[Revised and posted April 27, 2012]

Angelo State University
Operating Policy and Procedure

OP 22.03: **Fraud Prevention**

DATE: April 27, 2012

PURPOSE: The purpose of this Operating Policy and/or Procedure (OP) is to communicate to employees and students of Angelo State University the philosophy of the university's management regarding the subject of fraud, as defined in Section 07.03 and Section 03.01.2.f. of *The Rules and Regulations of the Board of Regents of the Texas Tech University System*, within every department, function and activity of the university, and to set forth the procedures for employees to safely and appropriately report allegations of wrongdoing.

REVIEW: This OP will be reviewed in March of even-numbered years by the Texas Tech University System chief audit executive with recommended revisions forwarded to the president by April 15 of the same year.

POLICY/PROCEDURE

1. Policy

The management of Angelo State University and the Board of Regents of the Texas Tech University System are committed to implementing controls necessary to detect, prevent and eliminate the occurrence of any type of fraud within the university. In this context "within the university" also includes any activity conducted with persons or organizations of any nature who operate outside the jurisdiction of the university such as suppliers, contractors, consultants, vendors, federal and state agencies and any other similar external contacts.

The policy of Angelo State University requires employees to report, or cause to be reported, known or suspected violations of laws, rules, policies, or regulations, or improper activities, and to cooperate in any investigation by persons authorized or responsible for such matters. Any member of the campus community who has a reasonable basis for believing a fraudulent act has occurred has a responsibility to notify promptly their supervisor, the Office of Audit Services, the appropriate administrator, or the Angelo State University Police Department.

2. Fraud Prevention

Each employee and administrator is responsible for the adequacy of financial and other internal controls within her/his area of responsibility. This responsibility requires acting prudently and inquisitively while being aware of activities and locations where wrongdoing is likely to occur. Employees are to report allegations of wrongdoing of any kind, including allegations of illegal or fraudulent activity, violations of the university's ethics policy or policy relating to employee conduct, financial misstatements or accounting irregularities, audit matters, or violations of other laws, rules, or regulations to the individual's immediate supervisor.

Supervisors and administrators may direct questions regarding the appropriate manner in which to address concerns regarding employee wrongdoing to Human Resources, the Office of Audit Services, or the Angelo State University Police Department.

3. Reporting and Investigating Allegations of Wrongdoing

Angelo State University employees are required to report fraud (Section 07.03 and Section 03.01.2.f., *Regents' Rules*). Angelo State University has selected a private contractor, EthicsPoint, to provide a hotline service for the Angelo State community. The EthicsPoint system is intended to offer an additional means of reporting to individuals unable to use existing reporting procedures. However, we encourage employees and constituents to attempt the resolution of concerns through established channels whenever possible.

If an employee is not comfortable reporting the situation through traditional administrative channels or desires to maintain anonymity in reporting, the individual should report the situation through the EthicsPoint website: www.ethicspoint.com or by the toll free telephone number, 866-294-9352 (also available in Spanish). Alternatively, a report can also be made using the Texas State Auditor's Office Fraud Hotline at the toll-free telephone number, 800-TX-AUDIT (1-800-832-8348); via an on-line report form at https://sao.fraud.state.tx.us/Hotline.aspx, or by mail at:

State Auditor's Office
ATTN: SIU
P.O. Box 12067
Austin, TX 78711-2067

Reports will be handled by a trained professional. If the report is made through the toll-free number, the operator will ask the reporter various questions that will assist the university in addressing the matter. Individuals can maintain anonymity in reporting allegations of suspected wrongdoing; however, certain reports may not be actionable, or action by the university may be limited, without disclosure of the reporter's identity.

Although any type of report can be made through the EthicsPoint hotline, it is not intended for handling allegations of sexual harassment; discrimination; faculty or staff grievances, such as complaints concerning working conditions, performance evaluations, hours of work, wages, or merit raises; matters relating to tenure and promotion of faculty; student matters; or allegations of misconduct in research. For these types of complaints, the individual should talk with her/his supervisor or address the matter through other appropriate administrative processes and procedures as defined by Angelo State University policy.

Employees shall be truthful in the reporting of allegations of wrongdoing and are expected to be cooperative in assisting in any investigation of an allegation of wrongdoing. Although cooperation in any investigation is expected, making a report does not entitle an employee to be involved in an investigation nor to be advised of the status or disposition of a matter.

The Texas Whistleblower Act protects anyone who, in good faith, reports unlawful activity from retaliation for making such a report. No disciplinary or retaliatory action shall be taken against any Angelo State University employee who, in good faith, reports or causes to be reported suspected wrongdoing or who assists in an authorized investigation of alleged wrongdoing. The prohibition against disciplinary action does not extend to disciplinary action for self-reported violations.

All reports will be investigated and addressed, as appropriate, by the proper administrative departments and/or offices.

4. Penalties

No Angelo State University employee or student is exempt from the penalties imposed for acts of fraud. The penalty for violating university policy and/or participating in acts that appear fraudulent will be determined by the nature of the act and not necessarily based on determinations made by legal authorities. Disciplinary decisions, up to and including termination, should be made in consultation with the Office of General Counsel and Human Resources. Vendors, suppliers, and other external contractors found to have participated in fraudulent acts will be subject to review, with consequences up to and including termination of associated contracts.