

## **FRAUD PREVENTION POLICY**

### **Northern Essex Community College**

#### **PURPOSE**

The College is committed to protecting its revenue, property, proprietary information and other assets. The College will not tolerate any misuse or misappropriation of those assets. This Fraud Prevention Policy is established to provide guidance to employees when misuse or misappropriation of College assets is suspected and to facilitate the development of protocols and practices which will aid in the detection and prevention of fraud.

#### **SCOPE OF POLICY**

This policy applies to any fraud perpetrated by a student, employee or official of the College (collectively "employees"), as well as consultants, vendors, contractors, outside agencies and/or any other parties with a business relationship with the College. Any investigation commenced pursuant to this policy shall be undertaken without regard to a person's length of service, position or title, or relationship to the College.

#### **ACTIONS CONSTITUTING FRAUD**

The term fraud includes, but is not limited to, the following:

- Any dishonest or fraudulent act;
- Forgery or alteration of any document or account belonging to the College;
- Forgery or alteration of a check, bank draft, or any other financial document;
- Unauthorized disclosure of confidential and proprietary information;
- Unauthorized disclosure of securities activities of the College;
- Fraudulent misuse of College facilities or equipment (i.e. vehicles, telephones, computers, email);
- Misappropriation of funds, securities, supplies, or other assets;
- Assigning an employee to perform non-employment-related tasks;
- ~~Accepting or seeking anything of substantial value from contractors, vendors or persons providing services/materials to the College;~~
- Authorizing or receiving payment for goods not received or services not performed;
- Impropriety in the handling or reporting of money or financial transactions;
- Intentional violation of college purchasing requirements;
- Profiteering as a result of insider knowledge of College activities;
- Theft, destruction, removal or fraudulent use of College records, furniture, fixtures, intellectual property and equipment; and/or
- Actions related to concealing or perpetuating abovementioned activities.

If there is any question as to whether an act constitutes fraud, please contact the Executive Vice President or the Vice President of the affected work area.

### **EMPLOYEE RESPONSIBILITY**

All employees of the College, regardless of ranks or position, have a stewardship responsibility with regard to College funds and other assets. College employees are responsible for safeguarding college resources and ensuring that those resources are used only for authorized purposes in accordance with College rules, policies, and applicable federal and state laws.

- When fraud is suspected, observed, or otherwise made known to an employee, the employee must immediately report the activity to her/his supervisor.
- If the employee has reason to believe her/his supervisor may be involved in fraudulent activity, the employee is obligated to report the activity to the next higher level of management or to another college official such as the Executive Vice President, Director of Human Resources, and/or Director of Finance.
- The reporting employee shall refrain from discussing the matter with any other person within the College unless directed to do so by the Director of Human Resources. A unit member may discuss the matter with a state-wide union representative (not a local chapter representative).
- All employees shall cooperate fully with any investigation performed by the College, oversight agencies and/or law enforcement officials.

Any College employee reporting suspected, observed or otherwise known fraudulent activity will be held harmless and not subject to retaliation.

### **MANAGERIAL RESPONSIBILITY**

All management personnel are responsible for detecting and preventing fraudulent activities in their respective work areas. All management personnel will be familiar with the types of activities that constitute fraud and be alert for any indication that improper or dishonest activity is or was in existence in her/his work area.

- ~~• If a member of management suspects fraud, or has received a report of fraud from an employee, she/he must contact her/his supervisor immediately.~~
- When a supervisor is informed by management personnel that fraud is suspected, the supervisor must immediately contact the Executive Vice President or Vice President of the affected work area, who will consult with the Director of Human Resources and Legal Counsel.
- Upon investigation, if the College determines that fraud exists, the College shall take immediate remedial action to halt the fraudulent activity. If criminal activity has

occurred, the College shall report the activity to appropriate oversight agencies and/or law enforcement officials.

- All management personnel shall cooperate fully with any investigation performed by the College, oversight agencies and/or law enforcement officials.
- Following all incidents of fraud, or at least on an annual basis, management personnel shall conduct a review of all internal controls, policies and procedures for the prevention and detection of fraud and implement new and/or modified controls when necessary.

### **CONFIDENTIALITY**

All participants in a fraud investigation shall treat all information received confidentially. A person reporting suspected fraud may remain anonymous except as otherwise required by law.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. Any employee contacted by the media with respect to a fraud investigation shall refer the media person to the Executive Vice President.

### **INVESTIGATION AND DISCIPLINE**

Employees who have committed fraud will be subject to disciplinary action up to and including dismissal. Any disciplinary action taken by the College as a result of its investigation shall be in accordance with the terms and conditions of applicable collective bargaining agreements and non-unit personnel policies. In all cases, the College reserves the right to refer the matter to appropriate oversight agencies and/or law enforcement officials for independent review, investigation and/or prosecution. The College's internal investigation and disciplinary process shall be conducted independently from any external review performed.

### **ADMINISTRATION OF THIS POLICY**

The Department of Human Resources is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

### **COMPLIANCE WITH STATE AND FEDERAL LAWS**

In addition to this policy, the College shall comply with all applicable state and federal laws addressing fraud prevention, including, but not limited to:

- Chapter 647 of the Acts of 1989 (MA Law): Report on Unaccounted for Variances, Losses, Shortages, Thefts of Funds or Property
- MGL Chapter 93H: Unauthorized Release of Personal Information
- MGL Chapter 268A: Commonwealth of Massachusetts Ethics Laws

- MGL Chapter 149, Section 185 (Whistleblower Statute): Protects employees from adverse employment actions and retaliation for reporting violations of law.
- Gramm-Leach-Bliley Act (Financial Services Modernization Act of 1999): Requires financial institutions and others to ensure the security and confidentiality of personal financial information from their customers.
- Accurate Credit Transactions Act of 2003 ("Red Flags Rules"): Requires Financial institutions and others to implement programs to detect, prevent, and mitigate instances of identity theft.
- Family Educational Rights and Privacy Act ("FERPA"): Generally protects against the unauthorized disclosure of student record information, including social security numbers and grade information.
- Health Insurance Portability and Accountability Act ("HIPAA"): Generally protects against the unauthorized disclosure of medical records and information.

### **COMMONWEALTH HOTLINE NUMBERS**

Additional Commonwealth resources available for reporting fraud include:

- **Massachusetts Inspector General, (800) 322-1323** - To report suspected fraud, waste or abuse in government
- **Massachusetts Attorney General – Fair Labor Helpline, (617) 727-3465** - To report violations of minimum wage and overtime laws and requirement for timely payment of wages.
- **Division of Unemployment Assistance, (800) 354-9927** - To report unreported wages or persons collecting benefits while working.
- **Office of the State Auditor, (617) 727-6200** - For state agencies to report variances, shortages or thefts of funds or property.

Policy Implementation Date:      March 7, 2012