

LUTHER COLLEGE

POLICIES AND PROCEDURES

Department: Administrative Services
Subject: Fraud Policy
Date Issued: June 30, 2008
Date Revised: March 24, 2021
Approved By: Reviewed by Cabinet, Approved by President, April 21, 2021
Date Reviewed: April 21, 2021

I. Policy

This policy is intended to protect the assets and interests of Luther College by establishing an environment of fairness and honesty for employees, suppliers and anyone else with whom the College does business or has a relationship.

II. Purpose

The purpose of this document is to communicate the corporate integrity of Luther College to members of the College community; to increase overall fraud awareness; to provide a deterrent for those tempted by opportunities to perpetrate fraud; and to guide employees on the proper methods for prevention, detection, reporting and handling fraud. Good business practice dictates that suspected misappropriation of assets or other fiscal irregularities be promptly identified and investigated. All members of the Luther community are responsible to report any fraudulent activity.

III. Scope

This policy applies to all members of the Luther College community, including faculty, staff, students, Board of Regents, volunteers and other representatives who may act on behalf of the College.

IV. Terms and Definitions

- Luther College community (Community) – all faculty, staff, students, Board of Regents, volunteers and other representatives who may act on behalf of the College.
- Fraud – a willful or deliberate act with the intention of obtaining personal or financial gain by deception, misconduct, dishonesty or other unethical means.
- Luther College specifically prohibits misuse of College property or authority and any illegal actions of its employees, managers, executives and others responsible for carrying out the College's activities. Fraud policy violations include, but are not limited to:
 - Embezzlement of financial assets
 - Theft or misappropriation of assets, including monetary funds, securities, supplies, inventories or any other assets including furniture, fixtures, computers, vehicles and other equipment
 - Theft of personally identifiable information retained by the College for use in conducting business
 - Theft of individual bank or credit card information

- Misuse of college credit cards for personal use
- Security access or internet abuses
- Sharing of passwords or designated login information
- Forgery or alteration of documents such as checks, timesheets, contractor agreements, purchase orders, other financial documents and electronic files
- Improprieties in the handling or reporting of money or financial transactions
- Misrepresentation of financial information
- Profiting from an official position
- Authorization of or receiving payment for goods not received or services not performed
- Authorization of or receiving payment for hours not worked
- Any acts of collusion for the purpose of defrauding the College
- Any misrepresentation of information provided to the college for Admissions, Financial Aid or employment purposes
- Any similar unethical, unlawful or dishonest acts

V. Procedures and Guidelines

- A. Luther College values fairness, integrity and respect. The College strives to integrate these values into its business practices and expects all faculty, staff, student employees and administrators to act at all times with dignity, fairness, integrity, honesty and respect for others. This standard applies to interactions with administrators, coworkers, students, suppliers, contractors and the general public.
- B. Employment by Luther College requires a commitment to work diligently, to perform assigned duties and to strive to meet the objectives, goals and mission of the College. Members of the Luther College community should avoid conflicts of interest, both real and apparent. Employment responsibilities should promote and protect the best interests of the College, not advance the personal interests of the employee or community member.
- C. Persons acting on behalf of Luther College are individually accountable for their own actions and, as members of the community, are collectively accountable for upholding high standards of ethical behavior and acting in compliance with all applicable laws and policies. No actions by employees should purposely render the College financial statements materially misleading or influence, coerce, manipulate or mislead an external auditor of the financial statements.
- D. Some occupations and disciplines represented within the Luther College community are governed by standards and codes specific to their professions, such as pastors, counselors, social workers, attorneys, certified public accountants, and those in the medical profession. Members of these vocations are guided by professional codes of ethics, conduct and responsibility, which have been developed by each professional organization. As affiliates of these groups, members are expected to adhere to these rules in addition to the codes developed by Luther College.
- E. Luther College management is responsible for establishing, documenting and monitoring the internal control system to counter the risks faced by the College.
- F. All employees have a duty to act responsibly. Supervisors have additional responsibilities to be vigilant as to what could go wrong in their areas. As managers, they should effectively and actively monitor and review all processes and procedures to prevent or detect acts of wrongdoing. By virtue of their leadership status, members of senior management have a special responsibility for complying with this fraud policy and for “setting the tone” for the Board of Regents and the College. This added responsibility requires senior management to:

- Provide leadership and vision and serve as role models as stewards of the College's finances, assets, resources and business processes
- Be trustworthy and act in a responsible, reliable and dependable manner
- Avoid actual or apparent conflicts of interest involving personal and professional relationships
- Strive to promote ethical behavior among employees
- Communicate to all members of the Luther College community the content of this policy and work to ensure that these standards are upheld
- Clearly indicate that integrity is not to be compromised in order to achieve results
- Create an environment that encourages members of the Luther College community to report policy and law violations promptly and to protect such persons from retaliation.

G. Anyone who believes fraud has occurred should promptly report the incidents to the following Luther College contacts, in order of preference:

- Their supervisor or manager
- The Office of Human Resources
- Any member of the College administration or Cabinet
- Supervisors, managers and/or administrators who receive the reports must act promptly to investigate and/or resolve the issue

H. If the employee is not comfortable reporting to the preferred list of contacts, is not satisfied with the responses given, or the issue involves someone in these areas of responsibility, the employee may remain anonymous by reporting the fraud, crime or concern through a third-party vendor, Lighthouse Services, Inc., operating on behalf of Luther College as the Conduct and Ethics Hotline. <https://www.luther.edu/hr/faculty-staff/conduct-and-ethics-hotline/>

- This service is available 24 hours a day, 7 days a week by dialing toll-free at 1-877-409-0108. The reporting and follow-up process are as follows:
 - A representative of Lighthouse Services will answer the call and guide the caller through a series of questions to help identify concerns
 - The call is not recorded, but notes are taken to document the incident or issue
 - At the beginning of the interview, the caller is given a case number
 - This case number is unique to the issue being reported and should be recorded and stored for future reference
- Due to the program's built-in confidentiality, it is important that the caller:
 - Be as specific as possible about the information provided
 - Be factual about the issue, the date and the time
 - Disclose the name of the department or individual where or of whom there is concern
 - Be assured that the caller is not required to identify themselves – this is strictly voluntary
- Within one business day of the call, a summary of the interview is sent to the Director of Human Resources and at least one other member of the priority contact list.
 - The College will receive a written summary of the call based upon the prioritization contact list. The priority of the summary is contingent upon who is accused of wrongdoing
 - The goal of the College is to respond to the initial claim within 48 hours, if possible, or no later than 5 days
 - If the reporter wishes a response directly from Luther College, the caller must indicate the best way to be reached, either at home or at work, and leave a name and telephone number
 - If the reporter wishes a response directly from Lighthouse Services, the caller must call Lighthouse Services after 5 business days

- Be prepared to supply the case number
- Be prepared to provide additional information as needed
- Keep checking back for updates until the case is closed
- General questions about the Conduct and Ethics Hotline may be directed to the Director of Human Resources, ext. 1415.

I. Luther College is committed to deter, detect and correct actions of misconduct, deception or misrepresentation of information by any member of the Luther College community as defined in the scope of this policy.

- The discovery, reporting and documentation of such acts provides a sound foundation for the protection of innocent parties and corrective action against offenders, up to and including dismissal where appropriate.
- In addition, legal action may be taken for the recovery of assets or referrals to law enforcement agencies for further indictment, when warranted by the facts.

VI. Confidentiality and Record

Like most organizations, Luther College faces the risks of wrongdoing, misconduct, deception and fraud. As with all business exposures, the College must be prepared to manage these risks and their potential impact in a professional manner. If unethical or illegal practices are reported, confidentiality shall be maintained to the greatest extent possible within the requirements of conducting reasonable investigations. Only those who have an immediate need are provided the identity of the party or parties involved in the fraud. Any attempt by an administrator, a faculty member, staff member or student to penalize or retaliate in any way against a complainant or witness is prohibited specifically by this policy and will be treated as a separate incident subject to the appropriate corrective action.

Luther College is committed to maintaining the highest standards of behavior in the workplace. Additional resources to important documents and policies are below:

<https://www.luther.edu/hr/faculty-staff/staff-handbook/>
<https://www.luther.edu/academics/dean/faculty/resources/handbook/>
<https://luther.edu/policies>