

<b>76.21</b>	<b>Fraud</b>	<b>POLICY</b>
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### 1.0 PURPOSE

- 1.1 The values of the College include a responsibility and accountability for the public's trust.
- 1.2 An established fraud policy clearly defines fraudulent activity providing guidance for College staff and creating an added measure of prevention and protection for College assets.

### 2.0 SCOPE

- 2.1 This policy applies equally to all employees regardless of their position, past performance, or length of service with the College.
- 2.2 For the purpose of this document fraudulent activity could include but is not limited to:
  - a. An improper act to conceal the theft of College assets, to avoid payment or to obtain personal advantages at the cost of the College (e.g. forgery of College documents)
  - b. Embezzlement of College assets
  - c. Misappropriation or misuse of College assets
  - d. Inaccurately reporting financial information for a personal advantage
  - e. Certain types of unethical behaviour associated with someone who uses their position at the College for personal advantage to the detriment of the organization. Certain aspects of this behavior are documented in the College's Conflict of Interest Policy. For example, an employee might use students or staff on College time to carry out work for an enterprise in which either the employee or a person with a relationship to that employee has a financial or other interest.
  - f. Authorizing or receiving remuneration for time not worked
  - g. Authorizing or receiving remuneration for goods that were not received or services that were not performed.
  - h. Computer crimes
  - i. Covering up bribery

### 3.0 DEFINITIONS

- 2.1 **Employee:** An employee is an individual who is currently employed with NSCC to perform work for the College. This includes all employees, regardless of status, as well as current employees who are on a leave of absence (paid/unpaid).

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### 2.2 Fraud

The Institute of Internal Auditors refers to fraud as any illegal acts characterized by deceit, concealment or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organizations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage.

### 2.3 Section 380 of the Canadian Criminal Code states:

Everyone who, by deceit, falsehood or other fraudulent means, whether or not it is a false pretense within the meaning of this Act, defrauds the public or any person, whether ascertained or not, of any property, money or valuable security or any service,

- a. is guilty of an indictable offence and liable to a term of imprisonment not exceeding ten years, where the subject-matter of the offence is a testamentary instrument or the value of the subject-matter of the offence exceeds five thousand dollars; or
- b. is guilty
  - i. of an indictable offence and is liable to imprisonment for a term not exceeding two years, or
  - ii. of an offence punishable on summary conviction, where the value of the subject-matter of the offence does not exceed five thousand dollars.

## 4.0 Policy

### 4.1 Dishonesty and fraud will not be tolerated.

- a. Employees who commit an act of fraud will be subject to disciplinary action, up to and including termination of employment. An employee may be suspended with pay from their employment position during the term of the investigation.
- b. Disciplinary actions shall also apply to situations where an employee makes an unjustified allegation of fraud with the intention of disrupting operations or harming another member of the College.
- c. Employees are expected to provide their complete cooperation with College initiated fraud investigations.
- d. Employees of the College are obligated to report instances of suspected irregularities to their supervisor, the appropriate administration and/or the Director of Internal Audit.
- e. The College is responsible for the collection and distribution of Student Association fees. In an effort to reduce the risk of fraudulent activity the College has established certain guidelines for the distribution and subsequent administration of these fees.

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**RISK MANAGEMENT Policies and Procedures**

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**4.2 Environment**

- a. The College will maintain an environment that protects itself against instances of fraud. Prevention is supported with well-established internal controls and keeping College employees informed about the fraud policy and the applicable College procedures. These preventions are the responsibility of management.
- b. In an effort to protect against instances of fraud, managers should be familiar with the risks and indicators of fraudulent activity pertaining to their Department and/or Campus.

**4.3 Investigation of Fraudulent Activities**

- a. Allegations or suspected instances of fraud should be immediately brought to the attention of the Director of Internal Audit. The Director will be responsible for coordinating individuals from the appropriate College Departments to assist with the investigation. These individuals must thoroughly document all aspects of their involvement with the investigation. The Director of Internal Audit will contact the police in instances where criminal charges may be warranted.
- b. The Director of Internal Audit should consult with the President, the employee's supervisor and a representative assigned by the Vice-President, Organizational Development as required, during the investigation process. This may require assembling a team to investigate the allegations or suspicions of fraud.
- c. The Vice-President, Organizational Development or a designated staff member will provide guidance if disciplinary action is required as a result of the investigation.
- d. The investigation must remain confidential although it's expected that the investigators will share general information with applicable members of the senior management. Copies of the investigation report will have limited circulation.
- e. Individuals involved with the investigation process must remain unbiased.
- f. The results of the investigation must be included in a written report coordinated by the Director of Internal Audit. Limited copies of the report will be delivered to the investigation team with a copy to the President and Vice-Presidents.
- g. The individual suspected of fraudulent activities should not be confronted prior to the investigation process. Records related to the activity need to be seized before the suspected employee becomes aware of the investigation.
- h. An employee suspected of fraudulent activities maintains legal rights which must be respected.
- i. Investigation interviews should include at least two members of the investigative team. The team may choose to employ professional interrogators if the interrogation is expected to trigger significant exposure for the College.
- j. All reasonable means, including legal action, should be used to recover losses.

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- k. Instances of fraudulent activity should be followed up with a review of the College's policies and procedures. Management should make the changes that are required to reduce the possibility of a similar event recurring.

**5.0 POLICY SUPPORTS**

**RELATED POLICIES & PROCEDURES**

- 62.01** Travel and Reimbursement Policy
- 62.03** Travel Expense Claim Form
- 62.05** Presidential Travel Expenses
- 62.11** Entertainment and Other Expenses
- 62.21** Procurement Policy

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