



BOARD ADMINISTRATIVE PROCEDURE

ADMINISTRATIVE PROCEDURE

1115 Fraud Awareness & Prevention

DIRECTIONAL POLICY

Nurturing and Protecting Resources

Title of Administrative Procedure:

Fraud Awareness and Prevention

Date Approved:

February 5, 2025

Projected Review Date:

February 2030

Directional Policy Alignment:

The Fraud Awareness & Prevention administrative procedure falls under the Board's directional policy of Nurturing and Protecting Catholic Education by ensuring revenue, property, proprietary information and other assets are protected and are contributing to the achievement and wellbeing of all students and staff.

Alignment with Multi-Year Strategic Plan:

The Fraud Awareness & Prevention administrative procedure aligns with the tenet of Protecting, within the Board's Multi-Year Strategic Plan by ensuring fiscal resources are used consistently with the Board's vision and mission statements and comply with the Ministry of Education's mandates, regulations and guidelines.

[CDSBEO Strategic Plan](#)

Purpose

The purpose of the Fraud Awareness & Prevention administrative procedure is to provide guidance to employees regarding fraud, establish a process for reporting concerns about known or suspected fraud, and outline a prompt and fair investigation process.

Principles

- This administrative procedure applies to all trustees and employees of the Board. It may also apply to persons or organizations external to the District who perpetrate fraud against it.
- The administrative procedure also governs all activities conducted within Board workplaces or during Board-related functions.
- Fraud and the material misstatement of financial information can have a significant adverse effect on the Board's public image, reputation and its ability to achieve its strategic objectives.

- Fraud and related irregularities include, but are not limited to
 - Forgery, falsification, alteration, destruction or fabrication of any paper or electronic financially related record (for example, cheques, time sheets, vendors, contracts, requisitions, budgets, accounting records, etc.).
 - Making false financial claims and statements, including but not limited to authorizing or receiving payment for hours not worked.
 - Misappropriation of funds, supplies, or assets.
 - Irregular handling or reporting of financial transactions.
 - Unauthorized use or misuse of property, equipment, or records.
 - Seeking or accepting anything of material value from vendors, consultants or contractors doing business with CDSBEO in violation of the Code of Conduct or the Gift policy.
 - Corruption, including but not limited to giving or receiving discounts, rebates or incentives without the Board’s approval authorizing or receiving payments for goods not delivered or services not performed and tendering irregularities.
 - Disclosing confidential information to outside parties.
 - Computer-related activities involving data manipulation or software piracy.
 - Non-compliance with financial provisions of Board policies, procedures, or applicable laws.

Actions Required

Duty to Report Suspicion of Fraud

- Any act of fraud that is detected or suspected must be reported immediately and investigated as expeditiously as possible.
- Any individual who has knowledge of an occurrence of a fraud or has reason to suspect that a fraud has occurred, will immediately notify their immediate Supervisor. If the employee has reason to believe that their supervisor may be involved, the employee shall immediately notify a Superintendent.
- Upon notification of a suspected fraud, the individual must immediately notify the following individuals and must not attempt to investigate the suspected fraud or discuss the matter with anyone other than those involved.
 - i. The Supervisor/Manager/Principal must immediately notify a Superintendent.
 - ii. The Superintendent must immediately notify the Director of Education, and the Superintendent of Business.
 - iii. The Director of Education must notify the Chair of Audit Committee and may notify the Board Chair.
- The Director of Education and the Superintendent of Business, may, at their discretion, involve the services of the Regional Internal Audit Manager, forensic consultants, and/or the Board legal counsel.

Security of Evidence

- Where there are reasonable grounds to indicate that fraud has occurred, all evidence will be secured.
- Once suspected fraud is reported, immediate action will be taken to prevent the theft, alteration or destruction of relevant records.
- 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.
- The records will be adequately secured until they are required to begin the audit investigation. Continuity of evidence will be maintained throughout the investigation.
- The Regional Internal Audit Manager shall have unrestricted access to all necessary Board records and personnel.

Investigation of Suspicions or Allegations of Fraud

- Any suspected or alleged act of fraud that is reported must be promptly investigated.
- Investigation of suspected or alleged acts of fraud shall be managed with appropriate Board staff, limiting the number of staff members involved in the investigation to the
- Individuals will cooperate fully with management and any others involved in an investigation and will make all reasonable efforts to be available to assist during the course of an investigation.
- The Regional Internal Audit Manager will notify the Chair of the Audit Committee, the Director of Education and the Superintendent of Business of a reported allegation of fraud upon the commencement of the investigation, to the extent practicable and appropriate. Throughout the investigation these officials should be kept informed of pertinent investigative findings.
- 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.
- 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 before any final disciplinary action is taken.
- When such notice has been given, the employee against whom allegations have been made will be given the opportunity to submit a written response to the Regional Internal Audit Manager within five (5) business days. This requirement is subject to any collective agreement provisions respecting the rights of employees during disciplinary proceedings.
- When fraud is substantiated by the investigation, appropriate disciplinary action shall be

taken, up to and including dismissal.

- Where there are reasonable grounds to indicate that criminal misconduct has occurred, the Director of Education and the Superintendent of Business, subject to the advice of forensic consultants or Board legal counsel, will notify the Regional Police Services, as deemed by the Director of Education and/or Audit Committee Chair and/or Board Chair.
- 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.
- 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.
- Upon conclusion of the investigation, the results shall be reported to the Chair of the Audit Committee and added to the next Audit Committee Agenda. Where the Regional Internal Audit Manager was involved in the investigation, the results will first be reported to the Director of Education, and the Superintendent of Business, as appropriate.
- The Chair of the Audit Committee shall provide a report to the Board of Trustees at the commencement and conclusion of any investigation under this policy and shall keep the Board of Trustees apprised of any significant developments that unfold during the course of the investigation.
- 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.
- At the request of the Chair of the Audit Committee, a status report will be provided on investigations conducted during the year, and any previous investigations that remain open. This report may be prepared by the Regional Internal Audit Manager, when involved in the investigation.
- Upon completion of any fraud investigation, the Board will, in consultation with the Regional Internal Audit Manager, conduct a risk assessment of the incident and ensure, to the fullest extent possible, that corrective and preventative measures are put into 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.

Whistleblower Protection

- An employee, other than one who is the author of improper activity, who raises an allegation of suspected improper activity, in good faith shall not be subject to reprisal.

Special Investigations

- Where the Superintendent of Business is suspected of fraud, the employee will contact the Director of Education directly (see Appendix A). The Director of Education will notify

the Regional Internal Audit Manager and the Chair of the Audit Committee.

- 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.
- Where the Director of Education is suspected of fraud, the employee will contact the Chair of the Board or the Regional Internal Audit Manager directly (see Appendix A). The Regional Internal Audit Manager will then notify the Chair of the Audit Committee and will conduct an initial review and report the results directly back to the Chair of the Board and the Chair of the Audit Committee.
- Where a Trustee is suspected of fraud, the employee will contact the Director of Education, or the Superintendent of Business, or the Regional Internal Audit Manager directly (see Appendix A). The Regional Internal Audit Manager will conduct an initial review and report the results back to the Director of Education and/or the Superintendent of Business, and/or the Chair of the Audit Committee.

Definitions

Fraud: 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.

Whistleblowing: Whistleblowing is the activity of a person, often an employee, revealing information about an activity within an organization that is deemed illegal, immoral, illicit, unsafe or fraudulent.

Responsibilities

The Board of Trustees is responsible for:

- Reviewing this administrative procedure as part of its regular policy and procedure review cycle
- Following the notification process set out in Appendix A.

The Director of Education is responsible for:

- Designating resources for ensuring the implementation of and compliance with this Administrative Procedure.
- Providing fraud awareness training to all employees and trustees.
- Establishing and maintaining a system of internal control to ensure, to the fullest extent possible, the prevention and detection of fraud.
- Following the notification process set out in Appendix A.

Superintendent of Business is responsible for:

- Establishing and maintaining a system of internal control to ensure, to the fullest extent

possible, the prevention and detection of fraud.

- Following the notification process set out in Appendix A.
- Unless there is a conflict, manage the security of evidence, and the investigation and reporting process.

Superintendent of Human Resources is responsible for:

- Ensuring all newly hired employees shall receive information on this administrative procedure.
- Establishing and maintaining a system of internal control to ensure, to the fullest extent possible, the prevention and detection of fraud.
- Following the notification process set out in Appendix A.

Superintendents of School Effectiveness are responsible for:

- Establishing and maintaining a system of internal control to ensure, to the fullest extent possible, the prevention and detection of fraud.
- Following the notification process set out in Appendix A.

Principals, Vice-Principals and Management are responsible for:

- Facilitating the operation of this policy and ensuring that individuals feel able to raise concerns, without fear of reprisal, in accordance with the procedures provided.
- Ensuring adequate internal control exists within their area of responsibility and that controls operate effectively and in accordance with financial policies and procedures.
- Reporting any suspected fraudulent act in accordance with the Code of Conduct or this administrative procedure.

All staff are responsible for:

- Reporting any suspected fraudulent act in accordance with the Code of Conduct or this administrative procedure.

Third parties are responsible for:

- Notifying Management if fraud is suspected.

Appendices

Appendix A: [Fraud Awareness & Prevention Notification Process](#)

Appendix B: [Contact for Regional Internal Audit Manager](#)

References

- [Audit Committees Ontario Regulation 361/10](#)