3.5.1 FINANCIAL IRREGULARITIES

**Formerly Known As Policy Number:**
15.4

Procedures to follow when an alleged financial irregularity (including embezzlement, theft, fraud, bribery or kickbacks, or financial conflict(s) of interest) is suspected or discovered. Departments should **not** confront or initiate any disciplinary actions with respect to the individual(s) involved without specific direction from the Office of General Counsel, the Associate Vice President for Audit, Compliance and Privacy or the Director of Institutional Compliance.

**Authority:**
Approved by the Vice President for Business Affairs and Chief Financial Officer.

1. **Notification**

The department where the alleged misconduct is suspected or discovered must immediately notify the Director of Institutional Compliance or the Compliance helpline, at (650)-721-2667 or [helpline.stanford.edu](http://helpline.stanford.edu) [1]. The Director will promptly notify the Associate Vice President for Audit, Compliance, and Privacy, the Office of General Counsel and the Chief Financial Officer, and will complete preliminary fact-finding regarding the allegations to determine if an investigation is warranted. In general, there must be an adequate basis for suspecting a possible illegal or improper act and sufficient information available to commence an investigation.

2. **Investigation Process**

When warranted by information obtained during preliminary fact-finding, the Director of Institutional Compliance will commence an investigation into the allegations. Depending on the circumstances, the Office of General Counsel may decide to direct the investigation. If an investigation is commenced, the Director of Institutional Compliance will promptly notify all appropriate stakeholders. Depending on the circumstances of each situation, these may include representatives of some or all of these offices:

- Human Resources
- Financial Management Services, including the Controller’s Office, Office of the Treasurer, Procurement, Global Services, and Financial Management Consulting and Support
- Department of Public Safety (if the report involves allegations of criminal activity)
- Department where the alleged financial irregularity is suspected or discovered, unless department senior management is alleged to be involved or there is concern that informing department management could compromise the outcome of the investigation.
Dean's, Vice Provost's or Vice President's Office to which the department reports
- Provost's Office (when a faculty member is involved)
- Student Affairs (when a student is involved)
- Risk Management

The Director of Institutional Compliance will plan and coordinate the investigation and will consult with the Office of General Counsel as appropriate. The Director of Institutional Compliance will be responsible for providing a final report(s) to the appropriate University office(s), which summarizes findings on the alleged financial irregularity and makes recommendations for improvement of related internal controls.

Links