

## FRAUD PREVENTION POLICY

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### BACKGROUND AND PURPOSE

The corporate fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against Associated Students. It is the intent of Associated Students to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

### POLICY STATEMENT

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing

another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within their area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the Executive Director, who coordinates all investigations with Associated Students’ legal counsel and other affected areas, both internal and external. If the detected or suspected fraud is thought to have been committed by the Executive Director, the individual reporting should report to the Assistant Executive Director of Human Resources.

**APPLICABILITY TO THE POLICY**

This policy applies to any irregularity, or suspected irregularity, involving employees, Board members, interns/ volunteers, as well as members, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Associated Students.

Any investigative activity required will be conducted without regard to the suspected wrongdoers length of service, position/title, or relationship to the Associated Students.

**DEFINITIONS**

Term	Definition
<b>Assistant Executive Director of Human Resources (AEDHR)</b>	This position oversees the development and implementation of human resources policies, programs, and services. The AEDHR engages in the strategic planning process and fosters a workplace environment consistent with the values and mission of AS delivering value added services to management and employees.
<b>Executive Director (ED)</b>	The AS Executive Director provides executive leadership, management, oversight, and strategic guidance in support of AS. Additionally, the Executive Director ensures the appropriate implementation of AS policies and procedures and provides supervision to ensure and improve the quality of operations and programs within the organization.
<b>Fraud</b>	The intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury

## STANDARDS AND PROCEDURES

### 1. Actions Constituting Fraud

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of company activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons securities activities engaged in or contemplated by the company
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Company. (Exception: Gifts less than \$50 in value.)
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related irregularity

### 2. Other Irregularities

*Irregularities* concerning an employee's moral, ethical, or behavioral conduct should be resolved by departmental management and the Human Resources department.

If there is any question as to whether an action constitutes fraud, contact the Human Resources department for guidance.

### 3. Investigation Responsibilities

The Human Resources department has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Human Resources department will issue reports to appropriate designated personnel and, if appropriate, to the Board of Directors through the Audit Committee. If Human Resources is suspected of having committed fraudulent acts, the investigation should be led by the Executive Director in partnership with other senior management as seen fit by the ED.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

### 4. Confidentiality

The Human Resources department and senior management staff treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Human Resources Department immediately, and *are prohibited from personally conduct investigations or interviews/interrogations* related to any suspected fraudulent act (see **REPORTING PROCEDURE** section below).

Investigation results *will not be disclosed or discussed* with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected of, but subsequently found innocent of, wrongful conduct and to protect the Associated Students from potential civil liability. Breach of confidentiality without appropriate cause shall result in disciplinary action.

## **5. Authorization for Investigating Suspected Fraud**

Members tasked with investigation of potential fraud will have:

- Free and unrestricted access to all Company records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.
- Access to consult with legal counsel.

## **6. Reporting Procedures**

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

An employee who discovers or suspects fraudulent activity will *contact the Executive Director and/ or Human Resources Department immediately*. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, their attorney or representative, or any other inquirer should be directed to the Human Resources Department or Executive Director. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." *Under no circumstances* should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual must abide by the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with *anyone* unless specifically asked to do so by the Human Resources Department or Executive Director.

## **7. Termination**

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from Human Resources Department and, if necessary, by outside

counsel, before any such action is taken. The decision to terminate an employee is made by the Associated Students executive management.

#### **8. Administration**

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

#### **FORMS**

No Forms.

#### **FRAUD PREVENTION POLICY APPROVAL AND REVISION HISTORY**

Fraud Prevention Policy was Approved by the AS Board of Directors on

06/12/2019