

## LEBANESE AMERICAN UNIVERSITY FRAUD POLICY

Approved by the Board of Trustees on June 6 & 7, 2003  
Amended by the Board of Trustees on March 9 & 10, 2006

### Definitions:

Fraud is defined as a willful act (s) of deception, and/or misrepresentation, to gain an unjust advantage/benefit, as the intentional perversion of truth, and as the concealment of material fact (s) that results in financial, or otherwise, injury to the person or entity to whom the fact was misrepresented or concealed.

The University considers all forms of Fraud as extremely serious offenses, and is actively committed to preventing, deterring, and eliminating fraud, and/or corrupt conduct, whether committed for the benefit, or to the detriment, of the University, that may be found on its campuses or any other University area.

Furthermore, the University considers any act (s) of fraud or other wrongful acts committed by its officers, staff, and faculty to be reprehensible, and in response will take all necessary disciplinary action it deems appropriate, not limited to immediate dismissal and legal prosecution.

All fraudulent acts are included under this Policy. Such acts include, but are not limited to, the following:

- Inappropriate personal use of University resources.
- Theft of University equipment or goods.
- Falsification of records.
- Forgery or alteration of documents, checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets etc...
- Misrepresentation of information and/or documents.
- Misappropriations of funds, securities, supplies, or any other asset.
- Profiting as a result of insider knowledge of University activities.
- Disclosing confidential or proprietary information to outside parties.
- Seeking anything of material value, or accepting substantial gifts from contractors, vendors, or persons providing services/materials to the University, in violation of LAU's Conflict of Interest Policy.
- Any other similar or related activities.

Whistleblower is defined as an employee who informs a manager, superior, head of entity, and General Counsel about an activity, which that person believes to be fraudulent or dishonest.

### Reporting and Filing Complaints:

University officers, staff, or faculty who have reason to believe that fraud or other wrongful acts have occurred have a responsibility to report such incidents to their immediate supervisor(s).

The supervisor(s) in turn must immediately notify the Vice President concerned, the General Counsel, and the Director of Internal Audit, who will in turn notify the Vice President for Finance when the issue involves finance or may have financial implications. If for any reason a staff or faculty member cannot report concerns to the supervisor because of suspicion by the staff or faculty member that the supervisor is involved in the fraudulent act, then the employee should report it directly to the higher in line and/or the Vice President concerned, or to the General Counsel, or the Director of Internal Audit. In this case, the officer who received the claim directly must immediately notify the other officers mentioned above.

Thereafter, a Fact Finding Committee reporting to the President is formed to include the General Counsel, the Director of Internal Audit, the Vice President for Finance, when the issue involves finance or may have financial implications, the Vice President(s) concerned, and at least two members of the concerned area appointed by the Vice President in consultation with the President. The two persons from the concerned area should not be working within the same area or department as that of the implicated person(s). At no time shall any of the above mentioned officers serve on the Fact Finding Committee if the person(s) implicated reports to these officers directly. In such a case, the President may appoint a replacement at his discretion. This Committee shall report to the President and shall be responsible for conducting fraud inquiries to determine whether evidence of fraudulent activities is substantiated and merits a fraud investigation, or another remedy.

The President may charge the Office of Internal Audit to conduct fraud inquiries. If a fraud inquiry reveals evidence of possible implications or financial losses, then a fraud investigation shall be conducted.

All information received will be thoroughly investigated, in accordance with the University's established policies and procedures, so as to avoid incorrect accusations. Moreover, any, and all, information shall be treated in an extremely confidential manner.

**Resolution of a complaint:**

LAU will respond to all complaints of possible fraud or related dishonest activity and/or corrupt conduct. Prompt investigations will be conducted to include detailed analyses of available records.

If illegal activity is corroborated and proven, LAU will institute disciplinary proceedings against the offending party, which may result in a range of sanctions including but not limited to termination of University affiliation. If the complaint was found to be unsubstantiated, the University may take action as deemed necessary.

The formal University decision shall be taken by the President, upon the recommendation of the Fact Finding Committee, and shall be communicated to the involved parties. Appeals by either party may be initiated as per the applicable LAU Personnel Policy.

*Protection of involved parties:*

The University will use its best effort to protect whistleblowers against retaliation. It will keep the whistleblower's identity confidential unless:

1. The person agrees to be identified or,
2. Identification is necessary to allow the University or law enforcement officials to investigate or respond to the report effectively or,
3. Identification is required by law or,
4. The person accused of Fraud violations is entitled to the information as a matter of legal right in disciplinary proceedings.

University employees may not retaliate against a whistleblower with the intent or effect of affecting the terms of employment.

Whistleblowers who believe that they have been retaliated against may file a written complaint with the head of entity, the General Counsel, and the Director of Internal Audit. If proof of retaliation is evident, a proper remedy for the person harmed and the initiation of disciplinary action, up to and including dismissal, against the retaliating person will take place.

The same rights may apply to a falsely accused person.

Whistleblowers must be cautious to avoid baseless allegations.

**Remedial Actions:**

If a fraud investigation substantiates that a violation has occurred, LAU shall take the following remedial actions, as appropriate:

**A. The Perpetrator is from the LAU Community***1. Recovery of Losses*

Appropriate action shall be taken to recover assets lost as a result of an act of fraud. Full recovery will constitute the value of benefits gained by a perpetrator of fraud, and if appropriate, the cost of investigation, recovery, or other costs.

All reasonable means legally available may be sought to recover losses.

*2. Legal Action*

LAU has the right to initiate court proceedings to recover losses or any other relief legally available.

*3. Disciplinary Action*

Employees found to have committed and/or participated in fraudulent activities or any employee who hindered or obstructed the reporting of a fraud inquiry, may be considered an accessory after the fact, and may be subject to disciplinary action and/or discharge.

Employees discharged under this Policy shall not be re-employed by the University.

B. The Perpetrator is a Third Party

Any party, engaged in any way in activities with LAU, found to have committed and/or participated in fraudulent activities may be subject to legal and/or administrative proceedings the University may deem appropriate to pursue.

Fraud Reports

Copies of the fraud reports shall be distributed at all times to the members of the Fact Finding Committee. Any other party seeking such a report shall obtain the written consent of the President.