

II. BUDGET AND MANAGEMENT

Effective Date: April 21, 2008

F. FRAUD/MISUSE OF FUNDS

The governing board of a non-profit organization is expected to adopt policies and procedures which will ensure that appropriate, timely action is taken in the event of an allegation and/or evidence of possible misuse of either funds or assets. In addition, the board must inform all personnel of the policy statement and emphasize the importance of compliance with the specified course of action.

The board policy should specify, at a minimum, the following:

- Any officer or employee who receives information or evidence of theft, embezzlement, misapplication, or misuse of funds or assets shall immediately report the matter to his/her supervisor. In no case should such notification be later than three days from the time the information or evidence is received.
- The supervisor shall report such information or evidence in writing to the director of the non-profit organization within one day of receipt.
- The director shall report the matter in writing, within one day, of receipt to the governing board's chairperson.
- The chairperson shall report the matter in writing, within five days of receipt, to the director of the funding division within the Department of Health and Human Services.

Upon receipt of such notification, the division director shall report the matter, within three days, to the Secretary's Office which has ultimate responsibility for notifying other appropriate parties.