UNIVERSITY OF MANITOBA
PROCEDURE

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<td>Effective Date:</td>
<td>July 1, 2022</td>
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<td>Approving Body:</td>
<td>Vice-President (Administration)</td>
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<td>Authority:</td>
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<td>Responsible Executive Officer:</td>
<td>Vice-President (Administration)</td>
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<td>Delegate: (If applicable)</td>
<td>Director of Audit Services</td>
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<td>Contact:</td>
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<td>Application:</td>
<td>Board of Governors members; Consultants, Vendors, Donors, Funders, and Other Parties with Business Relationships with the University; All Employee Groups; Students</td>
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Part I
Reason for Procedure

1.1 The purpose of this Procedure is to set out:

(a) Avenues for the University community to report concerns of Fraud and Irregularities.

(b) Investigation procedures that address allegations of Fraud or Irregularities.

Part II
Procedural Content

Definitions

2.1 The following terms have the following defined meaning for the purpose of this Procedure:
(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 the Policy and this Procedure 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 and Procedure 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 – 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 Procedure.

(j) “Reprisal” means any measures taken against a person because they have asked for advice regarding this Policy and Procedure, 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.

Duty to Report

2.2 Suspected instances of Fraud and Irregularities must be reported. The following processes normally apply:

(a) If individuals suspect Fraud or Irregularities have occurred, they should first contact their immediate supervisor or University faculty or unit contact (e.g. Dean/Director/Department Head, Financial Manager) to discuss concerns in a timely manner after becoming aware of the activity or concern. This is an important step as there may be clarifying information that supervisors or others are aware of that may provide for an immediate Informal Resolution.

(b) If the reporting and discussion results in a credible suspicion of Fraud or Irregularities, these instances must be immediately reported to Audit Services. It is the responsibility of the supervisor to ensure that the suspicion of Fraud or Irregularities is reported.

(c) If there is any question as to whether an action constitutes a Fraud or Irregularity, the relevant supervisor should contact Audit Services for guidance.

(d) If someone does not feel comfortable communicating concerns to their supervisor or University faculty or unit contact, or if they feel their concerns have not been resolved, then they must contact a central unit (e.g. Chief Financial Officer/Comptroller, Associate Vice-President (Human Resources), Audit Services staff) who they are comfortable discussing the matter with. Those individuals receiving such allegations are required to immediately inform Audit Services of the concerns.

2.3 Reports can be made verbally or in writing and can be made openly or confidentially. If so desired, reports can be made through the online Fraud and Irregularity Reporting Tool, available on the Audit Services webpage.
2.4 Reports will be accepted anonymously, but this may limit the ability to respond and investigate. If a report is confidential, the anonymity of the individual providing the information will be maintained, except to the extent allowable within the limitations of the law, collective agreements and other University policies and procedures. All information received by Audit Services will be treated in a confidential and sensitive manner. Audit Services staff respect the value of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Preliminary Evaluation

2.5 Audit Services staff will evaluate the concerns received to determine if an Investigation is required. This evaluation will include consultation with Financial Services as necessary. The individual reporting the issue may also be requested to provide additional information. The purpose of the preliminary evaluation is to assess information available and determine if further action is necessary. Preliminary evaluation may reveal that further investigation is not warranted and an Informal Resolution may be identified and recommended.

2.6 Preliminary evaluation may also determine that the concerns reported would be better addressed under the Safe Disclosure (Whistleblower) Policy or the Responsible Conduct of Research Policy. Those policies are broader and address breaches or wrongdoings of both a non-financial and financial nature. Audit Services will provide guidance and support for filing reports under these policies if determined necessary.

2.7 If the preliminary evaluation determines that a formal Investigation is warranted, a recommendation for Investigation together with reasons for the Investigation will be provided to the Chief Financial Officer/Comptroller and the Vice-President (Administration). The Vice-President (Administration) will authorize the Investigation to be initiated. If the allegations involve the Chief Financial Officer/Comptroller or the Vice-President (Administration), then the recommendation for Investigation will be made to the President. If the Allegations involve the President, then the recommendation for Investigation will be made to the Chair of the Audit Committee.

2.8 Written objectives of the Investigation will be agreed upon, which at minimum will include the nature and scope of the Investigation and planned investigative and reporting procedures.

Investigations

2.9 Audit Services staff will conduct the Investigation in any manner determined appropriate to the nature of the particular concern or allegation and the seriousness of the issues involved. This may include some or all of:

(a) Interviewing witnesses in person or via video conference;
(b) Asking questions of witnesses in writing (including by email);
(c) Reviewing documents (both paper and electronic);
(d) Reviewing photographs, audio, and video recordings;
(e) Examining physical evidence;
(f) Arranging for testing of physical evidence; and/or
(g) Accessing electronic systems.

2.10 The Investigation will be conducted in a responsible manner, in accordance with the principles of procedural fairness and natural justice. Specifically:

(a) All information will be gathered in a manner that is respectful of individuals and that ensures appropriate and acceptable evidence is obtained;
(b) All individuals will be treated consistently, regardless of position or length of service;
(c) All information will be recorded and appropriately safeguarded throughout the Investigation.
(d) The individual reporting the suspicion of Fraud or Irregularity must be provided an opportunity to explain and provide evidence in support of the allegation;
(e) Respondents who are alleged to have been involved in Fraud or Irregularities must be informed of the essential nature of the allegations against them, including where necessary, having access to documentary and other evidence, including copies of written complaints if they exist, and in some cases the identity of the individual submitting the allegation;
(f) Those individuals who are alleged to have been involved in Fraud or Irregularities must be provided an opportunity to respond to the allegations;
(g) While strict rules of evidence do not apply, appropriate weight must be given to evidence based on its credibility and reliability; and
(h) Witnesses, including those individuals who have been alleged to be involved in Fraud or Irregularities may consult with or respond through an advocate (which may include legal counsel, a union representative, or a Student Advocate, as may be appropriate).
Investigation Reports

2.11 A final report outlining the results of the Investigation will be prepared. The report will be provided to the Chief Financial Officer/Comptroller, the Vice-President (Administration), the President, and other Vice-Presidents or University Administrators depending on the circumstances. The Report will contain, at a minimum, the following:

(a) A summary of the allegation of Fraud or Irregularity;
(b) A summary of the process used in the Investigation;
(c) A summary of the key evidence obtained through the Investigation; and
(d) A conclusion as to whether Fraud or Irregularity occurred, or likely occurred, using the definitions provided in this Procedure.

2.12 The individual making the allegation will be contacted and informed that the Investigation has been completed.

2.13 Audit Services will provide a summary or the report (either in original or redacted form) to the Respondent.

2.14 The Chief Financial Officer/Comptroller is responsible to advise external parties (e.g. Office of Auditor General, Provincial Comptroller) as appropriate on the results of Investigations and/or the aggregate summary of allegations. The reporting will include information from all Investigations regardless of the Policy under which the Investigation was undertaken and will also outline any changes in internal controls being considered or implemented as a result.

University Response

2.15 If an Investigation determines that Fraud or Irregularities have occurred, appropriate remedial action shall be taken by the University. Such action may include:

(a) Disciplinary action, which will be implemented pursuant to and in accordance with the relevant collective agreement, University policies or by-laws. Anonymous material may only be considered in a disciplinary decision where it would not violate the principles of procedural fairness, and it would not conflict with an applicable collective agreement.

(b) Referral of the Investigation results to law enforcement, professional bodies and/or other entities as required by legislation; such decisions will be made by legal counsel and University Administrators.
(c) Implementation of recommendations for revision to Internal Controls, or the Control Environment, that may have been compromised allowing the Fraud or Irregularities to occur.

Other Provisions

2.16 Nothing herein is intended to prevent or discourage an individual from making a Disclosure under the Safe Disclosure (Whistleblower) Policy or the Responsible Conduct of Research Policy.

Part III
Accountability

3.1 The Office of Legal Counsel is responsible for advising the Vice-President (Administration) that a formal review of this Procedure is required.

3.2 The Director of Audit Services is responsible for the implementation, administration and review of this Procedure.

3.1 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 Procedure.

Part IV
Review

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

4.2 In the interim, this Procedure 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;

(c) the Policy is now in conflict with another Governing Document; and/or

(d) the Parent Policy is revised or repealed.

Part V
Effect on Previous Statements

5.1 This Procedure 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 VI**

**Cross References**

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

(a) Fraud and Irregularity Reporting Policy

(b) Audit and Risk Management Committee Terms of Reference

(c) Audit Services Charter

(d) Safe Disclosure (Whistleblower) Policy

(e) Responsible Conduct of Research

(f) Conflict of Interest

(g) Gifts and Gratuities