FRAUD
RESPONSE
ACTION
PLAN
2015
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PLAN FUNDAMENTALS

Purpose

Fraudulent activities typically cause minor to moderate financial impact and harm, but may, in more serious situations, cause significant reputational harm to the institution. The purpose of this Fraud Response Action Plan is to provide guidance on how UVic will respond to the suspicion or detection of fraudulent activities.

This document presents an outline of the nature of fraud, the departments on campus that may be involved in fraud response, and provides detailed guidance for management on what to do if fraud is encountered. Familiarity with, and use of this plan, will protect the interests of the entire university community when fraud occurs or is suspected, and will safeguard individuals where allegations of fraud prove unfounded.

Priorities

The priorities of fraud response on campus are to:

1. Protect the reputation of individuals suspected/accused of fraud until allegations are proven;
2. Safeguard and protect university assets from further loss;
3. Protect the reputation of the university; and

Plan Scope

This plan is intended to provide guidance on the actions to be taken by management who become aware through ongoing management oversight, safe disclosure, or by accident, of any suspected employee perpetrated fraud. The document does not address suspected frauds by external parties such as vendors or contractors.

This plan is intended to address fraud in all of its forms that may be committed by UVic employees. Response actions may vary depending on the nature and extent of the fraud but any occurrence of fraud may result in legal action and criminal or civil charges. Thus each and every occurrence of fraud is taken seriously and follows a formal review and response process.

Although procedurally similar, this plan does not specifically address processes for fraud investigations conducted by Internal Audit arising from safe disclosure reports made to Internal Audit or potential fraudulent situations arising from Internal Audit’s regular line of work.

Authority

Fraud response on campus, specifically the development and maintenance of this plan and associated guidance and policy, operates under the authority of the Vice-President Finance and Operations on behalf of the Board of Governors.

Fraud response to an occurrence of fraud is the responsibility of departmental management of the area where the fraud is detected, with discretionary authority on the extent of legal actions ultimately residing with the Vice President of the department, in consultation with UVic’s General Counsel (if necessary).
FRAUD RESPONSE AT UVIC

Definition of Fraud

In the broadest sense, fraud can encompass any crime for gain that uses *deception* and causes damage. More commonly though, the majority of occupational fraud relates to the misappropriation (theft) of financial or physical assets and the response plan applies only to this definition of fraud.

Appendix A provides an overview of various common types of frauds. For more detailed information on any of these fraud types, or for questions on whether a specific activity falls within the definition of fraud, readers are advised to contact UVic's Internal Audit department.

Fraud Detection

Although percentages differ depending on the presence of a safe disclosure/fraud reporting hotline (as shown in the chart below), the majority (80%) of fraud is detected through tips (from employees, customers,

[Diagram 1: Sources of Fraud Detection]

or vendors), routine internal audits, management review and oversight, and by accident.

*Note:* UVic has a secure Safe Disclosure mechanism via UVic's Internal Audit Department website. [http://web.uvic.ca/inta/about/feedback.html](http://web.uvic.ca/inta/about/feedback.html). This mechanism allows for anonymous disclosure of suspected fraudulent activity and is just one mechanism for contacting Internal Audit in regards to reporting potential fraud.

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Fraud Prevention

The most effective means of addressing fraud within an organization is to prevent fraud before it happens. To understand where opportunities for fraud prevention may exist, it is important to understand the Fraud Triangle. See Appendix B: The Fraud Triangle on page 14.

Principles of Fraud Response

The following principles relate very closely to the priorities identified in the Plan Fundamentals on page 3.

1. UVic takes allegations of fraud seriously.

Fraud has the potential to cause harm to UVic’s finances and reputation, affecting employees (faculty, researchers, and staff), students, vendors, members of the Board of Governors, partner organizations, and members of the public. UVic’s responsibility to these stakeholders includes safeguarding and protecting the university from the loss of assets and from reputational damage. As such, UVic will, without malice, investigate allegations of fraudulent activity and where proven, will take corrective action which may include disciplinary processes up to and including dismissal and/or legal prosecution.

2. UVic has an obligation to protect the reputation of individuals suspected/accused of fraud until allegations are proven.

As noted above, many occurrences of fraud may come from tips, which are a form of allegation. However, until they are proven, allegations remain merely assertions (i.e. the presumption of innocence).

Baseless allegations (without sound evidential basis), even when made in good faith, that turn out to have no factual basis have the potential to be harmful to the reputation of the suspect/accused especially where the individual has been the subject of a formal investigation. If handled improperly, the suspect/accused may then have the potential to pursue legal action against the organization or the individual making the allegations.

Therefore, while UVic takes all fraud allegations seriously, it needs to maintain a high level of confidentiality and discretion in any resulting investigation. This applies to all parties involved in fraud response.

3. UVic has a responsibility for professional conduct in dealing with allegations of fraud and any resulting investigation.

Because of the dual principles noted above, and the potential for referral to law enforcement or courts for legal prosecution, investigations must be handled professionally with due care for the collection and handling of evidence. Pursuing an investigation will involve as few people as possible to protect the suspect/accused, while ensuring that all relevant facts are collected and chain of custody is maintained for evidence to ensure usability in court. Without due professional care, UVic may be at risk of civil suits for wrongful dismissal or reputational damages due to slander or libel.

Fraud Response Teams and Responsibilities on Campus

Responding to the occurrence or allegations of fraud on campus requires a number of different teams. These teams have specific roles, but they bring different skills and strengths together and collaborate to provide an efficient and effective response mechanism.
1. Departmental Line Management

Departmental line management will normally lead and coordinate fraud response efforts. As noted with the section on authority identified in the Plan Fundamentals on page 3, response to an occurrence of fraud is the responsibility of the departmental management of the area where the fraud is detected. Departmental line management may detect the fraud through regular management oversight, may have it brought to their attention by staff members noticing issues, or sometimes by accident.

Regardless of how fraud is detected, management has a responsibility to work with investigators to secure and provide access to evidence, to determine or make recommendations on the potential outcomes of an investigation (e.g. disciplinary action) once fraud has been confirmed, and where applicable, to implement corrective action specific to the fraud as well as additional controls to prevent future fraud.

Note that immediate management may not always be contacted where allegations suggest line management may be involved in the fraud being reported (e.g. from a staff member). In such a case, a higher level of management will normally be involved and responsible for leading and coordinating fraud response efforts.

2. Portfolio Vice President

As also noted within the section on authority identified in the Plan Fundamentals on page 3, discretional authority on the extent of disciplinary or legal actions ultimately resides with the Vice President of the department where the fraud has occurred, often in conjunction with guidance from UVic’s General Counsel. Once fraud has been confirmed, the Vice President may ultimately make the decision on whether legal prosecution will be pursued depending on, amongst other factors, the extent of damage to UVic and the likelihood of a successful prosecution. They may in some cases decide against dismissal due to extenuating circumstances. The portfolio Vice President may also play an oversight role to fraud response efforts and is ultimately responsible for appropriately and in a timely manner communicating with the President about the fraud, including the outcome(s) of any related investigation.

3. Internal Audit

Internal Audit will normally play a support role in fraud response efforts but a lead role in fraud investigation. Internal Audit brings objectivity, independence, and skills and experience in investigating and collecting relevant evidence to determine the facts of a given situation. Internal Audit will determine what factually did or did not occur and often how it occurred, without presumption as to why or, initially, who.

A key benefit of Internal Audit’s involvement is the consideration of the potential for fraud to exist beyond the specific individual currently suspected/accused. Once Internal Audit understands which controls are deficient that allow fraud to be perpetrated, they will look for situations or individuals who might be exploiting such control deficiencies. Internal Audit will also look beyond the immediate suspected fraud to recommend changes to controls to prevent future incidents. In addition, Internal Audit’s involvement serves to help maintain confidentiality and protect both UVic as well as the suspect/accused.

Upon completion of their investigation, Internal Audit may issue communication regarding recommendations for control enhancements. Such recommendations may also be provided to other non-related departments.

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2 Up to and including dismissal and/or legal prosecution

3 Using tools and access to a wide variety of internal resources as appropriate and applicable
that may have susceptibility to similar fraud. The expectation is that all departments to who such communication is addressed will undertake any corrective or preventative action as recommended.

**Note:** Internal Audit is staffed by individuals holding the formal Certified Fraud Examiner\(^4\) designation, generally recognized and allowing for testamentary evidence to be provided to and accepted by the courts. Internal Audit will **not** recommend disciplinary actions (management’s responsibility) or suggest guilt or innocence (the court’s domain), but will act under the premise that court action may be an outcome and thus appropriately preserve evidential integrity.

4. **General Counsel**

General Counsel will normally play a **support** role in fraud response efforts. General Counsel brings knowledge of applicable laws and is critical to pursuing successful legal prosecution. General Counsel will assess and provide advice on the admissibility of evidence, the potential strength of such evidence, possible outcomes of pursuing legal or civil prosecution, and general means of safeguarding UVic’s reputation throughout the process. If the outcome of an investigation is legal prosecution, the involvement of General Counsel is mandatory. If the outcome of an investigation is dismissal, the involvement of General Counsel is recommended to protect against subsequent wrongful dismissal allegations.

In some cases of suspected fraud, it may be appropriate to have Internal Audit’s investigation placed under the direction of General Counsel. This extends solicitor/client privilege to the working papers and evidence collected by Internal Audit and helps to prevent future reputational harm to UVic or the suspect/accused. Pursuing work under General Counsel’s direction does not change the noted responsibilities for departmental line management or Internal Audit.

5. **Human Resources**

Human Resources will normally play a **support** role in fraud response efforts. Human Resources is responsible for employee and labour relations. Depending upon the outcomes and objectives of an investigation, Human Resources may act as the liaison with the Union or directly act on behalf of the suspect/accused helping to ensure fair conduct and that representation is available. Human Resources will be expected to provide advice on potential issues in the collection of evidence or may similarly be expected to aid in the gathering of evidence that is relevant to the investigation. If the outcome of an investigation is disciplinary action, Human Resources’ involvement is mandatory. If the suspect(s)/accused party(s) are members of the faculty, then the AVP Faculty Relations and Academic Administration (AVP-FRAA) will also be involved.

6. **Campus Security Services**

Campus Security Services will normally play a **support** role in the fraud response efforts. Within fraud investigations Campus Security staff may support investigators by providing building access for evidence gathering. Depending upon the outcomes and objectives of an investigation, Campus Security Services may contact and be the initial liaison with external law enforcement.

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\(^4\) From the Association of Certified Fraud Examiners
7. Communications

The Communications department will normally play an ancillary role in the fraud response efforts, depending upon the circumstances surrounding the alleged fraud. Communications will be informed of any fraud and liaise with external stakeholders as needed. Communications will play a major role, representing the institution, where media attention is likely.

8. Other Departments or Individuals as Applicable

Due to the financial nature of most occupational fraud and the associated potential need to review financial controls/documents, the Finance Department is normally consulted, advised or requested to provide support during fraud response efforts. Similarly with many records residing within information systems, University Systems, and/or departmental information systems departments may provide a support role in terms of providing investigators access to network shares or core applications. Upon conclusion of the investigation and where financial loss has occurred, the Risk Analyst may prepare and submit an insurance claim to recoup losses. Other departments may be involved depending on the specific nature of the alleged fraud and the ensuing investigation.

Other Involved Parties

A small number of individuals who are not part of a formal response team may also be interviewed (by Internal Audit) as part of an investigation and fact finding/evidence gathering. This may include individual(s) or party(s) making the allegations, individual(s) or party(s) who may possess knowledge specific to the investigation, and at some point, the suspect(s)/accused may be interviewed. Such individuals will otherwise not be directly involved with the initial fraud response and investigation.

1. Individual(s) or Parties Making the Allegation

Where possible, the individual(s) or party(s) making the allegation will be interviewed with a focus on gathering factual evidence relating to the circumstances and events surrounding the allegations.

2. Individual(s) or Parties Having Knowledge of Events

Interviews may be conducted with individual(s) (e.g. co-workers, customers) or key contacts (e.g. vendors) possessing knowledge or evidence directly relating to the alleged fraudulent activity. Such interviewing will also focus on factual evidence gathering related to the circumstances and events surrounding allegations.

3. Suspect(s)/Accused Party(s)

Depending upon the situation, multiple interviews may be conducted with the suspect(s)/accused. Generally initial interviews are intended to determine the fact of how things work and are fairly common in looking for reasonable explanations to operational anomalies (e.g. unusual financial transactions). Later in the investigative process, where sufficient evidence has been gathered that support allegations, final interviews may include the interviewer confirming factual accuracy of evidence gathered.
4. **External Parties**

Depending upon the expected outcomes of fraud response, and subject to evidence supporting the actual existence of fraud, a number of external parties may be involved or informed of the fraud and actions taken. This may include local law enforcement, the provincial courts, union(s) associated with the suspect(s)/accused, external parties impacted by fraud and to whom some form of restitution may be owing, UVic’s insurance provider in the case where a financial insurance claim is warranted, and UVic’s external auditors.
ACTIVATING THE PLAN

As referenced earlier, there are four major ways that employee fraudulent activity is potentially identified. This plan is intended to provide guidance on the actions to be taken by management who become aware of potential fraud through either ongoing management oversight or by accident. Thus, the plan assumes departmental line management’s responsibility for activating this plan. Although procedurally similar, this plan does not specifically address processes for fraud investigations conducted by Internal Audit arising from safe disclosure reports made to Internal Audit or potential fraudulent situations arising from Internal Audit’s regular line of work.

Note: there are occasions where management detects fraudulent activities and immediately has sufficient evidence to confirm fraud has occurred (e.g. videotape of employee theft). While immediate legal action may be possible, management is urged to follow the steps outlined below, especially where there exists the potential for additional individuals or parties for conducting similar fraud, but which may not yet have been detected.

The following steps are graphically depicted in a swim lane flowchart in APPENDIX C: Fraud Response Action Plan Steps Diagram on page 16, and are also included in checklist form in APPENDIX D: Fraud Response Action Plan Checklist on page 17.

1. When **Departmental line management** detects potentially fraudulent activities either through direct management oversight and detection of anomalies, through safe disclosure of a staff member (a tip), or through notification by a third party, they should:
   a. Immediately notify **Internal Audit** and arrange to meet to discuss the launch of an investigation.
   b. Immediately notify their chain of command up to and including the **Portfolio Vice President**, taking care to confirm specifically whether:
      i. There is suspicion of fraud.
      ii. There is evidence/confirmation of fraud.

2. Where there is immediate and clear evidence/confirmation of fraud having occurred, prior to disciplinary action being taken, **departmental line management** should:
   a. In conjunction with **Human Resources/AVP Faculty Relations and Academic Administration**, consider either suspending (with or without pay) or reassigning the accused pending the outcome of a formal investigation. This prevents or reduces further financial loss while allowing **Internal Audit** to conduct an investigation into the extent of loss and to potentially determine if similar fraud is occurring elsewhere in the department or on campus.

3. Where there is suspicion or allegation of potential fraud **Internal Audit** will perform initial fact finding to determine if evidence is sufficient to warrant a full investigation and to set the scope for such investigation. **Internal Audit** may:
   a. Determine through fact finding that an investigation is not warranted and defer further action to management.
   b. Recommend involvement of **General Counsel, Human Resources/AVP Faculty Relations and Academic Administration**, and/or **Campus Security Services** to aide in an investigation, and/or to safeguard the suspect(s)/accused’s reputation.
c. Establish a broader scope and recommend involvement of additional resources if collusion is suspected or if there is potential for similar fraudulent activities across campus.

4. Where an investigation is warranted **Internal Audit** will:
   a. Proceed to confidentially gather evidence specific to allegations. This may consist of, but is not limited to, financial documents, systems logs, application data, and details on any associated controls and their efficacy.
   b. Involve or recommend the involvement of **General Counsel** and **Human Resources/AVP Faculty Relations and Academic Administration** when appropriate.
   c. Schedule confidential interviews with the individual(s) or party(s) who made the allegations and any individual(s) (e.g. co-workers, customers) or third parties (e.g. vendors) possessing key knowledge or evidence directly relating to the alleged fraudulent activity.
   d. Undertake the investigation under direction from **General Counsel**, requesting solicitor/client privilege where wrongful allegations may result in reputational harm to the university or the suspect(s)/accused.

5. Where an investigation has resulted in sufficient evidence proving that fraudulent activity has occurred, **Internal Audit**, possibly in consultation and collaboration with **Human Resources/AVP Faculty Relations and Academic Administration** and **General Counsel**, will:
   a. Schedule interviews with the suspect(s)/accused to:
      i. Initially seek explanations and supporting facts around existing evidence.
      ii. Later seek a written admission of action, knowledge, and intent.\(^5\)
      iii. Query whether other individual(s) or party(s) may also be involved or if the suspect(s)/accused has knowledge of similar fraud occurring elsewhere in the department or on campus. This may lead to continued work past any immediate actions taken against the accused.

6. Where an investigation has not resulted in sufficient evidence proving that fraudulent activity has occurred, **Internal Audit** will provide a brief report of findings, possibly including recommendations for strengthened controls, and defer further action to management.

7. Upon conclusion of an investigation and where there is clear evidence of fraud having occurred:
   a. **Internal Audit** will:
      i. Provide a detailed report of the investigation to either **General Counsel** (where solicitor\client privilege has been invoked) or to **departmental line management**, the **Portfolio Vice President**, and the **Vice President Finance and Operations**.
      ii. Provide a detailed report of the investigation at the next scheduled meeting of the Audit Committee of the Board of Governors, except where solicitor\client privilege has been invoked in which case only limited information may be provided to the Audit Committee by **General Counsel**.
      iii. Provide recommendations for improvements to any control deficiencies where similar fraud could be perpetrated in the future.

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5 Note that Certified Fraud Examiners do not seek an admission of “guilt”. Guilt or its absence is a decision made by the court. Certified Fraud Examiners seek to gain an admission of factual evidence which may be a confession of actions undertaken by the suspect(s)/accused.
b. **Departmental line management** will:
   i. Report on the extent of harm and damage suffered by the university or other parties (e.g. financial losses) to the **Portfolio Vice President**.
   ii. Provide the chain of command, including to the **Portfolio Vice President**, with recommendations on disciplinary action. This ensures that the **Portfolio Vice President** is aware should any questions arise, and provides the opportunity for the **Portfolio Vice President** to confirm/approve management’s course of action.
   iii. Contact **Human Resources/AVP Faculty Relations and Academic Administration** to provide guidance and support in liaising with unions or other external agencies where there is an intent to proceed with any disciplinary action.
   iv. Contact **General Counsel** to ensure that the evidence is sufficient to protect UVic from risk of civil litigation that may be launched by the accused (e.g. wrongful dismissal) or where there is an intent to proceed with legal prosecution against the accused.
   v. Contact **Campus Security Services** to provide guidance and support with liaising with external law enforcement where there is an intent to proceed with legal prosecution.

c. **Portfolio Vice President** will:
   i. Report on the extent of harm and damage suffered by the university or other parties (e.g. financial losses) and of any corrective actions already taken to the **President**.

8. Subsequent to the delivery of a fraud report from Internal Audit, **departmental line management**, in conjunction with other departments as appropriate, will implement control enhancements to prevent similar fraud from re-occurring.

9. Upon conclusion of the investigation and where financial loss has occurred, the **Risk Analyst** may seek reimbursement for losses suffered via an insurance claim (if applicable).
APPENDIX A: Types of Fraud

The many different types of fraud and fraudulent schemes generally fall under three broad categories, as shown in Diagram 2 below.

*Diagram 2: Occupational Fraud and Abuse Tree*

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6 http://www.acfe.com/uploadedImages/ACFE_Website/Content/images/rttn/2014/fraud-tree-large.jpg
APPENDIX B: The Fraud Triangle

One of the older and more basic concepts in fraud deterrence and detection is the “fraud triangle.” While researching his doctoral thesis in the 1950s, famed criminologist Donald R. Cressey came up with the following hypothesis to explain why people commit fraud. The three key elements in the fraud triangle are opportunity, motivation, and rationalization. Opportunity is the element over which business owners have the most control. Limiting opportunities for fraud is one way an organization can reduce it.

Diagram 3: The Fraud Triangle

The opportunity to commit fraud is possible when employees have access to assets and information that allows them to both commit and conceal fraud. Employees are given access to records and valuables in the ordinary course of their jobs. Unfortunately, that access allows people to commit fraud. Over the years, managers have also become responsible for a wider range of employees and functions. This has led to more access for them, as well as more control over functional areas of companies. Access must be limited to only those systems, information, and assets that are truly necessary for an employee to complete his or her job.

Motivation, another aspect of the fraud triangle, is a pressure or a “need” felt by the person who commits fraud. It might be a real financial or other type of need, such as high medical bills or debts. Or it could be a perceived financial need, such as a person who has a desire for material goods but not the means to get them. Motivators can also be non-financial. There may be high pressure for good results at work or a need to cover up someone’s poor performance. Addictions such as gambling and drugs may also motivate someone to commit fraud.

Lastly, employees may rationalize this behavior by determining that committing fraud is OK for a variety of reasons. For those who are generally dishonest, it’s probably easier to rationalize a fraud. For those with higher moral standards, it’s probably not so easy. They have to convince themselves that fraud is OK with “excuses” for their behavior. Common rationalizations include making up for being “underpaid” or replacing a bonus that was deserved but not received. A thief may convince himself that he is just “borrowing” money from the company and will pay it back one day. Some embezzlers tell themselves that the company doesn’t need the money or won’t miss the assets. Others believe that the company “deserves” to have money stolen because of perceived bad acts against employees.

Business owners and executives must take control of fraud by working on the portion of the fraud triangle over which they have the most control: the opportunity to commit fraud. It may be difficult for management

to do anything about an employee’s motivation or rationalization, but by limiting opportunities for fraud, the company can reduce it to some extent.
APPENDIX C: Fraud Response Action Plan Steps Diagram

Fraud Response Action Plan Steps

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<tr>
<th>Phase</th>
<th>HR, GC, Sec, AVP-FRAA</th>
<th>Portfolio VP</th>
<th>Line Management</th>
<th>Internal Audit</th>
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<td>Notified</td>
<td>Fraud Detected</td>
<td>Notified</td>
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<td>Suspend Accused with HR/AVP-FRAA Support</td>
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<td>Initial Fact Finding, Potentially Involve HR/GC</td>
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<td>Investigation Warranted?</td>
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<td>Optional: Report back to GC</td>
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<td>YES</td>
<td>Investigation, Interviews, May involve GC/HR</td>
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APPENDIX D: Fraud Response Action Plan Checklist

Departmental line management detects potentially fraudulent activities:

☐ Immediately notify Internal Audit and arrange to meet to discuss.
☐ Immediately notify chain of command up to and including Portfolio VP.
  ☐ Identify if there is suspicion of fraud OR evidence/confirmation of fraud.
☐ Where there is clear evidence of fraud, prior to disciplinary action being taken, in conjunction with HR/AVP-FRAA, consider suspending or reassigning the accused.

Internal Audit will perform initial fact finding to:

☐ Determine if evidence is sufficient to warrant a full investigation. Internal Audit may:
  ☐ Determine an investigation is not warranted and defer further action to management.
  ☐ Recommend involvement of General Counsel, HR, and/or Campus Security Services.
  ☐ Establish a broader scope and recommend involvement of additional resources.

Where an investigation is warranted Internal Audit will:

☐ Where practical, confidentially gather evidence specific to allegations.
☐ Involve or recommend involvement of General Counsel and HR/AVP-FRAA if appropriate.
☐ Work under direction from General Counsel (solicitor/client privilege) where appropriate.
☐ Conduct confidential interviews with relevant individual(s) or party(s).
☐ Schedule interviews with the suspect(s)/accused as required.
☐ Where fraudulent activity is not confirmed, provide a brief report of findings, possibly including recommendations for strengthened controls, and defer further action to management.

Upon conclusion of an investigation and where there is clear evidence of fraud having occurred:

☐ Internal Audit will provide:
  ☐ A detailed report to General Counsel or Management.
  ☐ A detailed report to the Audit Committee of the Board of Governors (as appropriate).
  ☐ Recommendations for addressing control deficiencies to prevent future fraud.

☐ Departmental line management will:
  ☐ Report to Portfolio VP on the extent of harm and damage.
  ☐ Recommend disciplinary action to chain of command up to and including the Portfolio VP.
  ☐ Contact HR/AVP-FRAA for guidance and support in liaising with unions or other external agencies where there is an intent to proceed with any disciplinary action.
  ☐ Contact Campus Security Services to provide guidance and support with liaising with external law enforcement where there is an intent to proceed with legal prosecution.
  ☐ Contact General Counsel to ensure evidence is sufficient to protect UVic from risk of civil litigation that may be launched by the accused or where there is an intent to proceed with legal prosecution against the accused.

Subsequent to the delivery of a fraud report from Internal Audit,

☐ Departmental line management, will lead the implementation of control enhancements.

Upon conclusion of the investigation and where financial loss has occurred,

☐ Risk Analyst may seek reimbursement for losses suffered via an insurance claim.
APPENDIX E: Policies

There are a number of policies and procedures that help to outline management’s expectations for fiduciary responsibility amongst employees. Below are key policies and a short summary of their purpose and relevance to fraud prevention, detection and response. This is not an exhaustive list as any policy relating to financial matters (e.g. procurement, expenditure) relates to fiduciary care and the potential for fraud. The full polices can be found online at: http://web.uvic.ca/univsec/pol_pro/index.html

**GV0210 Conflict of Interest and Confidentiality**

The purpose of this policy is to promote transparency, reduce the incidence and impact of conflicts of interest and provide for visibility and consistent application of measures to prevent and deal with conflicts of interest. Its relevance is based on potential financial gain through an undisclosed conflict of interest. http://www.uvic.ca/universitysecretary/assets/docs/policies/GV0210_1310_.pdf

Note that the above policy does not currently apply to employees of the university whose terms and conditions are governed by the Framework Agreement. However, Section 69.0 of the existing framework agreement has similar requirements relating to conflict of interest.

**GV0215 Policy on Intellectual Property**

The purpose of this policy is to promote a supportive climate for the development of Intellectual Property (IP) and the provision of services based on mutually beneficial partnerships that respect the interests of researchers and creators, the University, and the wider community. Its relevance is based on the fraudulent theft of IP. http://www.uvic.ca/universitysecretary/assets/docs/policies/GV0215_1180_.pdf

Note that the above policy is also included as APPENDIX D in the current Framework Agreement.

**GV0220 Policy on Internal Audit**

This policy defines the activity charter for the Internal Audit Department. Section 7.j defines Internal Audit’s responsibility to assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the Audit Committee of results. http://www.uvic.ca/universitysecretary/assets/docs/policies/GV0220_1190_.pdf

**GV0225 Risk Management Policy**

The main purpose of this policy is to provide direction to members of the university community on a coordinated approach to identify, analyze, evaluate and treat potential risks. Its relevance is based on protecting the university from financial and reputational harm, both direct results of fraudulent activities. http://www.uvic.ca/universitysecretary/assets/docs/policies/GV0225_1140_.pdf

**GV0710 Chairs of Departments and Directors of Schools**

This policy outlines the role of the Chair, which includes primary responsibility for all administrative decisions within the Chair’s jurisdiction. Its relevance is in identifying the chairs responsibility as a potential departmental line manager in any fraud response. http://www.uvic.ca/universitysecretary/assets/docs/policies/GV0710_1020_.pdf
GV0715 Duties and Responsibilities of Directors of Research Centres

This policy outlines the university expectations that the research centre Director will be capable of managing effectively and efficiently the research program and administrative affairs of the research centre. Its relevance is in identifying the Director’s responsibility as a potential departmental line manager in any fraud response.  

[http://www.uvic.ca/universitysecretary/assets/docs/policies/GV0715_1069_.pdf]

Administration Policies

Most policies in the AD2100 – AD2530 range contain provisions for procurement of services and thus apply to financial matters (e.g. procurement, expenditure) which relate to fiduciary care and the potential for fraud. Their relevance are based on the broad fraud risk categories of Corruption and Asset Misappropriation as shown in the Diagram 2: Occupational Fraud and Abuse Tree on page 13.

ER4105 Fundraising and Gift Acceptance

The purpose of this policy is to set out the provisions that govern fundraising and gift acceptance activities at the university. Its relevance is based on judgement of decision making that may be influenced through providing or accepting gifts and relates to the broad fraud risk categories of Corruption and Asset Misappropriation as shown in the Diagram 2: Occupational Fraud and Abuse Tree on page 13.  

[http://www.uvic.ca/universitysecretary/assets/docs/policies/ER4105.pdf]

Financial Management Policies

All policies in the FM5100 – FM5600 range contain provisions for the procurement of services or management and oversight of budgets, accounts, payroll, expenditures, etc. thus applying to financial matters which relate to fiduciary care and the potential for fraud. Their relevance are based on the broad fraud risk categories of Corruption and Asset Misappropriation as shown in the Diagram 2: Occupational Fraud and Abuse Tree on page 13.

HR6200 Conflict of Interest in Employment Practices

The purpose of this policy is to outline the precautions to be taken to guard against favoritism in hiring. Its relevance is based on potential financial or non-financial gain through an undisclosed conflict of interest or from reputation risk arising from such conflict of interest.  

[http://www.uvic.ca/universitysecretary/assets/docs/policies/HR6200_1330_.pdf]

Note that the above policy does not currently apply to employees of the university whose terms and conditions are governed by the Framework Agreement. However, Section 69.0 of the existing framework agreement has similar requirements relating to conflict of interest.

HR6305 Employment under Externally Funded Grants and Contracts

This purpose of this policy is to provide guidelines for the use of grant funds to employ personnel under the provisions of the applicable grants. Its relevance is based on potential financial or non-financial gain through activities under the broad fraud risk categories of Corruption and Asset Misappropriation as shown in the Diagram 2: Occupational Fraud and Abuse Tree on page 13, and from reputation risk arising from such activities.  

[http://www.uvic.ca/universitysecretary/assets/docs/policies/HR6305_1470_.pdf]
Human Resources Policies

Additional policies (including but not limited to HR6400, HR6410, HR6415, HR6420, and HR6500) contain provisions for the procurement of services or reimbursement of expenses and thus apply to financial matters which relate to fiduciary care and the potential for fraud. Their relevance are based on the broad fraud risk categories of Corruption and Asset Misappropriation as shown in the Diagram 2: Occupational Fraud and Abuse Tree on page 13.

Information Management Polices

Most policies in the IM7200 – IM7800 range contain guidelines for acceptable use of, and protection of, the UVic’s information assets, including in some areas the procurement of services or assets. Their relevance comes from three fronts with the first being those related to procurement and financial fraud. The other two are unique in that information resources may be used as tools by an individual engaging in fraud (e.g. the use of e-mail systems to perpetrate fraud through attempting to ‘scam’ or ‘con’ others) or using information systems to manipulate or conceal fraudulent activities. Information Resources can be a factor in all fraud risk categories shown in the Diagram 2: Occupational Fraud and Abuse Tree on page 13.

Research Management Polices

Policies in the RH8100 - RH8300 range contain provisions relating to IP (RH810, RH8105, RH8110), financial management (RH8200, RH8205) or administrative responsibility (RH8300). Their relevance is based on the fraudulent theft of IP, the potential for procurement and financial fraud, and research centre Director responsibility for leading or participating in the fraud response process.