



OP 01.19: MISUSE OF UNIVERSITY ASSETS

BACKGROUND

The misuse of Mississippi State University (MSU) assets is a serious matter that affects compliance with the law as well as the honor and integrity of the institution. Therefore, all university employees are expected to avoid even the appearance of impropriety when fulfilling their responsibilities.

PURPOSE

This policy will attempt to clarify acts that are considered to be a misuse of university assets, and describe the steps to be taken when misuse of assets or dishonest or fraudulent activities are suspected. This policy also includes the procedures to follow in accounting for missing funds, restitution, and recoveries.

POLICY

It is the policy of MSU to identify and promptly investigate any misuse of university assets or dishonest or fraudulent activities against MSU and, when appropriate, to pursue legal remedies.

MSU will take appropriate disciplinary and legal actions against employees and/or entities, including but not limited to restitution, forwarding information to the appropriate authorities for criminal prosecution, and possible termination of employment.

DEFINITIONS

1. University assets: Include, but are not limited to, land, buildings, facilities, equipment, networks, supplies, funds or other financial assets, supplies and labor.
2. Misuse of university assets: Includes, but is not limited to, the following:
 - a. Forgery or alteration of documents (checks, promissory notes, time sheets, leave forms, independent contractor agreements, purchase orders, vendor invoices, budgets, etc.)
 - b. Misrepresentation of information on documents.
 - c. Misappropriations of funds, securities, supplies, or any other asset.
 - d. Theft, conversion, intentional damage, or destruction of any asset.
 - e. Personal use (or authorization thereof) of any asset. Personal use means use, other than incidental and occasional use of office equipment and telephones (see policies 01.12 and 01.15), that is not job related.
 - f. Improprieties in the handling or reporting of money transactions.
 - g. Authorizing or receiving payments for goods not received or services not performed.

- h. Authorizing or receiving payment for hours not worked and/or authorizing or taking leave without the completion and submission of appropriate leave forms.
 - i. Any violation of Federal, State, or local laws related to dishonest activities or fraud.
 - j. Any similar or related activity.
3. Employee: In this context, the word employee refers to any faculty member, staff member or student who receives compensation from MSU, including full, part time or intermittent. The term also includes any volunteer who provides services to MSU through an official arrangement with MSU or an MSU affiliated organization.
4. Administrator: In this context, the word administrator refers to any administrator, manager, account holder, director, supervisor, or other individual who manages or supervises funds, property, or other resources, including human resources.

PROCEDURES

1. Administrator Responsibility

Administrators are responsible for preventing and detecting misuse of assets or dishonest activities in their areas of responsibility. Administrators that fail to detect misuse of assets or dishonest activities within their areas of responsibility may be subject to disciplinary action.

- a. Administrators should be familiar with the types of improprieties that might occur in their areas and be alert for any indication that misuse, misappropriation, or dishonest or fraudulent activity is or was in existence.
- b. If an administrator suspects that misuse of assets or dishonest activity has occurred, the administrator should report it to his/her immediate supervisor and the head of the department/unit. The head of the department/unit should contact Internal Audit and also immediately contact the MSU Police if the situation warrants such action (for example, obvious theft has taken place, security is at risk, or immediate recovery is possible.) Internal Audit will conduct an investigation in consultation with appropriate internal and external entities. After turning the matter over to Internal Audit, an administrator should not attempt to conduct independent investigations, interviews, or interrogations. The administrator is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper action(s).
- c. Administrators will cooperate with Internal Audit, other involved departments, and law enforcement agencies in the detection, reporting and investigation of criminal acts, including prosecution of offenders. Internal Audit shall have full and unrestricted access to all necessary records and personnel. All University furniture and contents, including desks and computing resources, are subject to inspection when there is reasonable suspicion of misuse of assets or dishonest or fraudulent activity that makes such inspection appropriate; there is no assumption of privacy. Every effort should be made to effect recovery of University losses.
- d. Great care must be taken in the dealing with suspected misuse of assets or dishonest or fraudulent activities to avoid the following:
 - Incorrect accusations.

- Alerting suspected individuals that an investigation is underway.
 - Treating employees unfairly.
 - Making statements that could lead to claims of false accusations or other offenses.
- e. Individuals who knowingly make false accusations may be subject to disciplinary action.
- f. Responsibilities of the administrator in handling dishonest or fraudulent activities include the following:
 - Do not contact (unless requested) the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to "what you did," "the crime," "the fraud," "the forgery," "the misappropriation," etc.
 - Do not discuss the case with anyone inside the University other than employees who have a need to know such as Internal Audit, General Counsel, University Police, and Human Resources Management.
 - Do not discuss the case, facts, suspicions, or allegations with anyone outside the University, unless specifically directed to do so by General Counsel, University Police, or Internal Audit.
 - Direct all inquiries from the suspected individual, or his or her representative, to General Counsel. All inquiries by an attorney of the suspected individual should be directed to General Counsel. Direct all inquiries from the media to University Relations.
 - Take appropriate corrective and disciplinary action only after consulting with Human Resources Management.

2. Employee Responsibilities

When suspected misuse of assets or improper or illegal practices are observed by or made known to an employee, the following should be done:

- a. The incident or practice must be promptly reported to his/her superior for reporting to the proper management official. When the employee believes the supervisor may be involved in the inappropriate activity, the employee shall make the report directly to the next higher level of management and/or the Office of Internal Audit.
- b. The reporting employee shall refrain from further investigation of the incident, confrontation of the alleged violator, or further discussion of the incident with anyone unless requested to by Internal Audit, General Counsel and/or law enforcement personnel.

3. Investigation

- a. Internal Audit will investigate situations involving possible misuse of university assets or dishonest or fraudulent activity.
- b. Internal Audit is available and receptive to receiving relevant information on a confidential basis to the extent allowed by law. Individuals have the right to contact Internal Audit directly whenever a misuse of university assets or dishonest or fraudulent activity is suspected.
- c. If warranted, a prompt investigation will be conducted to include detailed analyses of available records. The audit investigation requires the full cooperation

of the departmental personnel. Internal Audit will proceed as follows if evidence is uncovered showing possible misuse of assets or dishonest or fraudulent activities.

- Internal Audit will discuss the findings with appropriate administrators.
- Internal Audit will advise administrators to meet with the Director of Human Resources Management to determine if disciplinary actions should be taken.
- Internal Audit will notify the President, the appropriate Vice President, and General Counsel.
- Internal Audit will notify the Chief Audit Executive at the Institutions of Higher Learning.
- If illegal activity appears to have occurred, the findings will be reported to the appropriate audit and law enforcement agencies. This will be coordinated with General Counsel and University administrators.

4. Accounting for Loss, Restitution, and Recovery

The department incurring the loss from a misuse of university assets or dishonest or fraudulent act will normally suffer the loss until the monies can be recovered through restitution or insurance. The Controller's Office will set up a receivable for the amount owed to the University. At fiscal year end, the department account will be credited with any amounts collected.

5. Related Policies

This policy is designed to augment other policies and not replace or preclude them.

REVIEW

The Director of Internal Audit is responsible for the review of this OP every four years (or whenever circumstances require immediate review).

REVIEWED BY:

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09/25/2017
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APPROVED:

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09/26/2017
Date