

ADMINISTRATIVE DIVISION BTRU Board of Trustees		POLICY NUMBER BTRU 1.20
POLICY TITLE Dishonest Acts and Fraud		
SCOPE OF POLICY USC System		DATE OF REVISION August 16, 2019
RESPONSIBLE OFFICER Secretary of the Board of Trustees		ADMINISTRATIVE OFFICE Board of Trustees

PURPOSE

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 Employees). The purpose of this policy is to prohibit dishonest acts and/or fraudulent activity by University employees, and to advise them of their responsibility to report suspected dishonest acts and fraudulent activity to the appropriate University offices.

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

DEFINITIONS AND ACRONYMS

For purposes of this policy, the following terms shall have the meaning set forth herein:

Conflict of Commitment – means a situation in which an individual engages in external activities, either paid or unpaid, that may interfere with his/her primary obligation and commitment to the University.

Conflict of Interest – means a situation in which an individual has financial, professional, or personal considerations that may directly or indirectly affect, or have the appearance of affecting, an individual’s professional judgment in exercising any University duty or responsibility. A conflict of interest may arise when an individual has the opportunity or appears to have the *opportunity to influence* the University’s business, administrative, academic, research, or other decisions in ways that could lead to financial, professional, or personal gain or advantage of any kind, whether or not the value is readily ascertainable.

Dishonest Act or Fraudulent Activity – 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.

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:

- Embezzlement;
- Misappropriation, misapplication, destruction, removal, or concealment of property;

- Alteration or falsification of paper or electronic documents, including the inappropriate destruction of paper or electronic documents;
- False claims and/or misrepresentation of facts;
- Theft of an asset including but not limited to money, tangible property, trade secrets or intellectual property;
- Inappropriate use of computer systems including hacking and software piracy;
- Bribery, kickbacks, or rebates;
- Conflict of interest or commitment.

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.

University Employees – means members of the University of South Carolina Board of Trustees, and University officers, faculty, staff and other individuals employed by the University regardless of classification, including all full-time, part-time, temporary, research grant, time-limited and contract employees.

POLICY STATEMENT

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

PROCEDURES

A. 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 and for 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.

B. 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, Audit & Advisory Services, or the law enforcement department on their campus. If talking with the supervisor or other administrator is not an option in dealing with a workplace concern, the USC Integrity Line is an anonymous reporting system, administered by an independent third-party provider, to report concerns about questionable or unethical behavior. <http://www.sc.edu/uscintegrityline/>
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 knowingly making frivolous claims under this policy will be subject to appropriate disciplinary procedures up to and including termination from employment.
3. Persons reporting suspected dishonest or fraudulent acts should refrain from confrontation with the individual(s) accused and should not discuss the matter with anyone other than their supervisor, department administrator, or those conducting an investigation of the allegations.

C. Investigating Suspected Dishonest Acts or Fraudulent Activity

1. Audit & Advisory Services has the primary responsibility for investigating reported incidents; however, the Executive Director of Audit & Advisory Services may contact other USC administrative officers such as the Director of Law Enforcement and Safety, the General Counsel, the Chief Operating Officer 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 Audit & Advisory Services will be communicated orally and/or in writing to the Board of Trustees, the President of the University, and other appropriate administrators.

D. 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.

RELATED UNIVERSITY, STATE AND FEDERAL POLICIES

University Policy BTRU 1.18, *Conflicts of Interest and Commitment*

University Policy BTRU 1.22, *Reporting Violations of State and Federal Laws or Regulations*

University Policy BTRU 1.24, *Internal Control Policy*

University Policy HR 1.02, *University of South Carolina Ethics Policy*

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
July 1, 2003	New policy approval
April 24, 2015	Policy organization, content, and accuracy reviewed with the department name and

	authorization for the policy updated along with scrivener corrections and reference to USC's Integrity Line.
August 17, 2018	Reviewed and updated to reflect title change. The policy was reformatted into the new policy format.
August 16, 2019	Added definitions and reorganized content to clarify policy and procedures.