next Review:</b> 05/01/2025 | <b>Responsible Office:</b><br>Finance and Administration |
| <b>Chapter 99:</b><br>General |  | <b>Responsible Officer:</b><br>Vice President            |

## POLICY STATEMENT

Northeastern Illinois University (NEIU) is committed to the highest standards of ethical behavior. Acts of fraudulent behavior are costly and erode the public's trust and confidence in the integrity of the University. The University provides a process to monitor internal controls for safeguarding its assets from fraud and abuse, including criminal activity, and to properly steward the University's assets over which it is entrusted.

## PURPOSE OF THE POLICY

To provide the University and its employees guidance for monitoring and safeguarding University assets and a process to prevent and detect fraud and abusive behavior.

## WHO IS AFFECTED BY THIS POLICY

The University community.

## DEFINITIONS

**Fraud:** A willful or deliberate act or omission with the intention of obtaining an unauthorized benefit, service, property, or something of value by deception, misrepresentation, or other unethical or unlawful means. Examples of fraudulent or dishonest conduct include, but are not limited to, forgery or unauthorized alteration of University documents, including checks, bank drafts or any other financial document; misappropriation or theft of funds, securities, supplies, or other assets; impropriety in handling or reporting of money or financial transactions; accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the University; destruction, removal, or inappropriate use of University records, furniture, fixtures, and equipment; intentional misreporting of work or leave time; and/or any similar or related inappropriate conduct.

## REGULATIONS

### 1. FRAUD PREVENTION

Those acting on behalf of the University have a general duty to conduct themselves in a manner that will maintain and strengthen the public's trust and confidence in the integrity of the University. They should not perform any actions that are incompatible with their obligations to the University. University employees are responsible for safeguarding University resources and ensuring they are used only for authorized purposes, in accordance with University rules, policies, and applicable law.

Vice Presidents are responsible for ensuring that systems of internal control are established and maintained in their areas to provide reasonable assurance that improprieties are prevented or would be detected in the normal course of operations. All levels of University management are required to become familiar with the types of improprieties that might occur in their area, and to be alert for any indication that such a defalcation, misappropriation, or other fiscal irregularity has occurred. They are required to establish and follow controls as applicable for their division or unit. The University Internal Audit department is available to assist management in recognizing improper conduct and reviewing and assessing internal controls.



## 2. **FRAUD DETECTION**

It is the responsibility of each member of the University community to report to the proper authority any suspected incidents of fraud or fraudulent and/or criminal activity. The University's reporting authorities are University Counsel, University Internal Audit, University Ethics Officer, and University Police Department. The State of Illinois Office of the Executive Inspector General also serves as a reporting authority. Individuals are not to attempt to personally conduct investigations or interviews.

## 3. **INVESTIGATION**

University Counsel, in conjunction with the University Ethics Officer, University Police and University Internal Audit, as necessary, will oversee all investigations into allegations of falsification, misappropriation, and other fiscal irregularities. For purposes of confidentiality and best investigation practices, the results of any investigation will not be disclosed or discussed with anyone other than those persons who have a legitimate need to know.

Allegations or matters of conduct deemed outside the scope of the policy, such as personnel-related issues or scientific misconduct, may be referred by University Counsel to the respective area of management for review and appropriate action.

When an investigation reveals suspected criminal activity or an investigation is initiated due to an allegation of criminal activity, the University Police will take the lead. University Counsel will also inform and consult with the State Office of the Executive Inspector General or the State Attorney General, as needed.

University employees will support the University's fiduciary responsibilities and cooperate with University Counsel, University Internal Audit, University Ethics Officer, University Police, and other law enforcement agencies in the detection, investigation, and reporting of fraudulent or criminal acts, including prosecution of offenders. During the course of the investigation, University Counsel may seek the assistance of the Illinois Attorney General, or Office of the Executive Inspector General.

## 4. **ACTION**

Anyone found to have engaged in fraud or fraudulent conduct is subject to disciplinary action by the University up to and including dismissal or expulsion and civil or criminal prosecution. Employees who knowingly make false allegations are subject to disciplinary action up to and including dismissal. The University will make every effort to recover losses that result from fraudulent or criminal acts.

## **PROCEDURES**

The University employs the following internal controls to reduce the risk of fraudulent activity:

- Separation of duties
- Physical safeguarding assets
- Proper documentation
- Proper authorization
- Adequate supervision
- Independent validation of transaction accuracy

## **AUTHOR REFERENCE**

"Dishonest or Fraudulent Activities and Whistleblower Policy" – Eastern Illinois University  
[1.6.2 Reporting Fraud or Misconduct, Whistleblower Protection, and Investigations - University of Illinois System](#)



## HISTORY

Revised May 1, 2020  
Public comment period (revision): 04/01 – 30/2020  
Reclassified and Recoded: 01/10/2019  
Revised: 02/01/2020

## RELATED POLICIES AND OTHER INFORMATIONAL MATERIAL

<https://www.edurisksolutions.org/> - An employee resource with more information about university risk management.

## CONTACT INFORMATION

Please direct questions or concerns about this policy to:

| Contact                              | Phone          | E-Mail   |
|--------------------------------------|----------------|--|
| Office of Finance and Administration | (773) 442-5100 | <a href="mailto:VPfinance-admin@neu.edu">VPfinance-admin@neu.edu</a> |
| University Counsel                   | (773) 442-5219 | <a href="mailto:M-ReardonHenry@neu.edu">M-ReardonHenry@neu.edu</a>   |

## DISCLAIMER

The University reserves the right to modify or amend sections of this policy at any time at its sole discretion. This policy remains in effect until such time as the Responsible Officer calls for a review. Requests for exception to any portion of this policy, but not to the policy statement, must be presented in writing to the Responsible Officer.