



TOWN OF KENTVILLE POLICY STATEMENT G38 FRAUD AND OTHER SIMILAR IRREGULARITIES

1.0 PURPOSE

The Town of Kentville is committed to high standards of ethics, conduct and fiduciary responsibility. As stewards of public funds all staff must have, and be seen to have, high standards of honesty, propriety and personal integrity.

The purpose of this document is to create a uniform policy and provide direction to and a standard for protocol regarding the reporting of any documentary or other activity that might be perceived as fraudulent or similarly irregular activities within the organization of the Town of Kentville.

2.0 DEFINITIONS

Fraud

Fraud includes a deliberate and /or unlawful deception, misrepresentation or concealment of facts practiced to secure advantage, benefit and/or to cause loss to another.

Irregularity

Irregularity includes an activity, actual or planned, that deliberately disregards Town of Kentville regulations or procedures.

Fraud, and other irregularities, includes but is not limited to:

- Forgery or alteration of cheques, drafts, promissory notes and securities
- Any misappropriation of funds, securities, supplies or any other asset
- Any irregularity in the handling or reporting of money transactions
- Authorizing or receiving remuneration for time not worked
- Authorizing or receiving payment for goods or services not received or performed
- Misappropriation of furniture, fixtures, equipment or other assets of the Town.
- Seeking or accepting anything (including a promise of future benefit) of material value from vendors, consultants or contractors doing business with the Town.
- Misuse, abuse or unauthorized use of Town property, equipment, materials or records.
- Any computer-related activity involving the alteration, destruction, forgery, substitution or manipulation of programs or data for malicious and/or fraudulent purposes or misappropriation of Town-owned software for use in the perpetration of fraud or intent to personally benefit or for any reason detrimental to the Town.
- Any claim for reimbursement of expenses that have not been made for the exclusive benefit of the Town

- Any similar or related activity

3.0 SCOPE

The Town of Kentville is committed to protecting its revenue, property, information and other assets from any attempt either by members of the public, contractors, subcontractors, agents, intermediaries, its own employees, or any organization, corporation or person, to gain by deceit or unlawful means, financial or other benefits.

This policy sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of such matters.

4.0 PROCEDURES

This policy applies to Council Members, all employees of the Town of Kentville and to the employees of the local Boards, Agencies and Commissions over which the Council has authority to require general policies be followed.

It is the Town's intent to fully investigate any suspected acts of fraud, misappropriation or other irregularity. An objective and impartial investigation will be conducted of any person whom the Town has reasonable cause to believe has engaged in such activity, regardless of the position, title, length of service or relationship with the Town of such person.

Each Director is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for indications of such conduct.

The **Chief Administration Officer (CAO)**, in consultation with the Town's solicitor, has the primary responsibility for the investigation of all activity as defined in this policy.

The **CAO** will **notify** the **Chair of the Audit Committee** of a reported allegation of fraudulent or irregular conduct upon the commencement of the investigation, to the extent practicable. Throughout the investigation, this official should be informed of pertinent investigative findings.

In all circumstances, where there are reasonable grounds to indicate that a fraud may have occurred, the CAO, subject to the advice of the Town's solicitor, will contact the Kentville Police Service.

Upon conclusion of the investigation, the results will be reported to the Chair of the Audit Committee and the Director.

The Town will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of the Town losses from the offender, or other appropriate source(s).

All Employees

Town of Kentville, Policy G38: Fraud and Other Similar Irregularities

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 his/her Director and/or the CAO.

The employee shall not discuss the matter with anyone other than his/her supervisor, his Director, the CAO or the Kentville Police Service. Employees who knowingly make false allegations will be subject to discipline up to and including dismissal.

Supervisors

Upon notification from an employee of suspected fraud, or if the supervisor independently has reason to suspect that a fraud has occurred, the supervisor shall immediately notify the department's Director and the CAO. The supervisor shall not attempt to investigate the suspected fraud or to discuss the matter with anyone other than the person to whom the fraud was reported, the CAO and the police.

Directors

If a Director receives notification from an employee or supervisor of suspected fraud, or if the Director has reason to suspect that a fraud has occurred, the Director shall immediately contact the CAO. The Director shall not attempt to investigate the suspected fraud or to discuss the matter with anyone other than the CAO and the police.

CAO

Upon notification or discovery of a suspected fraud, the CAO will promptly investigate the allegation. In all circumstances where, in the opinion of the CAO after consultation with the Town solicitor, there appears to be reasonable grounds for believing that a fraud has taken place, the CAO will contact the Kentville Police Service.

Chair of Audit Committee

Should the Chief Administrative Officer be suspected of fraud, the employee/supervisor/Director shall notify the Chair of the Audit Committee, who will promptly investigate the allegation. In all circumstances where there appears, in the opinion of the Chair of the Audit Committee after consultation with the Town's solicitor, to be reasonable grounds for believing that a fraud has been committed by the CAO, the Chair of the Audit Committee will contact the Kentville Police Service.

Police Act Supersedes

Notwithstanding any other provision of this policy, in the event that an employee suspected of fraud is a member of the Kentville Police Service, the Police Act, 2004, c.31, as amended (the "Act"), shall govern and have paramourcy over this policy. Any suspicion of an employee who is a member of the Kentville Police Service shall be reported to the persons designated to receive such information under the Act and/or its regulations.

Contacts/Protocols

After an initial review and determination that the alleged fraud warrants additional investigation, the CAO will notify the Town's solicitor and the Chair of the Audit

Committee of the allegations. The CAO shall coordinate the investigation with the appropriate law enforcement officials. If specialist skills are required, external specialists shall be consulted/retained.

Security of Evidence

Once an alleged fraud is reported, the CAO, in consultation with the Town's solicitor, shall take immediate action to prevent the theft, alteration or destruction of relevant records. Such actions include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing such individuals as they may in their discretions identify, from having access to the records. The records must be adequately secured until the CAO obtains the records to begin the audit investigation, and thereafter, if necessary. Continuity of possession of the records shall be maintained to protect the integrity of the investigation.

Confidentiality

All participants in such an investigation shall keep the details and results of the investigation confidential. However, the CAO, in consultation with the Chief of Police, may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.

Personnel Actions

If an allegation of fraud is, in the opinion of the CAO, substantiated by the investigation, then disciplinary action, up to and including dismissal, shall be taken by the appropriate level of management, in consultation with the CAO, the Town's solicitor and in conformance with the Town's Personnel Policies and Procedures.

Unless exceptional circumstances exist, a person under investigation for fraud or other default under this Policy shall be given notice in writing of the essential particulars of the allegations following the conclusion of the audit investigation 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 CAO no later than seven calendar days after the notice is received and may, within 7 days thereafter or at such other convenient time as the CAO may designate, meet with the CAO and others at his request to afford the person the right to fully explain his/her conduct. This requirement is subject to any collective agreement provisions respecting the rights of employees during disciplinary proceedings. If the situation requires, the person charged with the alleged fraud will be removed from his/her position in the workplace until the matter has reached a resolution.

Whistle Blower Protection

No employer or person acting on behalf of the employer shall:

- Dismiss or threaten to dismiss an employee
- Discipline or suspend or threaten to discipline or suspend and employee
- Impose any penalty upon an employee or
- Intimidate or coerce an employee

by virtue of the fact that the employee has acted in accordance with this policy in reporting any infraction hereof. Violation of this section will result in discipline up to and including dismissal.

Media Issues

Any staff person or elected official contacted by the media with respect to an audit investigation shall not comment other than to refer the media to the CAO and the Chair of the Audit Committee. The alleged fraud or audit investigation shall not be discussed with the media by any person other than the CAO.

Documentation

At the conclusion of the investigation, the CAO will document the results in a confidential memorandum to the Chair of the Audit Committee, with a copy to the Director. If the report concludes that the allegations are founded in fact, the report will be forwarded to the Kentville Police Service.

The CAO will also be required to make recommendations to the appropriate Director designed to lead to the institution of measures to prevent future similar occurrences.

Completion of Investigation

Upon completion of the investigation, including all legal and personnel actions, any records, documents and other evidentiary material will be returned by the CAO to the appropriate department.

Reporting to External Auditors

The CAO, through the Chief Financial Officer/Director of Finance, will report to the external auditors of the Town all information relating to the investigation that may be required for financial reporting.

Annual Report

As directed by Council, the CAO will report to Council, on an annual basis, information related to investigations conducted during the year.

5.0 ASSOCIATED DOCUMENTS

6.0 POLICY REVISION HISTORY

Date Created: October 11, 2006
Revisions: January 2017. Reformatted



CAO Mark Phillips