

Purpose

Section [30-138.A](#) of the *Code of Virginia* requires that the state agency head, upon the discovery of circumstances suggesting a reasonable possibility that a fraudulent transaction has occurred involving funds or property under the control of the institution, must report this information to the Auditor of Public Accounts and the Superintendent of State Police.

The purpose of the policy is to supplement this Code requirement by informing all University employees, students, and contractual agents of its responsibility to report suspected fraudulent actions to the President's Office and the Internal Audit Department.

Authority, Responsibility, and Duties

- a. The Internal Audit Department, under the auspices of the Chief Audit Executive, shall administer and oversee all investigations relating to fraudulent activities by recommending policies, and developing, publishing and enforcing appropriate procedures. As appropriate, the Chief Audit Executive will coordinate and collaborate efforts with the institution's Chief of Police, Chief of Staff, University Counsel, and Associate Vice President for Compliance.
- b. These regulations apply to all employees, students, and contractual agents of Virginia State University. Employees should review the [State Fraud and Abuse Hotline](#) information posted on the Department of Accounts website.
- c. Allegations of fraud relating to contractors and non-Virginia State University employees will be referred to the Department of State Police for investigation.
- d. Failure to report fraud as required by VA Code § [30-138.A](#) is a Class 3 misdemeanor. (VA Code § [30-138.E](#))
- e. The University administration, faculty, and staff must establish internal controls to prevent fraudulent activities and respond to acts of fraud by strengthening internal controls.
- f. Persons who are found in violation of this policy shall be disciplined up to and inclusive of termination.

Definitions

Fraud - The intentional deception perpetrated by an individual or individuals, or an organization or organizations, either internal or external to state government, which could result in a tangible or intangible benefit to themselves, others, or the Commonwealth or could cause detriment to others or the Commonwealth. Fraud includes a false representation of a matter of fact, whether by words or by conduct, by false or misleading statements, or by concealment of that which should have been disclosed, which deceives and is intended to deceive.

Some examples of Fraud are:

- Personal use of State-owned vehicles
- Personal use of state telephones, including long distance, personal calls
- Personal use of state owned supplies or equipment
- Violations of state procurement policy
- Excessive or unnecessary purchases
- Falsification of official documents (timesheets, leave reports, travel vouchers, etc.)
- Contract fraud
- Conducting personal business on state time
- Inappropriate expenditures
- Embezzlement

Policy Statements

1. The President's Office and 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 and operating systems. The term "assets" encompasses property of all kinds, real and personal, tangible and intangible. Property also includes computer data, programs, software, and service. Upon such notification, the Chief Audit Executive shall ensure that the proper authorities within the University have been notified of the potential loss and that University authorities promptly notify other State departments as required under VA Code § [30-138.A](#).
2. The Internal Audit Department will perform sufficient tests to identify the weakness in financial and operating procedures that permitted the loss and will evaluate the impact of this weakness with respect to other activities of the University. In addition, the Internal Audit Department will recommend improvements to correct the weakness and incorporate appropriate tests in future audits to disclose the existence of similar weaknesses in other areas of the University.
3. Management responsible for areas that have confirmed cases of fraud must submit for review a corrective action plan to prevent future fraud of a similar nature. This report shall be presented to the Chief Audit Executive within 30 days after the closure of the fraud investigation.
4. Individuals reporting fraud should provide all information they have knowledge of to provide for accurate investigations and reporting. The required information is listed on the Department of State Police Criminal Referral Form [SP-225-1-93](#).

Virginia State University
Policies Manual

Title: Fraud Reporting

Policy: 1001

References

[Code of Virginia § 30-138.A and E](#)

[Governor's Executive Order Twelve \(2006\)](#)

[The State Employee Fraud, Waste, and Abuse Hotline](#)

Division of State Internal Auditor, [Hotline Polices and Procedures Manual](#)

Department of State Police [Crime Reporting](#)

Code of Ethics Policy 1700

Approval By: Eddie N. Moore Jr.
President

Date: November 30, 2007