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# UCLA Procedure 360.1: Misappropriation of University Assets by University Academic, Staff or Student Employees

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Issuing Officer: Administrative Vice Chancellor  
Responsible Dept: Audit & Advisory Services  
Effective Date: July 1, 1998  
Supersedes: UCLA Procedure 560.1, dated 5/1/90

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## I. REFERENCES II. DEFINITIONS III. OBJECTIVES IV. GENERAL POLICY V. PROCEDURES

### I. REFERENCES

1. [UC Business and Finance Bulletin](#) G-29, Procedures for Investigating Misuse of University Resources;
2. [UC Business and Finance Bulletin](#) BUS-28, Property Self-Insurance Program;
3. Letter from President Saxon to Chancellors and Members, President's Administrative Council, regarding Misappropriation of University Assets, 11/11/81; and letter from President Saxon to Chancellors, et al., regarding University policy on conflict of interest, 4/15/86;
4. University of California Academic Personnel Manual and Memorandums of Understanding;
5. Applicable sections from University of California: Executive Program Personnel Policies, Management and Professional Program Personnel Policies, Administrative and Professional Staff Program Personnel Policies, Staff Personnel Policies, and Labor Union Agreements;
6. University Policy and Procedures for Reporting of Improper Governmental Activities and Protection Against Retaliation for Reporting Improper Activities, 1/1/90.

### II. DEFINITIONS

**University Employee:** Includes academic, staff, and student employees (regardless of nature of appointment).

**University Assets:** Money, negotiable securities, or property owned by or entrusted to the University for the purpose of carrying out University functions.

**Misappropriation:** Unauthorized use of University Assets by an employee, which results in a loss to the University. Examples of Misappropriation include fraud, embezzlement, and conflict of interest decisions which result in financial losses.

### III. OBJECTIVES

- A. To inform University Employees of their responsibility to report known or suspected Misappropriations.
- B. To establish whether a Misappropriation took place and determine the magnitude of actual or potential losses.

- C. To take corrective actions to limit immediate losses and recommend control procedures to prevent future losses.
- D. To refer criminal matters to appropriate authorities and assist in prosecuting criminal cases.
- E. To seek recovery of University Assets from appropriate parties.

**IV. GENERAL POLICY**

As a publicly supported institution, the University has a fiduciary responsibility to pursue criminal prosecution to the fullest extent possible. Where a loss has been substantiated, a police report must be completed and the case presented to the local county District Attorney or City Attorney, as appropriate, for determination and filing of criminal charges.

Employees are responsible for reporting known or suspected Misappropriations of University Assets to appropriate Department Management. Department Management is responsible for immediately referring all reported Misappropriations to the Director of Audit & Advisory Services prior to taking any personnel action.

The Director of Audit & Advisory Services will coordinate all review and follow-up actions required in alleged Misappropriation cases, which includes identification of losses, prevention of additional losses, application of appropriate personnel procedures, recovery of assets, and assistance with criminal investigation or prosecution.

All reviews and investigations will be conducted with confidentiality. Only individuals contributing to reviews or investigations shall be informed of their purpose.

The submission of a resignation by an employee accused or suspected of Misappropriation will not later preclude either: (1) criminal prosecution of employee, (2) attempts by the University to seek restitution of losses sustained through Misappropriation, or (3) University discipline if employee is a student.

The payment of restitution will not preclude either criminal prosecution of, or the imposition of University disciplinary sanctions, including dismissal, on the employee.

An employee’s student status will not preclude application of this policy.

**V. PROCEDURES**

**A. Reporting and Preliminary Review**

RESPONSIBILITY	ACTION
Employee	Reports known or suspected Misappropriation to Department Management in confidence.
Department Management	Immediately contacts Director of Audit & Advisory Services prior to taking any action.  Provides information as follows: <ul style="list-style-type: none"> <li>• Nature and amount of alleged loss</li> <li>• How alleged loss was discovered</li> <li>• Where alleged loss occurred</li> <li>• Name(s) of possible suspect(s)</li> <li>• Name of departmental contact person.</li> </ul>
Director of Audit & Advisory Services	Provides notification of known or suspected Misappropriation to Assistant Vice Chancellor, Business & Finance Solutions

RESPONSIBILITY	ACTION
	<p>Conducts a preliminary review and attempts to:</p> <ul style="list-style-type: none"> <li>• Verify reported Misappropriation of University Assets by examining available evidence and seeking additional evidence.</li> <li>• Determine dollar value of loss to the University. If loss exceeds \$500.00 at any time, prepares and sends an initial notification of review to the following parties: Chancellor; Vice Chancellor, Budget &amp; Finance; Insurance &amp; Risk Management; and Office of the President officials (Senior Vice President, Administration; University General Counsel; University Auditor; Director, Risk Management).</li> <li>• Identify person(s) responsible for and circumstances of Misappropriation.</li> </ul> <p>When preliminary review cannot substantiate alleged Misappropriation, discontinues review and informs previously notified campus and Office of the President officials.</p> <p style="text-align: center;">OR</p> <p>When preliminary review substantiates Misappropriation and loss, determines appropriate courses of action as established below.</p>

**B. Investigative Action**

RESPONSIBILITY	ACTION
Director of Audit & Advisory Services	Based on results of preliminary review, recommends immediate measures to limit losses to Department Management.
Employee Relations Manager	<p>Is notified and reviews findings of preliminary review conducted by Audit &amp; Advisory Services Department.</p> <p>Coordinates with Audit &amp; Advisory Services and Department Management in conducting any administrative investigation of alleged Misappropriation which may be required to determine appropriate personnel action.</p>
Director of Audit & Advisory Services	<p>Interviews knowledgeable employees including suspected employee(s) with participation of Department Management, and, where appropriate, Employee Relations Manager, and University General Counsel. Employee(s) have the right to have representation during the course of investigation.</p> <p>Coordinates review of available records and other evidence to quantify loss.</p> <p>Refers case to UCLA Chief of Police when available evidence warrants criminal investigation.</p>
UCLA Chief of Police	<p>Conducts criminal investigation and coordinates efforts with Director of Audit &amp; Advisory Services.</p> <p>Reports results of criminal investigation to Chancellor, Director of Audit &amp; Advisory Services, and University General Counsel.</p>
UCLA Chief of Police in Conjunction with Director of Audit & Advisory Services	If review and investigation indicates the commission of a crime, presents evidence to the local county District Attorney, or other appropriate authorities, for determination and filing of criminal charges.
Director of Audit & Advisory Services	If case is not accepted for prosecution, provides information to General Counsel and Campus Counsel for determination of civil action.

**C. Personnel Actions**

RESPONSIBILITY	ACTION
Department Management	<p><u>Senior Management Group, MSP, PSS, Staff Personnel Employees</u>                      Takes no personnel action prior to consultation with Director of Audit &amp; Advisory Services and Manager of Employee Relations.</p>
Employee Relations Manager	<p>Advises Department Management of appropriate personnel actions in accordance with personnel policies or other contractual provisions.</p>
Department Management	<p>After consultation, may place employee on investigatory leave status:</p> <ul style="list-style-type: none"> <li>• when continued presence of employee might interfere with further investigation or expose University Assets to further Misappropriation.</li> <li>• when leave is selected, it is administered in accordance with established personnel policies or other contractual provisions.</li> </ul> <p>Obtains from employee keys, credit cards, or other materials related to University employment. Employee may not return to University work area without obtaining Chancellor’s permission prior to completion of review or investigation.</p>
	<p>If the charges against the employee are not substantiated by the review and investigation, follows appropriate personnel policies or other contractual provisions.</p>
	<p>May take appropriate administrative action as deemed reasonable in accordance with applicable personnel policies or other contractual provisions.</p>
Department Management (Academic)	<p><u>Academic Employees</u>                      Follows established academic personnel policies or contractual provisions in consultation with Director of Audit &amp; Advisory Services and Vice Chancellor-Academic Personnel when an employee is an academic employee.</p>
Dean of Students	<p><u>Student Employees</u>                      At request of Audit &amp; Advisory Services, reviews case if it involves student employees, and determines the need for disciplinary action in accordance with the UCLA Student Conduct Code of Procedures.</p>
	<p>Consults with Director of Audit &amp; Advisory Services prior to contacting the student and rendering any disciplinary measures.</p>

**D. Recovery of Assets**

RESPONSIBILITY	ACTION
Director of Audit & Advisory Services	<p>Compiles supporting documentation used to substantiate loss, and provides information to Department Management, Assistant Vice Chancellor – Business &amp; Finance Solutions, Insurance &amp; Risk Management, and Dean of Students, as needed.</p>
	<p>In conjunction with Department Management, determines account to be credited with restitution or insurance payments.</p>
Insurance & Risk Management	<p>Submits claim and proof of loss to bonding company when appropriate.</p>
Assistant Vice Chancellor, Business & Finance Solutions	<p>Once the case is successfully prosecuted, should receive documents for court-ordered restitution, including Probation Report. Completes and returns documents to designated Probation Office and supplies a copy to Audit &amp; Advisory Services Department.</p>
	<p>Records identified loss as a receivable when employee is ordered to make restitution or when a claim for loss is submitted to the bonding company.</p>

RESPONSIBILITY	ACTION
Assistant Vice Chancellor, Business & Finance Solutions (cont'd)	Records the receipt and distribution of assets recovered. Notifies department and Audit & Advisory Services when monies are received.
	Performs periodic collection follow-up when agreed upon payments are not received.
Director of Audit & Advisory Services	If case is not accepted for prosecution, or prosecution is unsuccessful, provides information to General Counsel and Campus Counsel for initiation of civil proceedings and/or negotiations for repayment.

#### **E. Reporting Misappropriation to Other Concerned Parties**

RESPONSIBILITY	ACTION
Vice Chancellor, Budget & Finance	Reports Misappropriation losses that affect governmental or privately sponsored projects, as appropriate.
Chancellor	May report Misappropriation to news media - after consultation with University General Counsel, Office of the President and any other affected University Administrators.

#### **F. Preventing Future Misappropriations**

RESPONSIBILITY	ACTION
Director of Audit & Advisory Services	Conducts operational audit and makes recommendations to improve internal controls for preventing future Misappropriations.
Department Management	Implements corrective measures recommended by Director of Audit & Advisory Services for strengthening internal controls.
Director of Audit & Advisory Services	Performs a follow-up review to insure that recommended corrective measures have been implemented.

**Issuing Officer**

*/s/ Peter W. Blackman*

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**Administrative Vice Chancellor**

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**Questions concerning this policy or procedure should be referred to the Responsible Department listed at the top of this document.**

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