



# **Corruption Risk Management Policy and Procedure**

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## CORRUPTION RISK MANAGEMENT POLICY AND PROCEDURES

### 1. STATEMENT

This Policy and Procedures outlines City University Malaysia (CITYU) approach to the prevention, identification, and reporting of potential and actual instances of fraud, bribery and corruption. The policy is based issued pursuant to the subsection (5) of section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694).

This policy ensures that all CITYU staff, contractors, consultants, suppliers of labour are aware that the University has no tolerance for fraud or corrupt conduct.

#### CITYU Corruption Risk Management Framework

PLANNING & RESOURCING	PREVENTION	DETECTION	RESPONSE
<ul style="list-style-type: none"> <li>• Fraud &amp; Corruption Prevention Framework</li> <li>• Responsibility Structures</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud and Corruption Risk Assessment</li> <li>• Employee Awareness</li> <li>• Customer, Community, and Third Party Awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Notification Systems</li> <li>• External Notification Systems</li> <li>• Detection Systems</li> </ul>	<ul style="list-style-type: none"> <li>• Investigation Systems</li> <li>• Conduct &amp; Disciplinary Systems</li> </ul>

### 2. SCOPE

This policy and procedures apply to all CITYU staff, contractors, consultants, and suppliers of labour. This policy and procedures should be adopted and applied by the University's controlled entities and associated entities where possible.

### 3. SUMMARY

The following table summarizes how the Framework will work in practice.

Item	Topic	Key Points
1	Fraud, Bribery and Corruption Control	The policy governs fraud, bribery, and corruption prevention, detection and response in the University's operation, including those of its related entities.
2	Responsibility Structure	Outlines the responsibilities of all staff, contractors, consultants, and suppliers of labour in the prevention, detection and reporting of fraud, bribery, and corruption.

Item	Topic	Key Points
3	Prevention	All staff, contractors, consultants, and suppliers of labour must adhere to the University's policies outlining ethical standards.
4	Awareness	All staff, contractors, consultants, and suppliers of labour must be made aware of the University policies that prescribe behaviour standards.
5	Notification and Detection	Staff, contractors, consultants and suppliers of labour reporting requirements. Whistleblower will be protected from any form of reprisal and/or prejudice in employment.
6	Investigation Systems	All complaints of alleged fraud, bribery and corruption are overseen by the Office of Chief Executive Officer and outcomes reported to the Office of the University Secretary who may refer matters externally for further investigations (e.g. SPRM, PDRM).  Human Resources Department would perform investigations for staff related matters.
7	Conduct and Disciplinary	Fraud or corrupt conduct by staff, contractors, consultants, and suppliers of labour will result in disciplinary action.
8	University Policies and Procedures	The policies and procedures with which staff, contractors, consultants, and suppliers of labour should familiarise themselves to avoid inadvertent instances of fraud and corruption.
9	Relevant Legislation and Policies	Lists the relevant legislation and sector policies which also govern employees, contractors, consultants and suppliers of labour.

#### 4. OBJECTIVES

- To confirm the commitment of the University to good corporate governance to realise its mission and strategic goals through maintaining a fraud, bribery and corruption prevention culture and related initiatives.
- To prevent and detect fraud and corruption across all areas of the CITYU's operations, including those of its related entities.
- To ensure that management is aware of its responsibilities for establishing controls and procedures for the prevention and detection of fraud and corruption.
- To ensure staff are aware of the University's expectation that they will refrain from corrupt conduct, fraudulent activities, and maladministration.
- To encourage employees to report matters that they suspect may concern fraud and corrupt conduct.
- To provide assurances to staff, students, and the wider community that any suspected fraud and corruption will be fully investigated, and sanctions imposed.

#### 5. DEFINITIONS

Fraud	Dishonest activity causing actual or potential financial loss to any person or entity including theft of money or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.
Bribery	Offering, promising, giving, accepting, or soliciting of an undue advantage of any value directly or indirectly in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to that person's duties, action or decision.
Corruption	The provision or receipt of monetary or non-monetary bribe or reward of high value for performing in relation to their duties. This includes misuse of a position or power for private gain or the misuse of private power in relation to business outside the realm of government.

Examples of fraud and associated key risk areas for the University include, but are not limited to:

- Alteration or creation of false examination results
- Production of false academic transcripts
- Deception and manipulation in the tendering and contracting processes
- Deception and manipulation in the asset purchase and disposal processes
- Theft of the University property
- Unauthorized access to, or misuse of the University systems
- Receiving commissions in contracting goods or services
- Manipulation of staff employment processes
- Falsification of staff allowances and staff timesheets
- Misuse of the University Corporate Card (personal purchases)
- Improper use of the University assets for private business
- Use of false documents to obtain student ID cards or advanced standing
- Misuse of grants or designated research funds
- Theft of Intellectual Property
- Abuse of the University funding, assets, or time

Also refer Appendix 1 for a list of potential fraud indicators.

## **6. IMPACT**

The potential for fraud, bribery, and corruption to create reputational and financial damage to CITYU is high if not properly managed. This policy and procedures will reduce this risk and help to ensure that efforts to prevent and manage fraud and corruption are coordinated and timely to safeguard public resources, integrity of and public confidence in the University.

## **7. FRAUD, BRIBERY AND CORRUPTION PREVENTION PLAN**

The objectives of this Policy will be achieved through the ongoing implementation of activities defined in a Fraud, Bribery and Corruption Prevention Plan. The Plan, encompassing the prevention, detection, and response efforts to address fraud, bribery, and corruption risks, will detail activities designed to achieve the following elements of this Policy.

### **7.1 Commitment and Oversight**

Senior executives will be encouraged to promote fraud, bribery, and corruption prevention in their respective areas of responsibility through a series of training and awareness-raising programs.

Quarterly reports will also be provided to the Audit & Risk Management Committee regarding:

- Fraud, bribery, and corruption incidents and
- Progress with the implementation of the Fraud, Bribery and Corruption Prevention Plan.

## **7.2 Communication**

The responsibilities of staff as defined in documents such as the CITYU Anti-Bribery and Anti-Corruption Policy and as prescribed subsection (5) of section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) and will be regularly communicated to staff to raise awareness i.e. through training, email communications, CITYU website pages, notice boards, pamphlets, publications.

## **7.3 Risk Assessments**

It is the responsibility of line management to conduct regular fraud and corruption risk assessments as part of its cyclical risk profiling program. The outcomes of these assessments will be used to guide the development of the annual Audit & Risk Assessment Work Plan.

## **7.4 Code of Conduct**

The CITYU Anti-Bribery and Anti-Corruption Policy clearly outlines a staff member's responsibility to report fraud and corruption.

All staff (including casual and contract staff) will be reminded of the need to comply with the CITYU Anti-Bribery and Anti-Corruption Policy on an annual basis. The effectiveness and accessibility of the policy (as it pertains to fraud and corruption prevention initiatives) will also be subject to review every two years.

## **7.5 Induction and Recruitment**

All new staff (including casual and contract employees) will be provided with a copy of the CITYU Anti-Bribery and Anti-Corruption Policy and advised of their obligation to comply with it.

## **7.6 Raising Awareness**

Management and staff will be kept informed of the latest fraud and corruption issues as identified by external agencies such as SPRM.

Promotional materials such as fraud alerts, publications, posters, and brochures will be distributed to all staff to raise staff awareness.

### **7.7 Training**

Courses, workshops, and seminars on the topic of fraud and corruption prevention and detection will be made available to all employees on a regular basis.

### **7.8 Incident Database**

A database of fraud and corruption allegations/incidents and investigations will be maintained by the Office of Audit & Risk Assessment.

The database will be regularly reviewed to identify emerging patterns or trends. The outcomes of this analysis will be used to guide fraud and corruption prevention initiatives.

### **7.9 Internal Audit Program**

An internal audit program will be maintained. The program will regularly test and assess the integrity of internal control Frameworks with specific emphasis on fraud and corruption risk management.

### **7.10 Performance Indicators**

Performance indicators such as the number and severity of incidents will be monitored and reported to the Audit & Risk Management Committee on a quarterly basis.

The effectiveness of this Framework will also be reviewed annually, and the outcomes reported to the Audit and Risk Committee. The Committee will in turn report to the Board of Trustees on the operation of the Framework annually.



## **8. RESPONSIBILITIES**

### **Vice-Chancellor**

The Vice-Chancellor is responsible for ensuring that an effective CITYU Corruption Risk Management Policy and Procedures is in place.

### **University Secretary/Registrar**

The University Secretary/Registrar is responsible for ensuring that the effectiveness of the policy is regularly assessed and that the outcomes of this assessment are communicated to the Audit & Risk Management Committee and the Board of Trustees.

### **Senior Management and Executive (DVCs/VPs, PVCs, Chief Officers, Deans, Campus Provosts, Executive Directors, Directors)**

Senior management and executives are responsible to the Vice-Chancellor for supporting the policy and the implementation of related activities designed to minimise fraud and corruption risks.

### **Director, Audit & Risk Assessment**

The Director is responsible for the implementation and ongoing maintenance of the CITYU Corruption Risk Management Policy and Procedures and the CITYU Anti-Bribery and Anti-Corruption Policy that supports it.

### **All Staff**

CITYU has clearly communicated its expectation that all staff will act ethically and report fraud and corruption in the CITYU Anti-Bribery and Anti-Corruption Policy. The University will take appropriate disciplinary or other action against any staff member or other person who is found guilty of fraudulent or corrupt conduct in line with relevant policies or legislation.

On that basis this Framework does not create new responsibilities. It will however ensure that staff are aware of their responsibilities and that the necessary administrative systems and support mechanisms are in place for staff to fulfill them.

### **Third parties**

CITYU expects third parties acting for, or providing services to the University to take necessary and appropriate measures and actions to prevent and minimise fraud and corruption risks and to report any incidents to the University should it arise and be identified. Where appropriate, the University will include contractual obligations in respect of adherence to this Policy in its agreements with third parties.

## **9. REPORTING FRAUD AND CORRUPTION**

Staff and students will be encouraged to report fraud and corruption in the first instance to their supervisor/manager or to any of CITYU business units listed under Appendix 2 of this Policy or to a disclosure officer under the CITYU Whistleblowing (Reporting Corruption and Other Wrongdoing) Policy and Procedures (CITYU/Policy/WSB/01).

The requirement to report corrupt conduct to the Malaysian Anti-Corruption Commission (MACC) or other authorities will also be assessed (refer Appendix 2).

### **9.1 Contractors/suppliers and members of the public will also be encouraged to report fraud and corruption to:**

- the CITYU business units listed under Appendix 2 of this Policy or
- the CITYU Registrar or Finance Office.

### **9.2 City University Malaysia Departments:**

- Office of Human Resources
- Office of Audit & Risk Assessment
- Complaints Resolution Unit
- Office of Equity and Diversity

### **9.3 Whistleblowing (Reporting Corruption and Other Wrongdoing) Policy and Procedures**

The University has in place a Whistleblowing (Reporting Corruption and Other Wrongdoing) Policy and Procedures to ensure that all reports of corrupt conduct and other wrongdoing are managed and investigated appropriately. This includes reports that qualify as public interest disclosures under the Malaysian Anti-Corruption Commission Act 2009 (Act 694). The policy and procedures include requirements with respect to confidentiality and protection against reprisals.

## **10. Related documents**

Internal and external resources have been used as reference for this Framework and they include, but are not limited to:

- Malaysian Anti-Corruption Commission Act 2009 (Act 694)
- CITYU Anti-bribery and Anti-Corruption Policy
- CITYU Whistleblowing Policy and Procedures
- CITYU Anti-discrimination and Anti-harrassment Policy
- CITYU Equality, Diversity and Inclusion Policy

## APPENDIX 1: Possible Fraud Indicators

<ul style="list-style-type: none"><li>● <b>Falsifying working papers</b><ul style="list-style-type: none"><li>➤ Falsifying working papers (annual report, document management system records and other documentation)</li><li>➤ False recordings on timesheets</li><li>➤ Not submitting leave form</li><li>➤ False overtime claims</li></ul></li><li>● <b>Fraud in Hiring Contractors or Consultants</b><ul style="list-style-type: none"><li>➤ Appointing contractors/consultants not supported by proper process</li><li>➤ Payments to contractors/consultants when work not performed or not performed satisfactorily</li></ul></li><li>● <b>Procurement Fraud</b><ul style="list-style-type: none"><li>➤ Conflicts of interest</li><li>➤ Phantom vendor</li><li>➤ Split purchase orders/split orders</li><li>➤ Kickbacks/ bribery</li><li>➤ Duplicate payments</li><li>➤ Bid rigging</li></ul></li><li>● <b>Financial Fraud</b><ul style="list-style-type: none"><li>➤ Theft of cash</li><li>➤ Cheques made to false persons or companies</li><li>➤ EFT – payment to incorrect account or incorrect amount</li><li>➤ Unrecorded transactions</li><li>➤ Unauthorised transactions</li><li>➤ Transactions (expenditure/ receipts/deposits) recorded for incorrect sums</li></ul></li><li>● <b>Personal Fraud</b><ul style="list-style-type: none"><li>➤ False person on payroll</li><li>➤ Overpay self or workmate each fortnight</li><li>➤ Re-direct employee’s normal pay when resigned or on leave without pay</li><li>➤ Pay self or work colleague higher salary</li></ul></li><li>● <b>Management Fraud</b><ul style="list-style-type: none"><li>➤ Management fraud – manipulation of figures in management and financial reports (including annual report)</li><li>➤ Management fraud – using position to order goods and services for personal use</li><li>➤ Writing off staff debts (as favour to work colleague)</li></ul></li></ul>	<ul style="list-style-type: none"><li>● <b>Fraud involving assets or stores</b><ul style="list-style-type: none"><li>➤ Equipment stolen or borrowed without permission</li><li>➤ Unauthorised use of cars/petrol cards/petrol</li><li>➤ Excessive private use of office equipment – for example, phones, copiers</li><li>➤ Using office resources to run a private business</li></ul></li><li>● <b>Information Systems</b><ul style="list-style-type: none"><li>➤ Fraud resulting from a loss of data following disaster or accident, for example, theft of assets not recorded</li><li>➤ Unauthorised staff accessing systems</li><li>➤ Unauthorised release of user name and/or password</li><li>➤ Misrepresentation of the office by expressing personal views on office email, intranet or internet</li><li>➤ Installation of illegal software on University computers and laptops</li></ul></li><li>● <b>Other Fraud</b><ul style="list-style-type: none"><li>➤ Selling, leaking or misusing information</li><li>➤ Manipulating corporate and client information</li><li>➤ False travel/expense claims</li><li>➤ Bribe accepted from clients, consultants or other service providers – for example, gifts, cash, event tickets and accommodation.</li><li>➤ Fraudulent claim for workers’ compensation</li><li>➤ False performance appraisal</li><li>➤ False qualifications in job application</li><li>➤ Running a private business in office time</li><li>➤ Running a private business/second job without permission</li><li>➤ Unauthorised access to office records including sensitive or confidential information and client information</li></ul></li></ul>
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## APPENDIX 2: Reporting Contacts

Internal	External
<p><b>Fraud &amp; Corruption:</b></p> <ul style="list-style-type: none"><li>• Your supervisor</li><li>• Office of Audit &amp; Risk Assessment (Mandatory reporting for update of the Fraud and Corruption Incidents Register)</li><li>• Escalation to the Senior Executives as appropriate</li><li>• Office of Human Resources for all staff related matters</li></ul> <p><b>If concerned about reprisals: Note 1</b></p> <ul style="list-style-type: none"><li>• University Secretary and General Counsel – Public Interest Disclosures Coordinator</li><li>• Public Interest Disclosures Officers listed in Whistleblowing (Reporting Corruption and Other Wrongdoing) Policy.</li></ul>	<p><b>Malaysian Anti-Corruption Commission, MACC Reporting Portal</b> <a href="https://portaladuan.sprm.gov.my/">https://portaladuan.sprm.gov.my/</a></p> <p><b>Malaysian Anti-Corruption Commission, MACC Address</b> MACC Headquarters, No. 2 Lebuhr Wawasan, Precinct 7, Putrajaya</p>

### Note 1:

If anyone is concerned about reprisals for making fraud and corruption disclosures, they should report under the CITYU Whistleblowing (Reporting Corruption and Other Wrong Doing) Policy and Procedures.