Financial Irregularities

POLICY STATEMENT

All members of the Cornell University community have a responsibility to report known or suspected financial irregularities. Reporting must be handled in a confidential manner by all parties. Decisions on disciplinary action should be made with due regard for appropriateness and consistency.

REASON FOR POLICY

Financial irregularities may be criminal acts and subject to prosecution under the law. The university must safeguard its assets and protect its funds from misappropriation. This policy provides information on the proper procedures that should be followed to report known or suspected irregularities. These procedures have been developed to achieve confidentiality and consistency.

ENTITIES AFFECTED BY THIS POLICY

- All units of the university

WHO SHOULD READ THIS POLICY

- Anyone, whether or not a member of the university community, engaged in an activity involving university finances

WEB ADDRESS FOR THIS POLICY

- This policy: www.dfa.cornell.edu/treasurer/policyoffice/policies/volumes/finance/irregularities.cfm
- University Policy Office: www.policy.cornell.edu
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## RELATED DOCUMENTS, FORMS, AND TOOLS

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<td>University Policy 1.2, Academic Misconduct</td>
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<td>University Policy 1.7, Financial Conflict of Interest Related to Research</td>
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### Applicable Financial Management Policies such as, but not limited to
- University Policy 3.1, Accepting University Gifts
- University Policy 3.2, University Travel
- University Policy 3.14, Business Expenses
- University Policy 3.22, Accepting Cash and Checks
- University Policy 3.25, Procurement of Goods and Services

### University Policy 4.6, Standards of Ethical Conduct

### Applicable Human Resources Policies such as, but not limited to
- HR Policy 6.7.11, Time Collection
- University Policy 6.11.3, Employee Discipline

### University Policy 4.14, Conflicts of Interest and Commitment (Excluding Financial Conflict of Interest Related to Research)

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CONTACTS

Direct any general questions about University Policy 3.6, Financial Irregularities, to your unit’s administrative office.

To Report a Suspected Financial Irregularity

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<th>E-mail/Web Address</th>
</tr>
</thead>
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<tr>
<td>To Report an Irregularity, Contact Any of the Following</td>
<td>Cornell Hotline</td>
<td>(866) 384-4277</td>
<td><a href="http://www.hotline.cornell.edu">www.hotline.cornell.edu</a></td>
</tr>
<tr>
<td></td>
<td>University Audit Office, Ithaca Campus Units</td>
<td>(607) 255-9300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>University Audit Office, Weill Cornell Campus Units</td>
<td>(212) 746-1897</td>
<td></td>
</tr>
<tr>
<td>To Report Other Criminal Acts, Ithaca Campus Units</td>
<td>Cornell University Police Department</td>
<td>(607) 255-1111</td>
<td></td>
</tr>
<tr>
<td>To Report Other Criminal Acts, Weill Cornell Campus Units</td>
<td>New York Presbyterian Hospital Security</td>
<td>(212) 746-0911</td>
<td></td>
</tr>
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</table>

For Policy Clarification

<table>
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<tr>
<td>Policy Clarification</td>
<td>University Audit Office, Ithaca Campus</td>
<td>(607) 255-9300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>University Audit Office, Weill Cornell Campus Units</td>
<td>(212) 746-1897</td>
<td></td>
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DEFINITIONS

These definitions apply to terms as they are used in this policy.

| Financial Irregularities Committee, Ithaca | A standing committee that determines whether to refer matters of financial irregularity to the district attorney or other outside law enforcement agency. This committee consists of University Counsel (Chair), the University Auditor, the Vice President for Finance and Chief Financial Officer, the Vice President for Human Resources, and the unit head. It also includes the Dean of Faculty when individuals with faculty appointments are involved, and the Dean of Students when students are involved.

This committee will also resolve any disagreements between the University Auditor and the unit head regarding internal discipline, should they arise. |
| Financial Irregularities Committee, Weill Cornell | A standing committee consisting of Deputy University Counsel (Chair), the University Auditor, the Senior Director of Financial Management, the Senior Director for Human Resources, the Associate University Counsel, and the unit head. It also includes a dean’s designee (when individuals with a faculty appointment are involved), the Chief Administrative Officer of the Physician Organization (when individuals who have faculty appointments and are members of the Physician Organization are involved), and the Associate Dean for Student Affairs and Equal Opportunity Programs (when students are involved). This committee determines whether to refer matters of financial irregularity to the district attorney or other outside law enforcement agency.

This committee will also resolve any disagreements between the University Auditor and the unit head regarding internal discipline, should they arise. |
| Financial Irregularity | An intentional misstatement or omission of information by any member of the Cornell community related to financial transactions that is detrimental to the interests of the university. This includes embezzlement, defalcation, fraud, or falsification of records to misappropriate assets. |
| Unit Head | Individual with administrative responsibility for the unit where the alleged perpetrator is employed. For cases where the subject of the inquiry is a faculty member, the unit head is the college dean (or, for Weill Cornell campus units, the department chair). |
### RESPONSIBILITIES, ITHACA CAMPUS UNITS

The following are the major responsibilities each party has in connection University Policy 3.6, Financial Irregularities:

<table>
<thead>
<tr>
<th>Party</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dean of Faculty</td>
<td>Consult with unit head when disciplinary action is being considered for a faculty member.</td>
</tr>
<tr>
<td>Dean of Students</td>
<td>Consult with unit head when disciplinary action is being considered for a student.</td>
</tr>
<tr>
<td>Financial Irregularities Committee</td>
<td>Decide whether or not to refer the matter to the district attorney’s office or other outside law enforcement agency for criminal prosecution.</td>
</tr>
<tr>
<td></td>
<td>Resolve disagreements between the University Audit Office and the unit head over internal discipline.</td>
</tr>
<tr>
<td>Judicial Administrator</td>
<td>Process non-employment-related cases of financial irregularity involving any faculty member, staff member, or student.</td>
</tr>
<tr>
<td></td>
<td>When loss of student employment may not be a sufficient sanction, process employment-related cases of financial irregularity involving a student.</td>
</tr>
<tr>
<td>Local Human Resource Representative</td>
<td>Consult with unit head when disciplinary action is being considered.</td>
</tr>
<tr>
<td>Unit Head</td>
<td>Communicate the provisions of University Policy 3.6, Financial Irregularities, to all staff.</td>
</tr>
<tr>
<td></td>
<td>Take no action to resolve the irregularity without consulting the University Audit Office.</td>
</tr>
<tr>
<td></td>
<td>After consultation with local human resource representative(s), recommend appropriate internal disciplinary measures when there is sufficient evidence of wrongdoing.</td>
</tr>
<tr>
<td>University Audit Office</td>
<td>Investigate all suspected or documented financial irregularities.</td>
</tr>
<tr>
<td></td>
<td>Concur with internal disciplinary action recommended by the unit head or bring issue to the Financial Irregularities Committee for resolution.</td>
</tr>
<tr>
<td></td>
<td>Notify the Office of Risk Management and Insurance, the Office of Sponsored Programs, the Cornell Police Department, and the Audit Committee of the Board of Trustees, when appropriate.</td>
</tr>
<tr>
<td>University Community Member</td>
<td>Read and understand University Policy 3.6, Financial Irregularities.</td>
</tr>
<tr>
<td></td>
<td>Report instances of suspected or proven financial irregularities to the unit head, to the University Audit Office, or through the Cornell Hotline, at <a href="http://www.hotline.cornell.edu">www.hotline.cornell.edu</a>, or (866) 384-4277 (toll-free).</td>
</tr>
<tr>
<td>University Counsel</td>
<td>Chair the meeting of the Financial Irregularities Committee.</td>
</tr>
<tr>
<td></td>
<td>Refer the matter to the district attorney’s office or other outside law enforcement agency.</td>
</tr>
<tr>
<td></td>
<td>Determine the need for confidentiality after final action, on a case-by-case basis.</td>
</tr>
<tr>
<td></td>
<td>In consultation with University Auditor, communicate outcomes of any financial irregularity proceedings, annually and in a way that protects the identities of the parties involved, to the Cornell community.</td>
</tr>
<tr>
<td>Vice President for Human Resources</td>
<td>Consult with the unit head when internal discipline involves suspension or termination of employees.</td>
</tr>
</tbody>
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RESPONSIBILITIES, WEILL CORNELL CAMPUS UNITS

The following are the major responsibilities each party has in connection University Policy 3.6, Financial Irregularities:

<table>
<thead>
<tr>
<th>Party</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dean of Students</td>
<td>Consult with unit head when disciplinary action is being considered for a student.</td>
</tr>
<tr>
<td>Dean of the Graduate School of Medical Sciences</td>
<td>Consult with unit head when disciplinary action is being considered for a faculty member.</td>
</tr>
<tr>
<td>Financial Irregularities Committee</td>
<td>Decide whether or not to refer the matter to the district attorney’s office or other outside law enforcement agency for criminal prosecution. Resolve disagreements between the University Audit Office and the unit head over internal discipline.</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Consult with the unit head when disciplinary action is being considered.</td>
</tr>
<tr>
<td>Unit Head</td>
<td>Communicate the provisions of University Policy 3.6, Financial Irregularities to all staff members. Take no action to resolve the irregularity without consulting the University Audit Office. Recommend appropriate internal disciplinary measures when there is sufficient evidence of wrongdoing.</td>
</tr>
<tr>
<td>University Audit Office</td>
<td>Investigate all suspected or documented financial irregularities. Notify the Department of Risk Management, the Office of Research and Sponsored Programs, New York Presbyterian Hospital Security, and the Audit Committee of the Board of Trustees, when appropriate.</td>
</tr>
<tr>
<td>University Community Member</td>
<td>Read and understand University Policy 3.6, Financial Irregularities. Report instances of suspected or proven financial irregularities to your department’s senior administrator, to the University Audit Office, or through the Cornell Hotline, at <a href="http://www.hotline.cornell.edu">www.hotline.cornell.edu</a> or (866) 384-4277 (toll-free).</td>
</tr>
<tr>
<td>University Counsel</td>
<td>Chair the meeting of the Financial Irregularities Committee. Refer the matter to the district attorney’s office or other outside law enforcement agency. Determine the need for confidentiality after final action, on a case-by-case basis. Communicate outcomes of any financial irregularity proceedings, annually and in a way that protects the identities of the parties involved, to the Cornell community.</td>
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PROCEDURES

Reporting and Investigating a Financial Irregularity

1. When any member of the university community uncovers an instance of suspected or documented financial irregularity, that individual has a responsibility to report it to the unit head (see the “Definitions” section of this document), who then must notify the University Audit Office. Alternatively, the individual may choose to submit his or her concerns directly to the University Audit Office or through the Cornell Hotline, at (866) 384-4277 (toll-free) or www.hotline.cornell.edu. With all methods of reporting, the University Audit Office has the responsibility for initiating any investigation into the matter.

   ◆ Caution: Reporting and investigating must be handled in a confidential manner by all involved parties until determination of the final university action. After this determination, the university reserves the right to make disclosures as necessary.

2. The individual reporting the event or the unit head should take no action to resolve the irregularity before consulting the University Audit Office.

3. The University Audit Office will conduct an investigation to determine the validity of the charges.

4. Once the investigation is completed, the University Audit Office will communicate its findings to the unit head.

5. For Ithaca Campus Units: If there is sufficient evidence of wrongdoing, the University Audit Office will communicate the findings internally to the Vice President for Finance and Chief Financial Officer, University Counsel, and the local human resources representative.

   For Weill Cornell Campus Units: If there is sufficient evidence of wrongdoing, the University Audit Office will communicate the findings internally to the Senior Director of Financial Management, the Senior Director for Human Resources, the Deputy University Counsel, the Dean’s designee (in cases where an individual with a faculty appointment is involved), or the Chief Administrative Officer of the Physician Organization (in cases where a member of the Physician Organization is involved).

Internal Disciplinary Action

The unit head is responsible, after having consulted with human resources, for determining and communicating to the University Auditor any employment-related disciplinary action, if such action is warranted. If the University Audit Office supports the unit head’s disciplinary recommendation, the unit head carries out the discipline subject to appropriate procedures (one of the following: Division of Human Resources procedures, Weill Cornell Medical College Human Resources
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PROCEDURES, CONTINUED

procedures, academic appointment procedures, student employment procedures, any applicable union agreement, or the Campus Code of Conduct).

If the University Audit Office disagrees with the unit head’s disciplinary recommendation, the matter is referred to the Financial Irregularities Committee for final resolution.

If termination or suspension is proposed:

Ithaca Campus Units: The unit head (when not a dean or vice president), must receive the approval for the internal disciplinary action from the appropriate dean or vice president after consultation with either the Vice President for Human Resources, or the Dean of Faculty in cases where an individual with a faculty appointment is involved, or the Dean of Students in cases where a student employee is involved.

Weill Cornell Campus Units: The unit head must receive the approval of the Senior Director for Human Resources and, in cases involving an individual with a faculty appointment, the Dean’s designee, prior to recommending the action to the University Auditor.

External Referral, Ithaca Campus Units

1. The offices of University Audit or University Counsel will determine whether or not referral to the Financial Irregularities Committee is warranted.

   ◆ Note for Ithaca Campus Units: The Cornell Police Department may be asked by the University Audit Office or University Counsel to undertake further investigation prior to a decision to refer the matter to local law enforcement offices.

   ◆ Note for Weill Cornell Campus Units: New York Presbyterian Hospital Security or other outside security services may be asked by the University Audit Office to undertake further investigation prior to a decision to refer the matter to local law enforcement offices.

2. University Counsel convenes that committee, which then determines whether an external referral of the matter should be made.

3. When a decision is made to refer a matter to the district attorney or other outside law enforcement agency, this must be done by University Counsel.

4. University Counsel will communicate to the district attorney’s office any further views the university may have regarding the matter, both at the time of referral and subsequently; and determine the need for confidentiality on a case-by-case basis.
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PROCEDURES, CONTINUED

Documentation and Notification

1. The University Audit Office will issue a final report.

2. For Ithaca Campus Units: The University Audit Office is responsible for notifying the Office of Risk Management and Insurance, the Office of Sponsored Programs, the Cornell Police Department, and/or the Audit Committee of the Board of Trustees to meet their specific reporting requirements.

For Weill Cornell Campus Units: The University Audit Office is responsible for notifying the Department of Risk Management, the Office of Research and Sponsored Programs, New York Presbyterian Hospital Security, and/or the Audit Committee of the Board of Trustees to meet their specific reporting requirements.
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