

Community (faculty, staff and students)

Policy Regarding Misappropriation of University Assets

It is the responsibility of every university employee, regardless of rank or job title, to safeguard university assets and to report any suspected misappropriation of university assets.

Misappropriation is defined as unauthorized use or taking of university assets. Misappropriation includes, but is not limited to, theft, embezzlement, fraud and decisions made by employees which pose a conflict or the appearance of a conflict between the employees' interest and the university's interest, as described in the university's Conflict of Interest policy.

All university employees must report known or suspected misappropriations to their immediate supervisor, manager, department chair or dean. Suspected misappropriations also may be reported to the USC Help and Hotline at (213) 740-2500 on a confidential and anonymous basis. Failure to report known or suspected misappropriations may be cause for disciplinary action that may result in termination, pursuant to the process described below.

Supervisors, managers, department chairs or deans must inform the Offices of Audit Services and Compliance of possible misappropriations reported to them. Failure to do so may be cause for disciplinary action that may result in termination.

The Office of Audit Services and/or the Office of Compliance, at their discretion or at the direction of a Senior Vice President, may conduct an investigation into the alleged misappropriation as well as review internal procedures and controls, and recommend to the appropriate senior administrator changes to those procedures and controls to limit further losses. The

Issued by:	Todd R. Dickey Senior Vice President, Administration
	Chrysostomos L. Nikias Provost and Senior Vice President, Academic Affairs
Date issued:	July 1, 2008 University of Southern California Page 1 of 3

investigation may be performed internally or by independent accounting firms or other outside consultants to:

- determine if a misappropriation occurred and/or is likely to occur,
- attempt to identify the person or persons responsible for the misappropriation,
- determine circumstances surrounding the misappropriation,
- determine the dollar amount of the alleged loss, and
- make departmental control recommendations to prevent future loss.

A final report of findings will be forwarded by the Office of Audit Services and/or the Office of Compliance to the Office of the General Counsel. No department or individual should investigate a misappropriation on their own or enter into any kind of discussion regarding settlement or restitution without prior written approval from the Office of Audit Services and/or the Office of Compliance, as well as the Office of the General Counsel.

Following review, the Office of the General Counsel will issue a report of findings to the relevant dean and the Provost, for faculty; or to the Associate Senior Vice President for Administrative Operations, for non-faculty employees. Any university employee found to have misappropriated any university asset is subject to disciplinary action that can ultimately result in dismissal for cause, which for faculty will follow the procedures published in the Faculty Handbook.

Any disciplinary action against a faculty member under this policy must take account of the scale of the offense, the individual's intent, and the degree of wrongdoing. The dean may accept the findings of the investigation described above as part of Step 1 of the faculty dismissal process described in the Faculty Handbook; the faculty dismissal process specified in the handbook shall then be followed. Any lesser discipline imposed by the dean shall be subject to appeal to the Provost,

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 University of Southern California
 Page 2 of 3

and also may be a subject of a grievance heard by the Committee on Faculty Tenure and Privileges Appeals.

The Associate Senior Vice President for Administrative Operations will prescribe the disciplinary action for non-faculty employees and will notify both the department and the non-faculty employee of the prescribed disciplinary action. A non-faculty employee may file a written appeal with the Senior Vice President, Administration, within ten (10) business days of his or her receipt of notice of the disciplinary action. The Senior Vice President, Administration, must respond to the employee's appeal within twenty (20) business days.

The university may seek criminal prosecution for any misappropriation of university assets. Restitution from the person(s) committing the misappropriation may be pursued, either on a voluntary basis or as the result of criminal or civil prosecution. If appropriate, the Office of Risk Management will coordinate the submission of an insurance claim with other involved departments and individuals.

Departments are required to implement the disciplinary action prescribed by the Associate Senior Vice President of Administrative Operations and to follow the recommendations put forth by the Office of Audit Services and/or the Office of Compliance to improve departmental controls for preventing future losses. The Office of Audit Services and/or the Office of Compliance will conduct a follow-up review to ensure the recommended action has been taken.

Questions regarding this policy should be directed to the Office of Audit Services at (213) 821-5423.

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Date issued:	July 1, 2008 University of Southern California Page 3 of 3