



Fraud, Abuse and Whistleblower Policy

Policy Number: F-GEN-002

Authority: 7774/06

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Department Responsible: Finance

Revision Dates: Not Applicable

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Status: Active

1. Policy Statement

- 1.1 The Town of LaSalle (Town) is committed to protecting its revenue, property, information and other assets and will take appropriate measures to prevent and detect fraudulent and corrupt acts with respect to all Town assets.
- 1.2 The Town of LaSalle will investigate any possible fraudulent or dishonest use or misuse of Town resources or property management, staff, volunteers, or members. Anyone found to have engaged in a fraudulent or dishonest conduct is subject to disciplinary action by the Town up to and including civil or criminal prosecution when warranted.

2. Scope

- 2.1 This Policy applies to Members of Council, all employees of the Town and to all members of local Boards and Committees of Council.

3. Definitions

- 3.1 **Embezzlement** shall mean the fraudulent diversion or misappropriation of an asset of the corporation.
- 3.2 **Misappropriation** shall mean the embezzlement of Town assets or assets put to a fraudulent use.
- 3.3 **Fraud:** Section 380(1) of the Criminal Code of Canada defines "Fraud" as 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." Fraud and Corruption include, but are not limited to the following acts:

- 3.3.1 Forgery, alteration or fraudulent creation of cheques, drafts, promissory notes and securities;
- 3.3.2 Any misappropriation, embezzlement, unauthorized use or misuse of cash, funds, securities, supplies, furniture, equipment, materials, records or any other Town asset for personal gain (directly or indirectly);
- 3.3.3 Demanding or requesting or accepting anything having value from vendors, consultants, contractors, or anyone doing business with the Town as a condition of their doing business with the Town or in order for them to receive preferential treatment from the Town;
- 3.3.4 Violations of the Town's Code of Conduct;
- 3.3.5 Any computer related activity involving the alteration, destruction, forgery or fraudulent manipulation of data and any misappropriation of Town owned software.
- 3.4 **Baseless Allegations** shall mean allegations made with reckless disregard for their truth or falsity. People making such allegations may be subject to disciplinary action and/or legal claims by individuals accused of such conduct.
- 3.5 **Whistleblower** shall mean an employee who informs a manager, supervisor or the Director of Finance and /or Chief Administrative Officer about an activity which that person believes to be fraudulent or dishonest.

4. Policy

The Policy recognizes that it is in the public interest to maintain and enhance public confidence in the Town and its employees. The Fraud, Abuse and Whistleblower Policy provides employees, who make qualifying disclosures of serious wrongdoing with respect to Town operations, with protection from reprisals; in addition, the Policy provides for the appropriate investigation or alternative action

4.1 Rights and Responsibilities

4.1.1 All Employees

Any employee, who has knowledge of or has reason to suspect that a fraud and/or abuse have occurred, shall immediately notify his/her manager and/or supervisor. Managers and/or supervisors are required to immediately report suspected fraudulent or dishonest conduct to the Director of Finance & Treasurer and/or Chief Administrative Officer. If the employee has reason to believe that the employee's manager may be involved, the employee shall immediately notify the Chief Administrative Officer. If the employee has reason to believe the Chief Administrative Officer may be involved, the employee shall immediately notify the Mayor.

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Employees shall not discuss the matter with anyone other than his/her Manager and/or Supervisor, Chief Administrative Officer or Mayor - depending on the situation.

4.1.2 Control Environment

Managers and supervisors are responsible for maintaining a system of management controls, which detect and deter fraudulent or dishonest conduct. Failure by a manager to establish management controls or report misconduct within the scope of this policy may result in adverse personnel action against the manager. The Director of Finance and/or Chief Administrative Officer are available to assist management in establishing management systems and recognizing improper conduct.

4.2 Duty of Care and Investigation Procedures

4.2.1 Upon notification of a suspect fraud, the Director of Finance & Treasurer will promptly record all the pertinent information received regarding the alleged fraud. In all circumstances where there appears to be reasonable grounds for suspecting that a fraud has taken place, the Director of Finance & Treasurer will meet with the Chief Administrative Officer to determine appropriate actions to be taken as part of the initial review.

4.2.2 Reasonable care should be taken in dealing with suspected misconduct to avoid:

- a. Baseless allegations.
- b. Premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved with the investigation.
- c. Violations of a person's rights under the law.

4.2.3 At the conclusion of the investigation, the Director of Finance & Treasurer will document the results in a confidential memorandum report to the Chief Administrative Officer. If the report concludes that the allegations are founded and a decision is made to pursue the matter through the courts, the report will be forwarded to the LaSalle Police Service.

4.2.4 The Director of Finance & Treasurer will also be required to inform the Town's external auditors, in a confidential manner respectful of the privacy rights of the individuals, of the nature and amount of any suspected fraud as well as the findings and recommendations regarding any internal control deficiencies that may have enabled the suspected fraud to occur.

4.2.5 As part of his/her examination, the Director of Finance & Treasurer shall review and assess the adequacy of the controls in place to safeguard the assets of the Town against loss, misuse, unauthorized use, and fraud. In those situations where the control mechanisms have not adequately safeguarded Town assets, the Director of Finance & Treasurer will identify the cause(s) for the failure, and will issue a report to the Chief Administrative Officer and the appropriate Department Manager(s) providing recommendations to prevent reoccurrence.

4.3 Confidentiality and Protection

4.3.1 The Town shall treat all information received as confidential information. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate right to know. The Town will use best efforts to protect whistleblowers against retaliation, as described below. It cannot guarantee confidentiality, however, and there is no such thing as an "unofficial" or "off the record" report. Town will keep the whistleblower's identity confidential, unless:

- a. The person agrees to be identified
- b. Identification is necessary to allow Town or law enforcement officials to investigate or respond effectively to the report;
- c. Identification is required by law; or
- d. The person accused of Fraud Policy violations is entitled to the information as a matter of legal right in disciplinary proceedings.

4.3.2 The Town or any Town employee shall not retaliate against a whistleblower with the intent or effect of adversely affecting the terms or conditions of employment (including but not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or wages). Whistleblowers who believe that they have been retaliated against may file a written complaint with the Chief Administrative Officer and in event that this is not possible to the Mayor.

4.3.3 A proven complaint of retaliation shall result in a proper remedy for the person harmed and the initiation of disciplinary action, up to and including dismissal, against the retaliating person. This protection from retaliation is not intended to prohibit managers or supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.

4.3.4 Baseless Allegations:

- a. The Town treats all allegations seriously and will investigate fully. As a result, if an employee knowingly makes false allegations they will be subject to disciplinary action.

5. Roles and Responsibilities

Questions related to the interpretation of this policy should be directed to the Director of Finance and/or Chief Administrative Officer. This policy will be periodically reviewed and updated as required. This policy must be reviewed by the stated review date and approved by the responsible department.

6. References and Related Documents

Director, Finance - Council report FIN-36-06.

7. Attachments

None