



<u>ADMINISTRATIVE POLICY</u>  ADAMS STATE COLLEGE	POLICY NUMBER:	PAGE NUMBER Page 1 of 3
	CHAPTER:	Finance and Administration
	SUBJECT:	Fiscal Misconduct Reporting
RELATED POLICIES: Retaliation Prohibited C.R.S. 24-50.5-103; Embezzlement of Public Property C.R.S. 18-8-407; Duty to Report a Crime C.R.S. 18-8-115; Department of Administration C.R.S. 24-30-202 (13); Criminal Code--Theft C.R.S. 18-4-401; Criminal Code--Official Misconduct C.R.S. 18-4-404; Reporting Suspected or Actual Theft or Embezzlement--State Fiscal Rules Chapter 3, Section 26.00  OFFICE OF PRIMARY RESPONSIBILITY: Office of Vice President of Finance and Administration	EFFECTIVE DATE:	June 15, 2006
	SUPERSESION:	06/15/06
	 Dr. David Svaldi President	

I. POLICY

This policy establishes the procedures and responsibilities for reporting and resolving instances of known or suspected fiscal misconduct. The policy is derived from the statutes noted above and outlines specific responsibilities for individuals involved in a fiscal misconduct situation.

II. PURPOSE

The purpose of this policy is to protect the assets and interests of the College, ensure a coordinated approach toward resolution of fiscal misconduct, and encourage compliance with applicable State Fiscal Rules and Colorado Revised Statutes.

III. DEFINITIONS

- A. Fiscal Misconduct: Examples include circumstances of embezzlement; defalcation; misappropriation of goods, services, or resources; diversion of assets; conflict of interest situations that result in financial loss; and violation of College fiscal policies and procedures for personal gain. Some of these terms are technical legal terms and the references noted above should be reviewed if clarification is required.
- B. Suspected Fiscal Misconduct: A reasonable belief or actual knowledge that fiscal misconduct has or is occurring.

IV. PROCEDURES

A. General

1. Any employee or student associated with the College who knows of or suspects fiscal misconduct must promptly notify either one's immediate supervisor or one of the following investigative units: the Controller's Office, the campus police department, and/or the Human Resources department. This duty to report by an individual or supervisor is in compliance with State law and State Fiscal Rules. State employees have "whistle blower" protection from State law when they are in compliance with the requirements set forth in statute.
2. Because of the often unique and complex nature of fiscal misconduct, which investigative unit to contact first may be a function of the situation. The Human Resources department is more often the preferred primary contacts because this unit has more flexibility in the manner in which they conduct a review or investigation where there is some doubt about what actually occurred. In any case, the notified investigative unit shall contact the other units to establish the necessary team to progress with the review or investigation.
3. All affected departments and/or individuals shall cooperate fully with the investigative team to identify whether or not actual or suspected fiscal misconduct has occurred.
4. The investigative team shall keep College officials apprised of on-going investigations as appropriate. Given the nature of some of these investigations, there are times when the scope of the problem must be determined before notification is possible.
5. Loss reporting will follow standard College processes for each investigative unit. The College Controller will report all instances of actual loss to the State Division of Accounts and Control. The report will state the circumstances and corrective action taken.

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- B. Procedure and Responsibility: The following sections outline the basic responsibilities of those units or individuals involved with an incident of actual or suspected fiscal misconduct.
1. The responsible administrator of the unit where the known or suspected fiscal misconduct may have or may be occurring is responsible for:
    - a. Reporting all known or suspected incidents of fiscal misconduct as required by law and State Fiscal Rules;
    - b. Not attempting to conduct an independent investigation or audit;
    - c. Notifying one of the investigative units to obtain guidance on how to proceed. It is preferred to contact the Human Resources Department first;
    - d. Fully securing and strictly limiting access to any relevant computer and manual records as soon as the fiscal misconduct is suspected, or when there is reason to believe further losses may occur. Common steps may include changes in staff assignments, obtaining keys, removing systems access, stopping long-distance telephone access, and reassigning signature and approval authority;
    - e. Not confronting or accusing the individual suspected of fiscal misconduct and not making any arrangements for resolution of the matter without consultation with the Human Resources Director, and/or legal counsel as noted in (b) above;
    - f. Using discretion and not discussing the circumstances with persons not involved in the incident or with persons without an essential need-to-know. Supervisors can and should be informed if first cleared by the investigative team;
    - g. At the completion of any investigation, implementing changes in policy and procedures for improved internal controls to prevent reoccurrence.
  2. The College Controller is responsible for
    - a. Conducting a preliminary assessment of an incident where insufficient facts or evidence is apparent to determine if, in fact, fiscal misconduct has occurred;
    - b. Notifying other departments, units and/or College officials who may need to be involved in a review or investigation as appropriate;
    - c. When a loss has occurred, determining how the loss occurred, the amount of the loss, possible individuals involved, and notification of the State Controller;
    - d. Gathering available evidence to support loss findings;
    - e. Evaluating the systems of internal control and making recommendations for improvements;
    - f. Scheduling meetings, as required, with the campus police department, the appropriate personnel, administration, and legal counsel to coordinate and assess the progress of the audit and investigative activities;
    - g. Following standard audit reporting procedures.
    - h. Reporting the circumstances and corrective action taken, for any losses to the State Division of Accounts and Control;
    - i. Providing policy interpretation as required;
    - j. Working with the affected units to implement the necessary management controls to change and improve business practices which permitted the fiscal misconduct.
  3. The public safety department is responsible for:
    - a. Conducting a preliminary assessment of an incident where sufficient facts or evidence are apparent and/or criminal misconduct is suspected;
    - b. Notifying other departments, units, and/or College officials who may need to be involved in an investigation, as appropriate;
    - c. Determining if, in fact, criminal actions have occurred, and conducting an investigation based on the determination;
    - d. Coordinating legal actions with the District Attorney, College Legal Counsel, and external law enforcement agencies. Notifying the College Controller.
  4. The Human Resources Director is responsible for:
    - a. Notifying other departments and units as appropriate to initiate appropriate investigative procedures;
    - b. Providing guidance to the appointing authority, administration, and others affected as to appropriate personnel actions to be taken if the suspect is a College employee;
    - c. Providing personnel policy interpretation and guidance;
    - d. Participating in the resolution process and preparing reports, as necessary.
  5. Legal counsel is responsible for:
    - a. Notifying other departments and units as appropriate, including Public Relations. Serve as the liaison with external legal entities and coordinate investigations which may require reporting;
    - b. Consulting with departments and/or College officials as to appropriate investigative and corrective actions;
    - c. Providing policy interpretation and guidance;
    - d. Participating in the resolution process and preparing reports, as necessary;

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- e. Consulting with the campus police department prior to finalizing any monetary or administrative agreement which may affect impending prosecution.