3-1016 Fraudulent or Other Dishonest Acts

All College employees are expected to observe the provisions of the Code of Ethics for Public Officers and Employees, Part III of Chapter 112, Florida Statutes. Generally, employees abide by laws and regulations; however, incidents of fraudulent or other dishonest acts may occur. Administrators at all levels of management should set the appropriate tone by displaying the proper attitude toward complying with laws, rules, and regulations, and are responsible for establishing and maintaining proper internal controls which will provide for the security and accountability of the resources entrusted to them. In addition, administrators should be cognizant of the risks and exposures inherent in their area of responsibility, and be aware of the symptoms of fraudulent and other dishonest acts, should they occur.

(1) General

(a) Employees found to have participated in fraudulent or dishonest acts will be subject to disciplinary action pursuant to collective bargaining agreements and personnel policies and rules. Also, criminal or civil actions may be taken against employees or other individuals who participate in unlawful acts.

(b) Employees who, in good faith, report wrongful activity meeting the criteria of Section 112.3187, Florida Statutes (Florida Whistle-blower’s Act), are protected by the Florida Whistle-blower’s Act against any retaliation for making such a report.

(c) Employees are required to cooperate with any police or audit investigation, and they may be requested to keep their knowledge of the investigation confidential.

(2) Definitions

(a) The Association of Certified Fraud Examiners (ACFE) defines “fraud” as: “The use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization’s resources or assets.” (Report to the Nation on Occupational Fraud and Abuse, 1999).

(b) Occupational fraud and abuse encompasses a wide variety of conduct by employees, managers, and principals of organizations ranging from pilferage to sophisticated investment swindles. Common violations include asset misappropriation, corruptions, false statements, false overtime, petty theft and pilferage, use of company property for personal benefit, and payroll and sick time abuses. The key is that the activity:

1. is clandestine;

2. violates the employee’s fiduciary duties to the organization;

3. is committed for the purpose of direct or indirect financial benefit to the employee; and

4. costs the employing organizations assets, revenues, or reserves.
(c) Exhibit A of this Regulation includes a more detailed list of activities that constitute fraud or are considered fraudulent.

(3) Employee Responsibilities

(a) When suspected fraudulent activities are observed by an employee (including a student employee), the employee must immediately make a report to the proper authority as follows:

1. Employees shall immediately contact the New College Police Department if they observe an unlawful act in progress, such as theft or destruction of property, or if they have reasonable suspicion that an unlawful act has been committed.

2. The employee shall notify his/her supervisor, the Director of Internal Auditing, or the College President (or designee) of all suspected fraudulent or dishonest acts. College supervisors and administrators who become aware of alleged fraudulent or other dishonest acts shall ensure the Director of Internal Auditing is made aware of such. As deemed appropriate, the Director of Internal Auditing shall keep the College President (or designee) informed of reported allegations of fraudulent or other dishonest acts.

(b) The reporting employee will refrain from further examination of the incident, confrontation of the alleged violator, or further discussion of the incident with anyone other than the reporting employee’s supervisor, the College President (or designee), or the Director of Internal Auditing and/or law enforcement.

(4) College Responsibilities. It is the responsibility of the College to investigate allegations of fraudulent and other dishonest acts and act on such in accordance with internal operating procedures established in support of this Policy.

Exhibit A – Examples of Occupational Fraud and Abuse (Association of Certified Fraud Examiners, Report to the Nation on Occupational Fraud and Abuse)

(1) Corruption

(a) Conflicts of Interest – Purchasing Schemes, Sales Schemes, Other

(b) Bribery – Invoice Kickbacks, Bid Rigging, Other

(c) Illegal Gratuities

(d) Economic Extortion

(2) Asset Misappropriation

(a) Cash

1. Larceny of Cash on Hand, from the Deposit, Other
2. Fraudulent Disbursements


5. Expense Reimbursement – Mischaracterized Expenses, Overstated Expenses, Fictitious Expenses, Multiple Reimbursements

6. Check Tampering – Forged Marker, Forged Endorsement, Altered Payee, Concealed Checks, Authorized Marker

7. Register Disbursements – False Voids, False Refunds

8. Skimming
   a. Sales – Unrecorded, Understated
   b. Receivables – Write-Off Schemes, Lapping Schemes, Unconcealed
   c. Refunds and Other

(b) Inventory and All Other Assets

  1. Misuse
  2. Larceny – Asset Requisition and Transfers, False Sales and Shipping, Purchasing and Receiving, Unconcealed Larceny

(3) Fraudulent Schemes

(a) Financial

  2. Asset/Revenue Understatements

(b) Non-Financial

  1. Employment Credentials
  2. Internal Documents
  3. External Documents
Authority: Article IX, Sec. 7, Fla. Constitution; Fla. Stat. Chapter 112; Fla. Board of Governors Regulation 1.001

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