

Pennsylvania State System of Higher Education
Procedures and Standards for University Operations

Procedure/Standard Number 2013-17
Conducting Investigations Received through
PASSHE's Incident Reporting System

Approved by:  Date: August 7, 2013
Chancellor

History: Procedure/Standard 2013-17
replaces Administrative Directive 1991-06.01,
Procedures for Conducting Investigations

Revised:

Additional History:

Related Policies, Procedures or Standards:

[Board of Governors' Policy 1991-06-A: State System Audit Policy](#) [Board of Governors' Policy 2010-01-A: Expenditures of Public Funds](#); [Board of Governors' Policy 2012-01: Conflict of Interest](#); PASSHE Procedures and Standards for University Operations, [PASSHE Procedures and Standards for University Operations, Procedure/Standard Number 2011-07, Expenditures of Public Funds Guidelines, Standards, and Limits](#)

Additional References: [State Public Official and Employee Ethics Act \(Ethics Act\) at 65 Pa. C.S. §§ 1101 et. seq.](#)

I. Introduction

The purpose of this procedure is to communicate the Pennsylvania State System of Higher Education (PASSHE) responsibilities for the investigation of alleged fraudulent or irregular activities and provide specific instructions regarding appropriate action in cases of suspected improprieties received through the PASSHE Fraud/Waste/Abuse Incident Reporting System (Incident Reporting System).

The procedure covers reports received through the Incident Reporting System and will ensure investigations are conducted in a fair manner, both to PASSHE and the employee; actions taken are consistent from case-to-case; investigations are completed and actions are timely; and appropriate personnel are adequately informed about the status of ongoing investigations.

Use of the Incident Reporting System is not intended to take the place of existing reporting mechanisms and processes established at each university, for concerns related to:

- academic matters such as grade appeals, curriculum structure, and teaching effectiveness, which shall be addressed through the proper academic process;

- employment disputes, such as those governed under collective bargaining agreements, which shall be addressed through human resources offices;
- reporting of crimes on campus, which shall be made directly to university police departments; and,
- matters dealing with harassment, sexual harassment, and discrimination, which shall be addressed pursuant to Board of Governors' Policy 2009-03: *Social Equity*.

II. Definitions

- A. **Fraud/Waste/Abuse:** Fraudulent or irregular activities represent instances where a PASSHE employee intentionally uses or abuses their position to obtain or withhold property of the Commonwealth, PASSHE, or an affiliated organization. Examples include, but are not limited to: misappropriation of funds, theft or embezzlement of cash, equipment or supplies; falsification of official records such as time sheets, travel expense reports, student records; performing or directing employees to perform non-PASSHE work during work hours; and using PASSHE facilities or property for personal gain or any unauthorized use, or otherwise inappropriate use of public funds.
- B. **PASSHE Entity:** A university of the Pennsylvania State System of Higher Education or the Office of the Chancellor.
- C. **Public Funds:** All monies received by a PASSHE entity are public funds including, but not limited to, state appropriations, tuition, room, board, and other student fees; restricted and unrestricted gifts and gifts-in-kind; restricted and unrestricted grants; ticket sales from athletic, cultural, or other events; revenue from athletic camps and conferences; corporate sponsorships; and investment income.

III. Responsibility

- A. PASSHE employees are responsible for safeguarding PASSHE resources by (1) establishing and maintaining sound business controls designed to deter and detect potential fraud, waste, or abuse; (2) taking action to minimize financial loss when fraud, waste, or abuse occurs; and (3) correcting fraud, waste, or abuse. Each employee should be familiar with different types of possible fraud, waste, or abuse, and be alert for any indication that a fraud, waste, or abuse is or was in existence in their area.
- B. PASSHE shall maintain an Incident Reporting System operated by an external vendor to provide independent collection of information related to suspected fraud, waste, or abuse. PASSHE's Incident Reporting System protocol is provided in Appendix A.

The Office of Internal Audit and Risk Assessment (OIARA), in consultation with PASSHE's Office of Chief Counsel, shall be responsible for the administration of the Incident Reporting System.

1. Each president and the chancellor shall appoint an Incident Reporting System liaison ("PASSHE entity liaison" or "liaison") to coordinate with the OIARA and be responsible for management of incident reports received for their PASSHE entity.
 2. All alleged incidents of fraud, waste, or abuse that are brought to the attention of a PASSHE entity's administration must be reported to the OIARA Director who will enter it into the Incident Reporting System.
 3. The OIARA director will ensure the Incident Reporting System is kept current and will provide quarterly updates to the chancellor and Board of Governors' Audit Committee on all activity.
- C. All information contained in the Incident Reporting System and resulting from any subsequent investigation is confidential to the extent possible under the law and relevant collective bargaining agreements, including the identity of the reporter (if known), individuals who are subject to the investigation or party to the allegations, and any private information disclosed within the allegation.
- D. Retaliation against anyone who reports in good faith potential fraud, waste, or abuse is prohibited. Allegations of retaliation shall be investigated and, if founded, discipline may result.

IV. Initial Review and Determination

- A. Incident reports submitted through the Incident Reporting System will be assessed timely, discretely, and in an appropriate manner. OIARA, in concert with PASSHE's Office of Chief Counsel, will determine (1) if the report involves fraud, waste, or abuse, (2) if an investigation is warranted, (3) if the investigation will be handled by the OIARA, the Office of Chief Counsel, or the PASSHE entity involved, and (4) make the necessary referral as appropriate.

Situations where the investigation will be conducted by the OIARA and/or Office of Chief Counsel may include, but are not limited to, conflicts of interest at the campus level and matters which could bring ill repute upon PASSHE.

Notifications to governing bodies or external agencies will be made by the OIARA director or chief counsel in the following circumstances:

1. If the chancellor is the subject of an investigation, the OIARA director, in consultation with chief counsel, will notify the Board of Governors' Audit Committee chairperson and chairperson of the Board of Governors.
2. If a university president is the subject of an investigation, the OIARA director, in consultation with chief counsel, will report the matter to the Council of Trustees' chairperson, chancellor, Board of Governors' Audit Committee chairperson, and chairperson of the Board of Governors.

3. If an employee of the OIARA is the subject of an investigation, the Office of Chief Counsel will notify the Board of Governors' Audit Committee chairperson and chairperson of the Board of Governors.
 4. If an attorney other than the chief counsel is the subject of an investigation, the OIARA director will notify the chief counsel. If the chief counsel is the subject of an investigation, the OIARA director will notify the chancellor who will refer the matter to the Office of General Counsel, Commonwealth of Pennsylvania.
 5. If member(s) of PASSHE's Board of Governors, university councils of trustees, or external board or personnel of affiliated organizations who are not employees of PASSHE are the subject of an investigation, the chief counsel shall refer the matter for investigation to the appropriate external agency.
- B. Once the OIARA, in concert with PASSHE's Office of Chief Counsel, determines an investigation is warranted and makes referral to the appropriate PASSHE entity, the respective PASSHE entity liaison will have access to reports assigned to them through the Incident Reporting System for review and appropriate action. The liaison is responsible for communicating the complaint to the university president or designee; in cases involving Office of the Chancellor personnel, to the chancellor or designee.
- C. The university president or chancellor may place an employee(s) involved in known or suspected misuse of PASSHE resources on appropriate leave under the terms of the applicable collective bargaining agreement or Board of Governors' policy during the investigation. Placing an employee on leave may be proper when there is evidence he/she is responsible for misuse of resources and his/her continued presence at work may interfere with the investigation or further expose PASSHE property to loss through possible misuse.
- D. In instances of external inquiries, which may include the media, the response will be developed by the Office of the Chancellor's Office of External Relations, in consultation with the public relations representative(s) of the PASSHE entity investigating the alleged incident.

V. Investigation Procedures

- A. **Conduct of Investigation:** Investigations shall be conducted and reported in a manner that:
- fulfills PASSHE's legal and fiduciary responsibilities;
 - minimizes loss and promotes recovery of PASSHE resources;
 - identifies controls that should be strengthened to reduce future vulnerability regarding misuse of PASSHE resources;
 - protects the rights of the accused, the interests of those making allegations, and the public trust;
 - provides confidentiality compatible with an effective response and applicable reporting requirements; and,

- guards against real or apparent conflicts of interest.

B. **Assignment of Investigation and Notification Process:** Once assigned, the PASSHE entity liaison shall review the report in the Incident Reporting System and provide notifications as follows.

Within two business days – Notify the PASSHE entity leader, or designee, of the reported incident and of the entity's responsibility to conduct the investigation.

Within five business days – An initial response to the reporter should be made by the liaison through the Incident Reporting System indicating the complaint has been received and the matter is being reviewed.

Within five to ten business days – If an initial response to the reporter is not made within five business days by the liaison, the OIARA director will follow-up with the liaison to determine the status. If the liaison is out of the office and/or unable to respond, then OIARA will make the initial response.

Eleventh business day – If an initial response to the reporter is not made by the liaison within ten business days, the report will be sent to the university president by the OIARA director for direction.

C. **Determination of Appropriate Investigator(s):** The PASSHE entity leader, or their designee, assigns the investigator or the investigative team responsible for handling the investigation. The investigator or the investigative team may include, but not be limited to, representatives from the following areas or analogous positions on a university campus:

- OIARA;
- university legal counsel and/or PASSHE special investigator;
- social equity coordinator;
- financial officer (reports alleging financial improprieties/fraud);
- human resources and labor relations;
- university/office of the chancellor experts (e.g., public safety) and/or external experts.

D. **Responsibility of Investigative Team:** The investigator or the investigative team will conduct timely and thorough investigations, which should include the following:

1. Determine if adequate information was provided in the incident report to conduct a review/investigation. If not, request the liaison notify the reporter through the Incident Reporting System that additional information is required.
2. Develop an investigation strategy: Determine the scope of the investigation, responsibilities of parties, interviews to be conducted, records to be reviewed, and appropriate offices/personnel to be involved.

3. When appropriate, take immediate action to secure and protect from destruction or alteration all pertinent records.
 4. Identify potential reporting obligations and make recommendations regarding the need to notify external entities (e.g., federal granting agencies, NCAA, law enforcement, etc.), when notification should occur and report made, and how this responsibility will be fulfilled.
 5. Define communication process: Determine when to inform parties affected by the allegation/investigation and best method of communication.
 6. Maintain appropriate records documenting the allegation, the investigative process, outcomes, and corrective actions.
 7. Provide updates regarding the status of the investigation to the PASSHE entity liaison. The liaison is responsible for providing the status of ongoing investigations to OIARA, when requested.
- E. **Actions:** Investigative outcomes should determine if any appropriate corrective actions are necessary, including recommendation of referral to an external agency. The process should include determination if a systemic problem exists and whether adequate internal controls (policies, practices, guidelines, etc.) exist to prevent future occurrences.
- F. **Conclude Investigation:** Upon conclusion of the investigation, the liaison should document the status of investigative outcomes in the Incident Reporting System. Where the situation warrants, the OIARA may notify the reporter through the Incident Reporting System regarding the status of the investigation.

Appendix A
Pennsylvania State System of Higher Education
Incident Reporting System

PASSHE Fraud/Waste/Abuse Incident Reporting System

