



## Reporting and Investigating Suspected Fraud, Waste, and Abuse

### No. 1040

**Policy Effective Date:**  
6/30/2000

**Last Revision Date:**  
12/2/2022

**Policy Owner:**  
President Sands

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(Contact Person)  
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**Affected Parties:**  
Undergraduate  
Graduate  
Faculty  
Staff  
Other

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### 1.0 Purpose

The university is committed to the highest standards of moral, legal, and ethical behavior by its employees and administrators. The purpose of this policy is to define the university community's responsibility for reporting suspected fraud, waste, and abuse and to communicate the university's expectation that dishonest and/or fraudulent activity not occur.

### 2.0 Policy

The university will not tolerate fraud, waste, or abuse of state, university, or university-related funds, property, or other resources. University employees should report suspected irregularities or possible fraud, waste, or abuse to one of the offices cited in this policy. All reported allegations will be fully reviewed; substantiated fraudulent activities will be reported to the proper authorities for prosecution. The university is committed to assisting law enforcement and/or other agencies in the prosecution of those suspected of committing fraud.

The prevention of fraud, waste, or abuse is preferable to the detection of activities that have already occurred. University management is responsible for the establishment and maintenance of an adequate system of internal control that is designed to safeguard university resources and to prevent and/or detect errors or irregularities that may lead to fraud, waste, or abuse. Administrators at all levels of management are accountable for setting the appropriate tone of intolerance for fraud, waste, or abuse by displaying the proper attitude toward complying with laws, rules, regulations, and policies. In addition, administrators should be cognizant of the risks and exposures inherent in their area of responsibility, be familiar with the types of improprieties that might occur within their area of responsibility, and be alert for any indication of irregularity.

### 2.1 Actions Constituting Fraud, Waste, and Abuse

Fraud, waste, and abuse may include, but are not limited to, the following:

- Embezzlement or other financial irregularity.
- Intentional misrepresentation of a matter of fact, whether by words or by conduct, by false or misleading statements, or by concealment that should have been disclosed.
- Forgery, falsification, or alteration of documents (e.g., checks, deposit tickets, time and leave records, effort reports, travel expense reports, contract agreements, purchase orders, electronic files).
- Theft, destruction, or misappropriation of funds, supplies, inventory, equipment, or any other university asset.
- Authorizing or receiving payment for goods not received or services not performed.



- Misuse of university resources, such as vehicles, telephones, mail systems, or computer-related equipment.
- Personal use of university property in commercial business activities.
- Assignment of tasks unrelated to employment to an employee by supervisory or management personnel.
- Disclosing confidential and proprietary information to outside or inappropriate parties (e.g., trade secrets, intellectual property).
- Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to the university (e.g., bribery, kickback, rebate).
- Excessive and/or unnecessary spending.
- Misuse of one's authority and/or position, particularly for a personal gain.

## 2.2 Responsibility for Reporting Fraud, Waste, and Abuse

All members of the university community have a responsibility for the stewardship of the university's resources and ensuring that those resources are used for authorized purposes. Upon the discovery of circumstances that suggest an incident of fraud, waste, or abuse has occurred, university employees have an obligation to report the incident and should immediately notify the [Office of Audit, Risk, and Compliance](#) or the [Virginia Tech Police Department](#).

To aid employees and the public in reporting concerns, the Office of Audit, Risk, and Compliance has established the [Hokie Hotline](#), which is hosted by a third-party hotline provider. The Hokie Hotline allows for confidential and anonymous reporting of suspected fraud, waste, and abuse, as well as concerns regarding noncompliance.

Employees also have the option of reporting concerns to the State Fraud, Waste and Abuse Hotline, managed by the Office of the State Inspector General.

The university is responsible for reporting possible fraudulent activities involving funds or property under its control to outside agencies, including the Auditor of Public Accounts, the State Inspector General, and the Virginia State Police (Code of Virginia § 30-138).

## 2.3 Confidentiality

Individuals who report concerns are not required to disclose their identity. However, they are encouraged to identify themselves to investigators so that investigators may follow up to ensure all pertinent details of their complaint are captured.

Investigators will not disclose the identity of individuals who report concerns or provide information related to an investigation without the individual's consent, unless such disclosure is required by law.

## 2.4 Protection from Retaliation

Retaliation against employees for making good faith reports is prohibited by the Fraud and Abuse Whistle Blower Protection Act, as set forth in Code of Virginia § 2.2-3011. Employees making good faith reports of suspected misconduct or participating in an inquiry or investigation should feel safe and protected from retaliation. The university will provide appropriate support to employees to protect against retaliation and respond to concerns of retaliation or unfair treatment linked to the employee's reporting of suspected misconduct or cooperating in an investigation.



Concerns regarding retaliation should be reported to the Office of Audit, Risk, and Compliance for review.

## 2.5 Investigation Responsibilities

1. Reports of suspected fraud shall be investigated initially by the Office of Audit, Risk, and Compliance and/or the Virginia Tech Police Department so as to determine the possible extent of the fraudulent or criminal activity. Where guidelines require the immediate assistance of the Virginia State Police, these offices will be responsible for contacting the Virginia State Police.
2. The Office of Audit, Risk, and Compliance will be responsible for coordinating investigations in instances where there appears to be a misuse of university resources or when allegations of fraud are made but it is unclear that a law has been violated.
3. In the event that probable criminal activity is detected, the Virginia Tech Police Department will coordinate the criminal investigation. The Office of Audit, Risk, and Compliance shall assist the police department in investigations as needed, such as those involving suspected theft, misappropriation, and other fiscal irregularities that require accounting and auditing knowledge of system records or investigations involving computer forensics.
4. Individuals assigned to investigate suspected fraud shall have:
  - Free and unrestricted access consistent with applicable law to all university departments, information, records, reports, activities, property, manual and automated systems, and personnel that they deem necessary to carry out their responsibilities.
  - The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.
5. Employees are expected to be truthful and should cooperate fully with those performing an administrative investigation pursuant to this policy. Employees who are the subject of a criminal investigation retain their constitutional protections during any criminal inquiry.
6. Employees should not confront the individual(s) being investigated or initiate investigations on their own; such actions can compromise any ensuing investigation. Care must be taken in the investigation so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. The investigation may be discussed only with those individuals who have a legitimate need to know.
7. If suspected fraud or other wrongdoing involves programs funded in whole or in part with federal funds, additional responsibilities, such as special reporting and disclosure to the awarding agency, may apply. It is the policy of Virginia Tech to fully comply with all additional reporting disclosure and other requirements pertaining to suspected acts of fraud as described in award documents.

## 2.6 Disciplinary Action

An employee suspected of committing or being otherwise involved in fraud, waste, or abuse may be suspended with or without pay during an investigation of the allegations. If the evidence substantiates that the employee participated in fraud, waste, or abuse, the employee will be subject to disciplinary action, up to and including termination, pursuant to the standards outlined in Virginia Department of Human Resource Management policy 1.60, *Standards of Conduct*, the Virginia Tech Faculty Handbook, or any applicable university policies.



Also, criminal or civil actions may be taken against employees who participate in fraud. The determination of disciplinary action is not dependent on the outcomes of law enforcement's investigations or prosecutorial decisions as to whether or not to file charges.

### 3.0 Procedures

Principal guidance and direction on how the Office of Audit, Risk, and Compliance accomplishes its responsibilities is provided to the staff through an office procedures manual. The manual promotes adherence to the professional standards.

### 4.0 Definitions

#### **Abuse**

The excessive or improper use of a thing or policy, or employment of something in a manner contrary to the natural or legal rules for its use. Abuse includes the destruction, diversion, manipulation, misapplication, mistreatment, or misuse of university resources, as well as the extravagant or excessive use of one's position or authority. Abuse can occur in financial or nonfinancial settings.

#### **Fraud**

The intentional misrepresentation or concealment of information in order to deceive, mislead, or acquire something of value. Fraud is an intentional deception perpetrated to secure an unfair advantage or personal benefit. Fraudulent transactions may include but are not limited to: misappropriation of state, university, or university-related funds; theft of state, university, or university-related property; or falsification of records or reports.

#### **Retaliation**

An adverse employment action, or credible threat of an adverse employment action, taken against an employee who has made a good faith report of suspected misconduct or participated in an inquiry or investigation. Types of adverse action include, but are not limited to: demotion, loss of salary or benefits, reassignment, and termination. Disciplinary action taken as a result of misconduct is not considered retaliation.

#### **Waste**

The careless expenditure, consumption, mismanagement, use, or squandering of university resources. Waste also includes incurring unnecessary costs due to inefficient or ineffective practices, systems, or controls.

### 5.0 References

Sections [30-138](#) and [2.2-3011](#) of the Code of Virginia

[Faculty Handbook](#)

[Virginia Department of Human Resource Management Standards of Conduct Policy 1.60](#)



## 6.0 Approval and Revisions

- Revision 0  
Approved June 30, 2000 by the Executive Vice President and Chief Business Officer, Minnis E. Ridenour.
- Revision 1  
Section 2.1 - Removed reference to University Fraud Hotline.  
Approved January 14, 2002 by the Executive Vice President and Chief Operating Officer, Minnis E. Ridenour.
- Revision 2  
January 17, 2003: Section 2 – Reference to Code of Virginia updated to reference Section 30-138 of the Code of Virginia [1950, as amended].
- Revision 3  
April 3, 2007: Technical corrections to update Internal Audit Department name and references' hyperlinks.
- Revision 4
  - Sections 1 and 2 revised to clarify the purpose of the policy and the university's expectation.
  - Section 2.1 added to provide examples of actions constituting fraud.
  - Section 2.3 added to reference the Virginia Fraud and Abuse Whistle Blower Protection Act as set forth in Section 2.2-3011 of the Code of Virginia.
  - Section 2.4 revised to clarify the role of Internal Audit and the standards under which it conducts its activities.
  - Section 2.5 revised to clarify the outcome with regard to disciplinary action when allegations are substantiated.Approved November 1, 2012 by the university President, Charles W. Steger.
- Revision 5
  - Sections 1 and 2 revised to clarify the purpose of the policy and the university's expectations.
  - Section 2.1 expanded to add further examples of fraud.
  - Section 2.3 added to explain the importance of confidentiality.
  - Section 2.5 revised and rewritten to clarify the investigation responsibilities.
  - Section 4.0 expanded to include definitions of abuse, retaliation, and waste and the definition of fraud was updated.Approved December 2, 2022 by university President, Timothy D. Sands.