



**Fraud Policy
Administrative Policy A1.3
November 2009**

Policy Statement

This policy addresses the responsibility of employees for detecting and reporting fraud or suspected fraud. It is the policy of VCFA to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the College and, when appropriate, to pursue legal remedies available under the law.

VCFA will take appropriate disciplinary actions if wrongdoing is identified which may include the possibility of termination of employment, restitution, and forwarding information to the appropriate authorities for criminal prosecution.

This policy will attempt to clarify acts that are considered to be fraudulent, and describe the reporting procedures to be taken when fraud or other related dishonest activities are suspected. This policy also includes the procedures to follow in accounting for missing funds, restitution, and recoveries. It is the College's intent to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

This policy applies to any fraud or suspected fraud involving employees, as well as consultants, vendors, contractors and outside agencies doing business with the College.

Definition of Fraud

Dishonest or fraudulent activities include, but are not limited to the following:

- Forgery or alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.)
- Misrepresentation of information on documents.
- Misappropriations of funds, securities, supplies, or any other asset.
- Theft, disappearance, or destruction of any asset.
- Improprieties in the handling or reporting of money transactions.
- Authorizing or receiving payments for goods not received or services not performed.

Authorizing or receiving payment for hours not worked.
Any apparent violation of Federal, State, or local laws related to dishonest activities or fraud.

Management Responsibility

Management is responsible for detecting fraudulent or related dishonest activities in their areas of responsibility. Each manager should be familiar with the types of improprieties that might occur in their area and be alert for any indication that improper activity. When an improper activity is detected or suspected, the supervisor should work to determine whether an error or mistake has occurred or if an act of dishonest or fraudulent activity took place.

If a supervisor determines a suspected activity may involve fraud or related dishonest activity, s/he should the Chief Financial Officer who will conduct an investigation and is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.

Great care must be taken in the dealing with suspected dishonest or fraudulent activities to avoid incorrect accusations or treating employees unfairly. Individuals who knowingly make false accusations may be subject to disciplinary action.

Confidentiality

Managers are encouraged not to contact the suspected individual to determine facts or demand restitution unless asked to do so. They should also not discuss the case, facts, suspicions, or allegations with anyone outside the College, unless specifically directed to do so. Finally, they should not discuss the case with anyone inside the College other than employees who have a need to know. All inquiries from the suspected individual, or his or her representative, should be directed to the Chief Financial Officer.

Employee Responsibilities

When suspected fraudulent incidents or practices are observed by or made known to an employee, the incident or practice must be reported to his/her supervisor. When the employee believes the supervisor may be involved in the inappropriate activity, the employee shall make the report directly to a member of Senior Management.

Investigation

Members of the Senior Management team will be available and receptive to receiving relevant information on a confidential basis to the extent allowed by law. If an employee suspects wrongdoing by a member of Senior Management s/he should request a meeting with the President of the College or the Chairman of the Board of Trustees to discuss his/her concerns confidentially.

If warranted, a prompt investigation will be conducted to include detailed analyses of available records. The audit investigation requires the full cooperation of departmental personnel. A member of Senior Management will discuss the findings with appropriate supervisor and work with the supervisor to determine if disciplinary actions should be taken.

The Board of Trustees will be notified if the investigation is an area of high public interest or if the amount is greater than \$5,000.

A1.32

EMH 11/09

If illegal activity appears to have occurred, the findings will be reported to the appropriate audit and law enforcement agencies. If appropriate the Chief Financial Officer will manage notification of insurers and filing of insurance claims.

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 Controller will record a receivable for the amount owed to the College. At fiscal year end, the department account will be credited with any amounts collected.

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.