



Ohio Administrative Code

Rule 3342-7-02.9 Administrative policy regarding reporting and investigating fraud and fiscal abuse.

Effective: March 15, 2021

(A) The university has responsibility for the stewardship of university resources and the public and private support that enables it to pursue its mission. It is, therefore, committed to the highest standards of fiscal responsibility to establish an environment that assures institutional assets are properly accounted for and safeguarded from loss, abuse or misuse. This policy is established to communicate the methods for members of the university community to report actual or suspected fraud or fiscal abuse and the process to be followed for investigating a report. It is also intended to protect individuals who engage in good faith disclosure of a suspected violation.

(B) Definitions.

(1) Fraud. For purposes of this policy is defined as:

- (a) An intentional or deliberate act depriving the university or an individual of something of value, or
- (b) Gaining an unfair personal benefit by using deception, false suggestions, suppression of truth, or other unfair means which are believed and relied upon.

(2) Fraudulent activity may include but is not limited to:

- (a) Misrepresentation of material facts;
- (b) Concealment of material facts;
- (c) Bribery;
- (d) Conflicts of Interest;
- (e) Theft or misappropriation of money or property;



(f) Theft of trade secrets or intellectual property; and

(g) Breach of fiduciary duty.

(3) Fiscal abuse. Intentional practices that cause unnecessary loss of institutional assets. Fiscal abuse is similar to fraudulent activity in that typically unfair personal benefit is gained. Examples of fiscal abuse are improper handling or reporting of financial transactions, and the inappropriate use of university benefits, e.g., authorizing or receiving compensation for hours not worked.

(4) Waste. Spending money or using resources for goods or services in excess of actual need. Waste does not necessarily produce a benefit for the individual but is an act of poor management of funds.

(5) Protected disclosure. The reporting of an actual or suspected fraud or fiscal abuse by a university employee, volunteer, agent, or contractor based on a good faith and reasonable belief that the conduct has both occurred and is wrongful under applicable laws and/or university policy. Individuals who self-report cannot seek protection from disciplinary measures by self-reporting.

(6) Retaliation. An adverse action against an individual because he or she made a protected disclosure or participated in an investigation, proceeding or hearing involving a protected disclosure.

(C) Exclusions. This policy is not intended to conflict with or replace existing policies addressing academic matters or conduct issues involving students, academic research misconduct, and grievances of nonteaching unclassified and classified staff.

(D) Duties and responsibilities.

(1) All executive officers and administrative employees with supervisory duties are responsible for setting the appropriate tone of intolerance for fraud and fiscal abuse by displaying the proper attitude toward complying with laws, rules, regulations, and policies, including ethics policies. In addition, these individuals should be cognizant of the risks and exposures inherent in their area of responsibility and should establish and maintain proper internal controls that provide for the security and accountability of the resources entrusted to them.



(2) Pursuant to section 124.341 of the Revised Code, if a state employee becomes aware in the course of his/her employment of a violation of state or federal statutes, rules, or regulations or the misuse of public resources, and the employee's supervisor has the authority to correct the violation or misuse, the employee may file a written report identifying the violation or misuse with his/her supervisor.

(3) An individual making a protected disclosure concerning a suspected violation must be acting in good faith and have reasonable grounds for believing that the disclosed information indicates a violation as described in this policy.

(E) Reporting procedures.

(1) Fraud or fiscal abuse. Employees are encouraged to first share actual or suspected fraud or fiscal abuse with their supervisors or another appropriate university official. If this is not deemed a viable option or if an individual believes his or her concerns have not been addressed after they were reported, reports may be communicated to:

(a) The office of internal audit at (330) 672-8617; or

(b) The university's reporting line can be accessed 24/7 at 1-800-683-5621.

(2) Reporting actual or suspected fraud or fiscal abuse directly to the office of internal audit enables assessment of the claim and possibly escalate the claim to KSU police services for investigation.

(3) Protected disclosures and investigatory records shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation, and in accordance with section 149.43 of the Revised Code, the Ohio public records act.

(4) Notwithstanding any of the foregoing, every employee has the right to report instances of fraud and fiscal abuse to the office of the Ohio inspector general at 1-800-686-1525.

(5) Waste. Individuals should report all actual or suspected waste of university resources directly to



their supervisors or other appropriate university officials. The university's reporting line does not support reports of this type.

(F) Investigation.

(1) The director of internal audit has the primary responsibility to conduct a preliminary review of every report of fraud or fiscal abuse. The director of internal audit shall recommend a formal investigation be conducted by the appropriate KSU offices if the preliminary review establishes that the allegation constitutes a possible fraud or fiscal abuse and it is supported by specific information or corroborating evidence.

(2) When an investigation is recommended following the preliminary review, the appropriate KSU offices (finance and administration, internal audit, the university counsel, human resources and/or the provost) shall jointly determine if and how the formal investigation should proceed. In the event an allegation is reported against any of the investigative units, such unit shall not participate in the investigation or any decisions concerning the investigation. Other persons or departments may be requested to join an investigation based on their areas of responsibility or expertise. Decisions to involve KSU police services or refer the allegation to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made jointly by those responsible for the investigation, as will the final decision on the disposition of the case.

(3) All affected departments and/or individuals shall cooperate fully with those performing the review or investigation. Efforts will be made to perform all investigations discreetly. The details of the investigation shall be kept confidential, to the extent feasible, and consistent with university policies, collective bargaining agreements and applicable federal, state, and local laws.

(4) If an investigation conducted by the office of internal audit substantiates that an act of fraud or fiscal abuse has occurred, the office of internal audit shall issue a report to the appropriate appointing authority, and other personnel as appropriate.

(5) False allegation. Any employee who knowingly or with reckless disregard for the truth gives false information or knowingly makes a false report of fraud or fiscal abuse, or a subsequent false report of retaliation is subject to disciplinary action or sanction up to and including termination in



accordance with university procedures and/or a collective bargaining agreement if applicable.

(G) Retaliation.

(1) Employees who, in good faith, report unlawful activity are protected from retaliation by section 124.341 of the Revised Code, including, without limitation, any of the following:

- (a) Removing or suspending the employee from employment;
- (b) Withholding from the employee salary increases or employee benefits to which the employee is otherwise entitled;
- (c) Transferring or reassigning the employee;
- (d) Denying the employee promotion that otherwise would have been received; or
- (e) Reducing the employee in pay or position.