



### BACKGROUND

North East School Division requires that employees observe high standards of business and personal ethics in the conduct of his/her duties and responsibilities. Employees must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations.

This administrative procedure is intended to encourage and enable employees to raise serious concerns about misconduct that may occur in the North East School Division.

The School Division maintains a zero tolerance policy towards fraud and similar illegal acts. Zero tolerance means the school division will investigate all suspected incidents of fraud or similar illegal acts and take appropriate disciplinary and legal action in confirmed cases.

Any employee who has knowledge of a suspicious incident within the school division, which may involve a fraud or similar illegal act, shall report it immediately. This includes incidents which involve an employee, a client, a supplier, a contractor or other third party.

### DEFINITIONS

**Fraud:** An intentional deception for the purpose of personal gain. This deception usually results in a loss to the North East School Division.

### APPLICABILITY

This administrative procedure applies to situations of suspected or confirmed incidents of fraud or similar illegal acts:

- by school division employees;
- by individuals employed by the school division on personal service or fee-for-service contracts;
- by suppliers or contractors of the school division.

This administrative procedure does not apply to acts of negligence or poor performance of employees, which should be addressed through normal human resource management processes.

### PROCEDURES

1. Employees are required to act lawfully and in accordance with school division policies, administrative procedures and directives.
2. The school division is responsible to design a system of internal controls to fit its programs and operations. The system should consider the principal risks, the cost to implement controls and existing legislation, administrative procedures and directives. Specific controls which are important to the prevention and detection of fraud include:
  - segregation of duties;
  - regular and timely accounting reconciliations (e.g., bank reconciliations);
  - physical safeguards over money and property (e.g., safes and locked cabinets, restricted access to inventories);
  - effective supervision;



- effective information system security (e.g., passwords, encryption, console logs, network security controls, backup, physical access to data centers); and,
- appropriate and current delegations of authority.

Employees should be aware of financial risks within their area of responsibility. The Manager of Financial Services can be contacted if you need assistance identifying potential financial risks and the management of the risks.

3. If there is an incident of fraud, immediately report (in writing) the incident to your direct supervisor. The supervisor is to provide the written report of the incident to the Superintendent of Business Administration. If your supervisor is potentially involved with the incident or has ignored your complaint, you can then report directly to the Superintendent of Business Administration. All suspicions of fraud that involve an employee are then reported (in writing) to the Superintendent of Human Resources.
4. Written disclosure of fraud to include the following information, if known:
  - date of the fraud;
  - name of the person(s) alleged to have committed or about to commit the fraud; and
  - detailed description of the fraud.
5. Any employee who suspects fraud should not attempt to:
  - personally conduct investigations or interviews/interrogations related to any suspected fraud activities;
  - discuss the incident with anyone other than the people mentioned in this administrative procedure;
  - contact the suspected individual in an effort to determine facts or demand retribution; or,
  - contact the authorities to report the suspected fraud.
6. Except in situations involving criminal acts where it is clear that the police should be notified, the school division will consult with legal advisors to determine whether the police should be notified for any loss over \$500 which may have resulted from fraud or similar illegal acts. The school division will consider contacting law enforcement authorities immediately if a police presence is a matter of urgency (such as incidents involving a theft or break-in) or where assistance is required to secure evidence.
7. All suspected frauds that are reported under this administrative procedure will be investigated. If this investigation substantiates that fraud activity has occurred, reports will be prepared and issued by the Superintendent of Business Administration directly to the Trustees of the School Board.
8. Allegations made under this policy are serious. Complaints that are made maliciously or not in good faith may result in disciplinary action against the complainant and will be documented in the personnel file of the complainant. Discipline may also occur in the event of interference with the process, retaliation against anyone who participates in the process or creates a breach of confidentiality.
9. No employee who has acted in good faith shall be subject to any reprisal for reporting, or proposing to report, a suspected fraud or similar illegal act. All reports made will be confidential.



10. All suspected frauds will be investigated to determine if a fraud or similar illegal act has occurred. The school division will exercise discretion, based on the nature and relative size of the incident, to determine the extent of the work to be undertaken.
11. Investigations must be objective, regardless of the relationship with a third party or the position, work record or length of service of an employee.
12. All participants in investigations are to keep the details confidential. Correspondence, reports and other documents related to suspected or actual cases of fraud are to be treated as confidential and kept in secure confidential files.
13. A record of the investigation will be maintained, including details of pertinent telephone conversations, meetings and interviews, as well as working papers and results of audits and similar reviews.
14. If a fraud or similar illegal act has been committed, all reasonable steps, including legal action, should be taken to recover any losses incurred.
15. When incidents of fraud or similar illegal acts occur, the school division is responsible to take applicable steps to help prevent a similar occurrence in the future. These steps include, but are not limited to, improvement of controls, reinforcement of existing policies and procedures, employee training and more careful supervision.

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CREATED: August 8, 2018

REVISED: May 2019