



UNIVERSITY OF MANITOBA POLICY

Policy:	FRAUD AND FINANCIAL IRREGULARITY REPORTING
Effective Date:	July 1, 2022
Revised Date:	
Review Date:	July 1, 2027
Approving Body:	Board of Governors
Authority:	Governance, Board Committees, Audit and Risk Management Committee
Responsible Executive Officer:	Vice-President (Administration)
Delegate: (If applicable)	Director of Audit Services
Contact:	Director of Audit Services
Application:	Board of Governors members; Consultants, Vendors, Donors, Funders, and Other Parties with Business Relationships with the University; All Employee Groups; Students

Part I Reason for Policy

1.1 The purpose of this Policy is to:

(a) Communicate that the University:

- i. Values accountability and integrity and is committed to the highest standards of honesty, ethical conduct and fiduciary responsibility;
- ii. Desires to protect its funds and property owned by, or in the care of the University, from Fraud and Irregularities;
- iii. Wishes to foster an environment that promotes fraud awareness; and
- iv. Is committed to the thorough Investigation of allegations of Fraud or Irregularities.

- (b) Impose an obligation on the University community to report good faith concerns or suspicions of Fraud and Irregularities and to outline processes to report such concerns.
 - (c) Outline Investigation procedures for allegations where there is a credible indication that Fraud or Irregularities may have occurred.
 - (d) Protect those who bring forward good faith concerns from Reprisal.
- 1.2 This Policy is intended to apply only to allegations of Fraud and Irregularity as defined in this Policy. This Policy is not intended to apply to other types of disclosures, and is not intended as a dispute resolution mechanism to replace grievances, appeal hearings, and other administrative processes.
- 1.3 Thefts of assets that involve break and entry, threats of violence and use of physical force are not covered under this Policy; all such instances should be reported to Security Services.

Part II Policy Content

Definitions

- 2.1 The following terms have the following defined meaning for the purpose of this Policy:
- (a) **“Audit and Risk Management Committee”** means the Standing Committee of the Board of Governors.
 - (b) **“Audit Services”** means the office of Audit Services at the University. Audit Services authority to conduct audits and investigations is through the Audit Services Charter which is approved by the Board of Governors through the Audit and Risk Management Committee.
 - (c) **“Control Environment”** means the attitudes and actions of the Board of Governors and University Administrators regarding the importance of Internal Controls within the University. The Control Environment provides the discipline and structure for the achievement of the primary objectives of the system of Internal Control.
 - (d) **“Financial Manager”** for the purpose of this Policy means Business Managers, Directors of Finance or Administration, Budget or Finance Officers, or other similar positions that hold a high level of financial responsibility in a faculty or unit.
 - (e) **“Fraud”** is any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical

force. Frauds are perpetrated to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage.

Fraud as defined in this Policy pertains to trust violations, exploitations of weaknesses, and circumvention of Internal Controls at the University. A conclusion of Fraud does not necessarily translate to a fraud conclusion under the legal system should an Investigation be referred to law enforcement.

Examples of Fraud for the purpose of this Policy include:

- i. Asset misappropriation, such as through:
 - a. Skimming – collecting cash receipts from customers and not recording them.
 - b. Expense reimbursement – claims of personal or nonexistent items or expenses.
 - c. Payroll manipulations – claims for hours not worked, unauthorized pay rate adjustments, or adding non-existent employees to payroll.
 - d. Cash misappropriation – stealing from the cash register or petty cash.
 - e. Fund misdirection – changing direct deposit information on a vendor or employee, or depositing a cheque to a personal account.
 - f. Non-cash misappropriation – theft, misuse, or personal use of the University’s property (inventory, equipment and supplies, intellectual property).
 - ii. Misrepresentation or concealment of material facts.
 - iii. Corruption, which involves the misuse of influence in a transaction in a way that violates duty to the University. This could include bribery, undisclosed/unmanaged conflicts of interest, receipt of kickbacks or gratuities, bid rigging, and aiding and abetting Fraud by other parties.
 - iv. Breach of fiduciary duty, such as through neglect, override of Internal Control, or intentional failure to act.
- (f) **“Irregularity”** is broader than Fraud and includes violation or deliberate disregard of University financial policies and ethical standards, or questionable accounting practices. Financial Irregularities also include excessive spending, waste, or failing to properly safeguard and protect assets.
- (g) **“Informal Resolution”** means the resolution of a concern without an Investigation being completed.

- (h) **“Internal Control”** means any action taken by management, the Board of Governors, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.
- (i) **“Investigation”** means a review undertaken by Audit Services pursuant to this Policy.
- (j) **“Reprisal”** means any measures taken against a person because they have asked for advice regarding this Policy, brought forward allegations of Fraud or Irregularities or cooperated with an Investigation. Reprisal measures include, but are not limited to:
 - i. Discipline;
 - ii. Academic penalties (in the case of students);
 - iii. Demotion;
 - iv. Termination of employment;
 - v. Termination of an academic appointment;
 - vi. Any other measure which significantly adversely affects working conditions or educational experience; and
 - vii. A threat to take any of the measures referred to above.
- (k) **“Respondent”** means an individual or individuals accused of Fraud or Irregularity.
- (l) **“University”** means the University of Manitoba.
- (m) **“University Administrators”** means Executive Staff (Academic and Support), and Senior Administrative Academic Staff as defined in the Employee Organizations and Employment Groups Procedure. This generally includes the President, Vice-Presidents, Associate Vice-Presidents, Deans and Directors.
- (n) **“University Community”** means all faculty, staff, students, government, donors, and funders (external sponsors), and members of the Board of Governors.

Introduction and Principles

- 2.1 The University has a fiduciary responsibility to the public, external sponsors, the Province of Manitoba, certain tax and regulatory bodies, private donors and its students to ensure that funds entrusted to it are managed responsibly and subject to appropriate Internal Control procedures.

- 2.2 Fraud, Irregularities or the concealment of Fraud or Irregularities will not be tolerated at the University, including Fraud for the benefit of the University.
- 2.3 All members of the University Community are accountable for setting the appropriate tone of intolerance for Fraud and Irregularities by complying with all laws, regulations, professional codes of conduct and University policies.
- 2.4 University Administrators should maintain an awareness of the risks and exposures in their areas of supervision and are responsible for the implementation and enforcement of Internal Controls and policies that will provide for the security and accountability of resources entrusted to them.
- 2.5 University Administrators are responsible to set the tone for a strong Control Environment through:
 - (a) A demonstrated commitment to adherence to the University's Internal Controls;
 - (b) Maintaining open communication regarding Internal Control compliance;
 - (c) Encouraging employees under their area of supervision to report of suspicions of Fraud or Irregularities;
 - (d) Implementation of an appropriate challenge function over budgets and expenditures, to support appropriate stewardship of financial resources.
- 2.6 All efforts will be made to recover assets lost through fraudulent means.
- 2.7 The reporting of Fraud or Irregularities is a part of all employees' duties.
- 2.8 All credible allegations of Fraud will be investigated.

Duty to Report

- 2.9 To preserve the reputation and integrity of the University, any individual who knowingly observes or encounters credible evidence of Fraud or Irregularities in the context of University functions/activities must report them immediately, following the reporting protocol outlined in the Fraud Procedure.

Investigation Responsibilities

- 2.10 Audit Services has the primary responsibility for coordinating the Investigation of allegations of Fraud and Irregularities. Other University subject matter experts may be consulted depending on the situation.
- 2.11 For allegations involving potential research misconduct (for example, misrepresentation to funding agencies, mismanagement, or misuse of research funds), Audit Services will refer the matter to the Vice-President (Research and

International) and an investigation may proceed under the Responsible Conduct of Research Policy. Proceeding under the Responsible Conduct of Research Policy does not preclude the possibility of an Investigation under the Fraud and Irregularity Policy.

- 2.12 If an Investigation determines that a Fraud or Irregularity has occurred, appropriate remedial action shall be taken by the University.

Protection from Reprisal

- 2.13 Concerns should be raised in good faith. Frivolous or vexatious reports may be considered misconduct. Reprisals against an individual who made a good faith report are not permitted and may be considered misconduct subject to discipline, which will be implemented pursuant to and in accordance with the relevant collective agreement, University policies or by-laws.

Investigation Reports

- 2.14 The Audit and Risk Management Committee will be informed of any findings in cases where the Investigation has concluded that Fraud or Irregularities have occurred. In cases where the Investigation has concluded that Fraud or Irregularities have not taken place, the Audit and Risk Management Committee will receive an aggregate summary information of allegations compiled by Audit Services.

Part III Accountability

- 3.1 The Office of Legal Counsel is responsible for advising the Vice-President (Administration) that a formal review of this Policy is required.
- 3.2 The Director of Audit Services is responsible for the implementation, administration and review of this Policy.
- 3.3 Board of Governors members, Consultants, Vendors, Donors, Funders, Other Parties with Business Relationships with the University, all Employees and Students are responsible for complying with this Policy.

Part IV Authority to Approve Procedures

- 4.1 The Vice-President (Administration) or the President may approve Procedures, if applicable, which are secondary to and comply with this Policy.

Part V Review

5.1 Governing Document reviews shall be conducted every five (5) years. The next scheduled review date for this Policy is July 1, 2027.

5.2 In the interim, this Policy may be revised or repealed if:

- (a) the Vice-President (Administration) or the Approving Body deems it necessary or desirable to do so;
- (b) the Policy is no longer legislatively or statutorily compliant; and/or
- (c) the Policy is now in conflict with another Governing Document.

5.3 If this Policy is revised or repealed, all Secondary Documents, shall be reviewed as soon as reasonably possible in order that they:

- (a) comply with the revised Policy; or
- (b) are in turn repealed.

Part VI Effect on Previous Statements

6.1 This Policy supersedes all of the following:

- (a) all previous Board of Governors/Senate Governing Documents on the subject matter contained herein; and
- (b) all previous Administration Governing Documents on the subject matter contained herein.

Part VII Cross References

7.1 This Policy should be cross referenced to the following relevant Governing Documents, legislation and/or forms:

- (a) Audit and Risk Management Committee Terms of Reference
- (b) Audit Services Charter
- (c) Safe Disclosure (Whistleblower) Policy
- (d) Responsible Conduct of Research

(e) Conflict of Interest

(f) Gifts and Gratuities