Section 2: Policy

IA Policy 2.3 - RESPONSE TO POTENTIAL MISUSE OF UNIVERSITY RESOURCES – REPORTING AND INVESTIGATION

Responsible Officer: Director of Internal Audit
Responsible Unit: Internal Audit Department
Effective Date: January 01, 2003
Last Revised on: November 20, 2008

Purpose Statement

The University's Public Safety and Internal Audit Departments review and investigate allegations of misuse or damage of University resources. Outside entities, such as the Office of the State Auditor and the State Bureau of Investigation, may also investigate these allegations.

Policy Statement

Reporting

If management of an area has reason to believe that public property or funds may have been damaged, lost, or misused, they must notify the University Police and the Internal Audit Department. Depending on the circumstances involved, these concerns might also need to be reported to Human Resources, University Counsel, or the Office of the State Auditor.

Suspected misuse can be reported anonymously to Internal Audit, the University Police, or the State Auditor's Hotline, 1-800-730-TIPS (-8477); or e-mail from the Web at the Fraud, Waste, and Abuse Unit.
The University is required to report all instances of known or suspected theft, embezzlement, or misuse of funds or property to the State Bureau of Investigation (NCGS #114-15.1). The Senior Legal Counsel submits these reports to the SBI on behalf of the University. Generally, University Counsel is notified of reportable losses through receipt of a police report. However, department management may submit information about the loss directly to University Counsel. Refer to State Property Incident Report for a sample reporting form. Copies of all misuse reports submitted to the SBI are provided to the Director of Internal Audit.

Investigation of Report

When Internal Audit receives information regarding potential misuse of public funds or property, they will conduct an initial review to determine if the allegations have merit and if further investigation by Internal Audit is necessary. While all reports will be given careful consideration and treated seriously, it is important to remember that allegations are unsubstantiated unless and until corroborating evidence is obtained. The initial review and any subsequent investigation will be conducted in a confidential manner and with respect for the rights of the individuals involved. Audit generally limits its investigations to situations involving loss or misuse of funds or other types of misuse that may have occurred due to a breakdown in controls. The goal of these investigations is to:

- Determine if allegations of misuse are valid;
- Identify control weaknesses or breakdowns in procedure that allowed the situation and any related problems to occur;
- Determine the extent of any loss; and
- Recommend corrective action to prevent the situation from recurring.

Whenever possible, Internal Audit will notify appropriate members of management prior to beginning an investigation. Advance notice may not be possible in rare situations when even a small delay could allow additional funds to be lost or records destroyed. In these situations, Internal Audit will notify management as soon as possible after the investigation begins. If allegations involve possible misuse by management of an area, Audit will coordinate any investigation through an organizational level to which this area reports. The processes of conducting, and reporting the results of, a misuse investigation will be similar to the process followed for a routine audit. However, if the investigation reveals a potential violation of any federal, state, or local law, Internal Audit will refer the matter to the University Police and University Counsel for further review and action. Audit will assist these entities with their reviews, as needed.

Contacts

Questions and concerns can be submitted using the Internal Audit Staff Directory.

Revision History

<table>
<thead>
<tr>
<th>Prior Revisions:</th>
<th>The policies in the Internal Audit Department Policies and Procedures Manual supersede any IA policies, procedures, appendices and information previously included in the University Business Manual, a publication of UNC Chapel Hill's Division of Finance.</th>
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<tbody>
<tr>
<td>January 01, 2003</td>
<td>Changes by Director of Internal Audit. Removed prior Policy 2.3 and renumbered former 2.4 to 2.3.</td>
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<td>November 20, 2008</td>
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