

## FRAUD PREVENTION POLICY

<b>Policy Name:</b> Fraud Prevention	<b>Responsible Owner:</b> Vice-President, Administrative Services and CFO	<b>Created:</b> 2022 Sep
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#### A. PURPOSE

As a public sector organization, Douglas College (the College) is entrusted with public funds and resources and must demonstrate prudence as the steward of these assets. The purpose of this policy is to raise awareness among members of the College Community about the risk of Fraud; to outline responsibilities for the prevention, detection and investigation of Fraud; and to assist in promoting a climate of openness in which Employees feel able to raise concerns about fraudulent or irregular procedures or transactions without fear of retaliation.

#### B. SCOPE

This policy applies to all members of the College Community in respect of their handling of College operations and assets. Fraud is an offence under the Criminal Code of Canada; however, the College is not responsible for determining violations of criminal or civil law, and this policy is separate from any criminal or civil proceedings.

##### **Application of Other College Policies**

Conduct that violates this policy may also violate other College policies, such as but not limited to the *Conflict of Interest* policy and the College's *Code of Conduct*.

#### C. DEFINITIONS

**College Community:** All College Employees, students and Board members, and any other person contractually obligated to comply with College policy; for the purposes of this

policy, includes all vendors, visiting scholars and researchers and any other individuals with a financial or business relationship with the College.

**Corruption:** The misuse of entrusted power for private gain; includes but is not limited to offering, giving, soliciting or accepting an improper inducement or reward that may influence the decision, decision-making process or action of any person.

**Employee:** A person employed by the College, including administrators, faculty members and staff, and students when employed by the College (e.g., as student assistants or peer tutors).

**Fraud:** An intentional act, omission or misrepresentation designed to deceive others and resulting in the College suffering a loss and/or the perpetrator achieving a gain.<sup>1</sup> Such acts, omissions and misrepresentations include but are not limited to the following:

- a. intentionally misstating financial or non-financial information;
- b. engaging in theft, misappropriation or unauthorized use of College funds or assets (e.g., credit cards, furniture, fixtures, equipment, data, trade secrets, intellectual property);
- c. engaging in forgery, alteration, falsification or misrepresentation of information or documents (e.g., credit card information, cheques, bank drafts, deposit slips, promissory notes, travel expense reports or extended health benefit claims, contractor agreements, purchase orders, electronic files);
- d. authorizing or receiving payment for goods or services not received or performed or payment for time not worked, including intentionally failing to report vacation or other leave time taken, resulting in a gain to which the perpetrator is not entitled;
- e. claiming payment or reimbursement of expenses that were not incurred for the benefit of the College;
- f. engaging in bribery, receiving kickbacks or seeking unauthorized rebates;
- g. engaging in illegal acts that could have a material direct or indirect adverse impact on the College;
- h. participating in or facilitating an external cyber-hack, to intentionally gain or enable unauthorized access to or breach of the College's computer systems;
- i. engaging in Corruption; and
- j. assisting, supporting, encouraging or inciting a person to commit any act or omission described above.

**Fraud Risk Management:** A comprehensive and systematic approach to addressing the Fraud-related risks inherent in operating an organization; includes a governance structure, mechanisms for assessing, preventing, monitoring and reporting potential or actual instances of Fraud, and procedures for investigating and responding to confirmed instances of Fraud.

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<sup>1</sup> COSO – *Fraud Risk Management Guide*, p.5; this definition draws also upon Provincial Health Services Authority policy.

**Irregularity:** Suspected Fraud, or a suspected non-compliant act or omission by an individual that results in, or may result in, a loss to the College; includes but is not limited to a failure to comply with approved policies, procedures, accounting standards, documentation or other internal controls, and the intentional concealment of an Irregularity.

**Responsible Administrator:** An executive of the College or an administrator responsible for the operations of a College department, Faculty or service area (e.g., Dean, Director, Chief Information Officer, Registrar).

#### **D. POLICY STATEMENTS**

1. Douglas College is committed to safeguarding the funds and resources entrusted to it and to protecting these assets from fraudulent activities; it expects all members of the College Community in turn to act with honesty, integrity and good faith, exercising vigilance in the safeguarding of these same assets.
2. All College Employees and Board members have the duty and responsibility to be familiar with College policy regarding Fraud, and to avoid and/or report situations that could reasonably be perceived as fraudulent.
3. The College does not have jurisdiction to take disciplinary action against a person found to have committed Fraud, theft and/or Corruption who is not a member of the College Community or who is not currently affiliated with the College. However, under certain circumstances the College may be able to take other action, such as terminating contracts or otherwise severing business relationships and/or commencing legal action.
4. The College will establish and maintain a Fraud Risk Management program comprising systematic internal control processes to minimize opportunities for Fraud, theft and/or Corruption, and will respond appropriately when such acts do occur. These internal controls will include but not be limited to the following:
  - a. Appropriate policies, procedures, accounting standards and documentation protocols for the prevention of Fraud;
  - b. Mechanisms such as internal and external audit for detecting Irregularities and reporting suspected instances of Fraud, theft or Corruption without fear of reprisal; and
  - c. Procedures for investigating and responding to confirmed instances of the misuse of any of the College's funds or resources.
5. The College recognizes that human error is distinguishable from Fraud and Corruption by the absence of intent. Instances of suspected or confirmed deviations from internal control processes—including policies, procedures, accounting standards and documentation protocols—will be referred to as Irregularities until an investigation has been conducted in accordance with the appropriate policy/policies.

6. Any breach of this policy by a member of the College Community represents serious misconduct and is grounds for disciplinary sanction, which may include, where appropriate, suspension or dismissal, in addition to possible referral of the matter to the police.

### **Roles and Responsibilities**

7. The President is responsible for the following:
  - a. Ensuring that the College has a Fraud Risk Management system that is embedded within its culture and operations, and
  - b. Ensuring that appropriate roles and responsibilities with respect to Fraud Risk Management are assigned.
8. The Chief Financial Officer is responsible for the following:
  - a. Establishing, monitoring and maintaining a risk-based system of internal control over financial management;
  - b. Providing reasonable assurance that financial resources are safeguarded against material loss;
  - c. Taking prompt corrective action when control weaknesses and material unmitigated risks are identified, including risk of Fraud; and
  - d. With the assistance of the Director, Finance and the College's Internal Auditor, ensuring the proper application of this policy.
9. Each Responsible Administrator (RA) is required to be familiar with the types of Fraud risks within their area of responsibility and to be alert for any indication of Fraud.

## **E. PROCEDURES**

### **Reporting Irregularities, Fraud, theft or Corruption**

1. Employees must at the earliest opportunity report Irregularities, Fraud, theft or Corruption in writing to their RA, unless the Irregularity is suspected of that RA, in which case the instance is to be reported to the RA's direct supervisor.
2. RAs in receipt of reports of Irregularities, Fraud, theft or Corruption are responsible for referring the information immediately to the College's Vice President, Administrative Services and CFO (VPAS/CFO), unless the Irregularity is suspected of the VPAS/CFO, in which case the instance is to be reported to the College President.
3. Other members of the College Community, including Board members, must at the earliest opportunity report Irregularities, Fraud, theft or Corruption in writing to the VPAS/CFO, unless the Irregularity is suspected of the VPAS/CFO, in which case the instance is to be reported to the College President.

### **Responding to Reports of Irregularities, Fraud, theft or Corruption**

1. Upon receipt of a written allegation of an Irregularity or of an identified instance of Fraud, theft or Corruption, the Vice President, Administrative Services and CFO (VPAS/CFO) (or College President) will do the following:
  - a. Consult the College's *Public Interest Disclosure (Whistleblower) Policy* to determine whether the allegation, if confirmed, would amount to wrongdoing as defined in that policy, and where this is the case, ensure that the matter is investigated and reported on under that policy; and
  - b. Determine whether the allegation should be referred immediately to the police.
2. Where the matter is deemed to fall under the scope of the *Fraud Prevention Policy*, the Vice President, Administrative Services and CFO (VPAS/CFO) (or College President) will initiate an investigation as outlined below. Where the matter is referred to the police under 1(b), above, the College may proceed with its own investigation simultaneously or put its investigation into abeyance pending the outcome of any police involvement.

### **Investigating Reports of Irregularities, Fraud, theft or Corruption**

The purpose of an investigation under this policy is primarily to determine whether the allegation is founded and a violation of this policy has occurred.

1. The investigation will be conducted in a manner that is discreet, independent, fair and proportionate.
2. The Respondent(s) will be informed of the allegation(s) made against them and given a full opportunity to respond.
3. The VPAS/CFO (or College President) will communicate their findings to the Respondent(s) in writing.
  - a. Where the allegation is deemed to be unfounded, the matter will be dismissed.
  - b. Where the allegation is confirmed and a violation of this policy is found to have occurred, the VPAS/CFO (or College President) will consult with the AVPHR and the College President (or Chair of the College Board) to determine the appropriate remedy, which may include mandatory retraining, sanctions or discipline, up to and including termination of the Employee.
4. Where warranted, the College will refer the matter to an appropriate external authority (e.g., the police and/or a professional association).
5. Other senior College administrators and the Chair of the College Board may be notified at the discretion of the VPAS/CFO (or the College President).

## F. SUPPORTING FORMS, DOCUMENTS, WEBSITES, RELATED POLICIES

### [Administration Policies](#)

- *Conflict of Interest*
- *Enterprise Risk Management*
- *Investment*
- *Procurement*
- *Public Interest Disclosure (Whistleblower)*
- *Signing Authorities for Procurement Activities*

[Douglas College Accounting Guidelines](#) (internal users only)

[Douglas College Code of Conduct](#)

## G. RELATED ACTS AND REGULATIONS

- [Budget Transparency and Accountability Act](#) [SBC 2000], c. 23
- [College and Institute Act](#) [RSBC 1996], c. 52
- [Criminal Code of Canada](#) [RSC 1985], c. C-46
- [Financial Administration Act](#) [RSBC 1996], c. 138
- [Financial Information Act](#) [RSBC 1996], c. 140
- [Trustee Act](#) [RSBC 1996], c. 464

## H. RELATED COLLECTIVE AGREEMENTS

N/A