OLD DOMINION UNIVERSITY
University Policy

Policy #3003
DETECTION, INVESTIGATION AND REPORTING OF FRAUD, WASTE AND ABUSE/MISUSE OF UNIVERSITY PROPERTY/FUNDS

Responsible Oversight Executive: Vice President for Administration and Finance
Date of Current Revision or Creation:

A. PURPOSE

The purpose of this policy is to establish University policy and responsibilities concerning the detection, investigation and reporting of fraud, waste and abuse/misuse of University property or funds.

B. AUTHORITY

Code of Virginia Section 23.1-1301, as amended, grants authority to the Board of Visitors to make rules and policies concerning the institution. Section 6.01(a)(6) of the Board of Visitors Bylaws grants authority to the President to implement the policies and procedures of the Board relating to University operations. Section 7.01 of the Board of Visitors Bylaws grants specific authority to the Chief Audit Executive/University Auditor.

Code of Virginia, Section 30-138, as amended - State agencies, courts, and local constitutional officers to report certain fraudulent transactions; penalty

Board of Visitors Policy 1610 – Charter of the University Audit Department

C. DEFINITIONS

Defalcation is the fraudulent appropriation of funds or property entrusted to an individual’s care but actually owned by someone else.

Abuse – excessive or improper use of a thing, or to use something in a manner contrary to the natural or legal rules for its use. Examples include the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of University resources; or extravagant or excessive use as to the abuse of one’s position or authority. Abuse can occur in financial or non-financial settings.

Fraud – an illegal act of intentional deception by an individual or individuals or organizations, which could result in a benefit to themselves, others or the University or could cause detriment to others or the University. Fraud includes false representation of fact, making false or misleading statements, or by concealment of something that should have been disclosed, which
deceives and is intended to deceive is the crime or offense of deliberately deceiving another in order to damage them—usually, to obtain property or services unjustly. It is any illegal act characterized by deceit, concealment or violation of trust. Fraud can be committed through many methods, including mail, wire, phone, and the Internet (computer crime and Internet fraud) or through the aid of forged objects.

Misuse of University Property/Funds is the use of University assets for means other than their original intent or purpose, especially for personal benefit, the benefit of others outside the University community, or for other than for the mission of the University.

Waste — the thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of University resources to the detriment or potential detriment of the University. Waste also includes incurring unnecessary costs resulting from inefficient or ineffective practices, systems, or controls.

D. SCOPE

This policy applies to all employees, students, volunteers, employees of affiliated organizations who are paid through the University, and visitors to the institution. Employees include all staff, administrators, faculty, full- or part-time, and classified or non-classified persons who are paid by the University. Students include all persons admitted to the University who have not completed a program of study for which they were enrolled; student status continues whether or not the University’s programs are in session. Affiliated organizations are separate entities that exist for the benefit of the University through an operating agreement and include the foundations, the Community Development Corporation, and the Alumni Association. Visitors include vendors and their employees, parents of students, volunteers, guests, uninvited guests and all other persons located on property, owned, leased, or otherwise controlled by the University.

E. POLICY STATEMENT

The Code of Virginia, Section 30-138, as amended, requires that, “Upon the discovery of circumstances suggesting a reasonable possibility that a fraudulent transaction has occurred involving funds or property under the control of any . . . agency of the Commonwealth, . . . as to which one or more officers or employees of state or local government may be party thereto, the state agency head . . . shall promptly report such information to the Auditor of Public Accounts (Auditor), the State Inspector General and the Superintendent of State Police (Superintendent).”

Therefore, it is the duty of all University employees to be aware of the potential for fraud and to duly report any cases of suspected fraud or misuse of University property or funds.

The Internal Audit Department shall be notified in all cases where the discovery of circumstances suggests a reasonable possibility that assets have, or are thought to have, been lost through defalcation or other security breaches in the financial, operating or information systems.

F. PROCEDURES

Upon discovery of information or circumstances suggesting fraud, waste or misuse of University property or funds, it is the responsibility of University employees and students to immediately notify either the individual should contact either the State Employee Fraud, Waste,
and Abuse Hotline or the University Internal Audit Department. The individual may also additionally contact other University departments such as the Department of Human Resources, the Old Dominion University Department of Public Safety, Office of Finance and/or University Counsel. When fraud, or circumstances suggesting fraud, is reported to any of these offices, the other offices should be contacted in a timely manner to inform them of the situation, if warranted.

The above departments should agree as to the respective roles each office should have in the investigation of the situation. Different circumstances may require different departments to lead the investigation (e.g., if the situation is criminal, financial or administrative in nature).

Upon notifications of possible fraud, the University Auditor should ensure that the proper authorities within the department and University management have been notified of the potential loss. The University Auditor should work to ensure that the University promptly notifies other state departments as required under Section 30-138 of the Code of Virginia.

The University Internal Audit Department will perform sufficient tests to identify any weaknesses in financial, and operating, or technology controls procedures, both automated and manual, that permitted the loss and will evaluate the impact the weaknesses have with respect to other activities of the institution. In addition, the University Internal Audit Department will recommend improvements to correct the weaknesses and incorporate appropriate tests in future audits to detect whether the same or similar weaknesses exist disclose the existence of similar weaknesses in other areas of the institution.

G. RETENTION

Applicable records must be retained and then destroyed in accordance with the Commonwealth’s Records Retention Schedules.

H. RESPONSIBLE OFFICER

Chief Audit Executive
University Auditor

I. RELATED INFORMATION

University Policy 3002 – Authority of the Internal Audit Department