

Resort Village of Aquadeo

<u>Policy Title</u>	<u>Policy #</u>	<u>Resolution</u>	<u>Resolution Date</u>	<u># of pages</u>	<u>Forms</u>
Fraud Policy	GG-016	184/23	July 21, 2023		

Policy Objective:

To provide direction and information for Council and Staff on Fraud and the responsibilities of Council and Staff in the prevention, reporting and dealing with Fraud

Purpose:

- The purpose of this policy is to demonstrate the Municipality's commitment to ethical behavior and values. To establish a working culture that enhances the value of ethics and promote individual responsibility. The cornerstone in preventing fraud is the creation of an environment that adopts morality, integrity and business conduct.

Definitions:

"Assets" is any property/equipment etc. holding physical substance that are held for use by the municipality in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other assets.

"Council" Means Council for the Resort Village of Aquadeo

"Fraud" can be defined as: "Any illegal acts characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the application or threat of violence or of physical force. Fraud is 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."

Fraud may involve, but is not limited to:

- falsification or alteration of accounting records;
- suppression or omission of the effects of transactions from records or recording of transactions without substance;
- intentional misapplication of accounting policies or willful misrepresentation of transactions or of the Resort Village's state of affairs;
- misapplying/obtaining municipal or bank funds;
- Use of VILLAGE assets, facilities, supplies or funds for purposes unrelated to VILLAGE business;
- misappropriation or theft of assets.

Fraud may also involve manipulation of information system applications and data for personal advantage.


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 Mayor



“Supervisor” Means the member(s) of management employed by the Municipality. More specifically, the Chief Administrative Officer (CAO) for all office employees and the Manager of Public Works for all maintenance employees.

“The Municipality” Means the Resort Village of Aquadeo

“The VILLAGE” Means the Resort Village of Aquadeo

Scope:

- This policy applies to all members of Council, Mayor, CAO, office employees and all public works employees of the Municipality.

Objectives:

- To outline the responsibilities of all the involved parties with respect to fraud prevention, the actions to be taken if fraud is suspected and the mechanism of verifying suspicion of fraud, the reporting process and the recovery action plan.

Policy:

The Municipality is committed to protecting its revenue, property, proprietary information and other assets. The Municipality will not tolerate any misuse or misappropriation of those assets. The Municipality Fraud Prevention Policy is established to provide guidance to employees and council when misuse or misappropriation of Municipal assets is suspected. It is the Municipality’s intent to fully investigate any suspected acts of “fraud”, as it is defined in this Policy, in an impartial manner regardless of the suspected wrongdoer’s length of service, position, title or relationship to the Municipality. Any act of fraud that is detected or suspected must be reported immediately and investigated in accordance with this Policy. The Municipality will make every reasonable effort, including court ordered restitution, to recover or receive compensation from any appropriate source for Municipality assets obtained by fraud.

This policy is designed to augment other policies and is not intended to replace or preclude them. Should an overlap arise between the application of this policy and any other policy, the policy most specific to the situation will apply.

Procedures Against Fraud:

- All cheques are dually signed as per policy and Bylaw
- All invoices and/or any Municipality credit card transactions are reviewed by the Mayor and CAO as per Bylaw.
- Council is required to make sure the first cheque number on the meeting Cheque List is the next cheque number in sequence following the previous meeting.



- All aspects of finances in the office are not segregated to one person. Internal variation of work takes place to protect against fraud.
- All Bank Reconciliations and Deposit Sheets are completed by one person and reviewed by another.
- All cash/cheques kept in locked safe.
- Cash floats reconciled on a regular basis by one person and reviewed by another.
- Deposits taken to financial institution on a regular basis.
- Annual audit performed.
- Inventory of assets, facilities, supplies and resources recorded and reported to Auditor yearly.

Responsibilities:

Supervisors

The Supervisors of the Municipality constitute the front line of monitoring and preventing fraud. Supervisors and other members of management are responsible for establishing and maintaining a system of internal controls to ensure the detection and prevention of fraud, waste, abuse and other irregularities. Management should be reasonably familiar with the types of fraud that might occur within their area of responsibility, and be alert for any indication of fraud. Managers have the same responsibility with respect to reporting fraud as do all other employees of the VILLAGE as outlined below. Management will support and co-operate with the Auditor, other involved divisions, and law enforcement agencies in the detection, reporting and investigation of all fraudulent acts, including the prosecution of offenders.

Employees

All employees of the Municipality are responsible to act at all times with the highest degree of honesty, integrity, accountability, and propriety. Employees should conduct their duties in a manner that does not jeopardize, to the contrary, safeguards of municipal resources and assets. Any employee of the VILLAGE who knows or has reason to believe that a fraud has occurred, is responsible for immediately notifying his/her immediate Supervisor. If the employee has reason to believe that the employee's immediate Supervisor may be involved, the employee shall immediately notify the CAO or the Mayor of the Municipality and if the Mayor is involved, shall immediately notify the Auditor of the Municipality. The Auditor may be contacted via telephone or the internet. Employees may remain anonymous when reporting a suspected fraud but must maintain strict confidentiality concerning a reported fraud at all times. It is expected that employees will fully co-operate with management, the Auditor and other



involved divisions and law enforcement agencies during the course of an investigation and will make all reasonable efforts to be available to assist the above noted persons with the investigation.

Auditor

Per Canadian Auditing Standards (CAS) - CAS 240 - Communications to Management and with Those Charged with Governance:

If the Auditor has identified a fraud or has obtained information that indicates that a fraud may exist, the Auditor shall communicate these matters on a timely basis to the appropriate level of management in order to inform those with primary responsibility for the prevention and detection of fraud of matters relevant to their responsibilities. (ref: Para. A 60).

Unless all of those charged with governance are involved in managing the Municipality, if the Auditor has identified or suspects' fraud involving:

- management;
- employees who have significant roles in internal control; or
- where the fraud results in a material misstatement in the financial statements,

the Auditor shall communicate these matters to those charged with governance on a timely basis. If the Auditor suspects fraud involving management, the Auditor shall communicate these suspicions to those charged with governance and discuss with them the nature, timing and extent of audit procedures necessary to complete the audit. (Ref: Para. A61-A63)

The Auditor shall communicate with those charged with governance any other matters related to fraud that are, in the Auditor's judgment, relevant to their responsibilities. (Ref: Para. A64)

Communications to Regulatory and Enforcement Authorities, if the Auditor has identified or suspects a fraud, the Auditor shall determine whether there is a responsibility to report the occurrence or suspicion to a party outside the Municipality. Although the Auditor's professional duty to maintain the confidentiality of client information may preclude such reporting, the Auditor's legal responsibilities may override the duty of confidentiality in some circumstances. (Ref: Para. A65-A67)

Investigation Responsibilities

Subject to the nature of the suspected fraud, the appointment of an investigator will be the responsibility of Council, in consultation with management and the Auditor as/if required, and the investigator will have primary responsibility for the investigation of all suspected fraud except as identified under the "Special Investigations" section. Within the scope of their investigation as set out above, members of the Investigator's Office will have:



- Free and unrestricted access to all RESORT VILLAGE OF records, employees and premises, whether owned or rented; and
- The authority to examine, copy, or remove all or any portion of the contents of files, desks, cabinets, and other RESORT VILLAGE OF facilities without prior knowledge or consent of any individual who might use or have custody of any such items.

The Investigator may delegate responsibility for the investigation of suspected fraud to appropriate divisional management staff depending on the nature and scope of the suspected fraud. In this regard, the Investigator will continue to monitor and provide advice as requested. Decisions to prosecute or refer the investigation results to the R.C.M.P. or other regulatory agencies for additional investigation will be made by Council, and if the circumstances allow, in consultation with divisional management. Upon conclusion of an investigation recommendations may be made to divisional management where required in order to minimize future risk. Management is responsible for implementing the appropriate controls to prevent reoccurrence.

Special Investigations

Where it is suspected that fraud may have been committed by a member of the RESORT VILLAGE OF Council, the Mayor, or CAO; the Auditor will conduct an initial review and report the results to the unsuspected Council. Where appropriate, the results may be reported to the Mayor, or CAO.

Where it is suspected that fraud may have been committed by the Auditor, the Mayor and CAO will conduct an initial review. Where appropriate, the results may be reported to the RESORT VILLAGE OF solicitor.

Confidentiality

The Investigator and all participants in a fraud investigation shall treat all information received confidentially. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. To the extent possible by law, the identity of individuals involved in an investigation including the identity of an individual alleging fraud and the identity of an individual alleged to have committed fraud will be protected. Any employee or elected official contacted by the media with respect to a fraud investigation shall refer the media person to the Mayor or CAO. The alleged fraud or investigation shall not be discussed with the media by any person other than the Mayor or CAO, in consultation with the investigator, Auditor and/or RESORT VILLAGE OF solicitor.

Whistle-blower Protection

No person covered by this policy shall:

- dismiss or threaten to dismiss an employee;
- discipline or suspend or threaten to discipline or suspend an employee;

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A handwritten signature in black ink, appearing to read "Peter DeLor", is written over a horizontal line. Below the line, the word "Mayor" is printed in a serif font.



- impose any penalty upon an employee; or
 - intimidate or coerce an employee,
- because the employee has acted in accordance with the requirement of the Policy.

Disciplinary Action

Supervisors are solely responsible for discipline of employees in consultation with the RESORT VILLAGE OF Council. Employees who have committed fraud will be subject to disciplinary action up to and including dismissal. Where fraud is suspected of any RESORT VILLAGE OF employee or member of Council, the individual will be given notice of the essential particulars of the allegations following the conclusion of the investigation and prior to final disciplinary action. The individual against whom allegations are being made will be given opportunity to respond. This requirement is subject to any collective agreement provisions or Policy of the Municipality, respecting the rights of employees in the disciplinary process.