

**ARTICLE 1: ESTABLISHMENT OF PROCEDURE FOR
DEVELOPMENT OF UNIVERSITY POLICIES
AND UNIVERSITY-WIDE POLICIES
Section 2: University-wide Policies**

**Policy: 2.1 Anti-Fraud Policy
Issued: July 1, 2002
Revised: September 9, 2008**

PURPOSE

This policy is established to provide increased protection to the assets and financial interests of Chicago State University, to provide a coordinated approach to the identification, investigation and resolution of fraudulent activities, and to increase the overall awareness of the responsibility to report fraud and reasonably suspected fraudulent activity to the appropriate Chicago State administrators.

SCOPE

This policy applies to any situation of fraud or suspected fraud involving University employees, students, vendors, contractors, consultants, outside agencies, and/or any other parties with a business relationship with Chicago State University. Any investigative activity conducted will be done without regard to the suspected wrongdoer's title/position, past performance, or length of service to the University.

FRAUD DEFINITION and EXAMPLES

For purposes of this policy, fraud includes any willful or deliberate act committed with the intention of obtaining an unauthorized benefit, such as money or property, by misrepresentation, deception, or other unethical means.

Fraud and financial impropriety may include, but are not limited to the following actions:

- Embezzlement or other financial irregularities;
- Forgery, alteration, or falsification of documents (including checks, time sheets, travel expense reports, contractor agreements, purchase orders, other financial documents, student academic or financial records, electronic files);
- Misappropriation, misuse, theft, removal, or destruction of University resources (including funds, securities, supplies, inventory, furniture, fixtures, equipment, intellectual property or any other asset);
- Improprieties in the handling or reporting of money or financial transactions;
- Misuse of University facilities (including telephones, computers and e-mail system);
- False claims by student, employees, vendors, or other associated with Chicago State University;
- Receiving or offering bribes, rebates, or kickbacks;
- Personal use of University property in commercial business activities;
- Accepting or seeking anything of material value from contractors, vendors or persons providing or seeking to provide services/materials to the University (Except as permitted by the Illinois Gift Ban, 5 ILCS 430/10);
- Conflict of interest;

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- Misrepresentation of facts;
 - Any similar or related irregularity

RESPONSIBILITIES

Chicago State administrators at all levels of management are accountable for setting the appropriate tone of intolerance for fraudulent acts by displaying the proper attitude toward complying with laws, rules, regulations, and policies. Managing administrators are responsible for identifying and assessing the level of the risks and exposures to fraudulent activity inherent in his or her area of responsibility. Additionally, managing administrators shall establish and maintain proper internal controls which will provide for the security and accountability of the resources within his or her department. All University employees are responsible for safeguarding University resources and ensuring that they are used only for authorized purposes, in accordance with University rules, policies, and applicable law.

FRAUD INDICATORS

The following, though non-exclusive, may indicate fraudulent financial activities:

- Excessive number of missing or voided documents
- Alterations of documents
- Questionable handwriting or approval
- Documents not numerically controlled
- Duplicate payments
- Unusual billing addresses or arrangements
- Vendor's billing address is the same as employee's
- Duplicate or photocopied invoices

REPORTING FRAUD

Employees, students, and other individuals associated with Chicago State (collectively, members of the University community) who become aware of, or have a reasonable basis for believing that fraud, defalcation, misappropriation or other fiscal irregularities has occurred shall promptly report the suspected activity to the Office of Internal Audit, University Police, or General Counsel/Ethics Officer. If the suspected fraudulent activity involves a member of the Internal Audit, University Police or General Counsel/Ethics Officer, the activity should be reported to the Chicago State University President.

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Great care must be taken in dealing with suspected fraudulent activities so as to avoid any incorrect accusations, alerting suspected individuals that an investigation is under way, violating a person's right to due process, or making statements that could lead to claims of false accusations or other civil rights violations. Any employee who suspects fraudulent activity shall report it to the Office of Internal Audit, University Police, or General Counsel/Ethics Officer and shall not attempt to personally conduct an investigation or interview individuals suspected of being involved in the suspected fraudulent activity.

INVESTIGATION

The Office of Internal Audit has the primary University office responsible for conducting investigations of fraud and suspected fraudulent activity reported to its office. Additionally, the Office of Internal Audit may identify and investigate any suspected dishonest or fraudulent activity, which in its opinion, may represent risk of significant loss of assets or reputation to the University. The Internal Auditor may work with internal or external departments, such as the University General Counsel's office, Human Resources, Police and other law enforcement agencies, as circumstances may require.

In the event that the Office of Internal Audit determines that an investigation of suspected fraudulent activity is warranted, the Office will conduct the following procedural steps:

- Notify the President and General Legal Counsel.
- Advise management to meet with Human Resources Director to determine if any immediate disciplinary personnel actions should be taken.
- Coordinate the notification of insurers and filing of claims with the Risk Management Office. This office is responsible for notifying bonding companies and filing bonding claims.
- If federal funds are involved, determine the required federal reporting in cooperation with the grantee department and University General Legal Counsel.
- If illegal activity is indicated, notify the University Police to coordinate an investigation.
- If illegal activity appears to have occurred, the findings will be reported to the appropriate agency for review such as the Illinois Attorney General. This will be coordinated with the University General Legal Counsel.
- Notify the Office of the State of Auditor as required by FCIAA guidelines.

INVESTIGATION REPORTING

The Office of Internal Audit will review and communicate the results of any investigation with responsible management administrators. It will make recommendations for improvement to the systems

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of internal control, as needed. The results of investigation will also be communicated to the President and Board of Trustees.

OFFICE OF EXECUTIVE INSPECTOR GENERAL

The Office of Executive Inspector General is an agency of the State of Illinois that has authority to receive and investigate allegations of fraud, waste, abuse, mismanagement, misconduct or other violations of the State Officials and Employees Ethics Act.

UNIVERSITY ACTIONS

Chicago State University will take appropriate disciplinary and legal action against any individual or entity who commits fraud against the University. Any employee or student who engages in fraudulent activity relative to Chicago State University will be subject to discipline, which may include, but is not limited to, discharge from employment, expulsion from the University and or criminal prosecution under appropriate State and federal laws.

WHISTLE BLOWER PROTECTION

In accordance with the Whistle Blower Protection Act (5 ILCS 395 *et seq.*), any Chicago State employee who reasonably believes that fraudulent activity has been conducted by another employee and reasonably reports the activity will not be subjected to an adverse employment action as a result of reporting the activity.

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The State Officials and Employees Ethics Act (“SOEEA”) requires the Illinois public university governing boards, in coordination with the Illinois Board of Higher Education, to demonstrate they have adopted and implemented for all employees under their respective jurisdiction and control specific personnel policies relating to (a) work time requirements, (b) documentation of time worked, (c) documentation for reimbursement of authorized travel expenses while on official State business, compensation and the earning or accrual of State benefits for all State employees who may be eligible to receive those benefits. 5 ILCS 430/5-5.

Where necessary or appropriate, the President may authorize updates to this program of compliance in accord with the Institutional Policy Manual (IPM), Article I, Section 1.1, which states: “...addresses internal procedural matters on which policies are set by the President. Policy matters requiring approval at a higher level, by the Chicago State University Board of Trustees, are issued in the Board of Trustees Bylaws, Governing Policies, and Regulations.”

The following personnel policies are in effect to assure Chicago State University (CSU) is in appropriate compliance with the State Officials and Employees Ethics Act, all other applicable state laws, and the standards previously established by the Board of Trustees of Chicago State University. Any policies stated herein that were not previously in effect are automatically effective by operation of law through authority of the Board of Trustees of Chicago State University and provisions of its Bylaws no later than September 4, 2007, to the extent authorized or required by applicable laws.

Designation of Contact Persons

1. Nancy K. Hall-Walker, General Counsel and Executive Director for Labor and Legal Affairs and Board of Trustees Parliamentarian (or designee), is the individual assigned by the President to serve as Ethics Officer for CSU.

2. Dr. Dean Justmann, Interim Vice-President for Finance, Administration and Budget (or designee), is the individual assigned by the President to provide information and respond to inquiries about CSU personnel policies.

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Personnel Policies Required by the State Officials and Employees Ethics Act

1. Applicable Board of Trustees Regulations

CSU Board of Trustees *Regulations* Section II, Subsection A, II-B.3 established a policy pertaining to political activity in relation to publicly supported work time or resources. These Regulations read as follows:

“Political Activities: State Employees, 5 Ill. Comp. Stat. 320/1 et seq. Section 2 of this act generally regulates political activity by employees subject to recognized merit principles of public employment, and prohibits such employees’ participation in political activities during regular work hours.”

Accordingly, no political activity prohibited by the State Officials and Employees Ethics Act shall be conducted on University-compensated work time (other than “vacation, personal, or compensatory time off”), or involve the use of University property or resources by any University employee or member of the Board of Trustees of Chicago State University.

Nothing in this policy statement prohibits activities that are otherwise appropriate for a University employee or Trustee to engage in as a part of his or her official University duties or activities that are undertaken by a University employee or Trustee on a voluntary basis as permitted by laws.

2. Work Time Accounting

CSU policies and procedures provide for periodic reporting and accounting of the accrual and utilization of State benefits. New requirements of the State Officials and Employees Ethics Act relate to work time requirements and documentation of time worked. For each category of CSU employee, the following procedures shall apply:

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Work Time Requirements and Reporting

A. Trustees

Members of the Board of Trustees meet at least quarterly for regular business meetings in addition to committee meetings. Trustees will be informed of meetings and coordinate their expected attendance with the Secretary to the Board of Trustees. Presence and participation of Trustees at Board of Trustees meetings will be recorded in the minutes of the meetings.

B. Employees

Chicago State University maintains operations on a 7-day, 24-hour per week basis. Individual work responsibilities naturally vary according to assignments and roles. Throughout this entire time frame, faculty and staff work schedules and task completion responsibilities are assigned to pursue and maintain the instruction, scholarship, public service and outreach commitments; organizational/administrative functions; and operations required to fulfill the University's mission and functions. By way of example, individuals' responsibilities may include: classroom, laboratory or field instruction, and associated preparation; evaluation and grading; one-on-one instructional interactions; advising and mentoring; research, meetings, office hours, travel, field work; continuing professional education and development to maintain current competencies in relevant fields of knowledge; participation in University organizational and disciplinary professional events; and representing the University throughout a variety of time periods that include evenings and weekends.

Unless otherwise required by unusual circumstances, or adjusted by holiday and summer work week schedules, normal university department office hours are 8:30 a.m. through 5:00 p.m. Monday through Friday with lunch periods designated by individual departments. Work hours pertaining to individual instructional/scholarship, service, and administrative responsibilities extend throughout the 7-day, 24-hour workweek as necessary to maintain operations and fulfill the University's mission.

Work schedules applicable to all full-time faculty and staff assume a minimum schedule of 37.5 hours of work per week. Expectations for part-time schedules are assigned proportionately. For

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purposes of compensation rates, the federal Fair Labor Standards Act (FLSA) exempts faculty, professional, and administrative staff from maintaining specific and limited work hours (normally extending well beyond the minimum 37.5 hour standard) as necessary to fulfill their assigned responsibilities.

For purposes of this work time requirements and reporting policy statement, CSU employees are subdivided into three categories (Hourly/FLSA Non-Exempt, Salaried/FLSA-Exempt, and Faculty/Instructional):

1. Hourly/FLSA Non-Exempt Employees

The Hourly employee category includes all hourly-paid civil service, extra help, students, and non-status employees of Chicago State University. For these positions, the Documentation of Time Worked requirements of the State Officials and Employees Ethics Act shall be fulfilled through the maintenance of Hourly Time Sheet records. No Hourly employee shall engage or be required to engage in prohibited political activity or other non-work related activities (as defined by applicable Board of Trustee *Regulations* and the State Officials and Employees Ethics Act) that would interfere with the normal execution of their duties and responsibilities, nor involve the use of University property or resources, for any time period during the employee's appointment with Chicago State University. Hourly employees must utilize available vacation/personal leave benefits, or declare time off without compensation, for any activity undertaken during their normal work schedule that would fall under the definition of Board of Trustees *Regulations* Section II, Subsection A, II-B.3 or for which vacation, sick leave, FMLA, or any other leave authorized pursuant to Board of Trustee regulations and University policies would apply. The Hourly Time Sheet record (which provides date-specific documentation) will be utilized for the recording of benefit usage or unpaid time taken for such purposes. Such time must be reported on at least a quarter-hour basis and maintained in either paper or electronic format by the applicable fiscal office for a period of at least two (2) years.

2. Salaried/FLSA-Exempt Employees

The Salaried/FLSA-Exempt category of employment includes all salaried supportive professional staff, administrative, civil service, and other employees appointed for time

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frames that do not correspond with the academic calendar (i.e., greater than 10-month appointments eligible for vacation accrual). For these positions, the Documentation of Time Worked requirements of the State Officials and Employees Ethics Act shall be fulfilled through completion of the Administrator's Report of Absence or Administrator's Application for Vacation forms. Additionally, each employee shall complete a "Daily Log Sheet" record (which provides date-specific documentation) that will be utilized for the recording of time worked, i.e. sign-in/sign-out). Such time must be reported on at least a quarter-hour basis and maintained in either paper or electronic format by the applicable fiscal office for a period of at least two (2) years.

No Salaried/FLSA-Exempt employee may engage or be required to engage in prohibited political activity or non-employment related personal enterprise pursuits (as defined by applicable Board of Trustees *Regulations* and the State Officials and Employees Ethics Act) that would interfere with the normal execution of their duties and responsibilities, nor involve the use of University property or resources, for any time period during the employee's appointment with Chicago State University. Additionally, Salaried/FLSA-Exempt employees must utilize available leave benefits (if any), or declare personal time off without compensation, for any activity undertaken during their normal work schedule that would fall under the definition of Board of Trustees *Regulations* Section II, Subsection A, II-B.3 or for which vacation, sick leave, FMLA, or any other leave authorized pursuant to Board of Trustees *Regulations* and University policies would apply. Salaried/FLSA-Exempt employees must fulfill their professional responsibilities without limitation with respect to the hours or schedule required. Accordingly, Salaried/FLSA employees have the opportunity to resolve, with supervisory approval, minor interference issues with the normal execution of their regularly assigned duties and responsibilities (since hours of work for Salaried/FLSA-Exempt employees may extend to throughout the 7-day, 24-hour workweek). Whenever such activity results in interference with employment-related responsibilities, and such interference could not be resolved, utilization of available paid leave benefits or declaration of personal time off without compensation must be recorded. The Administrator's Report of Absence or Administrator's Application for Vacation forms will be utilized for the recording of benefit usage or unpaid time taken for such purposes. Additionally, each employee shall complete a "Daily Log Sheet" record (which provide date

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specific documentation) that will be utilized for the recording of time worked, i.e. sign-in/sign-out). Such time must be reported on at least a quarter-hour basis and maintained in either paper or electronic format by the applicable fiscal office for a period of at least two (2) years.

3. Faculty/Instructional Employees

The Faculty/Instructional employee category includes all tenured and tenure-track faculty, part-time and temporary faculty, instructors, visiting, affiliate, graduate assistant and any other employees appointed for time frames that correspond with the academic calendar (*i.e.*, 9- or 10-month appointments not eligible for vacation accrual). For these positions, the Documentation of Time Worked requirements of the State Officials and Employees Ethics Act shall be fulfilled through completion of the Administrator's Report of Absence or Administrator's Application for Vacation forms will be utilized for the recording of benefit usage or unpaid time taken for such purposes. No Faculty/Instructional employees may engage or be required to engage in prohibited political activity or non-employment related personal enterprise pursuits (as defined by applicable Board of Trustees *Regulations* and the State Officials and Employees Ethics Act) that would interfere with the normal execution of their duties and responsibilities, nor involve the use of University property or resources, for any time period during the faculty member's appointment with Chicago State University. Additionally, Faculty/Instructional employees must utilize available leave benefits (if any), or declare personal time off without compensation, for any activity undertaken during their normal work schedule that would fall under the definition of Board of Trustees *Regulations* Section II, Subsection A, II-B.3 or for which vacation, sick leave, FMLA, or any other leave authorized pursuant to Board of Trustees regulations and University policies would apply. Faculty/Instructional employees are FLSA-Exempt and must fulfill their professional responsibilities without limitation with respect to the hours or schedule required. Accordingly, Faculty/Instructional employees are first expected to communicate and resolve, with supervisor/department chair approval, any interference issues with the normal execution of their regularly assigned duties and responsibilities (since academic activities occur at different times throughout the 7-day, 24-hour workweek). Whenever such activity

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results in an interference with normally and such interference could not be resolved, utilization of available paid leave benefits or declaration of personal time off without compensation must be recorded. The Administrator's Report of Absence or Administrator's Application for Vacation forms will be utilized for the recording of benefit usage or unpaid time taken for such purposes. The date(s) and total amount of time taken for this purpose during the reporting period must be recorded in the "Comments" section of the Benefits Usage Form. Such time must be reported on at least a quarter-hour basis and maintained in either paper or electronic format by the applicable fiscal office for a period of at least two (2) years.

It shall be the responsibility of all CSU employees to comply with the provisions of the State Officials and Employees Ethics Act and the work time accountability requirements specified in this policy statement and other applicable regulations/procedures. CSU will maintain compliance with these procedures and employees will be held fully accountable for any proven violations of the State Officials and Employees Ethics Act.

Documentation for Reimbursement for Travel on Official State Business, Earning of Compensation and Accrual of State Benefits

Documentation requirements for reimbursement of official University travel expenses must comply with rules of the Higher Education Travel Control Board and relevant CSU Board of Trustees *Regulations*.

Documentation requirements for earning of compensation for services and accrual of State benefits such as vacation, sick leave, bereavement leave, and leaves of absence, holidays, unpaid personal leave, disability and retirement shall be maintained in accordance with applicable University policies, procedures and interpretations which are made a part of this compliance program. Eligible leave time benefit utilization shall be documented on applicable Administrator's Report of Absence or Administrator's Application for Vacation forms and "Daily Log Sheet" record forms for all CSU employees.