



REPORTING AND INVESTIGATING MISUSE, VIOLATIONS, AND WASTE

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I. PURPOSE

This policy sets forth the process for the reporting and investigating evidence and allegations of the following:

- Attempted arson or arson, damage of, theft from, or theft of, or embezzlement from, or embezzlement of, or misuse of, any University owned personal property, buildings or other real property. This excludes normal wear, damage resulting from motor vehicle accidents, or unintentional loss of property.
- Evidence of activity by the organization or an employee constituting:
 - (1) A violation of state or federal law, rule or regulation;
 - (2) Fraud;
 - (3) Misappropriation of University resources;
 - (4) Substantial and specific danger to the public health and safety; or
 - (5) Gross mismanagement, a gross waste of monies, or gross abuse of authority.

II. APPLICABILITY

This policy applies to all employees (permanent, temporary, and contractors). By law, all employees are required to report all suspected incidents regardless of the dollar amount.

III. REPORTING EXPECTATIONS

An employee who receives any information or evidence of the activities noted in this policy should as soon as possible, report such information or evidence to his/her immediate supervisor. In cases where an employee feels that he/she cannot report such incidents to their immediate supervisor, the employee may contact Internal Audit, Human Resources, or General Counsel.

All suspected incidents of theft, substantial damage, arson, embezzlement or misuse of state owned property should be reported no later than three days from receipt of the information or evidence.

The supervisor will report such information or evidence to Internal Audit. After receiving such information/evidence, Internal Audit will work with the UNC President and General Counsel to ensure appropriate action is taken.

For incidents that require reporting to the State Bureau of Investigation (SBI), Internal Audit and General Counsel will work with the UNC President to ensure appropriate reporting is submitted to the Director of the SBI within a reasonable time, but no later than 10 days from receipt of such information or evidence.

IV. PROTECTION FROM RETALIATION

In accordance with NC General Statutes §126-84, and §126-85, it is the policy of the University that employees be free of intimidation or harassment when reporting to public bodies about matters or incidents noted in this policy.

When an employee, or a person acting on behalf of the employee, reports or is about to report, verbally or in writing, any activity described in this policy:

- No employee shall retaliate against another employee; and
- No member of management or those with supervisory authority shall discharge, threaten or otherwise discriminate against an employee regarding the employee's compensation, terms, conditions, location or privileges of employment, unless it is known or there is reason to believe that the report is inaccurate.

In situations when an employee refuses to carry out a directive which in fact constitutes a violation of state or federal law, rule or regulation or poses a substantial and specific danger to the public health and safety:

- No employee shall retaliate against another employee; and
- No member of management or those with supervisory authority shall discharge, threaten or otherwise discriminate against an employee regarding the employee's compensation, terms, conditions, location or privileges of employment.

V. INVESTIGATION PROCESS

UNC System Office's Internal Audit is responsible for working with the UNC President and General Counsel to coordinate investigative actions and report applicable instances to the SBI. Internal Audit will notify the UNC President and General Counsel of any reported incidents.

Internal Audit will work with General Counsel to assess and take necessary action to immediately report incidents of attempted arson or arson, damage of, theft from, or theft of, or embezzlement from, or embezzlement of, to Campus Police or local police department in the jurisdiction the incident occurred. Internal Audit and/or General Counsel will be responsible for coordinating with the local police department, receiving a copy of the incident report. Upon receipt, a copy of the report will be maintained by Internal Audit and/or General Counsel.

Where applicable, Internal Audit or General Counsel will submit all reports to the Director of the SBI within a reasonable time, but not later than five (5) days after receipt of the Form SBI-78. Furthermore, Internal Audit will submit copies of the report to the Office of State Auditor.

If upon receipt of notification and provided information, the State Bureau of Investigation decides to conduct an investigation, System Office employees are required to cooperate with the State Bureau of Investigation, its officers and agents, as far as may be possible, in aid of such investigation. If such investigation reveals a possible violation of the criminal laws, the results thereof may be reported by the SBI to the district attorney.

If deemed appropriate, Internal Audit will investigate the allegation and incidents. The goal of such investigations will be to determine if the allegation is valid and then identify the control weaknesses or breakdowns in procedure that allowed the situation 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 to be destroyed. In these situations, Internal Audit will notify management as soon as possible after the investigation begins.

The process of conducting and reporting the results of an 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 appropriate parties, including if necessary UNC Campus Police and/or legal counsel for further review and action. Internal Audit will assist these entities with their reviews, as needed. The internal auditor will use professional judgment in identifying situations that warrant disclosure to the Office of the State Auditor.

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. Internal Audit will conduct all investigations using applicable professional standards and, if applicable, in cooperation with UNC Campus Police or the local police department in the jurisdiction the incident occurred.

VI. CONSEQUENCES OF NONCOMPLIANCE

Should the investigation find inappropriate action or activity by an employee, the employee could be subject to applicable disciplinary action. Violations of policy is unacceptable (misconduct under EHRA policies and unacceptable personal conduct under SHRA policies) and will be addressed by using disciplinary standards for University employees. Violation of law may also be referred for criminal or civil prosecution.

VII. RELATED POLICIES AND REQUIREMENTS

- NCGS 143B-920 Department heads to report possible violations of criminal statutes involving misuse of State property to State Bureau of Investigation
- NCGS Chapter 126 Article 14 Protection for Reporting Improper Government Activities
- UNC Policy 300.8.4[G] - Guidelines on Reporting Misuse of State Property by State Employees

VIII. RELATED FORMS

SBI form: [Property Incident Reporting Form](#)

IX. CONTACT

Human Resources, Legal, or Internal Audit at InternalAudit@northcarolina.edu or the audit [Hotline](#)