

# 511 Fraud

## Belief

The District Office is committed to maintaining the highest standards of honesty, integrity and ethical conduct and has adopted this Administrative Procedure to ensure consistent and effective investigation, reporting and disclosure of fraud occurrences within the District Office. Further, the District Office is committed to protecting its revenue, property, information and other assets from any attempt, either by members of the public, contractors, subcontractors, agents, or its own employees, to gain by deceit, financial or other benefits.

## Procedures

1. District Office staff are responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Each member of the 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.
2. Any fraud that is detected or suspected must be reported immediately to the Superintendent or, alternatively, to the Executive Director of Finance.
3. It is the District Office's intention to fully investigate any suspected acts of fraud, misappropriation or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the District Office of any party who might be or becomes involved in or becomes the subject of such investigation.
4. The Executive Director of Finance is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance for the prevention and detection of fraud, misappropriations and other irregularities.
5. The Superintendent has the primary responsibility for the investigation.
6. The Superintendent will notify the Board of a reported allegation of fraudulent or irregular conduct upon the commencement of the investigation to the extent practical. Throughout the investigation the Board is to be informed of pertinent investigative findings.
7. In all circumstances where there are reasonable grounds to indicate that a fraud may have occurred, the Superintendent, subject to the advice of legal counsel, will contact the RCMP.
8. Upon conclusion of the investigation, the results will be reported to the Board.
9. The District Office will pursue every reasonable effort, to obtain recovery of the District Office's losses from the offender, or other appropriate sources.
10. Any employee who has knowledge of an occurrence of irregular conduct, 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 shall immediately notify the Superintendent or the Executive Director of Finance.

11. The employee shall not discuss the matter with anyone other than his/her supervisor, the Superintendent or the Executive Director of Finance. Employees who knowingly make false allegations will be subject to discipline up to and including dismissal.
12. Upon notification from an employee of suspected fraud, or if the supervisor has reason to suspect that a fraud has occurred, the supervisor shall immediately notify the Superintendent. The supervisor shall not attempt to investigate the suspected fraud or to discuss the matter with anyone other than the Superintendent.
13. Upon notification or discovery of a suspected fraud, the Superintendent will promptly investigate the fraud. In all circumstances where there appears to be reasonable grounds for suspecting that a fraud has taken place, the Superintendent, in consultation with legal counsel, will contact the RCMP.
14. Once a suspected fraud is reported, the Executive Director of Finance shall take immediate action to prevent the theft, alteration, or destruction of relevant records. Such action shall include, but is not limited to:
  - a) Removing the records and placing them in a secure location,
  - b) Limiting access to the location where the records currently exist, and
  - c) Preventing the individual suspected of committing the fraud from having access to the records.
15. All participants in a fraud investigation shall keep the details and results of the investigation confidential.
16. If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal, shall be taken by the Superintendent in consultation with legal counsel.
17. Unless exceptional circumstances exist, a person under investigation for fraud shall be given notice in writing of the essential particulars of the allegations following the conclusion of the audit and prior to final disciplinary action being taken. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Superintendent no later than seven (7) calendar days after the notice is received.
  1. Any employee or a person acting on behalf of the District Office shall not:
    - a) Dismiss or threaten to dismiss an employee,
    - b) Discipline or suspend or threaten to discipline or suspend an employee,
    - c) Impose any penalty upon an employee or,
    - d) Intimidate or coerce an employee.

18. At the conclusion of the investigation, the Executive Director of Finance will document the results in a confidential memorandum report to the Superintendent. If the report concludes that the allegations are founded, the report will be forwarded to the RCMP.

19. The Executive Director of Finance will be required to make recommendations which will assist in the prevention of future similar occurrences.

The Executive Director of Finance will report to the external auditors all information relating to investigations.

## **References**

MESC Board of Governors Policy; EL-5