



## FRAUD MANAGEMENT

Responsibility:	<i>Director of Education</i>
Legal References:	<i>Criminal Code of Canada Education Act</i>
Related References:	<i>Board Policy 4016 – Business Complaint Board Policy 4018 – Fraud Management Board Policy 6001 – Code of Conduct Administrative Procedure 3760 – Progressive Discipline Administrative Procedure 4070 – Responsible Use Procedure for Information Communication and Collaboration Technologies Administrative Procedure 4310 – Total Integrity Plan (The TIP Line) Administrative Procedure 4360 – Principles of Business Conduct for Board Employees Administrative Procedure 4380 – Travel, Meals and Hospitality Expenditures</i>
Revisions:	<i>November 2017, October 2019</i>
Reviewed:	

### 1. Preamble

- 1.1 The intent of this procedure is to provide a clear and standard procedure for processing and addressing suspicion or allegations of fraud at the Waterloo Region District School Board.

### 2. Scope

- 2.1 This process applies to trustees, employees and all organizations that do business with the Board.

### 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 willful misrepresentation or deliberate concealment of material facts.
- 3.2 Types of fraud may include, but are not limited to, the following:
- 3.2.1 Theft, embezzlement or misappropriation of funds, supplies and services, resources, other assets or time;
  - 3.2.2 Forgery or alteration of cheques or other banking documents and records;
  - 3.2.3 Any irregularity in the handling or reporting of money transactions, including the falsification, unauthorized destruction or removal of corporate records, or financial statements;
  - 3.2.4 Any computer related activity involving the alteration, destruction, forgery, manipulation of data or unauthorized access for fraudulent purposes, in violation of Administrative Procedure 4070 – Responsible Use Procedure for Information, Communication and Collaboration Technologies;
  - 3.2.5 Any claim for reimbursement of business expenses that is either intentionally inflated or not a bona fide business expense of the Board;

- 3.2.6 The unauthorized use of Board money, property, resources, or authority for personal gain or other non-Board related purposes;
- 3.2.7 Misuse or abuse of authority in the context of purchasing goods or services;
- 3.2.8 False claims for grants, contributions or any program/service payments, including refunds and rebates;
- 3.2.9 Seeking or accepting anything of material value from vendors of the Board in violation of the conflict of interest provisions in Administrative Procedure 4360 – Principles of Business Conduct for Board Employees or Administrative Procedure 4380 – Travel, Meals and Hospitality Expenditures.

#### **4. Requirements**

##### **4.1 Senior Management and Staff Responsibilities**

- 4.1.1 Senior Management is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud.
- 4.1.2 All newly hired employees will receive information on Policy 4018 – Fraud Management, and the accompanying Procedure 4315, during new employee orientation activities.

##### **4.2 Duty to Report Suspicion of Fraud**

- 4.2.1 In accordance with Policy 4018 – Fraud Management, any act of fraud that is detected or suspected must be reported immediately.
- 4.2.2 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 must notify their supervisor's superior.
- 4.2.3 Where the person reporting the suspicion of fraud is not satisfied that their suspicion will be investigated, they must contact one of the following:
  - 4.2.3.1 Review Services;
  - 4.2.3.2 Coordinating Superintendent, Business Services & Treasurer of the Board;
  - 4.2.3.3 File a complaint using the TIP Line [see Administrative 4310 – Total Integrity Plan (The TIP Line)].
- 4.2.4 Upon notification from an employee of a suspected fraud, the supervisor shall notify Review Services immediately. The supervisor shall not attempt to investigate the suspected fraud or to discuss the matter with anyone other than those involved.
- 4.2.5 Upon notification from an employee of a suspected fraud, Review Services shall contact the Coordinating Superintendent, Business Services & Treasurer of the Board.
- 4.2.6 Upon notification of a suspected fraud of a material amount, the Coordinating Superintendent, Business Services & Treasurer of the Board shall inform the Director of Education and they shall inform the Chair of the Audit Committee.
- 4.2.7 The Director of Education and the Coordinating Superintendent, Business Services & Treasurer of the Board may involve the services of the Manager of Review Services or the Regional Internal Audit Manager, where appropriate, to investigate the allegation. Similarly, the Board may involve forensic consultants and Board legal counsel.

##### **4.3 Security of Evidence**

- 4.3.1 Where there are reasonable grounds to indicate that a fraud has occurred, the evidence must be secured.
- 4.3.2 Once a suspected fraud is reported, immediate action shall be taken to prevent the theft, alteration, or destruction of relevant records.
- 4.3.3 Such actions include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist and preventing the individual suspected of committing the fraud from having access to the records.
- 4.3.4 The party or parties appointed to investigate the suspected fraud shall have unrestricted access to all necessary Board records and personnel.
- 4.3.5 The records must be adequately secured until they are required to begin the audit investigation. Continuity of evidence must be maintained throughout the investigation.

- 4.4 Investigation of Suspicions or Allegations of Fraud
  - 4.4.1 In accordance with Policy 4018 – Fraud Management, any suspected or alleged act of fraud that is reported must be promptly investigated. Responsibility for ensuring all reported allegations of fraud are investigated rests with the Director of Education, through the Coordinating Superintendent, Business Services & Treasurer of the Board or the Superintendent, Human Resource Services, as appropriate.
  - 4.4.2 Where the investigation of suspected or alleged acts of fraud is managed by Board staff, the number of staff members involved in the investigation will be limited to those possessing relevant information.
  - 4.4.3 Employees are expected to fully cooperate with management and any others involved in the investigation.
  - 4.4.4 The party appointed to investigate into the allegation of fraud will notify the Coordinating Superintendent, Business Services & Treasurer of the Board upon the commencement of the investigation, to the extent practicable. Throughout the investigation, the Coordinating Superintendent, Business Services & Treasurer of the Board should be kept informed of pertinent investigative findings. Where the suspected fraud is of a material amount or has a high reputational risk to the Board, the Chair of the Audit Committee and the Director of Education will be kept informed on the investigation.
  - 4.4.5 Depending on the severity of the matter, the Chair of the Audit Committee may call a meeting of the Audit Committee to apprise them of the situation and seek further advice from them. This action is in accordance with the Audit Committee Regulation (361/10) to the Education Act, Section 9, Subsection (6).
- 4.5 Special Investigations
  - 4.5.1 Where the Coordinating Superintendent, Business Services & Treasurer of the Board is suspected of fraud, the employee must contact the Director of Education directly. The Director of Education shall notify the Chair of the Audit Committee. A suitable individual would be selected by them to conduct an initial review and report the results back to the Director of Education and the Chair of the Audit Committee.
  - 4.5.2 Where the Director of Education is suspected of fraud, the employee must contact the Chair of the Audit Committee directly. The Chair of the Audit Committee shall notify the Coordinating Superintendent, Business Services & Treasurer of the Board. A suitable individual would be selected by them to conduct an initial review and report the results back to the Chair of the Audit Committee and the Coordinating Superintendent, Business Services & Treasurer of the Board.
  - 4.5.3 Where a Trustee is suspected of fraud, the employee must contact the Coordinating Superintendent, Business Services & Treasurer of the Board. The Coordinating Superintendent, Business Services & Treasurer of the Board shall notify the Chair of the Audit Committee. A suitable individual would be selected by them to conduct an initial review and report the results back to the Coordinating Superintendent, Business Services & Treasurer of the Board and the Chair of the Audit Committee.
- 4.6 Confidentiality
  - 4.6.1 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 may be asked to sign confidentiality agreements to that effect.
- 4.7 Whistleblower Protection
  - 4.7.1 An employee making an allegation of suspected improper activity in good faith will be protected from discrimination or dismissal.
  - 4.7.2 The Board will not tolerate any retaliation directly or indirectly against anyone who, in good faith, made an allegation of wrongdoing.
  - 4.7.3 The Board will not reveal the identity of any person who makes a good faith allegation and who asks that their identity remain confidential. To the fullest extent possible, the anonymity of the person providing the information will be maintained.

#### 4.8 Follow-Up Actions

- 4.8.1 Unless exceptional circumstances exist, an employee under investigation for fraud shall be given notice, in writing, of the essential particulars of the allegations following the conclusion of the investigation and prior to final disciplinary action being taken.
- 4.8.2 When such notice has been given, the employee against whom allegations have been made will be given opportunity to submit a written response to the individual investigating the alleged fraud within five (5) business days. This requirement is subject to any collective agreement provisions respecting the rights of employees during disciplinary proceedings.
- 4.8.3 Where there are reasonable grounds to indicate that criminal misconduct has occurred, the Director of Education and the Coordinating Superintendent, Business Services & Treasurer of the Board, subject to the advice of Board forensic consultants and Board legal counsel, will notify the Waterloo Regional Police Services, as appropriate.
- 4.8.4 When a fraud is substantiated by the investigation, appropriate disciplinary action shall be taken, up to and including dismissal.
- 4.8.5 The Board 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 Board's insurers.

#### 4.9 Media

- 4.9.1 Matters related to an alleged fraud or audit investigation shall not be discussed with the media. Any staff person or elected official contacted by the media with respect to an investigation shall refer the media to the Chief Communication Officer or designate.

#### 4.10 Post Investigation

- 4.10.1 Upon completion of the investigation, including all legal and personnel actions, any records, documents and other evidentiary material will be returned to the appropriate department.
- 4.10.2 Upon conclusion of the investigation, the results shall be reported to the Coordinating Superintendent, Business Services & Treasurer of the Board. Where the amounts are deemed material or the suspected fraud has a high reputational risk, both the Director of Education and the Chair of the Audit Committee will be made aware of the results of the investigation.
- 4.10.3 The Chair of the Audit Committee shall provide a report to the Board of Trustees at the conclusion of any investigation of a material amount under Board Policy 4018 – Fraud Management and shall keep the Board of Trustees apprised of any significant developments that unfold during the course of the investigation.
- 4.10.4 All information relating to investigations undertaken under this policy will be reported to the external auditors, so as to allow them to discharge their statutory responsibilities.
- 4.10.5 At the request of the Chair of the Audit Committee, a status report will be provided on all investigations conducted during the year and any investigations that remain open.
- 4.10.6 Upon completion of any fraud investigation, the Board will conduct a risk assessment of the incident and ensure, to the fullest extent possible, that corrective and preventative measures are put in place to reduce the chance of recurrence and consider the possibility of the same type of incident having occurred elsewhere in the Board and the potential need for further investigation.
- 4.10.7 The Coordinating Superintendent, Business Services & Treasurer of the Board may request the Regional Internal Audit Manager to conduct a risk assessment of the incident and make recommendations to the appropriate parties through the Director of Education and the Coordinating Superintendent, Business Services & Treasurer of the Board.