

## LEBANESE AMERICAN UNIVERSITY

### FRAUD POLICY

#### Policy:

The University is committed to conducting its activities fairly, honestly and openly, in accordance with relevant laws and legislation, and to the highest standards of integrity. Further, the University is concerned to protect its operations and reputation and its officers, funders, donors, faculty, employees and students from the detriment associated with fraud and other corrupt activity.

The University has no tolerance of fraud committed by any officer, faculty, employee, student or associated persons (such as contractors, independent contractors, external consultants), and aims to reduce instances of fraud perpetrated against the University to the absolute practical minimum. The University will take appropriate action to prevent fraud in respect of its activities. Fraud by University faculty, employees or student members will be treated as a serious disciplinary offence and in response, the University will take all necessary disciplinary action it deems appropriate, up to immediate dismissal and legal prosecution.

All University faculty and employees and especially Administrators and all levels of management have added responsibility for establishing and maintaining proper internal controls to prevent, detect and protect the University from fraudulent activities. 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.

#### Definitions:

Fraud is defined as a willful and intentional act of deception or omission(s), 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, harm of any nature whatsoever 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, faculty, and students 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 and covered by 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, including student grades, certificates, degrees or 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 and plans.
- Disclosing confidential or proprietary information to outside parties.

- Seeking anything of material value, or accepting substantial gifts from contractors, vendors, or persons providing/applying to provide services/materials to the University, and from students and/or their parents, guardians or relatives.
- Any other similar or related activities.

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

#### Reporting and Resolution of Complaints:

University officers, staff, faculty or students who have reason to believe that fraud or other wrongful acts or omissions have occurred have the responsibility to report such incidents to their immediate supervisor(s). The concerned individual should provide a full description of the alleged irregularity, the loss of or potential loss involved, and any evidence that supports the allegations or irregularity and identifies the individual or individuals responsible.

The supervisor(s) in turn must immediately notify the Provost, or the Vice President concerned, or the General Counsel, or the Director of Internal Audit, who will in turn notify the President. . If for any reason a staff or faculty member or student cannot report concerns to the supervisor because of suspicion by the staff or faculty member or student that the supervisor or his department, is involved in the fraudulent act, then that individual, should report it directly to the higher in line and/or the Vice President concerned, or 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 and the President.

Thereafter, upon the President's request, the Director of Internal Audit, will manage the investigation. The President can consider engaging other university units as necessary and in keeping with this Policy. If the Director of Internal Audit determines that the allegation of fraud is credible, he shall notify the Office of the General Counsel and will work closely with it during the consideration and investigation of fraud. Furthermore, the Office of the General Counsel provides advice and directions on the legal aspects of fraud-related investigations and potential prosecutions.

The Office of the General Counsel will conduct fraud investigations involving an employee or employees of the Office of Internal Audit.

The Director of Internal Audit should submit his reports to the President. When an investigation concludes that a fraud has occurred, the Director of Internal Audit must prepare a written summary report and submit it to the President, with the relevant details, the breakdown in control that led to a fraud to occur and how to mitigate that in order to avoid further incidents of fraud in the future.

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.

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 as described above.

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 and shall be communicated to the involved parties. Appeals by the concerned persons may be initiated as per the applicable LAU policies, when and if applicable.

Any individual suspected of fraud may be temporarily suspended (without deduction of pay) pending a full investigation. The suspension of a faculty or staff member or student does not constitute a finding of misconduct against him or her. Any faculty/staff suspended as a result of a suspected fraud will be informed of the reason for the suspension.

Individuals suspended for suspected fraud, and individuals suspended to enable a proper investigation to be carried out, will normally be required to leave University premises immediately and will be denied access to all University's facilities. During the period of any suspension they will not be permitted to return to the premises, to make contact with faculty or staff members or students, or to act on behalf of the University. Any infringement of this requirement may be treated as a disciplinary offence.

#### ***Protection of involved parties and Non-retaliation***

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 is entitled to the information as a matter of legal right in disciplinary proceedings.

University constituents 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. Abuse of process by knowingly making false allegations will be subject to University disciplinary action not limited to immediate dismissal and legal prosecution.

#### **Remedial Actions:**

If an investigation substantiates that a fraud has occurred, the University 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 of whatever nature, or any other relief legally available.

3. *Disciplinary Action*

Individuals found to have committed and/or participated in fraudulent activities or those who hindered or obstructed the reporting of a fraud inquiry, will be subject to disciplinary action not limited to dismissal and legal prosecution. Faculty, staff and students dismissed from the University pursuant to this Policy shall not be permitted to join the University or be employed in any capacity at a further date.

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.

**Confidentiality:**

LAU will make every reasonable effort to keep confidential the identity of anyone reporting a suspected violation, pursuant to the applicable laws and so long as the confidentiality does not prevent the University from pursuing a full and fair investigation in all complaints.

**Records:**

The Office of the General Counsel shall maintain a register of all allegations of fraud that are reported within the University, including those where there was found to be no case to answer.

**Investigation Reports:**

The Director of Internal Audit shall report on all undertaken investigations governed by this Policy in strict confidence to the Audit Committee of the Board of Trustees with the management taken measures pertinent to the investigation at hand.

**Precedence of this Policy:**

Notwithstanding other University Policies, Procedures or otherwise, this Policy prevails and has precedence in relation to its subject matter.

**Effective Date:**

The foregoing Fraud Policy was amended by the Board of Trustees on September 6 & 7, 2018 and is effective as of September 7, 2018. This Policy was adopted on June 6 & 7, 2003 and amended on March 9 & 10, 2006