



Fraud Policy

Approval Date	December 3, 2024
Revision Date	
Revision #	
Page 1 of 9	

Fraud Policy

Policy

It is the Council's policy to establish a process around the prevention, detection, reporting, and investigation of potential fraud.

Purpose

The purpose of this policy is to set out the process to be followed for the prevention, detection, reporting, and investigation of potentially fraudulent activity for Nipissing First Nation Employees and Nipissing First Nation Debendaagziwaad (Membership). **Nipissing First Nation adheres to a zero-tolerance approach to any type of fraudulent activity.**

Scope

This policy applies to the Council, the Chief Executive Officer, the Chief Financial Officer, all Nipissing First Nation employees and Nipissing First Nation Debendaagziwaad.

Definitions

"Fraud" is any wrongful criminal or civil deception intended to result in financial or personal gain. Dishonest or fraudulent activities include, but are not limited to the following:

- Forgery or alteration of documents, signatures and/or bank accounts;
- Misrepresentation of information on documents (ex. Invoice Fraud);
- Unauthorized use of Digital Signatures;
- Misappropriation/Skimming of funds, supplies, or assets;
- Theft, disappearance, or destruction of assets;
- Improper handling or reporting of money or financial transactions;
- Payroll Fraud or Time Fraud;
- Authorizing or receiving payments for goods not received or services not performed;
- Authorizing or receiving payment for hours not worked;
- Manipulating financial statements to deceive or mislead Nipissing First Nation Chief and Council, employees, and community members into false perception of Nipissing First Nation's financial position;
- Creating and issuing payments to phantom vendors;
- Creating and invoicing (and/or refunding) phantom customers;
- Duplicate cashing of Nipissing First Nation **authorized** cheques;
- Accepting honorariums from other organizations, when they are due to Nipissing First Nation;
- Misappropriation of assets;

- Fraud risks as identified in Nipissing First Nation Financial Administration law;
- Depositing cheques issued to a third party into their own account without authorization or rightful ownership;
- Utilizing software such as, but not limited to Artificial Intelligence (AI) and Photoshop, to falsify information to mislead and/or deceive Nipissing First Nation and its membership.

Responsibilities

The Council is responsible for:

- Establishing procedures for the identification and assessment of potential fraud within Nipissing First Nation including fraudulent financial reporting; fraudulent non-financial reporting; and misappropriation of assets;
- Reviewing and considering an investigation report concerning possible fraud, if the investigation concerns members of the Finance and Audit Committee and providing final decisions and respective disciplinary actions;
- Approving policies and procedures required in Nipissing First Nation's Financial Administration Law in respect of such matters;
- Supporting and fostering an ethical environment.

The Finance and Audit Committee ("FAC") is responsible for:

- Monitoring fraud risks and the effectiveness of mitigating controls for those risks, taking into consideration the cost of implementing those controls;
- Ensuring an investigation takes place of any alleged fraudulent incidents brought to their attention by the Chief Executive Officer, the Chief Financial Officer, or any other employee;
- Making recommendations to the Chief Executive Officer and Chief Financial Officer on how to address and remediate reported fraud.

The Chief Executive Officer ("CEO") is responsible for:

- Identifying, assessing, monitoring and reporting on fraud risks;
- Ensuring that all employees review Nipissing First Nation policies and procedures;
- Ensuring that all employees receive the appropriate training to prevent, detect, and report fraudulent activity;
- The detection and prevention of fraud and misappropriation;
- Working with the Chief Financial Officer and the Human Resources Manager to provide access to any evidence in an investigation into suspected fraudulent activities;
- Carrying out final decisions and disciplinary actions in regard to employees;
- Reporting the instances of suspected criminal related fraud, at onset to the Anishinabek Police Service or Ontario Provincial Police;

- Ensuring that all internal controls set by Nipissing First Nation are followed by all employees.
- Ensuring that any pertinent information is shared with the Chief and Council, Director of Administration and Technology, Chief Financial Officer, and the Human Resources Manager to ensure that any concerns/areas of susceptibility to fraud are reduced;
- Ensuring that information requiring CEO approval adheres to NFN policies and is carefully reviewed for discrepancies before final approval;
- Ensuring financial information is accurately presented and follows the requirements of financial reporting standards (such as GAAP), Nipissing First Nation Financial Administration Law and other relevant Nipissing First Nation policies.

The Chief Financial Officer (“CFO”) is responsible for:

- Developing and recommending procedures to Council to identify and mitigate fraud risks and to ensure approved procedures are followed;
- Ensuring that all Nipissing First Nation employees know and understand the financial laws and regulations set by Nipissing First Nation, to mitigate financial discrepancies and/or irregularities;
- Ensuring that all Nipissing First Nation employees know and understand the delegation table, to ensure that financial internal controls are met;
- The detection and prevention of fraud and misappropriation;
- Being familiarized with irregularities that may occur and be alert for an indication of such irregularities;
- Reporting and informing the CEO, FAC and Human Resources Manager immediately of suspected fraud upon identification;
- Applying professional skepticism to ensure that all financial transactions are adhering to financial laws and Nipissing First Nation policies and procedures;
- Providing access to evidence to investigate suspected fraud;
- Ensuring any fraudulent activities are addressed and updated financials be prepared, if necessary;
- Ensuring that all internal controls such as segregation of duties, are being followed by the finance employees and departmental employees;
- Ensuring that all financial transactions adhere to financial standards and principles (GAAP, GAAS) and Nipissing First Nation policies including the Nipissing First Nation Financial Administration Law;
- Ensuring that Nipissing First Nation employees complete Fraud Prevention and Detection training, annually.

The Finance Employees are responsible for:

- Being familiar with improprieties that may occur and be alert for an indication of irregularities;

- Ensuring that all financial requisition related information is accompanied by required supporting documentation, to avoid any suspicion;
- Being familiar with the Delegation Table and ensuring that approval signatures and limits are being followed, as per Nipissing First Nation policies;
- Ensuring that any documents submitted with an electronic signature are accompanied with the audit trail file;
- Applying professional skepticism to email and payment requests to ensure that financial legitimacy and integrity is maintained;
- Ensuring that direct deposit verification procedures are followed;
- Ensuring that financial transactions follow Nipissing First Nation policies and governmental regulations such as Nipissing First Nation Financial Administration Law and Generally Accepted Accounting Principles (GAAP);
- Reporting any suspected fraudulent activities to the Chief Financial Officer or Chief Executive Officer;
- Compiling evidence of suspected fraudulent activities, as directed.

Nipissing First Nation Human Resources (“HR”) Manager is responsible for:

- Ensuring that all employees are provided with the necessary policies and procedures to review prior to commencing their employment;
- Ensuring that Nipissing First Nation employees are provided Fraud Prevention and Detection training, annually;
- Responsible for ensuring that employees are aware of their rights and responsibilities during a fraud investigation, if applicable;
- Ensuring that the suspected employee is placed on the appropriate leave of absence;
- Compiling any evidence to support a fraud investigation, if required;
- Establishing a culture of transparency, accountability and ethical conduct;
- Providing resources and supports to enforce this policy.

NFN Directors and Managers are responsible for:

- Ensuring that all employees review the Fraud Policy annually;
- Ensuring that employees undertake the Fraud Prevention and Detection training annually;
- Ensuring all time sheets are filled out correctly and accurately;
- Ensuring that they have reviewed the Digital Signatures Policy to ensure that their signature is used in the appropriate manner and that all risks are mitigated;
- Ensuring that they have reviewed and understood the applicable policies and procedures relating to mitigating fraud risks;
- Ensuring that all procedures are followed according to Nipissing First Nation policies, i.e. requisitions for payment;
- Ensuring that all documentation is provided when requesting payments;

All NFN Employees are responsible for:

- Ensuring that they conduct themselves in accordance with all policies and procedures that are applicable to them;
- Reviewing and following the Code of Conduct Policy and Conflict of Interest Code;
- Signing and adhering to all applicable Human Resources policies including but not limited to completing the Code of Conduct Declaration and Conflict of Interest Declaration Forms;
- Reporting any suspected fraudulent activities to their respective Manager or Director, CFO, or CEO;
- Familiarizing themselves with Nipissing First Nation's delegation table;
- Familiarizing themselves with the *Reporting of Breaches & Financial Irregularities Policy*;
- Ensuring that any information given to Nipissing First Nation Finance department is accurately presented to the best of their knowledge and is accompanied with appropriate supporting documentation;
- Ensuring all time sheets are filled out correctly and accurately;
- Inquiring if there are any unknowns or uncertainties, to ensure that Nipissing First Nation policies and procedures are followed.

Nipissing First Nation Debendaagziwaad is responsible for:

- Ensuring that any information provided to Nipissing First Nation is accurate and up to date;
- Following the procedures directed by various Nipissing First Nation departments and their programs and services;
- Following up on any unrecognized payments received from Nipissing First Nation, to verify legitimacy.

Procedures

Reporting of Suspected Fraud

Any employee who suspects fraud has occurred must immediately report the incident to the Human Resources Manager. The HR Manager will then notify the Chief Executive Officer and/or the Chief Financial Officer, and Director of Administration and Technology. The "Reporting of Breaches and Financial Irregularities Policy" must be followed where employees report suspected fraud.

A suspected incident of fraud can either be reported in writing or verbally. In the case of verbal, the employee being told of suspected fraud must document all information pertaining to the suspected fraud incident.

In instances where the suspected fraud involves the Chief Financial Officer, the incident must be reported to the Chief Executive Officer and the Human Resources Manager.

If the suspected act of fraudulent activity involves any employee, the Human Resources Manager must be informed and will take the lead in the investigation.

The Chief Executive Officer or the Chief Financial Officer must notify the Finance and Audit Committee of a pending investigation and arrange a special meeting accordingly.

Preservation and Collection of Evidence

The Chief Financial Officer will collect, secure and preserve all relevant information, documents, electronic data, and other evidence that may be pertinent to the investigation and to prevent tampering.

The Director of Administration and Technology will support in the preservation and collection of digital information, as required.

All relevant information must be submitted to the Human Resources Manager so they can conduct the necessary investigations.

Investigating – For Fraud Instances related to Employees

An investigation team should be established with the CEO, CFO, Director of Administration and Technology, Human Resources Manager, and external experts such as legal counsel and forensic auditors, if needed. A term of reference will be established, which will outline their roles and responsibilities within the investigation.

The point of contact for investigation purposes will be the Human Resources Manager and they will keep the Chief Executive Officer, Chief Financial Officer, and Director of Administration and Technology apprised of the investigation.

The HR Manager will notify the CEO. The CEO will notify Anishinabek Police Service or Ontario Provincial Police of the incident, at their discretion.

The investigation team, led by the Human Resources Manager, will conduct their first meeting within one week of receiving information regarding the suspected fraud. The purpose of the first meeting will be to:

- Understand the suspected fraud incident;
- Reveal the identity of the individual who committed the suspected fraud;
- Conduct a review of all available information and if information is missing, more information will be requested to conduct the investigation.

After identifying or receiving all information, the investigation should be conducted and completed within a specified timeframe based on the severity of the suspected fraud.

An investigation report should be prepared that clearly states the fraudulent activities, the information supporting or denying the claim, and recommendations for the disciplinary and/or corrective actions moving forward. The report should be presented to the Chief and Council.

The CEO will carry out the necessary recommendations and complete the final decision.

If the investigation is related to a member of the Finance and Audit Committee, Chief and Council will conduct the necessary investigation, reporting, and disciplinary actions as per the *Finance and Audit Committee Policy*.

After the Investigation is Complete

Debriefing meeting will take place, with the appropriate management, to discuss outcome, potential enhancements, and review risk assessment.

A review process and any suggested amendments to this Fraud Policy, if necessary, will take place. The Policy Committee will review and then send to Council for approval. The Chief Executive Officer should conduct a Fraud Risk Assessment to adjust for the following fraud incident.

Human Resources will circulate the Fraud and Ethics policies to Directors and Managers to circulate to their employees for annual review and signature. Yearly Fraud Prevention and Detection Training is to be completed by employees and upon the onboarding process.

Remedial and Disciplinary Actions for Employees

During Investigation

1. Involved Employees may be put on leave with pay, pending the investigation.

After Investigation, employees may be subject to any or all of the following:

1. Mandatory review of Nipissing First Nation policies and obtain signature acknowledging review;
2. Disciplinary actions in accordance with the Nipissing First Nation Human Resources Policy
3. Legal proceedings; and or
4. Other actions depending on outcome of investigation.

Remedial Actions for Fraud by Nipissing First Nation Debendaagziwaad (Members)

1. Complete mandatory fraud and ethics training for fraud in order to receive future discretionary Nipissing First Nation funding, such as Christmas Distribution;
2. Be directed to utilize Electronic Transfer Options for discretionary Nipissing First Nation funding distributions and for governmental program and services where authorities for such programs and services allow;
3. Withholding of any discretionary Nipissing First Nation funding distributions until fraud related debt is fully paid;
4. Refusal of programs or services until debt is paid where such governmental programs and service authorities allow;
5. Report of fraud incident to governmental program and services authorities;
6. Report of fraud incident to police authorities; and/or

7. Civil legal proceedings.

For the purpose of this section, discretionary Nipissing First Nation funding distribution is funding where there is no legal obligation on Nipissing First Nation to provide such funding.

Supplementary Actions

- The Chief Executive Officer should conduct a Fraud Risk Assessment to revise any policies or procedures following the fraud incident.
- Human Resources will circulate fraud and ethics policies to employees for annual review and signature.
- Yearly Fraud Prevention and Detection Training to be completed by Employees and upon the onboarding process.

Approved this 3^d day of December, 2024