

# Fraud Policy Procedures

Procedure Type:  Provincial

Regional

Effective Date: January, 2021

## 1. Purpose

These administrative procedures outline how the Fraud Policy will be implemented in Regional Centres for Education and Conseil scolaire acadien provincial.

## 2. Definitions

**employee:** An individual in the employ of, seconded to, or under personal service contract with the regional Centre for education/CSAP.

**external parties:** Any person or organization that is not employed by a RCE or the CSAP, or an elected board member of the CSAP.

**fraud:** The use of deception with the intent of obtaining an advantage, avoiding an obligation or causing a loss to another party. Examples of fraud are included in Appendix A.

**internal controls:** Processes, effected by the RCE or CSAP, designed to provide reasonable assurance regarding the achievement of their goals and objectives.

## 3. Administrative Procedures

### 3.1 Initial Report Obligations

- 3.1.1 Per section 2 of the Fraud Policy, when an employee reasonably believes that fraudulent activity has occurred, or is going to occur, the employee must disclose their concerns, verbally or in writing, to any of the following:
  - a. their immediate supervisor;
  - b. a manager above their immediate supervisor, a Human Resources professional, or Financial Services professional; or
  - c. Regional Executive Director/Superintendent.
- 3.1.2 In addition, the employee may also report fraudulent activity with the Ombudsman's Office as employee wrongdoing. If the employee chooses to notify the Ombudsman's office, reporting and investigation processes outlined in the Public Interest Disclosure of Wrongdoing Act will apply.

- 3.1.3 An employee making a report must provide as much relevant, factual information as possible, but must not conduct their own independent investigation.
- 3.1.4 A reporting employee should exercise discretion and maintain confidentiality to limit the impact on reputations and to protect the integrity of any investigation that may ensue.

### **3.2 Report Recipient Obligations**

- 3.2.1 The report recipient other than the Regional Executive Director/Superintendent, is required to escalate the concerns. This must be done, in writing, within five business days of receiving the information from the employee.
- 3.2.2 The report recipient must ensure that information received directly from an employee is appropriately documented.
- 3.2.3 The report recipient must communicate to the employee who brought the concern to them that the information has been appropriately escalated. Any additional information, including future actions or decisions resulting from the information, is not to be disclosed to the reporting employee.
- 3.2.4 The extent and treatment of information gathered is subject to the Freedom of Information and Protection of Privacy Act.

### **3.3 Regional Executive Director/Superintendent Obligations**

- 3.3.1 The Regional Executive Director / Superintendent, or their designate, will assemble a team of individuals (“the team”) to determine how to proceed with the information and whether an investigation is warranted.
- 3.3.2 If the individual being investigated is an employee, the team must include a Human Resources representative and may also include representation from Legal Services.
- 3.3.3 The team may also include the head of the department with direct responsibility over internal controls impacted.

### **3.4 Conducting the Investigations**

- 3.4.1 For fraud investigations the Regional Executive Director / Superintendent has the authority to:
  - a. Initiate any investigation which they consider appropriate
  - b. Retain professional assistance (e.g., legal, accounting) as deemed necessary. Any costs incurred through the use of external parties will be the responsibility of the RCE/CSAP.
  - c. Take appropriate measures to stop the suspected fraud.
  - d. Determine who should perform, and/or provide oversight of, the fraud investigation procedures (e.g., third-party investigators, law enforcement)

### 3.5 Reporting Requirements

- 3.5.1 On completion of the investigation, the investigators must produce a fact-based written report and submit it to the Regional Executive Director / Superintendent.
- 3.5.2 The report must include the following:
- evidence, including a summary of findings regarding the allegations of fraud, corruption, or other financial irregularity
  - the statements of the suspected individual in respect of the allegations made, if available
  - the nature and extent of the irregularity
  - the impact to the entity
  - the names of individuals involved (including those staff and/or management whose failure to exercise appropriate supervision or control may have contributed to the fraud)
  - internal control weaknesses that may have allowed the irregularity to occur, with recommendations to improve those systems of control
- 3.5.3 The draft report must be reviewed by Legal Services and HR prior to being finalized.
- 3.5.4 For cases involving employees, HR will provide the Regional Executive Director / Superintendent with recommendations if appropriate.
- 3.5.5 Legal Services, HR, and the Regional Executive Director / Superintendent must be informed of any decisions arising from the investigation.
- 3.5.6 Following consultation with the team, the Regional Executive Director / Superintendent must determine whether
- a. the RCE/CSAP should proceed with legal action through criminal or civil actions, including recovery of losses
  - b. the RCE/CSAP should act in accordance with its disciplinary procedures against any employee where allegations of fraud are upheld
  - c. any action is necessary to prevent or detect further fraud, corruption, or similar irregularities elsewhere in the entity
- 3.5.7 The Regional Executive Director/Superintendent must provide a copy of the final report to the Deputy Minister and the Director of Finance of the Department of Education and Early Childhood Development.

### 3.6 Retention Requirements

- 3.6.1 Investigation files, including any final reports, are to be maintained in accordance with existing policy requirements.

## 4. References

- 4.1. Nova Scotia. Education and Early Childhood Development. 2020. *Fraud Policy*. Halifax, NS: Province of Nova Scotia.