

Tennessee State University
Policy No. 05.12
Reporting and Resolution of Institutional Losses
Effective Date: June 2020

I. PURPOSE

The purpose of this policy/guideline is to establish the process and procedures for reporting and resolution of institutional losses at Tennessee State University.

II. DEFINITIONS

Resources. As used herein, shall refer to assets such as cash or other financial resources, supplies, inventories, equipment and other fixed assets, real property, intellectual property, or data.

III. POLICY/GUIDELINE

A. Introduction

1. Administrators at all levels of management should be aware of the risks and exposures inherent in their areas of responsibility, and should establish and maintain proper internal controls to provide for the security and accountability of all assets and other resources entrusted to them.
2. It is the responsibility the institution to establish a process to identify, report and investigate losses of state or institutional funds, property or other resources, whether by malfeasance or misfeasance.
3. The Tennessee State University policy, Preventing and Reporting Fraud, Waste or Abuse, includes requirements for reporting suspected instances of fraud, waste or abuse to the university's Office of Internal Audit where such matters are subsequently reported to the Comptroller of the Treasury (T.C.A. § 8-19-501(a)).

B. Reporting and Resolution Process

1. Reporting Losses – For each reportable incident, the institution must complete a “Notification of Loss Report” or “Property Loss Report”.
 - a) The Notification of Loss Report should be used to report single incidents of shortages or losses of any asset, resource or data immediately upon occurrence or discovery. This report should be used to report the loss or shortage of any amount which is the result of acknowledged or suspected fraud, waste or abuse by either an employee or a non-employee (for example, a vendor, contractor, or student).
 - b) The Property Loss Report may be used to report property losses in any quarter in which losses occur and may include more than one incident or loss of property. However, see item 1 above if the property loss is a result of fraud, waste or abuse.

- c) The institution must also report covered property losses to the State of Tennessee, Department of Treasury, Office of Risk Management.
 - 2. Reporting Resolution – The investigation unit identified on the notification report will file a “Case Resolution Report” at the conclusion of the investigation. Depending upon the nature and extent of the investigation, an Internal Audit Report may be issued in lieu of a Case Resolution Report.
 - 3. Distribution of Reports – Each notification and resolution report should be submitted to the following officials or offices:
 - a) President
 - b) Vice President for Business and Finance
 - c) Internal Audit Director
 - d) Campus Police (as appropriate)
- C. Requirements Regarding Losses and Shortages
 - 1. Cash or Other Financial Resources – Institutions maintain cash, procurement cards, credit cards and other financial resources to facilitate its business needs. Institutions must report cash shortages or losses equal to or greater than \$500 immediately to Internal Audit or Campus Police (as appropriate).
 - a) Some cash shortages result from human error and are the cost associated with doing business. However, objective reviews must be completed to eliminate misconduct and provide assurance that controls are effective.
 - b) Regardless of amount, management should routinely perform objective reviews of shortages or other losses to identify any unusual items, recurring issues or a pattern of financial shortages.
 - 2. Property – Institutions maintain inventory records for capitalized property and sensitive minor equipment, as required by university policy.
 - a) Losses of physical property due to inventory shrinkage, vandalism, unexplained events, natural disasters, or acts of God should be reported to Office of Internal Audit at the time of the occurrence
 - b) However, unexplained losses and those due to shrinkage or vandalism should be objectively reviewed by management to identify any unusual items, recurring issues or a pattern of losses.
 - c) Occurrences that are potentially serious situations that would create public concern regardless of amount (e.g., the loss of certain chemicals) must be reported to the Office of Internal Audit and the Tennessee Department of the Treasury Office of Risk Management immediately, followed by a written report.
- D. Property Claims Process
 - 1. Property Claims – Individual occurrences exceeding \$25,000 must be reported to the TSU Office of Facilities Management and the Tennessee Department of the Treasury Office of Risk Management immediately, followed by a written report.
 - a) The Office of Risk Management website at <http://treasury.tn.gov/risk/> contains contact information under the “Contact Us” link and details of the insurance claim process under the “Claims Process” link.

- b) Each report of damage for a claim 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.

E. Actions

- 1. TSU management will evaluate the information provided and make a determination concerning external reporting obligations, if any, and the feasibility of pursuing available legal remedies in cases of misconduct, including fraud, waste or abuse.

Reference: TBR B-080

Approved by: President as part of Appendix A of the Policy Development and Review Process Policy

Adopted: June 2020