

Virginia State University
Policies Manual

Title: Fraud Reporting

Policy: 1001

Purpose

The purpose of the policy is to supplement the Code of Virginia requirements regarding fraud reporting, define the University community's responsibility for reporting suspected fraudulent acts, and to communicate that Virginia State University has zero tolerance for fraud, waste and abuse, and dishonest activities.

Section 30-138.A of the *Code of Virginia* requires the state agency head to notify the Auditor of Public Accounts, the State Inspector General, and the Superintendent of State Police (Superintendent) upon the discovery of circumstances suggesting a reasonable possibility that a fraudulent transaction involving state employees has occurred.

Section 22-309 of the *Code of Virginia* provides the power to the State Inspector General to oversee fraud, waste, and abuse hotlines in the Commonwealth and to refer complaints from whatever source that alleges fraud, waste, abuse or corruption by a public institution of higher education or any of its officers or employees to the internal audit department of the public institution of higher education for investigation.

Section 2.2-310 of the *Code of Virginia* requires that each state agency and every state officer and state employee shall cooperate with, and assist the State Inspector General in the performance of any investigation.

Section 22-3009 of the *Code of Virginia* states that it shall be the policy of the Commonwealth that citizens of the Commonwealth and employees of state government be freely able to report instances of wrongdoing or abuse committed by state agencies or independent contractors of state agencies.

Section 22-3011 of the *Code of Virginia* provides whistle blower protection for all employees disclosing information about suspected wrongdoing or abuse to an appropriate authority. Employees making good faith reports of suspected misconduct should feel safe and protected from retaliation.

Authority, Responsibility, and Duties

- a. The Internal Audit Department, under the auspices of the Chief Audit Executive, shall administer and oversee all investigations relating to fraudulent activities. As appropriate, the Chief Audit Executive will coordinate and collaborate with the institution's Chief of Police, Chief of Staff, University Counsel, Associate Vice President for Compliance/Human Resources, and the State Inspector General.
- b. These regulations apply to all Virginia State University departments, activities, employees, students, and contractual agents. Employees should review the State Fraud, Waste and Abuse Hotline information posted on the Office of the State Inspector General's website.

- c. Allegations of fraud relating to contractors and non-Virginia State University employees will be referred to the Department of State Police for investigation.
- d. Failure to report fraud as required by Section 30-138.A of the *Code of Virginia* is a Class 3 misdemeanor. (Code of Virginia Section 30-138.E)
- e. The University administration, faculty, and staff must establish and maintain an adequate system of internal control designed to prevent and detect fraudulent activities, respond to acts of fraud, and safeguard university resources.
- f. Management is accountable for setting the appropriate tone of intolerance for fraudulent acts by displaying the proper attitude toward complying with laws, rules, regulations, and policies. In addition, management should be cognizant of the risks and exposures inherent in their area of responsibility, be familiar with the types of improprieties that might occur, and be alert for any indication of irregularity.
- g. Persons who are found in violation of this policy shall be disciplined up to and inclusive of termination.

Definitions

Abuse - An employer's or employee's conduct or omissions that result in substantial misuse, destruction, waste, or loss of funds or resources belonging to or derived from federal, state, or local government sources; Extravagant or excessive use as to abuse one's position or authority. Abuse can occur in financial or non-financial settings.

Appropriate Authority - A federal or state agency or organization having jurisdiction over criminal law enforcement, regulatory violations, professional conduct or ethics, or abuse; or a member, officer, agent, representative, or supervisory employee of the agency or organization. The term also includes the Office of the State Inspector General, and the General Assembly and its committees having the power and duty to investigate criminal law enforcement, regulatory violations, professional conduct or ethics, or abuse.

Fraud - The State Fraud, Waste, and Abuse Hotline Policies and Procedures Manual defines fraud as the intentional deception perpetrated by an individual or individuals, or an organization or organizations, either internal or external to state government, which could result in a tangible or intangible benefit to themselves, others, or the Commonwealth or could cause detriment to others or the Commonwealth. Fraud includes a false representation of a matter of fact, whether by words or by conduct, by false or misleading statements, or by concealment of that which should have been disclosed, which deceives and is intended to deceive.

Some examples of Fraud are:

- Personal use of State-owned vehicles

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- Personal use of state telephones, including long distance, personal calls
- Personal use of state owned supplies or equipment
- Violations of state procurement policy
- Falsification of official documents (time and leave records, check deposit, etc.)
- Contract fraud
- Conducting personal business on state time
- Inappropriate expenditures
- Embezzlement or other financial irregularity
- Unauthorized use of University employees/time

Good faith report - A report of conduct wrongdoing or abuse which is made without malice and which the person making the report has reasonable cause to believe is true.

Waste - The intentional or unintentional thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of Commonwealth resources due to the detriment or potential detriment of the Commonwealth. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls.

Whistle Blower - An employee or citizen of the Commonwealth who witnesses or has evidence of wrongdoing or abuse and who makes or demonstrates by clear and convincing evidence that he is about to make a good faith report of, or testifies or is about to testify to, the wrongdoing or abuse to one of the employee's superiors, an agent of the employer, or an appropriate authority.

Wrongdoing - A violation, which is not of a merely technical or minimal nature, of a federal or state law or regulation or a formally adopted code of conduct or ethics of a professional organization designed to protect the interests of the public or employee.

Policy Statements

- a. The University will not tolerate theft, waste, abuse or misuse of state or university property, resources or assets. The term "assets" encompasses property of all kinds, real and personal, tangible and intangible. Property also includes computer data, programs, software, and services.
- b. University employees and students are required to report suspected irregularities or possible fraudulent transactions to the President's Office and the Internal Audit Department. Upon such notification, the Chief Audit Executive shall ensure that the proper authorities within the University have been notified of the potential loss and that University authorities promptly notify other State departments as required under Section 30-138.A of the *Code of Virginia*.
- c. Individuals reporting fraud are expected to be truthful, provide all information they

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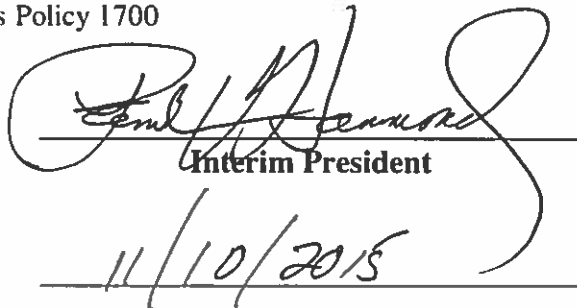
have knowledge of, and cooperate fully with those performing the investigation to support accurate investigation and reporting. The required information is listed on the Department of State Police Criminal Referral Form SP-225-1-93.

- d. The Internal Audit Department will perform sufficient audit procedures to determine whether a fraudulent transaction has occurred. In addition, Internal Audit will attempt to quantify any losses, evaluate the impact of the internal control weakness, and make recommendations for improving internal controls.
- e. In departments that have confirmed cases of fraud, Management must submit a corrective action plan to the Chief Audit Executive within 30 days of receiving investigation recommendations to prevent future fraud of a similar nature.
- f. The University will not discharge, threaten, or otherwise discriminate or retaliate against a whistle blower who discloses information about suspected wrongdoing or abuse in good faith and upon a reasonable belief that the information is accurate. Disclosures that are reckless or that the employee knew or should have known were false, confidential by law, or malicious shall not be deemed good faith reports and shall not be protected. Nothing in this policy shall prohibit the University from disciplining or discharging a whistle blower for his/her misconduct or any violation of University policy of law.

References

Code of Virginia Section 30-138 A and E
Code of Virginia Section 2.2-309
Code of Virginia Section 2.2-310
Code of Virginia Section 2.2-3009
Code of Virginia Section 2.2-3011
Governor's Executive Order Fifty-Two (2012)
State Fraud, Waste, and Abuse Hotline
Office of the State Inspector General, Hotline Policies and Procedures Manual
Department of State Police Crime Reporting
Code of Ethics Policy 1700

Approved By:


Interim President

Date:

11/10/2015