

Policy Title	Fraud Awareness and Reporting
Responsible AIU Office (Higher Management/Directorate)	Office of the Controller / Higher Management
Policy Owner (Executive Department/Office)	Office of the Controller/ Higher Management
Pertinent Dates	

I. INTRODUCTION

1.1 The University is committed to the highest standards of openness, probity, and accountability. The University will not tolerate fraud and is committed to reducing its risk of fraud to the lowest possible level. This Policy is a public statement of the University's resolve to prevent, detect and robustly act upon cases of fraud.

1.2 This Fraud Prevention Policy aims to emphasize the responsibilities of all management and staff concerning the identification and reporting of fraud. An anti-fraud culture, aligned with good awareness of both internal controls and the possible indicators of fraud will help to ensure that the University continues to protect its assets and safeguards its disbursement of public monies. Fraudulent activities include theft.

1.3 Suspicion of fraud is currently captured through several reporting mechanisms:

- University's Financial Regulations

The key resource for the identification of suspected fraud are the vigilance of staff in their day-to-day work. All employees have a duty under the University's Financial Regulations to report suspicion of fraud.

1.4 **The Internal Audit (IAS)** plan its work to consider the risk of fraud at the University. Internal auditor assists Management by examining and evaluating the adequacy and effectiveness of action taken to fulfill the obligation to prevent, detect and investigate fraud. The work of the IAS is planned to take into consideration the risk of fraud occurring, especially in those systems where a high potential for fraud exists. Systems are required to be tested to ensure that the risk of fraud is minimized and auditors are always alert to any control weaknesses that allow impropriety or fraud to occur.

1.5 On an operational basis, Management has primary responsibility for preventing and detecting fraud. Management is required to establish adequate systems of internal control, including clear operational guidance, appropriate segregation of duties, and robust authorization procedures. Non-compliance with proper procedures can be an indicator of potential fraud.

II. SCOPE OF POLICY

This policy has been developed to:

- Raise awareness of fraud within the University.
 - Define roles and responsibilities for detecting and preventing fraud.
 - Reinforce personal responsibility and accountability.
 - Detail the procedures for reporting and investigating suspected fraud.
 - Better understand the limitations in existing control procedures that allow fraud to occur.
-

III. POLICY STATEMENT

This policy establishes the overall roles and responsibilities of university employees for reporting and investigating potential fraud at the University. All AIU University (AIU) employees have a responsibility to ensure that AIU's resources are used for valid and appropriate business needs. Administrators and all levels of management have added responsibility for establishing and maintaining proper internal controls to protect AIU's resources from misuse. Administrators and managers should be familiar with the risks and exposures in their areas of responsibility and be alert to any indications of improper activities, misappropriation, or dishonest activity.

IV. DEFINITIONS

Fraud:

1. "Any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain Source: "Managing the Business Risk of Fraud: A Practical Guide", sponsored by The Institute of Internal Auditors, the American Institute of Certified Public Accountants, and the Association of Certified Fraud Examiners, April 2008.
 2. "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 by parties and organizations to obtain money, property, or services; to avoid payment or loss of services, or to secure personal or business advantage." Source: Internal Auditing and Fraud, IPPF - Practice Guide, The Institute of Internal Auditors, December 2009.
-

V. RESPONSIBILITIES

Managers should be alert to the possibility that unusual events may be the symptoms of fraud or attempted fraud. Employees with managerial responsibility are also responsible for ensuring that an adequate system of internal control exists within their area of responsibility, appropriate to the risk involved and that those controls are properly operated and complied with.

Managers have a prime role in the prevention of fraud because the effective enforcement of the University's internal controls falls largely on them. In practice, fraud often occurs because of weaknesses in control – either control processes are absent, ineffective or not being complied with. IAS can assist managers who require guidance in this area.

All staff is responsible for:

- Acting with propriety in the use of University resources and the handling and use of University funds, whether they are involved with cash or other forms of payment systems, receipts, or dealing with contractors and suppliers;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately to their line manager or where appropriate directly to their Head of Department/School if they suspect that a fraud or irregularity has been committed or see any suspicious acts or events;
- Co-operating fully with University employees or agents conducting internal checks or reviews or fraud investigations.

While the responsibility for the prevention and detection of fraud rests with Management, the audit can assist in fulfilling this responsibility. Internal and external audit work assures that there are adequate controls within systems and, based on sample checks that controls are being complied with.

The office of internal audit is responsible for maintaining this policy and providing advice and assistance to staff on the operation of the policy and specific concerns, as necessary.

Human Resources Offices (HR) provide advice and assistance on the proposed conduct of fraud-related investigations to ensure that employee rights are protected. HR offices are also available to assist in determining employee disciplinary action in the event of detected fraud.

VI. POLICY STANDARDS AND PROCEDURES

1. Be aware of potential fraud. All employees, particularly administrators and managers, should be familiar with the risks and exposures in their areas of responsibility and be alert to any indications of improper activities, misappropriation, or dishonest activity.

2. Do not accuse or investigate independently. An employee who suspects fraudulent activity should not accuse any individual directly, investigate the matter personally, or discuss the matter with anyone other than his or her supervisor.

3. Report the concern via the proper channels.

A. An employee who suspects fraudulent activity is encouraged to report the concern promptly to his or her supervisor.

B. Alternately, any member of the AIU community who is uncomfortable reporting suspected fraudulent activity to a supervisor.

C. Supervisors and HR officers who receive a fraud-related concern from an employee must promptly report the concern to an officer in the relevant financial dean's office unless the concern involves an employee or employees within the financial dean's office itself. If an employee or employees of a financial dean's office are suspected of fraud, then the supervisor or human resources (HR) officer who has received the concern must report it directly to Risk Management and Auditing Services.

4. Investigate a reported concern appropriately.

A. Internal audit office has responsibility for managing the investigation of suspected fraud and should engage other university units as necessary and in keeping with this policy.

- When determining how to proceed after receiving a report of suspected fraud, the Internal audit office must first review all available related supporting information.
- b. The president /dean's office, in consultation with the audit office, shall determine the nature of any investigation, including the involvement of other university units

5. Document investigation, findings, and corrective actions.

A. Internal audit office must document in writing all steps taken during an investigation, seeking guidance from other University units (like HR) as appropriate. The internal audit office must retain documents relating to the investigation for ten years after the investigation has been closed.

B. When an investigation finds that fraud has occurred, the Internal audit office must send a written summary report to university management that provides details of the nature and scale of the fraud, the breakdown in control that allowed the fraud to occur, and the steps to be taken to avoid recurrence.

6. Incorporate any needed additional/revised control procedures. After receiving a report of detected fraud from the internal auditor and university must consider the extent of control breakdown leading to the fraud. The internal audit office will advise relevant University offices on additional or revised control procedures as necessary.

7. Maintain confidentiality. All parties involved in the reporting and/or investigation of fraud must treat all information as confidential. Concerns and/or investigation results will not be disclosed or discussed with anyone other than those with a legitimate need to know.

VII. FORMS/INSTRUCTIONS (if applicable)

VIII. APPENDICES (if applicable)

VIII. RELATED POLICIES

Ethics and code of conduct
 Data and Information policy
 Disclosure of work information to others and media

VIV. CONTACT INFORMATION

Triggered by:	Dr. Reda Adel Elazab	14/4/2022	Dr. Reda Adel Elazab
Created by:	Dr. Reda Adel Elazab	14/4/2022	Dr. Reda Adel Elazab
Revised by:	Name	Date	Sig.
Approved by:	Name	Date	Sig.

APPENDIX: Categories of Occupational Fraud1

1 Source: Report to the Nations on Occupational Fraud and Abuse, 2010 Global Fraud Study, Association of Certified Fraud Examiners, Inc.

1. *Asset misappropriations* are those schemes in which the perpetrator steals or misuses an organization's resources. These frauds include schemes such as skimming cash receipts, falsifying expense reports, and forging company checks.

2. *Corruption* schemes involve the employee's use of his or her influence in business transactions in a way that violates his or her duty to the employer to obtain a benefit for him- or herself or someone else. Examples of corruption schemes include bribery, extortion, and a conflict of interest.

3. *Financial statement fraud* schemes are those involving the intentional misstatement or omission of material information in the organization's financial reports. Common methods of fraudulent financial statement manipulation include recording fictitious revenues, concealing liabilities or expenses, and artificially inflating reported assets.

Asset Misappropriation Sub-Categories		
Category	Description	Examples
Schemes Involving Theft of Cash Receipts		
Skimming	Any scheme in which cash is stolen from an organization is recorded on the organization's books and records	<ul style="list-style-type: none"> •Employee accepts payment from a customer, but does not record the sale, and instead pockets the money
Cash Larceny	Any scheme in which cash is stolen from an organization is recorded on the organization's books and records	<ul style="list-style-type: none"> •Employee steals cash and checks from daily receipts before they can be deposited in the bank
Schemes Involving Fraudulent Disbursements of Cash		
Billing	Any scheme in which a person causes his employer to issue a payment by submitting invoices for fictitious goods or services, inflated invoices, or invoices for personal purchases	<ul style="list-style-type: none"> •Employee creates a shell company and bills employer for services not rendered •Employee purchases personal items and submits the invoice to the employer for payment
Expense Reimbursements	Any scheme in which an employee claims reimbursement of fictitious or inflated business expenses	<ul style="list-style-type: none"> •Employee files fraudulent expense reports, claiming personal travel, nonexistent meals, etc.
Check Tampering	Any scheme in which a person steals his employer's funds by intercepting, forging, or altering	

	a check drawn on one of the organization's banks accounts	<ul style="list-style-type: none"> •Employee steals bank company checks, makes them out to himself or an accomplice •Employee steals outgoing check to a vendor, deposits it into his bank account
Payroll	Any scheme in which an employee causes his employer to issue a payment by making false claims for compensation	<ul style="list-style-type: none"> •Employee claims overtime for hours not worked •Employee adds ghost employees to the payroll
Cash Register Disbursements	Any scheme in which an employee makes false entries on a cash register to conceal the fraudulent removal of cash	<ul style="list-style-type: none"> •Employee fraudulently voids a sale on his cash register and steals the cash
Other Asset Misappropriation Schemes		
Cash on Hand Misappropriations	Any scheme in which the perpetrator misappropriates cash kept on hand at the victim organization's premises	<ul style="list-style-type: none"> •Employee steals cash from a company vault
Non-Cash Misappropriations	Any scheme in which an employee steals or misuses non-cash assets of the victim organization	<ul style="list-style-type: none"> •Employee steals inventory from a warehouse or storeroom •Employee steals or misuses confidential customer financial information

Source: Report to the Nations on Occupational Fraud and Abuse, 2010 Global Fraud Study, Association of Certified Fraud Examiners, Inc.