II.E.19. Policy on Safeguarding University Assets

A. Introduction

University and Health System management at all levels are responsible for safeguarding financial and physical assets and being alert to possible exposures, errors and irregularities. Management must be aware of internal control weaknesses that can lead to or permit misuse, misappropriation or destruction of assets. The University policy regarding the safeguarding of assets and the investigating, processing and reporting of suspected misappropriations and similar irregularities applies to all areas of the University and Health System. These include the schools, service and resource centers, central administrative departments, auxiliary enterprises, subsidiaries, the Clinical Practices (CPUP) and the Hospital (HUP), Clinical Care Associates (CCA), and any wholly-owned subsidiaries of the University.

B. Objectives:

- To ensure the protection of the University and Health System assets and to ensure that such assets are not misappropriated, misused, damaged or destroyed.
- To provide a policy for the investigations of known or suspected misappropriations and other irregularities.
- The objectives of investigating suspected misappropriations and similar irregularities are to determine whether the suspected irregularity occurred; to ascertain the source and the amount of funds involved; to identify the individual(s) responsible for the loss; to adequately document fraudulent activities; and, to provide a sound basis for any subsequent corrective action.

C. Responsibilities

All supervisors and managers should be familiar with the types of irregularities involving misuse of University and Health System resources that might occur in their respective areas and be alert for symptoms that an impropriety is or was in existence in their respective areas. Any individual who detects or suspects a misappropriation shall notify his/her supervisor immediately.

The Director of Internal Audit, has the primary responsibility for the investigation of all cases of misappropriation, fraud, and other misuse of University and Health System assets. The Director is available and receptive to relevant information concerning suspected fraudulent activities on a confidential basis. All audits shall be conducted in a thoroughly professional manner.

The Director of Internal Audit, shall consult with and coordinate the investigative activities with other University and/or Health System offices as appropriate. All University and
Health System employees shall cooperate fully with and provide support to the Director as requested during such investigations and reviews.

The Internal Audit Department shall be given free, unlimited and unrestricted access to all books, records, files, property and to all personnel of the University and the Health System during such investigations. The Director of Internal Audit shall have the authority, after consultation with the Executive Vice President of the University, the Executive Vice President of the University for the Health System, when applicable, and with the Provost when a member of the faculty is thought to be involved and with other senior officials as appropriate, to:

1. Take control of and/or gain full access to all University and Medical Center premises, whether owned or rented; and

2. Examine, copy and/or remove all or any portion of the contents, physical or electronic, of all files, desks, cabinets and other storage facilities that are located on such premises without the prior knowledge or consent of any individual who may use or have custody of such premises or contents. When an auditor removes any files or materials from desks or offices, a record will be established and maintained. The record must be as complete as practicable, and a copy will be deposited with the Executive Vice President of the University and with the person from whose office the files or materials were removed.

The powers described in 1 and 2, above, shall be exercised with due regard for privacy, property, and academic freedom of the occupant of the premises, or the owner of the materials being searched. The Director, moreover, will make every reasonable effort to confine the investigation to areas, files, and papers that seem likely to yield relevant evidence.

When a member of the faculty is thought to be involved, the Provost:

1. Shall inform the Chair of the Faculty Senate, if the Chair is available, prior to the search being undertaken, and seek the Chair’s opinion.

2. Shall report the completion of the search and the justification for that search as soon as practicable after the event to the Chair, the Past Chair, and the Chair-Elect of the Faculty Senate.

D. Reporting

The results of investigations by the Internal Audit Department shall be disclosed only to those who have a legitimate need to know such results in order to perform their duties.

Internal Audit shall report the results of the investigation and/or audit to the General Counsel and the Executive Vice President of the University; the Executive Vice President of the University for the Health System when applicable, and to the Provost when a member of the faculty is involved. In addition, Internal Audit shall report the results as appropriate to the Executive Vice President of the University for the Health System, and to the Associate Vice President for Legal Affairs of the Health System. The Executive Vice President shall report all
cases of fraud to the President. Copies of all investigation and/or audit reports shall be sent concurrently to the senior official responsible for the area.

All documented cases of fraud shall be reported to the Board of Trustees’ Committee on Audit by the Director of Internal Audit.

To meet requirements of granting agencies or other external funding sources, the Director of Internal Audit shall, as appropriate, report information concerning misappropriations to granting agencies or other external funding sources.

Information concerning misappropriations may be released to the news media only as authorized by the President of the University.