

FRAUD RISK MANAGEMENT POLICY

Policy Category: Financial Controls
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Responsible Person: Board Chair

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Introduction

Not-for-profit organizations are as liable to fraud as commercial organizations, and effective prevention strategies need to be put in place and monitored.

Purpose

The purpose of this policy is:

1. To ensure that all parties are aware of their responsibilities for identifying exposures to fraudulent activities and for establishing controls and procedures for preventing such fraudulent activity and/or detecting such fraudulent activity when it occurs.
2. To provide guidance to staff/volunteers/contractors as to action which should be taken where they suspect any fraudulent activity.
3. To provide a clear statement to staff/volunteers/contractors forbidding any illegal activity, including fraud for the benefit of the organization.
4. To provide assurance that any and all suspected fraudulent activity will be fully investigated.

Policy

OFI will not tolerate fraud in any aspect of its operations.

OFI will investigate any suspected acts of fraud, misappropriation or other similar irregularity. An objective and impartial investigation, as deemed necessary, will be conducted regardless of the position, title, and length of service or relationship with the organization of any party who might be the subject of such investigation.

Any fraud shall constitute grounds for dismissal. Any serious case of fraud, whether suspected or proven, shall be reported to the police. Any person reporting a fraud, or a suspected fraud, shall suffer no penalty in their employment.

FRAUD RISK MANAGEMENT PROCEDURES

Processes

The Board of OFI has ultimate responsibility for the prevention and detection of fraud and is responsible for ensuring that appropriate and effective internal control systems are in place.

The Board Chair is responsible for investigating instances of fraud reported to them.

OFI must ensure that there are mechanisms in place within their area of control to:

- Assess the risk of fraud;
- Educate employees about fraud prevention and detection; and
- Facilitate the reporting of suspected fraudulent activities.

OFI should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

All staff/stakeholders share in the responsibility for the prevention and detection of fraud and have the responsibility to report it.

Processes

Fraud prevention accounting procedures shall be incorporated in the organisation's policies relating to Authority to Sign Cheques, Reimbursement of Expenses, Financial Transaction (credit and debit) Cards, Acceptable Use of Computers, Acceptable Use of Vehicles and Equipment, Cash Management & Income Handling, and any other relevant policies.

Fraud prevention procedures shall be incorporated in the organization's policies.

All complaints of suspected fraudulent behavior must be reported to the Board Chair.

Upon notification or discovery of a suspected fraud, OFI will promptly arrange to investigate the fraud. They will make every effort to keep the investigation confidential; however, from time-to-time others will need to be consulted in conjunction with the investigation.

After an initial review and a determination that the suspected fraud warrants additional investigation, OFI shall coordinate the investigation with the appropriate law enforcement officials. Internal or external legal representatives will be involved in the process, as deemed appropriate.

Once a suspected fraud is reported, immediate action will be taken to prevent the theft, alteration, or destruction of relevant records needs to occur. 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 the individual suspected of committing the fraud from having access to the records.

Where a prima facie case of fraud has been established the matter shall be referred to police in the relevant jurisdiction.

If a suspicion of fraud is substantiated by the investigation, OFI will take the appropriate action.

The organisation will also pursue every reasonable effort, including court-ordered restitution, to obtain recovery of the losses from the offender.

Vendors and contractors shall be asked to agree in writing to abide by these policies and procedures.

No person acting on behalf of the organisation in attempting to comply with this policy shall:

- be dismissed or threatened to be dismissed;
- be disciplined or suspended or threatened to be disciplined or suspended;
- be penalized or any other retribution imposed, or
- be intimidated or coerced, based to any extent upon the fact that the person has reported an incident or participated in an investigation in accordance with the requirements of this Policy.

If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator.

Related Documents

- Reimbursement of Expenses Policy
- Financial Transaction Cards Policy
- Acceptable Use of Computers Policy
- Acceptable Use of Vehicles and Equipment Policy
- Cash Management & Income Handling Policy
- Staff Recruitment Policy
- Staff Induction Policy

AUTHORISATION



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OFI Board Chair