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SECTION: Board of Trustees

SUBJECT: Dishonest Acts and Fraud

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Policy for: All Campuses
Procedure for: All Campuses
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Policy

The University of South Carolina System (USC), composed of all campuses, institutes, entities, sites, and properties under the governance of the USC Board of Trustees, is committed to the highest standards of moral and ethical behavior by faculty, staff, and administrators (University Community). The purpose of this policy is to prohibit dishonest acts and/or fraudulent activity by members of the University community, and to advise faculty, staff, and administrators of their responsibility to report suspected dishonest acts
and fraudulent activity to the appropriate University offices.

Dishonest acts and fraudulent activity by students is governed by the applicable policies in the Carolina Community.

A. Dishonest acts or fraudulent activity of any kind is strictly forbidden.

B. Members of the University community who engage in dishonest acts or fraudulent activity of any kind, or who fail to report suspected dishonest acts or fraudulent activity, will be subject to appropriate disciplinary procedures and possible criminal prosecution and/or civil action.

C. Definition
For purposes of this policy, the definition of a dishonest act or fraudulent activity includes but is not limited to:

1. An intentional or deliberate act to deprive USC or a person of something of value, or to gain an unfair benefit using deception, false suggestions, suppression of truth, or other unfair means which are believed and relied upon.

2. A dishonest act or fraudulent activity may be, but is not limited to, an act or activity that is unethical, improper, or illegal such as:

a. Embezzlement;

b. Misappropriation, misapplication, destruction, removal, or concealment of property;
c. Alteration or falsification of paper or electronic documents, including the inappropriate destruction of paper or electronic documents;
d. False claims and/or misrepresentation of facts;
e. Theft of an asset including but not limited to money, tangible property, trade secrets or intellectual property;
f. Inappropriate use of computer systems including hacking and software piracy;
g. Bribery, kickbacks, or rebates;
h. Conflict of interest or commitment.

3. Although a dishonest or fraudulent act may have criminal and/or civil law consequences, USC is not required to use a determination by a criminal or civil authority as the basis for determining whether an act is dishonest or fraudulent, nor must the act rise to the level of a crime or violation of civil law in order to constitute a violation of this policy.

D. Duties and responsibilities:

1. Faculty, staff, and administrators at all levels are accountable for setting the appropriate tone of intolerance for dishonest or fraudulent acts by complying with laws, rules, regulations and policies.

2. Faculty and administrators should be aware of the risks and exposures in their area of responsibility and are responsible for establishing and maintaining proper internal controls that will provide for the security and accountability of the resources entrusted to them.

E. Reporting Suspected Dishonest Acts or Fraudulent Activity

1. Any member of the USC community who has a reasonable basis for believing a dishonest or fraudulent act has occurred, or is occurring, has a responsibility to promptly notify their supervisor, their department administrator, the Internal Audit Department, or the law enforcement department on their campus.

2. Faculty, staff, and administrators who are acting in good faith to report suspected dishonest or fraudulent acts are protected by State law against retaliation by USC for making such a report; however, any person determined to be making frivolous claims under this policy will be subject to appropriate disciplinary procedures including termination from employment.

3. Persons reporting suspected dishonest or fraudulent acts should refrain from confrontation with the suspect and should not discuss the matter with anyone other than their supervisor, department administrator, or those conducting an investigation of the allegations.

F. Investigating Suspected Dishonest Acts or Fraudulent Activity

1. The Internal Audit Department has the primary responsibility for investigating reported incidents; however, the Director of Internal Audit may contact other USC administrative officers such as the Director of Law Enforcement and Safety, the General Counsel, and the Vice President for Human Resources, as necessary or appropriate, to establish a team to proceed with the review or investigation of allegations. To the extent possible under state and federal law, source information will be kept confidential by the investigative team.

2. In those instances where the investigation indicates possible criminal activity, the investigation will be turned over to the USC Department of Law Enforcement and Safety or other appropriate law enforcement agency.

3. The results of investigations conducted by the Internal Audit Department will be communicated orally and/or in writing to the Board of Trustees, the President of the University, and other appropriate administrators.

G. Sanctions

1. Faculty, Staff, and Administrators

a. Faculty, staff, or administrators suspected of participating in dishonest acts or fraudulent activity may be suspended without pay during the course of the investigation, in accordance with HR Policy 1.39, Disciplinary Action and Termination for Cause, and the Faculty Manual.

b. Faculty, staff, and administrators found to have participated in dishonest acts or fraudulent activity will be subject to disciplinary action up to and including termination from employment and possible criminal prosecution or civil action.

c. Faculty, staff, and administrators found to have knowledge of a dishonest act or fraudulent activity and who knowingly failed to report the activity will be subject to disciplinary action up to and including termination from employment.

d. If disciplinary action is warranted, such action will be taken after consultation with the Division of Human Resources, the Office of the General Counsel, the Office of the Provost, and other offices as necessary or appropriate.

2. Associates of the University of South Carolina

a. The relationship of individuals or entities associated with USC found to have participated in dishonest acts or fraudulent activity as defined by this policy will be subject to review, with the possible consequence of modification or termination of the relationship.

b. If action is warranted, the Office of the General Counsel and other appropriate offices will be consulted prior to action being taken.

c. Criminal or civil action may be taken against individuals or entities associated with USC that participate in dishonest acts or fraudulent activity.