

### Statement of Policy

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- Greater Saskatoon Catholic Schools emphasizes an ethical and positive work environment which promotes honesty, integrity, respect, service excellence and accountability.
- The school division maintains adequate systems and controls to prevent and detect fraud and similar illegal acts.
- 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 when required.
- 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.
- 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.
- The school division is to report incidents of fraud and similar illegal acts to the proper authorities (i.e. law enforcement).

### Authority

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- *The Education Act, 1995 Sections 277-282*
- Policy Governance Manual

### Employee Responsibilities

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- Employees are required to act lawfully and in accordance with school division policies and directives.
- Employees with knowledge of a suspicious incident within the school division, which may involve a fraud or similar illegal act should report the incident in accordance with Administrative Policy **DLB – Reporting Violations in Business Practices**.
- Employees should provide as much relevant, factual detail as possible in their reports but should not undertake their own investigation to collect evidence or information.
- Allegations made under this policy are serious. Employees are responsible for respecting the reputations of individuals. Any malicious unfounded reports will be reviewed and considered for appropriate discipline of the reporting employee.
- Employees reporting suspicious incidents under this policy should treat the matter as confidential and not discuss it with anyone other than their immediate supervisor, Superintendent of Learning Services, or Chief Financial Officer.

## School Division Responsibilities

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- The school division is responsible to prevent and detect fraud and similar illegal acts.
- 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 costs to implement controls and existing legislations, policies, 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.
- The school division will ensure these controls are in place and operating as intended. Controls should be monitored through such means as internal audits, review of variance and exception reports by management and general oversight by the Board of Education. Deficiencies detected should be fixed and controls and processes modified as required.
- The school division is responsible to take reasonable steps, through training and other communication methods, to ensure that employees are aware of and understand the policies which affect them. Emphasis should be placed on fraud awareness training, the school division's zero-tolerance fraud policy and the policy requirement for employees to report suspicions of fraud or similar illegal acts.
- When incidents of suspected fraud or similar illegal acts are identified, the school division is responsible for investigating all incidents. The school division will:
  - take disciplinary action against employees, which may include termination and legal action;
  - proceed with legal action against other parties as recommended by legal advisors;
  - pursue recovery of losses; and,
  - implement corrective action to reduce the likelihood of similar future incidents.
- The school division will comply with all applicable laws, policies, directives, and other authorities when investigating, reporting, and following up incidents.

## Police Involvement

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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 material loss 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.

## Investigation

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- The Chief Financial Officer for the school division shall determine the next step for every reported allegation of wrongdoing.
- All allegations 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.
- The school division will ensure responsibility for investigations is clear. This is typically done by assigning responsibility to an individual or an oversight committee. Investigations must be objective, regardless of the relationship with a third party or the position, work record or length of service of an employee.
- 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. Any issues related to confidentiality should be discussed with school division legal advisors.
- 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.
- Where a preliminary investigation fails to substantiate that a fraud or similar illegal act has taken place, the conclusion should be documented and the Chief Financial Officer will ensure it is communicated to the parties involved in the investigation (e.g. internal auditors, human resources, etc.). No further action is required.
- Where a preliminary investigation determines that there are reasonable grounds for an allegation, further work must be undertaken. Where an employee is involved, it may also be appropriate to consider suspending the employee against whom an allegation has been made. This may be with or without pay depending on the circumstances and should only be done after consultation with appropriate human resources personnel.
- Upon completion of the investigation, a written report will be prepared which includes information such as background (e.g. nature of incident and circumstances which permitted it, description and amount of any losses, etc.), a summary of the investigation (e.g. work performed, including audits, interviews, police involvement, etc.), the conclusion and recommended actions (e.g. discipline, prosecution, recoveries, changes to operating practices to mitigate risk, etc.). The content of this report will depend on the particular circumstances.
- The report should be provided to the Director of Education who will determine additional distribution, including timely reporting to the Ministry of Education.

## Discipline

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Where employee fraud or similar illegal activity is confirmed, disciplinary action, up to and including dismissal, shall be considered by management, in consultation with appropriate human resources personnel. Action should be taken promptly, as any undue delay may adversely affect the right to impose discipline.

## **Recovery of Losses**

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- If a fraud or similar illegal act has been committed, all reasonable steps, including legal action, should be taken to recover any losses incurred.
- Where an employee is involved, the school division will also pursue recovery.

## **Prevention of Future Incidents**

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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.

## **References**

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- DKA Business Administration: Conflict of Interest
- DLA Internal Controls
- DLB Reporting Violations in Business Practices
- Ministry of Education's *Reporting and Recovery of Losses Policy* for School Divisions

## **Date Approved**

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March 4, 2021