

## PRINCE ALBERT ROMAN CATHOLIC SEPARATE SCHOOL DIVISION NO. 6

<b>POLICY ITEM: FRAUD PREVENTION AND INVESTIGATION</b>	<b>CODE: DN</b>
<b>LEGAL STATUS: BOARD MOTION #20.14, #95.22</b>	<b>DATE APPROVED: 27 Jan 14, 25 Apr 22</b>

- Background:** The Division's fraud policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against the Prince Albert Roman Catholic Separate School Division No. 6. It is the intent of the division to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.
- Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title or relationship to the division. In instances where the Chief Financial Officer is being investigated, the Director of Education assumes the role of the Chief Financial Officer as referred to in this policy.
- POLICY:** **This policy applies to any fraud or suspected fraud, involving employees, consultants, vendors, contractors, outside agencies or any other parties with a business relationship with the Prince Albert Roman Catholic Separate School Division.**
- Guidelines:**
1. The school division, under the direction of the Chief Financial Officer, will use a preventative approach to minimize opportunities for fraud through the establishment and monitoring of processes and procedures to clearly segregate duties in the operations of the business for the school division.
  2. The Chief Financial Officer will monitor the processes and procedures established for the handling of funds in the schools.
  3. Responsibilities Related to Fraud:
    - 3.1 Senior Administration is responsible for the detection of fraud, misappropriations and other inappropriate conduct in accordance with the Decision Matrix (see Appendix A). Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the Senior Administration team will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.
    - 3.2 Any fraud that is detected or suspected must be reported immediately to the Chief Financial Officer, who coordinates all investigation with legal advisors and other departments, both internal and external.

#### 4. Actions Constituting Fraud:

The terms defalcation, misappropriation and other fiscal wrongdoings refer to, but are not limited to:

- 4.1 Any dishonest or fraudulent act
- 4.2 Forgery or alteration of any document or account belonging to the division
- 4.3 Forgery or alteration of a cheque, bank draft, or any other financial document
- 4.4 Misappropriation of funds, securities, supplies or other assets
- 4.5 Impropriety in the handling or reporting of money or financial transactions
- 4.6 Profiteering as a result of insider knowledge of division activities
- 4.7 Disclosing confidential and proprietary information to outside parties
- 4.8 Having a personal direct or indirect pecuniary interest in any supplier with whom business is being conducted
- 4.9 Disclosing to other persons activities engaged in or contemplated by the division which would result in profiteering as a result of insider knowledge of division activities
- 4.10 Seeking or accepting anything of material value (which would benefit the individual employee) from contractors, vendors or persons providing services/materials to the division
- 4.11 Destruction, removal or inappropriate use of records, furniture, fixtures and equipment
- 4.12 Any similar or related inappropriate conduct

#### 5. Other Inappropriate Conduct:

Suspected improprieties concerning an employee's moral, ethical or behavioral conduct should be resolved by departmental management. If there is any question as to whether an action constitutes fraud, contact the Chief Financial Officer for guidance.

#### **Procedures:**

- 1. The Chief Financial Officer has the primary responsibility for the investigation of any suspected fraudulent act as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Chief Financial Officer will issue reports to appropriate designated personnel and, if appropriate, to the Board of Education through the Director of Education.
- 2. Decision to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with the Director of Education, as will final decisions on disposition of the case.
- 3. The Chief Financial Officer treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Chief Financial Officer immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. Investigation results will not be disclosed

or discussed with anyone other than those who have legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the division from potential civil liability.

3. Members of the Investigation Unit will have:
  - 3.1. Free and unrestricted access to all division records and premises whether owned or rented.
  - 3.2. The authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.
5. Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.
6. An employee who discovers or suspects fraudulent activity will contact the Chief Financial Officer immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Chief Financial Officer. No information concerning the status of an investigation will be given out. The proper response to any inquiry is: "I am not at liberty to discuss the matter. You may contact the Chief Financial Officer for any information."
7. Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.
8. The reporting individual should be informed of the following:
  - 8.1 Do not contact the suspected individual in an effort to determine facts or demand restitution.
  - 8.2 Do not discuss the case, facts, suspicions or allegations with anyone unless specifically asked to do so by the Chief Financial Officer.
9. If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the Director of Education and, if necessary, by outside counsel, before any such action is taken.

**Policy DN – Fraud Prevention and Investigation – Appendix A**  
**April 25, 2022**

<b>Action Required</b>		Director of Education	Chief Financial Officer	Superintendents	Supervisors
1.	Controls to Prevent Fraud	SR	P	SR	S
2.	Incident Reporting	S	P	S	S
3.	Investigation of Fraud	S	P	S	S
4.	Referrals to Law Enforcement	SR	P		
5.	Recovery of Monies due to Fraud		P	S	S
6.	Recommendations to Prevent Fraud	SR	P	S	S
7.	Internal Control Reviews		P		
8.	Handle Cases of Sensitive Nature	S	P		
9.	Publicity/Press Releases	SR	P		
10.	Civil Litigation	SR	P		
11.	Corrective Action/Recommendations to Prevent Recurrences	SR	P	S	S
12.	Monitor Recoveries	SR	P		
13.	Pro-active Fraud Auditing		P		
14.	Fraud Education/Training	S	P	S	S
15.	Risk Analysis of Areas of Vulnerabilities		P		
16.	Case Analysis	S	P		
17.	Hotline	S	P		
18.	Ethics Line	S	P		

**P**     **Primary Responsibility**  
**S**     **Secondary Responsibility**  
**SR**   **Shared Responsibility**