



Fraudulent Financial Activities Reporting

Policy FI003

Volume 7, Finance and Fiscal Management

Responsible Administrator(s): Vice President for Finance and Administration and Secretary and General Counsel for the College

Responsible Office(s): Office of the Controller and Office of the General Counsel

Issue Date: November 2013

Last Updated: November 2020

Policy Statement

This policy establishes overall roles and responsibilities of members of the Fashion Institute of Technology (“FIT” or “the college”) community for reporting potential fraud at the college. The college’s resources must be used for valid and appropriate business needs, free of misuse, misappropriation, or dishonest activity. Managers and supervisors are responsible for educating employees about proper conduct, creating an environment that deters financial fraud, maintaining effective internal controls, and detecting possible fraudulent activity. Managers and supervisors must be cognizant of the risks and exposures inherent in their area of responsibility and be aware of symptoms of fraudulent financial activities. This policy establishes a formal protocol for reporting any known or suspected fraudulent financial activities.

Reason for the Policy

This policy is established to:

- Safeguard the assets, resources, and interests of FIT
- Increase the awareness of all employees of the possibility of fraudulent financial activities
- Define roles and responsibilities for preventing and detecting fraud
- Govern the reporting and investigation of allegations of suspected or detected fraudulent financial activities
- Achieve confidentiality and consistency for reporting all known or suspected fraudulent financial activities.

Who is Responsible for this Policy

- Office of the Controller
- Office of the General Counsel
- The Department of Public Safety
- Office of Internal Controls and Management Analysis
- Office of Human Resources

Who is Affected by this Policy

- All members of the FIT Community

Definitions

Fraudulent Financial Activities are any willful or deliberate acts performed with the intention of obtaining an unauthorized benefit, such as money or property, by deception or other unlawful means. Examples of such activities include, but are not limited to, the following:

- Embezzlement, misappropriation, or other financial irregularities including, but not limited to, forgery or alteration of documents (checks, timesheets, contract agreements, purchase orders, other financial documents, electronic files)
- Improprieties in the handling or reporting of money or financial transactions
- Credit card and travel expense fraud
- Misappropriation of funds, securities, supplies, inventory, or any other property or asset (including furniture, fixtures or equipment)
- Requests for, or acceptance of, kickbacks or bribes
- Authorizing or receiving compensation for goods knowingly not received or services knowingly not performed
- Authorizing or receiving compensation for hours knowingly falsified by an employee or not covered by appropriate and available leave
- Violation of, or non-compliance with, any SUNY, New York State, or federal law, regulation, policy, or procedure

The identification or allegations of acts outside the scope of this policy, such as personal improprieties, whether employee grievances or complaints, ethical, or behavioral, safety or work environment related, or complaints of harassment or discrimination, should be resolved in conjunction with human resources and/or reference to other relevant FIT policies or agreements.

The Offices of the General Counsel and Internal Controls and Management Analysis may be contacted if guidance is needed to determine if any action might constitute fraud as defined in this policy.

Principles

All members of the FIT Community must perform their duties in a professional, honest, and ethical manner and avoid situations that would be considered fraudulent, wasteful, or abusive of college assets. All persons found to have committed fraud relevant to FIT financial affairs shall be subject to punitive action by FIT, and investigation and prosecution by law enforcement agencies when warranted.

Responsibilities

- **Office of the General Counsel (OGC):** Provides guidance and direction on the legal aspects of fraud-related investigations and potential prosecutions.
- **The Department of Public Safety:** Provides advice and assistance with the investigation of fraud affecting the FIT community, and supports law enforcement prosecutions.
- **Office of the Controller:** Maintains this policy and provides advice and assistance on its implementation and operation.
- **Office of Internal Controls and Management Analysis:** Investigates all cases as assigned by the OGC and provides central advice on the investigation, and on control measures, in consultation with appropriate stakeholders.

- **Office of Human Resource Management and Labor Relations:** Provides advice and assistance on the proposed conduct of fraud-related investigations in order to ensure employee rights are protected. Also provides assistance in determining employee disciplinary action in the event of detected fraud.

Procedures

Reporting Procedure

Any member of the FIT Community who believes fraudulent financial activity may have occurred has a responsibility to report the suspected act in a timely manner. Members of the FIT Community who suspect fraudulent activity, should not accuse any individual directly, nor investigate the matter personally. The matter should only be discussed with the supervisor to whom the concern was reported, the Office of the General Counsel, or the Department of Public Safety.

Reports of suspected employee fraud should be made to the employee's immediate supervisor or manager, unless the employee suspects that the supervisor or manager has participated in, or condoned, the act. In that case, the employee should report the matter to the next highest level administrator or directly to the Office of General Counsel.

Immediate supervisors, managers, and administrators must report all suspected or reported cases of fraud to the Office of General Counsel. The Office of the General Counsel is responsible for coordinating the investigation of such reports, in conjunction with the Office of Internal Controls and Management Analysis, and for contacting law enforcement officials, as circumstances may require.

Retaliation

Retaliation against anyone who makes a good faith report of suspected fraudulent financial activity is strictly prohibited. Anyone found to have engaged in retaliation will be subject to appropriate disciplinary action. For more information on non-retaliation, please see the Employee Code of Ethical Conduct policy.

Confidentiality

Reports will be treated as confidential to the greatest extent possible. Confidentiality may be limited by legal or other requirements (e.g. discovery in litigation, government investigations, etc.). FIT will do everything it can to protect a reporter's identity during the investigation. Retaliation against those who make a report in good faith is strictly prohibited (see Employee Code of Ethical Conduct policy).

Supervisors and the Department of Public Safety must report suspected or detected fraud to FIT's General Counsel.

Investigation and Determination of Appropriate Actions

The Office of the General Counsel is responsible for coordinating the investigation of reports of suspected fraudulent financial acts with the Division of Finance and Administration, and may work with internal departments, such as the Office of Internal Controls and Management Analysis, the Department of Public Safety, the Office of Human Resource Management and Labor Relations, and the Office of the Controller, as appropriate.

Senior management will support the college's responsibilities and will cooperate with the Office of the General Counsel in the detection, reporting, and investigation of suspected fraudulent acts. Upon completion of an investigation, a determination will be made as to whether there is sufficient evidence of financial fraud. The results of such a finding may be forwarded to law enforcement for further action, as may be appropriate.

Great care must be taken in dealing with suspected fraudulent activities to avoid any incorrect accusations, alerting suspected individuals that an investigation is under way, violating any person's right of due process, or making statements that could lead to claims of false accusation or other civil rights violations.

Violations

In the event an individual is determined to have been involved in fraudulent acts, or knowingly failed to report fraudulent acts conducted by others, they will be subject to disciplinary action.

If the fraud involves a financial loss to the college, FIT may seek restitution from any individual involved in the activity.

Violations will be handled in accordance with the following:

- **Employees:**
Employees covered by the Collective Bargaining Unit will be disciplined according to the Collective Bargaining Agreement, as well as relevant law and college policy. For non-bargaining employees, the Vice President for Human Resource Management and Labor Relations, or their designee(s), will review the violation and make a recommendation for appropriate disciplinary action based upon relevant law and college policy.
- **Students:**
The Dean of Students will review the violation and implement appropriate counseling and/or disciplinary action in accordance with the Code of Student Conduct.
- **Third Party or Contractor**
Violations of FIT policies by third parties will be addressed by FIT senior leadership at its sole discretion and in accordance with the relevant policy, laws, and circumstances.

Related Policies

- [Employee Code of Ethical Conduct](#)
- [Computer and Network Use](#)
- [Nondiscrimination and Anti-Harassment](#)
- [Travel and Reimbursement](#)

Related Documents

- [FIT Collective Bargaining Agreement](#)

Contacts

- **The Office of the General Counsel**
Office of General Counsel
(212) 217-4030
- **Vice President for Finance and Administration**
Office of Finance and Administration
(212) 217-4020
- **Director of Public Safety**
Department of Public Safety
(212) 217-7777
- **Vice President for Human Resource Management and Labor Relations**
Office of Human Resources
(212) 217-3650