

The culture and tone of KUSTAR represents and promotes honesty and opposition to Fraud, which shall not to be tolerated or perpetuated.

KUSTAR's hotline & whistle blowing guidelines are an important element in detecting corrupt, illegal or other undesirable conduct within KUSTAR, and as such, are necessary ingredient in achieving good governance.

Fraud, Hotline & Whistle Blowing Guidelines

May 2015

Version Control:

Version Number	Effective Date	Revision Description	Approved By	Signature and Date
1.0	May 2013	Original version.	ARCC	Approval documented in the minutes of the respective ARCC meeting.
2.0	May 2015	Revision 1: updated as per ADAA's IA assessment report.	ARCC	Approval documented in the minutes of the respective ARCC meeting.

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1. Background

These guidelines should be read in conjunction with section 2.1.8 of whistle blowing policy defined in Volume II of KUSTAR's Community Policies and KUSTAR's Code of Conduct.

All matters elaborated hereinafter provide further explanation to understand and implement Fraud, Hotline & Whistle Blowing Guidelines of the University.

KUSTAR's management will approve these Guidelines and any future amendments to these.

2. Objectives and Scope

These Guidelines are designed to:

- Establish processes to encourage employees and stakeholders to report corrupt, illegal and / or unethical conduct within KUSTAR;
- Protect KUSTAR funds and other assets;
- Maintain the highest standard of ethics, professional conduct and fiduciary responsibilities; and
- Maintain integrity & reputation of KUSTAR and its employees.

These Guidelines must be applied to any fraud, or suspected fraud, involving any member of the Board of Trustees, the President, Management, Faculty, students, and / or staff of KUSTAR and all those who conduct business with KUSTAR such as, any third party agents, representatives, consultants, contractors, suppliers, vendors and subcontractors (collectively, "Stakeholders").

3. Reportable Conduct

These guidelines are applicable to all stakeholders who believe on reasonable grounds that an employee of KUSTAR has engaged, is engaging, or proposed to engage in their capacity as an employee of KUSTAR in an unethical or illegal conduct.

Examples of unethical and illegal conduct are:

- Mismanagement, abuse, waste of KUSTAR's resources;
- Incorrect financial reporting;
- Activities that are not in line with KUSTAR's code of conduct and the policies and procedures;
- Solicitation or acceptance of gifts;
- Manipulation of data such as payroll or vendor records;
- Bribery and corruption;
- Inaccurate expense claims;
- Unlawful activity;
- Doing business with one's agency;
- Un-authorized compensations;
- Conflict of interest; and
- Disclosure or use of certain information.

4. Complaints' Reporting Process

4.1 Reporting a complaint

- A stakeholder who has a reason to believe that something happening in or affecting KUSTAR is inappropriate or questionable from a legal or regulatory perspective or other reason, it is important that he should raise his suspicions with KUSTAR's concerned personnel. This will allow the issue to be examined and if necessary rectified, thereby protecting KUSTAR's reputation and interests.

The complaints should be addressed by:

- *Filling an online form by accessing to the Hotline webpage;*
- *Calling 02-4018156;*
- *Writing to P.O. Box – 127788 – Internal Audit Department; or*
- Reporting through management (further details on this way are in **appendix # 1**).
- Persons who make allegations may choose to remain anonymous or confidential (known to the investigation team and others who have a need to know, in the opinion of the investigation team).
- A copy of the Allegation Report is attached to these guidelines (**appendix # 2**) and also can be found on the hotline webpage.
- When the alleged improper activities involve the President or a Vice President, such reports shall be forwarded to the ARCC through the Investigation Team (Internal Audit Director and the University Legal Advisor).
- Any stakeholder who **knowingly** makes false allegations to another stakeholder may be subject to disciplinary action.
- Any staff member suspects fraud, he/she should report the details as described above, and should not:
 - Contact the suspected perpetrator to get facts or demand compensation;
 - Discuss the case facts or allegations with anyone outside of the University; and
 - Attempt to personally conduct investigations or interviews.

4.2 Evidence

Although the Whistle blower is not expected to prove the truth of an allegation, he or she should be able to demonstrate that the report is being made in good faith and has a substantial reason for its occurrence. While reporting undesirable conduct / incident, the Whistle blower is expected to cover following information:

- **Who** is involved in the irregularity or unethical act?
- **What** is the Violation?
- **When** did the violation occur and expected to occur?
- **Where** did it occur or expected to occur?
- **How** the whistle blower did come to know about the violation?

5. Investigation Process

5.1 Each allegation should be handled seriously as a separate project.

For each allegation, Director of Internal Audit in coordination with the President and Legal Advisor will decide that any of the following three (3) actions can be taken:

- Take no further action on the allegation because insufficient information was provided by the complainant;
- Refer the allegation to a department that has the authority and ability to implement corrective action because the matter is considered minor or administrative; or
- Conduct an investigation of the allegation(s).

5.2 If the initial assessment indicates that the concern has no basis, or it is not a matter to be pursued under the guidelines, it may be dismissed at this stage and the decision documented and reported to the President. If the whistle blower is known to the investigation team, there should be an adequate communication back & forth during the process.

5.3 If the initial assessment indicates that further investigation is necessary, a plan will be developed to address the event. Decisions will include whether to handle the matter internally or to pursue civil or criminal penalties. The investigation plan must include the following factors:

- The investigation team shall consult with the Office of General Counsel as necessary so the appropriate legal measures are taken during the investigation.
- Information gathered must be kept confidential and distribution limited to those with an established need;
- Investigation results must not be disclosed or discussed with anyone other than those who have a legitimate need to know, to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect KUSTAR from potential civil liability;
- Evidence must be protected so that it is not destroyed and remains admissible in legal proceedings;
- The investigation team must be independent from the issues and individuals under investigation to conduct an objective assessment;
- The investigation must not affect the normal course of KUSTAR's business.

5.4 Unless otherwise decided by the President, Director of Internal Audit and Legal Advisor, an investigation team comprising of all or some of the following capacities may be established:

- Internal audit.
- Human Resources.
- Legal Advisor.
- Finance.
- Security.
- IT personnel.
- Management representative.
- Fraud investigators.

5.5 Reporting the Results:

The investigation team shall report its findings and recommendations to be taken to reduce additional losses and to prevent a recurrence of the allegation. The investigation team will determine the distribution of the report.

5.6 Actions:

- Employees determined to have participated in Improper Activities will be subject to disciplinary action in accordance to KUSTAR policies and procedures. In those instances where disciplinary and/or other administrative action is warranted, the University's "Human Resources Disciplinary Committee", or other appropriate office, shall be consulted prior to the taking of such actions; or
- Criminal, civil and/or other administrative actions may also be taken against these employees. Criminal action falls within the sole purview of federal or local law enforcement, and prosecuting and judicial authorities. Civil / criminal proceeding shall be initiated by the legal advisor.

6. Retaliation Procedures

An employee or former employee (an employee who has been dismissed) who believes he / she has been subjected to an adverse personnel action based on alleged wrongful conduct may protest the action by filing a claim of retaliation and having it considered in accordance with the following procedures:

- A written complaint setting forth the basis for the claim or retaliation must be filed with the President (or his designate) within 10 days of the effective date of the action taken against him/her;
- The President shall nominate a Committee to hear the complaint;
- The committee shall be comprised of three persons not associated with the incident or allegation; and
- The committee shall make an initial determination of jurisdiction over the subject matter.

7. Whistle Blower Protection

- Management shall not retaliate, and shall not tolerate any retaliation by any other person or group, directly or indirectly, against anyone who, in good faith, provide information and assisted in investigation of unethical and illegal conduct.
- If anyone has raised concerns in the appropriate ways he will neither be considered a troublemaker nor a disloyal employee for raising his concerns.
- If he / she is involved in the wrongdoing, KUSTAR will try to ensure that he does not face reprisals from other colleagues for having spoken out. However, he would still have to answer for his own actions and cannot expect immunity from disciplinary or criminal proceedings. The fact that he has disclosed his involvement in any wrongdoing will likely be taken into account.
- Claims of a malicious nature will be investigated further and disciplinary action may be taken.
- If suspicions are not confirmed, the matter will be closed. Confidentiality of the whistle blower will continue to be protected.
- DIA or any member working in connection with a complaint from a whistle blower shall not reveal the identity of whistle blower under any circumstances.

8. Records

For tracking purposes, all allegations will be recorded on an Allegation Report Control Log. A control number will be placed on each Allegation Report which is the principal tracking mechanism for allegations.

DIA and any other concerned party shall retain and preserve all documents and details relating to complaints and investigations in a suitable medium.

9. Reporting to the ARCC

DIA will report quarterly to the ARCC on the details of:

- Complaints / allegations received during the period;
- Investigations completed during the period, and
- Status of pending complaints / investigations.

Appendix (1) – Reporting Complaints through Management

Depending on the circumstances of who is thought to be involved in the suspected fraud, KUSTAR staff members' may report the suspected fraud to:

- The line manager of the individual suspected of committing fraud;
- The line Manager is required to report the concern to the Director of Internal Audit (DIA) and for Legal Advisor, alternatively he might report the concern to his Vice President, Executive Vice President or the President;
- If staff / line manager reports his concern directly to Vice President, Executive Vice President or the President they shall bring the matter to the attention of the DIA;
- When the alleged improper activities involve the President or a Vice President, such concerns shall be reported directly to the ARCC. All employees who receive such reports shall immediately report them in writing to the ARCC. The ARCC / IA Director has to promptly notify and report the results of investigations to the Board / Executive Committee.
- If the DIA is not available, then the line manager may report to the President. The DIA should be copied on all correspondence with the President;
- All information provided to the DIA and line management will be treated confidentially. All allegations will be treated seriously. Confidentiality, in so far as possible, will be maintained for all reports made in good faith, and where reports are made anonymously, such anonymity will be respected. However, if criminal activity is to be reported to the police, the identity of the person reporting may eventually have to be disclosed to enable external investigators or the police to pursue criminal investigations effectively; and

Appendix (2) – Complaint Form

1. I wish to remain either:

Anonymous	
Yes	No

Or

Confidential		
<u>Name</u>	<u>Phone No.</u>	<u>E-mail ID</u>

2. Alleged Violator – Allegation is made concerning: (Circle all that are appropriate)

- University employee
- University contractor or subcontractor
- University grantor
- Other (Please be as specific as possible.)

Subject of Allegation -- Name of Alleged Violator

3. Circle the items that best describe the general nature of the allegation:

- Theft of property or services
- Fraud, includes knowingly producing or encouraging the production of misleading or inaccurate reports
- Employee Misconduct
- Mismanagement
- Personnel Abuses
- Waste, includes the inefficient, ineffective, or ruinous use of assets or resources
- Others.

4. Allegation Description:

Document allegation in detail to the best of your ability: