

BOARD POLICY 19 FRAUD MANAGEMENT	
Adopted/Original Date of Issue	TBD
<input type="checkbox"/> Last Reviewed x Revised	Nov 28, 2023
Chair of Policy Committee at last review	David Kaiser
Next Review Date	2027

**POLICY 19:
FRAUD MANAGEMENT**

BACKGROUND

The Renfrew County District School Board takes seriously its responsibility to protect the District’s public image, reputation, and its ability to achieve its strategic objectives. Accordingly, the purpose of this policy is to set out the process to be followed for the identification, investigation, and escalation, and reporting of fraud or possible fraud at the Renfrew County District School Board (“the District”).

The role of the Audit Committee is to assist the Board of Trustees in fulfilling its duties related to governance and oversight as prescribed by section 9 of *Ontario Regulation 361/10*. Sub-section 9(6)(3) relating to the Board’s risk management oversight requires the Audit Committee to initiate and oversee investigations into auditing matters, internal financial controls and allegations of inappropriate or illegal financial dealing.

1. Application and Scope

This policy applies to all trustees and employees of the District. It may also apply to persons or organizations external to the District who perpetrate fraud against it.

2. Principles

2.1. Fraud and the material misstatement of financial information can have a significant adverse effect on the District’s public image, reputation and its ability to achieve its strategic objectives.

2.2. The policy is intended as a means to increase awareness of key fraud indicators, the different types of fraud and fraud schemes that may exist,

and the roles/responsibilities of all staff in fraud prevention, deterrence, and detection.

- 2.3. The District is committed to protecting its revenue, property, proprietary information, and other assets. The District will not tolerate any misuse or misappropriation of those assets.
- 2.4. The District will make every reasonable effort to protect itself against fraud and will establish and maintain a system of internal control to ensure, to the fullest extent possible, the prevention and detection of fraud
- 2.5. The District will provide the necessary information and training to ensure that all staff are familiar with the types of improprieties that might occur within the workplace, and be alert for any indications of such conduct.
- 2.6. The District shall investigate any and all incidents of suspected or alleged acts of fraud in accordance with Administrative Procedure 568 Fraud Management. An objective and impartial investigation will be conducted regardless of the position, title, length of service, or relationship with the District, of any party who becomes the subject of such investigation.
- 2.7. When a fraud is substantiated by the investigation, appropriate disciplinary action shall be taken, up to and including dismissal. Any disciplinary action will be reviewed by the Human Resources department and legal counsel prior to action being taken.
- 2.8. In the event that fraud is found to have occurred, the District shall make every reasonable effort to seek restitution and obtain recovery of any and all losses from the offender(s), or other appropriate sources, including the District's insurers.
- 2.9. Where there are reasonable grounds to indicate that criminal misconduct has occurred, the Director of Education and the Superintendent of Business (Corporate Services), subject to the advice of Board legal counsel, will notify the Regional Police Services.

3. Definitions

- 3.1. *Fraud* is a deliberate act of deception, manipulation, or trickery, with the specific intent of gaining an unfair or dishonest personal gain or advantage. It may be perpetrated by one individual or done in collusion with others. It involves wilful misrepresentation or deliberate concealment of material facts.
- 3.2. Types of fraud could include, but are not limited to, the following:
 - a) forgery or alteration of cheques or other banking documents and records;

- b) theft, embezzlement, or misappropriation of funds, supplies, and services, resources, other assets, or time;
- c) any irregularity in the handling or reporting of money transactions, including the falsification, destruction or removal of corporate records;
- d) any computer-related activity involving the alteration, destruction, forgery, manipulation of data, or unauthorized access for fraudulent purposes;
- e) any claim for reimbursement of business expenses that is either intentionally inflated or not a bonafide business expense of the District;
- f) any claim for compensation/pay (inflated timesheet);
- g) any claim for reimbursement of benefit expenses under the Board benefit plans provided to employees that are either intentionally inflated or falsified;
- h) the unauthorized use of District money, property, resources, or authority for personal gain or other non-District-related purposes;
- i) misuse or abuse of authority in the context of purchasing goods or services;
- j) false claims for grants, contributions, or any program/service payments, including refunds and rebates.
- k) seeking or accepting anything of material value from vendors of the District (bribes, commissions) in violation of the conflict of interest;
- l) making personal purchases on District Purchasing/Credit Cards.

4. Requirements

4.1. DUTY TO REPORT SUSPICION OF FRAUD

Any act of fraud that is detected or suspected must be reported immediately and investigated in accordance with Administrative Procedure 568 Fraud Management, as expeditiously as possible. Responsibility for ensuring all reported allegations of fraud are investigated rests with the Director of Education and with the Superintendent of Business (Corporate Services).

Any employee who has knowledge of an occurrence of a fraud, or has reason to suspect that a fraud has occurred, shall immediately notify his/her supervisor. If the employee has reason to believe that the employee's supervisor may be involved, the employee shall immediately notify their Superintendent.

4.2. INVESTIGATION OF SUSPICIONS OR ALLEGATIONS OF FRAUD

4.2.1. The Director of Education and the Superintendent of Business (Corporate Services) shall inform the Chair of Audit Committee and the Regional Internal Audit Manager of the alleged or suspected fraud and shall ensure that all instances of alleged or suspected fraud are appropriately investigated.

4.2.2. The Director of Education and the Superintendent of Business (Corporate Services) may, at their discretion, engage the Regional

Internal Audit Manager, legal counsel or forensic consultants, as appropriate. Employees are expected to fully cooperate with management and any others involved in the investigation and make all reasonable efforts to be available to assist during the course of the investigation.

4.3. SPECIAL INVESTIGATIONS

- 4.3.1. Where an Academic Superintendent is suspected of fraud, the following will be notified: the Director of Education, the Superintendent of Business (Corporate Services), and the Regional Internal Audit Manager. The Superintendent of Business (Corporate Services) will notify the Superintendent of Human Resources.
- 4.3.2. Where the Superintendent of Business (Corporate Services) is suspected of fraud, the following will be notified the Chair of the Audit Committee, the Regional Internal Audit Manager and the Director of Education. The Director of Education will notify the Superintendent of Human Resources. The Regional Internal Audit Manager will conduct an initial review and report the results to the Director of Education and the Chair of the Audit Committee.
- 4.3.3. Where the Director of Education is suspected of fraud, the following will be notified: the Chair of the Board of Trustees, the Chair of the Audit Committee, and the Regional Internal Audit Manager directly. The Regional Internal Audit Manager will conduct an initial review and report the results directly back to the Chair of the Board of Trustees and the Chair of the Audit Committee.
- 4.3.4. Where a Trustee is suspected of fraud, the following will be notified: the Chair of the Board of Trustees, the Chair of the Audit Committee, the Regional Internal Audit Manager, the Director of Education, and the Superintendent of Corporate Services directly. The Regional Internal Audit Manager will conduct an initial review and report the results back to the Director of Education, the Superintendent of Business (Corporate Services), and the Chair of the Audit Committee.

4.4. CONFIDENTIALITY

All participants in a fraud investigation shall keep the details and results of the investigation confidential, shall not discuss the matter with anyone other than those involved in the investigation, and shall sign confidentiality agreements to that effect.

4.5. WHISTLE-BLOWER PROTECTION

- 4.5.1. Protection from Reprisal: This policy prohibits reprisals against individuals, acting in good faith, who report incidents of suspected fraud, or who act as witnesses in any subsequent investigation. The Board shall make every effort to ensure that an individual, who in good faith reports under this policy, is protected from harassment, retaliation, or adverse employment consequences. Anyone who retaliates against someone who has reported in good faith is subject to discipline, up to and including dismissal.
- 4.5.2. Acting in Good Faith: In making a report, an individual must be acting in good faith with reasonable grounds for believing that there is a breach of a code of conduct or questionable financial practices. An individual who makes an unsubstantiated report, which is knowingly false or made with vexatious or malicious intent, will be subject to discipline, up to and including dismissal.

4.6. IMPLEMENTATION AND MONITORING

The Director of Education, in collaboration with the Superintendent of Business (Corporate Services), shall establish administrative procedures required to implement this policy and provide an annual monitoring report to the Board of Trustees on the status of the implementation of the policy.

Legal References:

Ontario Regulation 361/10 - Audit Committees