

Misappropriation of University Assets

Misappropriation of University Assets

I. Purpose

The purpose of this policy is to establish guidelines and responsibilities for reporting and handling incidents involving suspected or actual misappropriation of University assets.

II. Policy

As referenced in [Governing Regulation, Part XIV, Ethical Principles and Code of Conduct](#), it is the responsibility of every employee to safeguard University assets, as well as to report any suspected misappropriation of University assets. In substantiated cases of misappropriation of assets, it is the policy of the University to obtain restitution, to impose administrative sanctions, and to refer violations of criminal statutes for prosecution. Units are not authorized to negotiate restitution settlements. The decision to settle or litigate a case is a University decision and belongs to the Executive Vice President for Finance and Administration.

III. Definitions

- *Restitution*: Monies due to the University from criminal activities (e.g., theft) from an employee for monetary losses.
- *Settlement*: Agreement between the University and a third party for repayment.
- *Misappropriation*: The dishonest or inappropriate use of University assets.

IV. Procedures

- A. University employees should report suspected misappropriation of University assets to Internal Audit (UKIA) in one of the following ways:
 - In-person at [1648 McGrathiana Pkwy Suite 340, Lexington, KY 40511](#)
 - By completing the [anonymous contact form on UKIA's webpage](#)
 - [Emailing the Chief Accountability Officer and Audit Executive](#)
 - Calling UKIA's mainline [859-257-3126](#)
 - Calling the UK Anonymous Reporting Service at [877-898-6072](#)
- B. Upon being informed of a suspected misappropriation of University assets, Internal Audit will conduct an inquiry into the allegations to substantiate the claims. If substantiated, Internal Audit will meet with the impacted unit and prepare a final report communicating the results.
- C. Reports involving the misappropriation of University assets are sent to the:
 - Audit and Compliance Committee of the Board of Trustees
 - President
 - Executive Vice President for Finance and Administration
 - Executive Vice President for Health Affairs
 - Vice President for Human Resources and Chief Human Resources Officer
 - Provost
 - Treasurer
 - Controller
 - Unit/department head
 - Office of Legal Counsel
 - Risk Management
 - As applicable, CISO/CIO, Dean/Director, Office of Faculty Affairs, University's External Auditors and/or University of Kentucky Police Department.
- D. Human Resources will oversee any needed administrative sanctions.

Misappropriation of University Assets

- E. University of Kentucky Police Department will evaluate the case for possible prosecution and forward relevant information to the Fayette County Prosecutor's Office and/or other law enforcement as deemed necessary.
- F. The Office of Legal Counsel will determine any settlement reached and communicate the settlement to Risk Management.
- G. When restitution is owed or an insurance claim is to be submitted, the University Budget Office (UBO) will be notified by Risk Management and the UBO will submit the appropriate forms to establish a cost center to which the expected payments will be deposited.
- H. University Financial Services (UFS) will establish the cost center and create a receivable to reflect the settlement.
- I. If the amount owed meets the threshold for an insurance claim, Risk Management will submit the claim to the insurance carrier and collect and deposit the insurance proceeds in the related cost center that was established.
- J. When restitution is determined to be owed, payments will be sent to Risk Management. Risk Management will deposit the funds into the cost center established by the UBO and track the payments.
- K. The restitution will remain with the university in university-wide accounts to offset investigation and insurance costs. It will not be reimbursed to the affected unit.

V. Responsibilities

- A. Each University employee: It is the responsibility of each University employee to safeguard University property and resources. This includes reporting suspected misappropriation of University assets.
- B. Human Resources: Oversees any needed administrative sanctions relating to the misappropriation of University assets.
- C. Internal Audit
 - Conducts inquiries into allegations of suspected misappropriation of assets.
 - If allegations are substantiated, meets with the impacted unit and prepares a report communicating the results.
- D. Office of Legal Counsel: Determines any settlement reached and communicates the resolution to the unit and Risk Management.
- E. Risk Management
 - Notifies the UBO if restitution is owed or an insurance claim is to be submitted.
 - Submits insurance claims to the insurance carrier and collects and deposits insurance proceeds.
 - Receives, deposits and tracks restitution payments.
- F. UBO: Submits the forms to establish a cost center to which expected payments will be deposited.
- G. UFS: Establishes cost centers and creates receivables to reflect settlements.
- H. University of Kentucky Police Department: Evaluates the need for prosecution and communicates information to the Fayette County Prosecutor's Office and/or other law enforcement as deemed necessary.