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| Fraud Management  |  |
| Adopted:<br>September 18, 2012  | Last Reviewed/Revised:<br>December 6, 2022 |
| Next Scheduled Review: 2025-2026  |  |
| Associated Policies & Procedures:<br><a href="#">VI-24 Fraud Management</a><br><a href="#">I-34 (A) Reimbursement of Board Business Expenses for Employees</a><br><a href="#">I-34 (B) Reimbursement of Board Business Expenses for Trustees and External Members of Board Committees</a><br><a href="#">I-36 Trustee Code of Conduct</a><br><a href="#">I-42 Out of Province Staff Travel</a><br><a href="#">I-43 Use of Technology and Digital Citizenship</a><br><a href="#">VI-62 Use of Technology and Digital Citizenship</a><br><a href="#">III-14 Employee Code of Conduct</a><br><a href="#">VI-09 (A) Religious Education Course Reimbursement</a><br><a href="#">VI-09 (B) Religious Education Masters Reimbursement</a><br><a href="#">VI-73 Meal and Hospitality Expenses for Employees at Board Sanctioned Events</a> |  |

## Purpose

The purpose of this policy is to set out the process to be followed for the identification, investigation, escalation and reporting of fraud at the Halton Catholic District School Board (HCDSB).

## Application and Scope

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

## References

[Education Act - Audit Committee Regulation \(361/10\)](#)

## Definitions

**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.

- Types of fraud may include, but are not limited to, the following:
  - Forgery or alteration of cheques or other banking documents and records.
  - Theft, embezzlement or misappropriation of funds, supplies and services, resources, other assets or time.
  - Any irregularity in the handling or reporting of money transactions, including the falsification, unauthorized destruction or removal of corporate records or financial statements.
  - Any computer-related activity involving the alteration, destruction, forgery, manipulation of data or unauthorized access for fraudulent purposes in violation of *Policy I-43 Use of Technology and Digital Citizenship*
  - Any claim for reimbursement of business expenses that are either intentionally inflated or not a bonafide business expense of the Board.
  - The unauthorized use of HCDSB money, property, resources, or authority for personal gain or other non-HCDSB related purposes.
  - Misuse or abuse of authority in the context of purchasing goods or services.
  - False claims for grants, contributions or any program/service payments, including refunds and rebates.
  - Seeking or accepting anything of material value from vendors of the HCDSB in violation of the conflict of interest provisions in *Policy III-14 Employee Code of Conduct* and *Policy I-36 Trustee Code of Conduct*.
- The requirement to take an action identified as *if necessary* or *as appropriate* will be determined on a case-by-case basis, taking into consideration the nature of the misconduct, materiality of the occurrence, the cost-benefit analysis of the situation and other qualitative factors surrounding the particular incident.

**Confirmed occurrence** refers to an occurrence of a potential act of fraud, where a preliminary internal assessment demonstrates enough evidence to proceed with further investigation.

## Principles

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

- 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.
- The HCDSB is committed to protecting its revenue, property, proprietary information and other assets. The HCDSB will not tolerate any misuse or misappropriation of those assets.
- The HCDSB 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.
- The HCDSB will carry an appropriate insurance policy to protect itself against potential loss.
- The HCDSB 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.
- Provided there are reasonable grounds, the HCDSB shall investigate any and all incidents of suspected or alleged acts of fraud. An objective and impartial investigation will be conducted regardless of the position, title, length of service, or relationship with the HCDSB, of any party who becomes the subject of such investigation.
- When fraud is substantiated by the investigation, appropriate disciplinary action shall be taken, up to and including dismissal.
- In the event that fraud is found to have occurred, the HCDSB 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 HCDSB's insurers.
- In the event of criminal misconduct, of which the police are not aware, the police shall be notified.

## Requirements

### Duty to Report Suspicion of Fraud

- Any act of material fraud that is detected or suspected must be reported immediately and investigated in accordance with this policy as expeditiously as possible.
- Any employee who has knowledge of an occurrence of fraud or has reason to suspect that a fraud has occurred shall immediately notify their supervisor. If the employee has reason to believe that the employee's supervisor may be involved, the employee shall immediately notify their Superintendent or the Director of Education.
- Those who are aware of a fraud taking place and knowingly do not report it may be considered equally complicit in the fraud.
- Fraud awareness training shall be provided to all permanent employees and trustees at least every four (4) years to facilitate the identification and reporting of potential acts of fraud. Fraud awareness training shall also be provided to all new employees as part of the orientation package.

### Investigation of Suspicions or Allegations of Fraud

- Responsibility for ensuring all reported allegations of fraud are investigated rests with the Director of Education, through the Superintendent of Business Services, or the Executive Officer of Human Resources Services, as appropriate.
- The Director of Education and the Superintendent of Business Services shall inform the Chair of the Audit Committee of the alleged or suspected fraud of a material amount within two (2) weeks of the incident being confirmed and shall ensure that all instances of alleged or suspected fraud are appropriately investigated. The Chair of the Audit Committee shall inform the Board of Trustees of any alleged or suspected fraud of a material amount at the In-Camera Session of the next scheduled Board Meeting.
- The Chair of the Audit Committee shall provide a report to the Board of Trustees at the commencement and conclusion of any material investigation under this policy and shall keep the Board of Trustees apprised of any significant developments that unfold during the course of the investigation. In the event that the next scheduled Audit Committee Meeting shall not take place within two (2) weeks of a confirmed occurrence, the Audit Committee Chair will provide an update at the In-Camera Session of the next scheduled Board Meeting. The Director of Education and the Superintendent of Business Services shall present the Board of Trustees with a plan of action with respect to a confirmed occurrence for Board's approval by majority vote. Any investigation reports or updates are to be discussed In-Camera. If the matter proceeds to court and becomes public information, any public disclosure on the matter will be provided by the Chair of the Board, or in their absence, by the Chair of the Audit Committee.
- The Director of Education and the Superintendent of Business Services may, in consultation with HCDSB forensic consultants and HCDSB legal counsel, involve the services of the Regional Internal Audit Manager, as appropriate. The Regional Internal Audit Manager may assume primary responsibility for the investigation of all activity as defined in this policy under Special Investigations. 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.
- All participants in a fraud investigation shall keep the details and results of the investigation confidential and shall not discuss the matter with anyone other than those involved in the investigation.

### Special Investigations

- Where a member of Senior Staff is suspected of fraud, the employee shall notify the Director of Education directly.
- Where the Director of Education is suspected of fraud, the employee shall notify the Chair of the Board or the Regional Internal Audit Manager directly.
- Where a Trustee is suspected of fraud, the employee shall notify the Director of Education or the Superintendent of Business Services, or the Regional Internal Audit Manager directly.
- The Regional Internal Audit Manager will assume the primary responsibility for all special investigations.



### Whistle-Blower Protection

- **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 HCD SB 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 consequence. Anyone who retaliates against someone who has reported in good faith is subject to discipline, up to and including dismissal.

- **Acting in Good Faith**

In making a report, an individual must act 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.

### Implementation and Monitoring

- The Director of Education, in collaboration with the Superintendent of Business Services, shall establish 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.

APPROVED: Regular Meeting of the Board

AUTHORIZED BY: \_\_\_\_\_  
*Chair of the Board*