

Executive Order 813 – Reporting of Fiscal Improprieties

Frequently Asked Questions

Q: How can a dollar threshold be applied when we may not know the scope of the incident at the initial discovery?

A: Make your best estimate. If it is reasonably possible that the amount could meet or exceed the threshold, report the initial discovery.

Q: What if we think an incident could meet or exceed the dollar threshold and make the report but later discover that, although there is a problem, it is under the dollar threshold?

A: In your next progress report, notify all the appropriate parties of the new information. If it has become a situation that would not have been required to be reported if you had known then what you know now, indicate what you are or will be doing to resolve the matter, state that this is your final report and explain why.

Q: Is it a reportable incident if the dollar amount cannot be readily determined?

A: This is similar to the question above regarding how you can apply a dollar threshold if the scope is unknown. However, there may be situations when the effect of a fairly serious problem is reflected in a comparatively small dollar amount. For example, if a person in a position to award contracts or otherwise authorize payments engages in a conflict of interest by awarding a contract to their spouse, the effect (particularly if it is caught early) may be less than \$1,000, but having an employee knowingly engage in a conflict of interest is a very serious matter and it should be reported, even though it is under the \$1,000 threshold. As mentioned earlier, when in doubt, you should contact the Office of Audit and Advisory Services to discuss the scenario or simply err on the side of reporting.

Q: What are some examples of fraud, defalcation, theft, irregularities and fiscal improprieties?

A: Fraud, defalcation, theft, irregularities and fiscal improprieties shall include but not be limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the CSU.
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, supplies, or other CSU assets, including employee time.
4. Impropriety in the handling of money or reporting of CSU financial transactions. Rev. 1/15
5. Profiting as a result of insider knowledge of CSU information or activities.
6. Unauthorized disclosure of confidential or proprietary information to outside parties.

7. Unauthorized disclosure of investment activities engaged in or contemplated by the CSU.
8. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the CSU, except as otherwise permitted by law or CSU policy.
9. Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
10. Failure to provide financial records required by state or local entities.
11. Failure to disclose conflicts of interest as required by law or CSU policy.
12. Any other dishonest act regarding the finances of the CSU.

Q: As a follow up to the previous question, what are some examples of CSU assets/resources?

A: CSU resources shall include, but not be limited to the following:

1. Cash and other assets, whether tangible or intangible; real or personal property.
2. Receivables and other rights or claims against third parties.
3. Intellectual property rights.
4. Time and effort of CSU personnel and of any non-CSU entity billing the CSU for its efforts.
5. CSU facilities and the rights to use of CSU facilities.
6. The CSU's name.
7. CSU records, including staff and student records.

Q: When would an instance constitute fraud versus improper oversight or poor business judgment?

A: Contact the Office of Audit and Advisory Services to discuss this if you have a specific concern. In addition, we provide the following scenario as an example:

A campus needs a software application to allow employees to enter their time worked using an on-line system. A committee is formed to determine the campus's needs. The committee determines that a commercial software application does not currently exist that would adequately address its needs, so they decide to hire someone to design an application for them. Ultimately, an administrator makes a decision to hire a particular contractor. The development and implementation takes longer than expected and there are many problems along the way; staff question the administrator's decision and the efficiency and effectiveness of the software application. Given this information, while this may have been poor business judgment, it is not a reportable issue under EO 813. However, additional information could make Rev. 1/15 this

reportable. Specifically, if the administrator (or another staff member who participated in the decision-making process) had a conflict of interest (personal financial interest) in awarding this work to the contractor, this situation should be reported under EO 813.

Q: Would EO 813 notification be required if discovery occurred due to a whistleblower complaint (e.g., under EO 929)? How do we coordinate between EO 813 notification and EO 929?

A: Yes, an EO 813 notification is required if the discovery occurred due to a whistleblower complaint. The individual(s) assigned responsibility for handling the whistleblower complaint (investigator) should coordinate with the individual responsible for preparing the EO 813 notifications. Though the investigator may be from the campus, the Chancellor's Office, or possibly a contractor, the campus is still responsible for compliance with the EO 813 requirements and should consult with the investigator to obtain updates on the status of the investigation in order to prepare the progress reports. Note that the investigator should not disclose unnecessary detail regarding the confidential investigation and the progress reports may simply consist of a statement that the investigation is progressing.

Q: What is the difference between EO 813 and SAM 20800?

A: SAM 20080 outlines the requirements for reporting fiscal improprieties to the Department of Finance and the California State Auditor. EO 813 reflects those requirements and outlines some additional reporting requirements within the CSU. For example, improprieties not involving state funds or state employees do not need to be reported under SAM 20080, but under EO 813, they should be reported to the appropriate parties within the CSU.

Q: What if the campus needs assistance investigating a situation?

A: If the campus needs assistance investigating a situation either because of some sort of conflict between the campus's investigator and the subject of the investigation, or due to a lack of personnel with investigative experience, unscheduled audits/investigations of a campus can be requested by the campus president but must be approved by the Chancellor and the Chair of the Committee on Audit. Such requests should be sent to the Chancellor and copied to the Vice Chancellor and Chief Audit Officer. Unscheduled audits/investigations of the Office of the Chancellor or of any campus can be requested by the Trustees or the Chancellor with the approval of the Chair of the Committee on Audit.