



Fraud Bulletin #1 – What is fraud.

It's important to understand what fraud is, and what it is not.

Fraud is:

- A crime.
- *A knowing misrepresentation of the truth or concealment.*
- The deliberate theft, misuse, or misapplication of an organization's assets or resources for personal gain.

Fraud is not:

- An error that someone made or something that accidentally occurred.

There are three types of occupational fraud:

Asset Misappropriation: occurs when an employee steals or misuses university resources. This could be anything from stealing petty cash, padding expense reports or using their Pcard to buy things for personal use that have no university business-related purpose.

Corruption: typically occurs when an employee misuses influence in business transactions and violates their duty to their employer to obtain a benefit, whether direct or indirect. Examples of corruption include conflicts of interest and bribery.

Financial Statement Fraud: occurs when an employee intentionally causes misstatement or omissions of material information in the organization's financial statements. Although many people think that this is less likely to happen at a publicly funded institute, it is still a risk.

Note: Although not necessarily categorized as occupational fraud, it should be noted, that not all frauds are perpetrated by someone internal to the university, but also by someone external.

Here are some examples of frauds that are commonly committed:

- Claiming overtime for hours not worked.
- Filing fraudulent expense claims.
- Tampering with university cheques.
- Adding "ghost" employees to the payroll.
- Faking or manipulating academic records to get a job.
- Social engineering fraud and other information technology frauds.

Impacts of fraud:

- Financial loss
- Reputational damage
- Increase in costs related to fraud investigation
- Lowered employee morale and lost productivity
- Damaged credit - even the university needs to have a good credit rating

These lists are not all inclusive but rather, provide a general idea of the types of fraud that can occur and effects they can have.

What to do if you suspect a fraud

You can report a suspected fraud to:

- Your supervisor, director, chair or dean
- Any member of senior administration
- Internal Audit Services

Or you can contact the University's Whistleblower Hotline, ConfidenceLine

Toll-free at 1-800-661-9675 or online at MacEwan.ConfidenceLine.net

See the IAS website for more information

<https://www.macewan.ca/wcm/ExecutiveandGovernance/OfficeofGeneralCounsel/InternalAuditServices/index.htm>

Stay tuned for next week's fraud bulletin where you'll learn more about fraud detection and red flags.