

FRAUD PREVENTION POLICY

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A. PURPOSE

As a public sector organization, Douglas College (the College) is entrusted with public funds and resources, and it 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 who is contractually obligated to comply with College policy; for the purposes of this policy,

includes all vendors, contractors, 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.

Fraud: An intentional act or omission designed to deceive others and resulting in a victim suffering a loss and/or the perpetrator achieving a gain.¹ Such acts or omissions 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, 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, or participating in or facilitating the misreporting of vacation or other leave time taken;
- 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.

Irregularity: Suspected Fraud, or a suspected non-compliant act or omission by someone internal or external to the College Community, that results 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 once discovered.

Responsible Administrator (RA): 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).

¹ COSO – *Fraud Risk Management Guide*, p.5; this definition draws also upon PHSA policy.

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, dismissal or expulsion, 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 Prevention 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, for ensuring the proper application of this policy.
9. Each 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

Mechanisms for Reporting Fraud

Suspected Irregularities (e.g., Fraud, theft or Corruption) must be reported to the RA to whom the employee discovering the suspected Irregularity reports, unless the Irregularity is suspected of that RA, in which case the instance is to be reported to the one-up supervisor of the RA in question.

RAs are responsible for reporting all suspected Irregularities or identified instances of Fraud, theft or Corruption 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.

Other senior College administrators, such as the Associate Vice President, Human Resources or the President, may be notified at the discretion of the VPAS/CFO (or, where the Irregularity is suspected of the VPAS/CFO, at the discretion of the President).

Further mechanisms for the reporting and investigating of breaches of conduct can be found in the College's *Protected Disclosure (Whistleblower) Policy*.

F. SUPPORTING FORMS, DOCUMENTS, WEBSITES, RELATED POLICIES

[Administration Policies](#)

- *Conflict of Interest*
- *Enterprise Risk Management*
- *Investment*
- *Procurement*
- *Protected 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