

### 10.2.3 Financial Irregularities

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**Policy Number & Name:** 10.2.3 FINANCIAL IRREGULARITIES

**Approval Authority:** BOARD OF TRUSTEES

**Responsible Executive:** CHIEF FINANCIAL OFFICER

**Responsible Office:** Office of Finance

**Effective Date:** May 21, 2009

**Revisions/Updates:**

#### 1. Policy Statement

Financial irregularities may be criminal acts and subject to prosecution under the law. The university must safeguard its assets and protect its funds from theft and misappropriation and all members of the Stevens community are obligated to report known or suspected financial irregularities. Reporting must be handled by all parties in a confidential manner. Decisions on disciplinary action will be made with due regard to established processes (e.g. tenured faculty, student), appropriateness and consistency, *however, sufficient evidence of wrongdoing may justify immediate action be taken to mitigate potential risk of loss to the university. In these instances, this policy grants the Financial Irregularities Committee the authority to take whatever action is deemed necessary to protect the University consistent with this policy.*

#### 2. Reason/Purpose for Policy

This policy provides guidelines that should be followed when reporting and managing known or suspected irregularities. These processes have been developed to achieve confidentiality and consistency in the treatment of these occurrences.

#### 3. Policy Scope

All employees of the University, including student employees.

#### 4. Related Documents

Faculty Handbook  
Student Handbook  
Code of Ethics  
Conscientious Employee Disclosure Policy

#### 5. Contacts

Institute Auditor  
Controller

#### 6. Definitions

The following definitions apply to these terms as they are used in this policy.

**Financial Irregularity:** An intentional misstatement or omission of information related to a financial transaction, or action, that is detrimental to the interests of the university. Examples of irregularities include, but are not limited to: theft, embezzlement, fraud, or falsification of records to misappropriate assets.

Unit Head: Individual with administrative responsibility for the unit where the alleged perpetrator of the financial irregularity is employed. For cases where the subject of the inquiry is a faculty member, the unit head is the college dean.

Financial Irregularities Committee (FIC): A committee consisting of the Vice President for Finance, Provost and University Vice President, Institute Auditor, Chief Risk and Compliance Officer, Controller, the Vice President for Human Resources, and the applicable unit head. This committee determines and recommends disciplinary action as applicable and determines whether to refer the matter to the district attorney or other outside law enforcement agency

## 7. The Policy

### A. Reporting and Investigating Suspected Financial Irregularities

(1) When an instance of suspected or documented financial irregularity is uncovered by any member of the university community, that individual is required to report it. (see, policy 10.2.1 Code of Ethics) It should be reported to the unit head (see the *Definitions* section of this document) and the Audit Services Office. The Audit Services Office has the responsibility for initiating any investigation into the matter. In the instance that the suspected financial irregularity involves a member of the Financial Irregularities Committee, the individual should report the matter to the Chair of the Audit Committee of the Board of Trustees who will determine the course of action to be taken.

Caution: Reporting and investigating must be handled in a confidential manner by all involved parties until determination of the final university action. After this determination, the university reserves the sole right to make disclosures as necessary.

(2) The unit head should take no action to resolve the irregularity before consulting the Audit Services Office.

(3) The Audit Services Office will investigate the matter as needed.

(4) Once the investigation is completed, the Audit Services Office will report its findings to the FIC, the Audit Committee of the Board, and the President. The university's counsel may be consulted as well.

### B. Internal Disciplinary Action

(1) In the absence of admission of causing a financial irregularity by an individual, documented evidence of wrongdoing may justify immediate action be taken to mitigate further risk of loss to the university. In these instances, the FIC will meet to determine the appropriate action, which may include suspension of the applicable individual(s) with/without pay or termination.

(2) If an employee suspected of causing a financial irregularity admits to such an irregularity, the individual may be suspended without pay immediately by the applicable Dean or Vice President and the suspension may continue until completion of an investigation.

(3) When termination (and possibly expulsion in the case of a student) is proposed, university counsel may be consulted. Expulsion of a student or termination of an individual with a faculty appointment must be approved by the Provost and University Vice President. Termination of any other individual must be approved by the applicable Dean or Vice President.

(4) In the instance that a university executive is involved (President, Vice President, Dean) all actions to be taken that are not mandated by law or regulation will be determined by the Audit Committee of the Board of Trustees in consultation with the Chair of the Board.

### C. External Actions

(1) The university will take any actions necessary to comply with established federal, state, and local laws and regulations with regards to financial irregularities. This includes reporting suspected or known instances of irregularities to federal and state agencies sponsoring research at the university.

(2) When not mandated, the FIC will determine when to refer these matters to the applicable level of prosecuting attorney or other outside law enforcement agency.