

FRAUD POLICY

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For any comments, feedback, or query, please contact: policies@aub.edu.lb.

Last updated on: September 25, 2008; last revalidated: April 13, 2011.

Section 1 - General Statement

1. Employees of the University must not engage in any illegal activity and must not, in the performance of their duties, commit any act of fraud, whether or not adverse to the interest of the University.
2. Any act of fraud ascertained upon internal investigation, or pursuant to a criminal conviction, or through written acknowledgement by the employee concerned, shall result in disciplinary action up to and including termination of employment.
3. For the purposes of this policy, fraud shall include, but not be limited to:
 - a. Theft or misappropriation of university assets.
 - b. Submitting false claims for payment or reimbursement.
 - c. Accepting or offering a bribe, or accepting gifts or other favors under circumstances that might lead to the inference that the gift or favor was intended to influence an employee's decision-making while serving the University.
 - d. Accepting a commission from, or paying same to a third party (kickbacks).
 - e. Blackmail or extortion.
 - f. "Off book" accounting, or making false or fictitious entries.
 - g. Knowingly creating and/or distributing false or misleading financial reports.
 - h. Payment of excessive prices or fees where justification thereof is not documented.
 - i. Violation of university procedures with the aim of personal gain or to the financial detriment of the University.
 - j. A dishonorable, or irresponsible, or deliberate act against the interest of the University.
4. If any trustee, officer, or employee of AUB knows or has a reasonable belief that persons associated with AUB have engaged or plan to engage in an act of fraud described above, that person is expected to file a complaint immediately.

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Section 2 - Management's Responsibility for Preventing Fraud

1. Managers at all levels are responsible for exercising due diligence and control to prevent, detect, and report acts of fraud by personnel under their supervision.
2. Managers who fail to carry out their responsibilities, as hereinabove stated, will be subject to disciplinary action, up to and including termination of employment.

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Section 3 - Consequences for Fraudulent Acts

1. The University will take appropriate action in response to any complaints, including disciplinary action, up to and including termination of employment, against any person who, in the University's assessment, has acted in violation of this policy.
2. Persons who deliberately or maliciously lie to cover up or conceal an act sanctioned by the policy, obstruct the reporting of, or fail to report or monitor a fraud that they become aware of, will be considered to be accessories after the fact and may be subject to disciplinary action and discharge.
3. The University reserves the right to press charges against employees and to report any criminal action to the appropriate authorities.
4. The University reserves the right to sue employees before the civil law in order to force restitution of any loss that the University may have suffered.
5. The personnel files of employees disciplined under this policy will record the reasons for the disciplinary action.
6. Absent extraordinary circumstances, employees discharged under this policy shall not be eligible for re-employment by the University.

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Section 4 - Procedures for Reporting Fraud

1. Complaints may be reported orally or in writing to the director of internal audit, the secretary of the corporation, or the president, or if any of these three is the subject of the complaint, the complaint may be made to one of the other two named officers or to the chair of the audit committee or the chair of the board of trustees. Employees of the New York office may make complaints to the secretary of the corporation, or if the secretary is the subject of the complaint, then to the president of the corporation.
2. [Fraud Complaints](#) must be filled in, as per the standard form attached hereto, by the persons making the complaints, their supervisors, or, if it is a verbal complaint, by the person receiving the complaint, with a copy sent to the director of internal audit. If the complaint involves the director of internal audit, the copy of the complaint shall be sent directly to the chair of the audit committee.
3. The director of internal audit shall report all complaints and the results of any subsequent investigation to the chair of the audit committee. If the complaint involves the director of internal audit, the chair of the audit committee shall initiate the investigation and shall report all complaints to the full audit committee and the chair of the board.
4. Reports may also be submitted anonymously through the [Internal Audit Office web site](#).

However, persons reporting an actual or suspected fraud are encouraged to establish a means of communication with the Internal Audit Office in case additional information is required, and so as to remain informed of the status of any inquiry.

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Section 5 - Procedures for the Investigation of Alleged Fraud

1. The complaint will be reviewed by the director of internal audit (or, if the complaint involves the director of internal audit, then by the audit committee chair), with the assistance of counsel, and investigative action will be undertaken as promptly as possible.
2. All complaints of fraud must be treated in confidence to the extent possible.
3. To the extent possible, the complainant or the supervisor shall meet and discuss the matter with the director of internal audit. If the complaint involves the director of internal audit, the complainant or supervisor may meet with the chair of the Audit Committee to discuss the complaint. Such discussion will include consideration of the following issues:
 - a. Does the alleged act constitute breach of this policy?
 - b. Is the issue potentially a criminal matter? (If so, the advice of the legal counsel would be sought).
 - c. What steps need to be taken immediately to protect evidence, and how will those steps be taken?
 - d. Should the police, judiciary, or public prosecutor be notified? (level of seriousness of the crime, the determination whether or not the 'public' has been a victim).
 - e. What units of the University are involved? Should their department heads be brought into the investigation, and if so, when?
4. A basic principle is that no unit of the University be allowed to investigate itself independently.
5. If deemed necessary, the director of internal audit (or the audit committee chair) may inform the director of human resources, the chief of campus protection, and other relevant department heads of the complaint and the status of the investigation.
6. If the director of internal audit (or the audit committee chair) resolves that further investigation needs to be carried out, the director will inform the president, and the president will appoint an investigating committee and a chair to oversee investigation of the case. If the president is the subject of the complaint, the audit committee chair will appoint an investigating committee.
7. In cases where there is threat to life, fear of losing evidence, or the possibility of redressing the situation, the president (or audit committee chair) may take or order immediate action, pending the meeting referred to in item 3 above, or a meeting of the investigating committee.
8. The investigating committee may decide to meet with the employees under investigation and, if appropriate, request that the Human Resources Department temporarily suspend the employees being investigated from their current duties, until such time as the investigation either confirms their involvement in the fraud, or clears them of suspicion.

A copy of the suspension request shall be sent to the head of the department of the employee under investigation.

The committee may also schedule meetings with such other persons as are suspected to have been involved in, or to have any knowledge of the alleged fraud.

All such meetings shall be handled as confidentially as possible and shall be documented by the committee.

9. Non-academic employees who are under investigation shall be entitled to consult with a representative of the syndicate and to have a syndicate representative or any other non-academic employee of the University present during the course of any interview that is conducted in connection with the alleged fraud.
10. Academic employees who are under investigation shall have the right to have a representative from the faculty present.
11. Upon completion of its investigation, the investigating committee will submit a written report to the president (or audit committee chair), who will issue a decision on the matter, including any disciplinary action to be taken. Such decision will be communicated to the person accused of the fraud, by the head of the department in which the person is employed, in coordination with the Human Resources Department. The decision of the president (or audit committee chair) will be final.

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Section 6 - Protection Under the Policy

1. In conducting its investigations and in dealing with complaints under this policy, the University will strive to keep as confidential as possible the identity of any complainant or any individual who provides information during the course of an investigation.
2. The University will not knowingly, with intent to retaliate, take any action harmful to any complainant or individual who provides information during the course of the investigation, including interfering with their lawful employment or livelihood, for:
 - a. Reporting a complaint in good faith pursuant to this policy to law enforcement officers, governmental agencies or bodies, or persons with supervisory authority over the complainant;
 - b. Providing, in good faith, information regarding a complaint to law enforcement officers, governmental agencies or bodies, or persons with supervisory authority over the complainant; or
 - c. Otherwise participating or assisting in a proceeding filed or about to be filed.
3. Persons who threaten retaliation against a person reporting a suspected fraud shall be subject to disciplinary action, up to and including termination of employment.
4. An individual who deliberately or maliciously provides false information, may, however, be subject to disciplinary action, up to and including termination of employment.

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Section 7 - Retention of Complaints and Documents

All complaints regarding alleged violations of this policy will remain confidential to the extent practicable. In addition, all written statements, along with the results of any investigations relating thereto, shall be retained by the University in accordance with the Records Retention Policy.

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**APPENDIX I
FRAUD COMPLAINT**

(To download this appendix in Word format, please [click here](#))

FRAUD COMPLAINT

Prepared by: _____ Date: _____

Office/Program: _____ Signature: _____

Description of alleged incident and related parties

Were parties outside the University involved? (complete only if known)

How was the alleged incident discovered?

Rules, regulations, and procedures allegedly violated (complete only if known)

Other comments

Distribution: Director of Internal Audit