



## FRAUD AND IRREGULARITY PROCEDURE

<b>Procedure Type:</b>	Institutional	<b>Initially Approved:</b>	July 6, 2011
<b>Procedure Sponsor:</b>	Vice-President, Finance and Operations	<b>Last Revised:</b>	August 15, 2024
<b>Administrative Responsibility:</b>	Finance Department	<b>Review Scheduled:</b>	August, 2029
<b>Approver:</b>	President and CEO		

### A. PURPOSE

This procedure outlines the process for identifying, reporting, investigating, and addressing instances of suspected fraud and irregularity at Alberta University of the Arts (AUArts). This procedure aims to protect the University's assets, ensure integrity, and maintain a culture of transparency and accountability.

### B. SCOPE

This procedure applies to all employees, students, contractors, and stakeholders associated with AUArts. It covers all forms of fraud and irregularity, including but not limited to financial fraud, academic fraud, corruption, theft, and any other actions that could harm the University's reputation and resources. Where suspected fraud is academic in nature, the matter will be addressed in line with relevant policies and procedures.

### C. PRINCIPLES

1. AUArts maintains a zero-tolerance stance towards fraud and irregularities. Any fraudulent or irregular activities will be thoroughly investigated and addressed appropriately.
2. All members of the AUArts community are responsible for reporting any suspected fraud or irregularities.
3. AUArts will adhere to the principles of ethical conduct and reporting of wrongdoing in the University's Whistle Blower Policy, Public Interest Disclosure Policy and Procedure and Code of Conduct Policy, Student Conduct Policy, Student Non-Academic Misconduct Procedure, Student Integrity Policy, and Student Academic Misconduct Procedure.
4. AUArts shall take reasonable care in investigating and dealing with suspected fraud or irregularity to avoid baseless allegations, premature investigation of claims, and violations of a person's rights under the law.
5. Individuals shall immediately declare any actual, potential, or perceived conflicts of interest.

## D. PROCEDURES

The Vice-President, Finance and Operations (VPFO) shall establish internal processes and protocols for implementing this Procedure. These processes and protocols shall be reviewed regularly to ensure compliance with relevant legal principles, legislation, and case law.

### 1. REPORTING PROCEDURES

- 1.1 **Mandatory Reporting:** Suspected instances of fraud or irregularity must be promptly reported to the Director, Finance who will inform the VPFO of the allegation, who will determine the appropriate response.
- 1.2 **Reporting Channels:** Reports may be made verbally or in writing and may be submitted openly, confidentially, or anonymously. It is important to note that anonymous reporting may limit AUArts' ability to conduct a thorough and effective investigation.
- 1.3 **Non-Confrontation:** Individuals suspected of fraud or irregularity must not be confronted before the commencement of the investigation process. Relevant records and documents may need to be secured before the suspected individuals become aware of the investigation.
- 1.4 **Alternative Reporting:** If an individual identifies a potential conflict or prefers not to report through the outlined process, they should report the incident directly to the VPFO and/or President and CEO (PCEO).

### 2. INVESTIGATING PROCEDURE

- 2.1 Finance and Operations is responsible for coordinating investigations of allegations of fraud or irregularity. This investigative work will be performed in close consultation with the Executive Director, People & Culture (EDPC) and the PCEO.
- 2.2 When a report of suspected fraud or irregularity is received, the VPFO will assess the allegation and determine if the reported incident warrants an initial review. The following factors will be considered:
  - a. If true, do the allegations constitute fraud or a substantial violation of AUArts' Policies or Procedures?
  - b. Is the information provided specific enough to be investigated?
  - c. Does AUArts have the authority or jurisdiction to investigate the allegation?
  - d. Does the allegation include or point to corroborating evidence that can give the allegation credibility?
- 2.3 If the criteria in section 2.2 are unmet, the VPFO, in consultation with the PCEO, EDPC may decline to proceed with a review. Alternative means of addressing the allegation may be considered.
- 2.4 If the criteria in section 2.2 are met, the VPFO will advise the PCEO, and the EDPC of the need to conduct a preliminary review of the reported incident. From this point, it will be determined if reasonable and probable grounds warrant further investigation.
- 2.5 If the preliminary review confirms sufficient cause, the PCEO will be informed of the findings, and the VPFO will undertake a formal investigation. A working group may be convened to support the inquiry, and external specialists may be retained to augment the investigation.

- 2.6 Upon the completion of the preliminary review (as described in section 2.4), if the findings indicate sufficient cause for concern, the VPFO will immediately inform the PCEO. If the formal investigation (as outlined in section 2.5) uncovers significant findings that could materially impact the University, the PCEO will inform the Chair of the Board's Finance and Audit (F&A) Committee. In cases where the investigation involves senior leadership or poses substantial risk to the University, the Board (F&A) may be notified at the discretion of the PCEO, in consultation with the VPFO.
- 2.7 The following principles will apply to all elements of the formal investigation:
- a. The legal rights of employees suspected of improprieties will be respected.
  - b. All parties to an investigation shall be treated fairly and in compliance with collective agreements and relevant legislation.
  - c. Requests for confidentiality by those required to participate in an investigation will be honoured to the extent reasonably and legally possible.
  - d. Participants are entitled to protection from retaliation for having participated in an investigation.
- 2.8 If fraud is deemed probable based on the preliminary review results, individuals or parties suspected of impropriety will generally be suspended or placed on leave, with or without pay, pending investigation.
- 2.9 The VPFO will report the formal investigation results to the PCEO. This report will include recommendations for improvements in internal controls to help prevent and detect similar events in the future.
- 2.10 In consultation with the VPFO, the PCEO will determine if the report, in whole or in part, is to be disseminated to members of the Cabinet, the F&A, the Board of Governors, or other parties.
- 2.11 The PCEO, in consultation with the VPFO, EDPC, and legal counsel, will make any decision to refer the investigation results to law enforcement.
- 2.12 Disciplinary action required due to an investigation under this procedure will adhere to the applicable collective agreement. Should it be warranted, the EDPC, with guidance from legal counsel, and in consultation with Communications, will facilitate disseminating information to the respective employee association or union representative body regarding matters arising from the investigation.
- 2.13 If an allegation or complaint cannot, for any reason, be satisfactorily examined and dealt with through these procedures, the PCEO has final responsibility for determining an alternate approach in responding to the matter raised.
- 2.14 An employee or student found to have made a frivolous, vexatious, or bad faith allegation of fraud or financial irregularity may be subject to disciplinary action.

### **3. CONFIDENTIALITY**

- 3.1 Disclosure of suspected fraud or irregularity may be made in confidence. However, confidentiality is subject to the Freedom of Information and Privacy Protection Act and other legislation protecting individual rights, which may require disclosure to the affected parties.
- 3.2 All individuals involved in a fraud or irregularity investigation must maintain strict confidentiality regarding the details and outcomes of the investigation.

Disclosure of such information is limited to University officers and staff with a legitimate need to know to fulfill their professional duties and responsibilities.

#### 4. REPORT CONTENT

- 4.1 Reports of suspected fraud or irregularity will be documented in writing and should be as specific as possible and should include the following:
- a. Detailed description of the incident and nature of the suspected impropriety.
  - b. Contain the name of the person(s) believed to have engaged in the impropriety.
  - c. Note the location /organizational unit where the incident occurred.
  - d. Outline the dates of the incidents, if known.
  - e. Indicate whether management was previously aware of the concern.
  - f. Outline how the concern came to light.
  - g. Point to any documentation that may support the allegation.
  - h. Contact information unless the allegation is anonymous.

#### E. DEFINITIONS

- Fraud:** Deliberate deception, misrepresentation, or concealment of fact to secure advantage, benefit, gain, or to cause loss to another.  
Examples include, but are not limited to:
- misrepresentation of material facts
  - giving or receiving any form of unauthorized benefit, such as bribery
  - undeclared conflict of interest
  - theft of money or property
  - theft of intellectual property
  - theft of identity
  - breach of fiduciary duty or obligation of confidentiality
  - statutory offences receiving or authorizing compensation for goods or services not received or delivered
  - forgery, falsification, or alteration of any finance-related documents or records
  - deviations or violations from standards contained in AUArts policies and procedures
  - concealment of material facts or the aforementioned fraudulent activities
- Irregularity:** An activity or a potential activity that deliberately disregards University policies or procedures and includes concerns regarding inappropriate accounting or disclosures impacting the financial stewardship role of the University in the use or deployment of University resources.

**Disciplinary Action:** Legal and, or disciplinary action, up to and including termination of employment or appointment, student discipline, or civil and, or criminal proceedings regardless of position, past performance or length of service.

**F. RELATED POLICIES**

- Code of Conduct Policy
- Information Security Policy
- Public Interest Disclosure Policy
- Student Conduct Policy
- Whistle Blower Policy

**G. RELATED LEGISLATION**

- Post-secondary Learning Act
- Alberta Freedom of Information and Protection of Privacy Act
- Public Interest Disclosure Act
- Criminal Code of Canada (Section 380)

**H. RELATED DOCUMENTS**

- Conflict of Interest Procedure
- IT-Acceptable Use Procedure
- Public Interest Disclosure Procedure
- Student Non-Academic Misconduct Procedure

**I. REVISION HISTORY**

<b>Date (mm/dd/yyyy)</b>	<b>Description of Change</b>	<b>Sections</b>	<b>Person who Entered Revision (Position Title)</b>	<b>Person who Authorized Revision (Position Title)</b>
08/15/2024	Revision for clarity and relevance	All sections	VP, Finance and Operations	President and CEO