

I:01:05 Reporting Losses Of College Property And Resources

General Statement

The purpose of this policy is to outline the responsibilities and procedures for reporting all losses of College property and resources as required by TCA 8-19-501. Losses which must be reported are set out in this policy and include losses involving cash shortages, physical property, and potential employee misfeasance or malfeasance. When fraud, waste or abuse is suspected, the appropriate authorities as designated by the President should be informed in accordance with the Tennessee Board of Regents (TBR) Policy 4:01:05:50, *Preventing and Reporting Fraud, Waste or Abuse*. All losses of College property and resources must be reported to the Tennessee Board of Regents (TBR). The College is to report property losses to the State of Tennessee, Department of Treasury, Office of Risk Management. Losses must be reported to the State immediately upon discovery. The TBR reports the suspected fraud items, cash shortages and property losses to the Comptroller of the State of Tennessee, Division of State Audit. All College employees are responsible for safeguarding the College's property and resources and must be responsive in reporting losses. To assure proper and timely reporting to the TBR and the State of Tennessee, employees MUST report all losses of College property and resources to College administrators as directed in this policy.

I. Losses Due to Cash Shortages

- A. Some cash shortages and overages may commonly occur during the processing of daily sales and cash transactions. Employees must report all cash shortages or overages equal to or greater than \$250 at the time of discovery to the Assistant Director of Accounting.
- B. Employees must immediately report any cash shortage due to burglary and armed or strong-arm robbery to the VSCC Campus Police. The Chief of Campus Police will determine the appropriate method of investigation and reporting of the loss.
- C. Any employee who becomes aware of a cash shortage or overage equal to or greater than \$250 or a cash shortage or overage of any amount involving potential employee misfeasance or malfeasance shall immediately report the incident to the appropriate department/unit head. The department/unit head will immediately contact the Assistant Vice President for Business and Finance to report the shortage or overage. The Assistant Vice President for Business and Finance will immediately inform the Vice President for Business and Finance.
- D. The Vice President for Business and Finance will immediately notify the Internal Auditor and the TBR of any cash shortage or overage exceeding \$250 or involving potential employee misfeasance or malfeasance. The Vice President for Business and Finance will also notify the President of cash shortages involving potential employee misfeasance or malfeasance.
- E. Cash shortages or overages equal to or greater than \$250 or involving potential employee misfeasance or malfeasance will be handled in accordance with Section III.

- F. The Assistant Director of Accounting will report to TBR immediately all cash shortages that equal to or are greater than \$250 using TBR's Notification of Loss Report. The report disclosure will include but not limited to, the cash shortage amount, the individual's name and the nature of the shortage.. The report will be submitted to the following:
1. President
 2. Vice President for Business and Finance
 3. Internal Auditor
 4. Campus Police
 5. TBR Vice Chancellor for Business and Finance
 6. TBR Director of System-wide Internal Audit

II Losses of Physical Property

The College maintains -inventory records of all capitalized property. This includes all items such as furniture, fixtures, and office and classroom equipment (e.g., computers and computer peripherals; televisions, VCR's and other audiovisual equipment; lab and instructional equipment, etc.) and costing more than \$5,000 or deemed by management to be sensitive property (property with a cost of less than \$5,000 but vulnerable to theft or misuse).

Property Losses Due to Misconduct – Losses of physical property from thefts or other suspected fraudulent activities should be reported immediately to TBR and handled as a reportable situation as noted in this policy.

A reportable situation would be any unexplained loss or misappropriation of capitalized or sensitive property and should be reported immediately to the Department/Unit Head. The Department/Unit Head is responsible for immediately reporting the loss to the Chief of Campus Police and Vice President of Business and Finance. The Vice President of Business and Finance is responsible for reporting the loss to TBR immediately or monthly dependent upon the circumstances, Internal Audit and the President of the College are to be notified if the loss exceeds \$25,000 or if misfeasance or malfeasance is suspected.

Other Property Losses – Other losses of physical property due to inventory shrinkage, vandalism, unexplained events, natural disasters, or acts of God should be reported to TBR on a monthly basis on TBR's Property Loss Report. However, unexplained losses and those due to shrinkage or vandalism should be routinely reviewed by management to identify any unusual events, recurring issues or a pattern of losses. If suspected fraud or misconduct is identified in any area or unit, the matter should be handled as a reportable situation as noted in this policy.

Occurrences that are potentially serious situations that would create public concern regardless of amount must be reported to the TBR and the Office of Risk Management immediately, followed by a written report.

Claims Process – Individual occurrences exceeding \$25,000 must be reported to the TBR and the Office of Risk Management immediately, followed by a written report. The Office of Risk Management website at <http://www.treasury.state.tn.us/risk/index.htm> contains contact information

under the “Contact Us” link and details of the insurance claim process under the “Claims Process” link.

Property Loss Report – The report should list equipment items individually and should include all related data as reflected on the equipment inventory list. This information may be forwarded to TBR on an Excel spreadsheet with a brief narrative explaining how the loss occurred. Each property damage report should include a detailed description of the loss and the estimated cost. In addition to the reporting requirements noted above, the department where the loss occurred should also receive a copy of this report.

III Losses Involving Potential Employee Misfeasance/Malfeasance

Potential employee misfeasance/malfeasance is constituted when an employee is suspected of acting in an abusive, improper, or unlawful manner. Losses involving potential employee misfeasance/malfeasance may include, but are not confined to: (1) losses of cash (2) lost, stolen, or altered checks or other negotiable instruments (3) losses of operational supplies, physical property, intellectual property, data or other physical assets (4) use of College facilities and resources for personal gain or profit (5) and any other instance where potential employee misfeasance/malfeasance may have occurred, such as travel claim abuse, long distance telephone abuse, time and attendance irregularities, or abuse of employee benefits (e.g., leaves, insurances, or retirement.) The TBR must be notified immediately of any potential employee misfeasance/malfeasance and handled as a reportable situation.

TBR Source: B-080: November 6, 2002, Presidents Meeting; February 28, 2008, Presidents Meeting; February 29, 2008, TTC Directors Meeting.

VSCC Source: December 12, 1997, President; January 28, 2009, President's Cabinet