

MEMORANDUM

P.O. Box 600  
State University, AR 72467-0600

April 23, 2012

To: Ms. Angela Daniels, Chair  
Shared Governance Oversight Committee

From: Dan Howard  
Interim Chancellor

Re: ASU System Policy – Fraud Proposal

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Jonesboro, Arkansas

I received the following proposal from the Shared Governance Oversight Committee (SGOC). Pursuant to the governing language contained in the Faculty Handbook, I have reviewed the proposal carefully, consulted with other parties as appropriate, and hereby document my response:

- Proposal 12SP-002, ASU System Policy – Fraud Proposal. The SGOC met on March 16, 2012, to decide the disposition of the proposal. The SGOC determined that the proposal should receive an expedited review under the direction of the Shared Governance Oversight Committee (SGOC). Set to review the proposal were the Faculty Senate, Staff Senate, Deans Council, Chairs Council, SGA, and GSC. Following review, the constituency groups indicated that the Staff Senate, Deans Council, and SGA supported the proposal. The Faculty Senate supported the proposal with the stipulation that bullet points 7 and 11 be removed. The Chairs Council and GSC rejected the proposal.

Response: I support the position of the Staff Senate, Deans Council and Student Government Association that voted for the ASU System Policy – Fraud Proposal.

Pursuant to the Shared Governance Proposal Review Process, the campus community will be informed of my decision, which will be done through the ASU Daily Digest. Please accept my heartfelt appreciation for your leadership and extend my appreciation to the SGOC members for their active service to our university.



GDH

/mb

xc: Dr. Tim Hudson  
Executive Council

## MARILYN C BREWER

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**From:** Angela Daniels  
**Sent:** Thursday, April 19, 2012 5:18 PM  
**To:** Dan Howard  
**Cc:** MARILYN C BREWER; SHERRY LYNN JOHNSON  
**Subject:** Shared Governance Proposal 12SP002 - System Fraud Proposal  
**Attachments:** 12SP 02- System Fraud Policy.pdf; 12SP-0002 -Disposition.pdf

TO: Dr. Dan Howard, Interim Chancellor ASU Jonesboro  
FROM: Angela Daniels, Chair SGOC  
DATE: April 19, 2012  
RE: Shared Governance Proposal 12SP002 – System Fraud Proposal

The SGOC set the disposition on March 16, 2012 for 12SP002 – System Fraud Proposal. It was decided that this was a shared governance issue and it should receive an expedited review under the direction of the SGOC. The constituency groups set to review this proposal were the Faculty Senate, Staff Senate, Dean’s Council, Chair’s Council, SGA, and GSC. The proposal was sent to the constituency groups after the disposition meeting.

The response from the constituency groups indicated that The Staff Senate, Dean’s Council, and SGA supported the proposal. The Faculty Senate supported the proposal with the stipulation that bullet points 7 and 11 be removed . The Chair’s Council and GSC rejected the proposal.

Respectfully submitted,

Angela J. Daniels



**Angela J. Daniels**

Student Affairs Technology Director

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Shared Governance Oversight Committee

Disposition Form

Proposal: 12SP-0002 -ASU System Fraud Policy

Disposition Date: March 16, 2012

Is Proposal a SGOC Issue?

Yes  No

Responsible Assigned Committee: SGOC

Type of Review:

Expedited

Full

Extended

Handbook Issue:  Yes  No

Constituency Groups:

Faculty Senate

Staff Senate

Dean's Council

Chair's Council

SGA

GSC

Vice Chancellor(s)

# ASU System Policy

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**Effective Date: May 4, 2012**

**Subject: Fraud**

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## **1. Purpose**

The Arkansas State University System Fraud Policy is established to facilitate the development of controls which will aid in the prevention and detection of fraud within the Arkansas State University System. The System intends to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of prevention and detection controls and conduct of investigations.

## **2. Definitions**

**Arkansas State University System.** Arkansas State University System (System) means all the campuses and System offices within the Arkansas State University System, now and in the future.

**Fraud.** Fraud is the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to the injury of the System. Fraud includes, but is not limited to, the following examples:

- An entry into the accounting records of the System that is intentionally made to represent what is not true or does not exist, with intent to deceive;
- Forgery or conversion of a check, bank draft, wire transfer, or any other System financial document;
- Unauthorized alteration of any document or account belonging to the System;
- Creation of false records;
- Misappropriation of funds, securities, supplies, or other System assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Disclosing confidential or proprietary information to outside parties for personal gain;
- Theft of identity;
- Accepting or seeking anything of material value from contractors, vendors or persons providing services or materials to the System, except as provided by law or regulation;
- Unauthorized destruction, removal, or use of System records, furniture, fixtures, or equipment; and
- Any similar or related inappropriate conduct.

**Management.** Management means the executive charged with control of the campus or institutional unit and includes the Chair of the Board of Trustees, the System President, the campus chancellors, and their designees.

### 3. **Arkansas State University System Fraud Policy**

Arkansas State University System does not tolerate fraud. Any fraud, or suspected fraud, involving the Board of Trustees, employees, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, students, and any other parties with a business relationship with the System must be reported to the Office of Internal Audit.

### 4. **Process**

- A. Prevention.** Management is responsible for the prevention and detection of fraud, misappropriations, and other inappropriate conduct. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, be alert for any indication of irregularity, and take immediate remedial measures should weaknesses be discovered.
- B. Reporting.** Any fraud that is detected or suspected must be reported to the Internal Audit Department, which coordinates investigations with University Counsel and other affected areas, both internal and external, and communicates the issue to the Arkansas Division of Legislative Audit. Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. If there is any question as to whether an action constitutes fraud, contact the Internal Audit Director for guidance.

An employee who discovers or suspects fraudulent activity must contact the Internal Audit Department either directly or through the System's established reporting mechanism. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Internal Audit Department or University Counsel. No information concerning the status of an investigation will be given out.

The reporting individual should not contact the suspected individual in an effort to determine facts or demand restitution or discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by University Counsel or the Internal Audit Department.

- C. Investigations.** The Internal Audit Department has the primary responsibility for the investigation of all suspected fraud as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Internal Audit Department will issue reports to appropriate designated System officers and personnel and to the Board of Trustees. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position or title, or relationship to the System.

**D. Confidentiality.** The Internal Audit Department treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Internal Audit Department, and should not attempt to personally conduct investigations or interviews related to any suspected fraudulent act. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know subject to the Arkansas Freedom of Information Act. This confidentiality is important to avoid damaging the reputations of persons suspected, but subsequently found innocent of wrongful conduct.

**E. Retaliation.**

The System prohibits retaliation against any person who, in good faith, reports detected or suspected fraud. False reports subject the employee to discipline in accordance with established procedures.

**F. Action.** Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for further independent investigation will be made in accordance with Arkansas and Federal laws by the Officers and Trustees of the System in consultation with University Counsel, as will final decisions on disposition of the case. The Internal Audit Department does not have the authority to terminate an employee for committing fraudulent acts. Decisions to terminate an employee reside with the University's senior management and officers in consultation with Human Resources and University Counsel.

(Adopted by the Arkansas State University Board of Trustees on May 4, 2012; Resolution 12- .)