

Office/Contact: University Controller

Source: SDBOR Policy 4.8.2

Link: <https://public.powerdms.com/SDRegents/documents/1726704>

SOUTH DAKOTA STATE UNIVERSITY
Policy and Procedure Manual

SUBJECT: Fraud Policy

NUMBER: 5:7

1. Purpose

This policy implements SDBOR Policy 4.8.2 and sets forth the guidelines for the reporting of suspected or known fraudulent acts at the University. This policy does not displace policies surrounding academic misconduct.

2. Definitions

a. Fraud shall be defined to include the following for purposes of this policy:

i. Conduct within the scope of employment, or conduct apparently within the scope of employment, and representations to the SDBOR or the University which constitute:

1. Intentional or deliberate act to deprive the State of South Dakota, SDBOR, the University, or any affiliated organizations or students of something of value (property, money, services, or opportunities).
2. Deception, false representation of fact by either conduct or other communication, or concealing what should have been disclosed, or made when the actor knew or should have known the other party relied upon his or her representations, leading to injury of the State of South Dakota, SDBOR, the University, or any affiliated organizations or students.

3. Examples of a fraudulent act include but are not limited to:

- a. Embezzlement;
- b. Misappropriation, misapplication, destruction, removal, or concealment of property;
- c. Alteration or falsification of documents;
- d. Theft of any asset (money, tangible property, etc.);
- e. Authorizing or receiving compensation for goods not received or services not performed; or

f. Misrepresentation of fact.

- b. Suspected fraud is defined as a reasonable belief or actual knowledge that fraud has occurred or is occurring.

3. Policy

- a. The University has designated the Assistant Vice President for Finance and Business and Controller, successor, or designee as the contact for University employees to report suspected or known fraudulent acts.
- b. University employees are responsible for reading and understanding this policy. Additionally, University employees must report suspected or known fraudulent acts to their respective supervisor or to the Assistant Vice President for Finance and Business and Controller, successor, or designee. University employees may also report directly to the Director of Internal Audit of the SDBOR Office.
- c. Supervisors are responsible for:
- i. Communicating the provisions of this policy to all staff;
 - ii. Taking no action without consulting the Assistant Vice President for Finance and Business and Controller, successor, or designee;
 - iii. Recommending appropriate temporary disciplinary action where there is evidence of wrong-doing; and
 - iv. If suspension or termination is recommended, consulting with an appropriate campus representative.
- d. The Assistant Vice President for Finance and Business and Controller, successor, or designee, is responsible for communicating the suspected or known fraudulent act to the Director of Internal Audit of the SDBOR Office and for initiating internal investigative actions of the suspected or known act.
- e. The Director of Internal Audit of the SDBOR Office is responsible for investigating suspected or known fraudulent acts in cooperation with the Assistant Vice President for Finance and Business and Controller, successor, or designee.
- f. Recognized fraudulent acts shall be reported to the appropriate law enforcement authorities by the Assistant Vice President for Finance and Business and Controller, successor, or designee, and the Director of Internal Audit of the SDBOR.
- g. The University shall maintain an internal control environment to protect the University from loss or other damages as a result of a fraudulent act.
- h. False allegations of suspected fraud with the intent to disrupt or cause harm to another will be subject to disciplinary action according to procedures in place for their respective employment classification.

- i. Appropriate and timely action shall be taken against those proven to have committed a fraudulent act. These remedial actions include, but are not limited to:
 - i. Disciplinary action (up to and including termination of employment);
 - ii. Restitution for all losses, including investigation and legal expenses;
 - iii. Forwarding information to the appropriate authorities for criminal prosecution; and
 - iv. Institution of civil action to recover losses.
- j. Where the University elects to take corrective or disciplinary action, it shall proceed under the procedures in place under SDBOR or University policy for the respective employment classification.
- k. The University may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from the fraudulent conduct.
- l. All investigations shall be conducted in confidence insofar as reasonably possible. The name or names of those communicating information about a fraudulent act and the name or names of those suspected of a fraudulent act will be revealed when required in conjunction of the investigation or legal action.

4. Responsible Administrator

The Assistant Vice President for Finance and Business and Controller, successor, or designee, is responsible for the annual and ad hoc review of this policy. The University President is responsible for approval of this policy.

SOURCE: Approved by President on 08/29/2014. Revised; Approved by President on 10/06/2020. Revised 01/30/2024 (clerical).