

THE UNIVERSITY OF THE WEST INDIES
MONA CAMPUS

ANTI-FRAUD GUIDELINES

MANAGEMENT AUDIT DEPARTMENT

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ANTI-FRAUD GUIDELINES

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1.0 Introduction

The University of the West Indies values the integrity of its staff and recognises that they have a key role to play in the prevention, detection and reporting of fraud. All members of staff should therefore be vigilant at all times and report any concerns they may have in a timely manner. The University is committed to creating and maintaining an honest and open working environment where staff members are confident to raise their concerns without fear of reprisal.

These guidelines have been established as part of the Mona Campus' system of controls that will aid in the detection and prevention of fraud. It is the intention of the Mona Campus to promote consistent departmental procedures by providing guidelines on procedures to be followed when fraud is suspected and the action that should be taken by the management of the Mona Campus.

All reported cases of fraud or impropriety will be investigated. In accordance with the Financial Code, disciplinary or legal action will be considered against any individual or group who perpetrates any act constituting fraud against the University, or any of its stakeholders, customers or vendors. Additionally, all necessary steps will be taken to recover any losses incurred.

2.0 Scope of Guidelines

These guidelines apply to all forms of fraudulent behaviour, or suspected fraudulent behaviour, involving members of staff and/or any other related parties. They are intended to provide direction and to help staff members who find themselves having to deal with suspected cases of fraud or other impropriety.

The guidelines are not intended to provide a comprehensive approach to preventing and detecting fraud. They however provide a framework for responding to such cases of fraud or information on various aspects and implications of an investigation. The overall aims of the guidelines are to:

1. improve the knowledge and understanding of all staff, of the potential risks of fraud;
2. set out responsibilities regarding the prevention, detection, reporting and investigation of fraud; and
3. assist in creating an environment where staff members can raise concerns responsibly and without fear of reprisal.

3.0 Actions Constituting Fraud

Fraud occurs where an employee uses his/her position for personal enrichment through the misuse or misapplication of the resources or the assets of the University. In this context, actions constituting fraudulent behaviour include, but are not limited to:

- Forgery or alteration of documents belonging to the University (cheques, time sheets, independent contractor agreements, purchase orders, budgets, etc.);
- Misrepresentation of information on documents;
- Misappropriations of funds, securities, supplies, or any other asset;
- Theft or destruction of any asset;
- Improprieties in the handling or reporting of financial transactions;
- Authorizing or receiving payments for goods not received or services not performed;
- Authorizing or receiving payment for hours not worked;
- Offering or taking of inducements, gifts or favours which may influence the action of any person;
- Unauthorized disclosure or manipulation of sensitive information;
- Exploitation of information as a result of insider knowledge of the University and customer activities, for the purpose of personal gain, or with intent to cause loss to another.

4.0 Areas/Operations At The Mona Campus Where Risks May Be Particularly High

These include:

- the procurement process;
- handling cash, invoices, receipts;
- expense claims;
- payroll, including the claiming of overtime hours;
- managing of external contracts;
- handling sensitive information; and
- overseeing high-volume, high-value or high-risk assets.

5.0 Responsibilities

5.1 *Mona Campus Administration*

The Mona Campus has a duty to:

- develop and maintain effective controls to prevent fraud and to ensure that if it does occur, it will be detected promptly;
- carry out a vigorous and prompt investigation, if fraud does occur;
- take appropriate legal and/or disciplinary action in all cases where that would be justified;
- ensure that any necessary changes to systems and procedures take place immediately to prevent similar frauds from recurring; and
- inform the police, depending on the nature of the problem.

The Mona Campus also has a duty to ensure that its environment is a secure place in which to work and one where persons are confident to raise concerns without fear of reprisal. This extends to ensuring that members of staff feel protected when carrying out their official duties and are not placed in a vulnerable position. Where members of staff have concerns about any procedures or processes in which they are asked to be involved, the Mona Campus has a duty to ensure that those concerns are listened to and addressed.

5.2 *Deans/Heads of Departments*

Deans and Heads of Departments should be familiar with the potential types of improprieties that might occur in their areas of responsibility and be alert for any indication that such impropriety exists. Deans and Heads of Departments have a responsibility to:

- ensure that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively; (**See Appendix I - Guidelines to Prevent and Reduce the Risk of Fraudulent Actions**)
- be aware of the University's rules and guidelines covering financial impropriety in general and the areas that pose a high risk for fraud;
- thoroughly familiarize themselves with the recently issued **Revised Financial Code February 2008** and the related **Financial Procedures and Guidelines** which are due to be issued shortly, and ensure that their staff do likewise; and

- upon notification by a member of staff of suspected fraudulent behaviour, take the responsibility to notify the Campus Principal, the Campus Bursar and the Campus Management Auditor immediately. **(See Revised Financial Code February 2008, Chapter 6 (2) & Appendix II - Actions to be Taken When Fraud is Suspected or Occurs)**

5.3 Members of Staff

Through their day-to-day work, members of staff are in the best position to recognise any specific risks within their own area of responsibility. Members of staff therefore have a duty to ensure that these risks are identified and that procedures are in effect to eliminate or mitigate them.

6.0 Management Audit Department's Role

Management Audit has the responsibility to investigate all situations involving possible fraud or related dishonest activity brought to its attention. The auditors shall have full and unrestricted access to all necessary records and personnel. All University furniture and contents, including desks and computers, are open to inspection where there is reasonable suspicion of a dishonest or fraudulent activity which makes such inspection appropriate. There is no assumption of privacy. **(See Revised Financial Code February 2008, Chapter 14)**

Individuals have the right to contact Management Audit directly whenever a dishonest or fraudulent activity is suspected. If warranted, a prompt investigation will be conducted. The audit investigation will require the full cooperation of the departmental personnel.

For every investigation, the Management Audit Department will prepare a comprehensive report and then:

1. shall submit a comprehensive report of each loss to the Principal detailing:
 - the nature and extent of the loss,
 - the errors or the neglect in following the provisions of the Financial Code and the Financial Procedures and Guidelines which contributed to the loss, and
 - the persons responsible for the loss, and the prospects for effecting a recovery of the loss. **(See Revised Financial Code, February 2008, Chapter 6 (4))**
2. shall notify the Campus Audit Committee.

7.0 Accounting for Loss, Restitution, and Recovery

Every officer and member of staff of the Campus shall be held personally responsible for any loss sustained by the University through fraud or negligence (including overpayments) on the officer or member's part. The officer or member shall also be held responsible for any loss arising from fraud or negligence on the part of any subordinate officer/employee, to the extent to which it may be shown that the officer or member contributed to the loss by his/her own action or negligence. **(See Revised Financial Code, February 2008, Chapter 6 (1))**

The Department incurring the loss from a dishonest or fraudulent act will normally suffer the loss until the monies can be recovered through restitution. Every effort should be made to effect recovery of University losses.

The Bursary should transfer any amounts deemed to be misappropriated to a special expense line in the department's account, so as to give a true and fair view of the transactions for the period. As amounts are recovered, the Department's account should be credited with any amounts collected.

Losses shall be written off only with the approval of the competent sanctioning authority. **(See Revised Financial Code, February 2008, Chapter 6 (7))**

Guidelines to Prevent and Reduce the Risk of Fraudulent Actions

Principal Budget Holders/Budget Holders must be aware of and implement these common internal control measures:

PAYMENTS

1. Do not allow any one person to have the power to initiate and approve a transaction from start to finish.
2. Review and sign all documentation presented for payment before the payment is made.
3. All documents (invoices and other supporting documents) must be stamped '**PAID**' after payment is made, to avoid any duplication.
4. Do not give subordinates the delegated authority to approve major payments. Set a limit for signing authority by such officers.

CHEQUES AND PROCUREMENT DOCUMENTS

5. Do not sign while blank, cheques or other documents such as purchase requisitions and purchase orders that can be subsequently altered.
6. Signature stamps must be secured and the use of the stamp by any subordinate should be monitored.

CASH

7. Pre-numbered receipts should be used whenever cash is collected.
8. An officer independent of the cash collection process should reconcile the receipts with the cash collected at the end of each day before lodgement.
9. Cash must be securely stored until deposited.
10. All cash and cash equivalents should be lodged intact at the Bank/Bursary no later than the following working day.

EXPENSE CLAIMS

11. Travel claims should be carefully scrutinized for:
 - inflated mileage;
 - meals that were provided as a part of the Conference/Seminar attended; or
 - trips not taken.

NB: Advise staff, before the trip is taken, that the necessary supporting evidence (airline ticket stub, invoice for accommodation, taxi receipts, etc) will be requested on their return.

APPENDIX I (cont'd)

12. Timesheets for overtime claims must be carefully reviewed for exaggerated hours.
13. Once approved, do not return documents to claimants. An independent bearer must be used to deliver the claims to the Bursary.

BANNER ACCESS

14. Before giving Banner access to subordinates, it is important to emphasise that passwords should be kept confidential by each individual, as he/she is now an accountable officer and can be held liable if any impropriety arises.
15. Under no circumstances should Principal Budget Holders/Budget Holders disclose their passwords to subordinates.
16. Whenever the status of an accountable officer changes (for example, an officer can be promoted, transferred or his/her services terminated) this should be communicated to the Bursary in a timely manner so that unauthorised transactions are not approved.
17. Review Banner Reports monthly/quarterly by either getting a print-out from the Bursary or by viewing the Department's/Unit's accounts online and comparing the figures against budget.
18. A review should also be conducted of all transactions that transpired while the Budget Holder was absent from duty, and another officer was acting as Budget Holder.

DEPARTMENTAL INDEPENDENT BANK ACCOUNTS

19. All Departmental funds (including projects) should be administered by the Bursary.
20. No independent bank account should be opened without the necessary approval of the Campus Finance and General Purposes Committee. Any existing unauthorised bank account should be closed.
21. Where authorised bank accounts are held, proper accounting procedures must be put in place. Monthly Bank Reconciliations and Financial Statements should be prepared from all recorded transactions.
22. All transactions must be recorded and supporting documentation maintained for audit purposes.
23. Copies of the bank reconciliation and financial statements should be sent to the Bursary; at least on a quarterly basis.

Actions to be Taken When Fraud is Suspected or Occurs

1. A member of staff who discovers or suspects fraudulent activity should report the matter immediately to his/her Head of Department who will then report the matter to the Campus Principal, the Campus Management Auditor and the Campus Bursar. **(See Revised Financial Code February 2008, Chapter 6 (2)).**
2. Members of staff should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.
3. Great care must be taken in the investigation of suspected fraud or other offense so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Members of staff should not discuss the case, facts, suspicions or allegations with anyone outside the Mona Campus. Also, they should not discuss the case with anyone other than members of staff who are required to know, such as the Management Audit Department or the Legal Unit.
4. Investigation results should not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the University from potential civil liability.
5. Any individual found to have engaged in fraudulent activity will be subject to disciplinary action, which may include dismissal and/or prosecution by the appropriate authorities. The University is committed to investigating all reported cases of fraud in order that appropriate action can be taken. **(See Revised Financial Code, February 2008, Chapter 6 (5))**
6. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Mona Campus.