Greater Essex County District School Board

Name: Fraud Prevention and Management
Operational Procedure
Reference No: Finance
Responsibility: Superintendent of Business, Treasurer and Facility Services
Effective Date: February 25, 2026
Review Date: February 25, 2026
Next Review Date: 2031

Rationale

The Greater Essex County District School Board (GECDSB) is committed to maintaining the highest standards of integrity, ethical conduct, accountability, and transparency in the stewardship of public funds and assets. The purpose of this Operational Procedure is to establish a comprehensive framework for the prevention, identification, reporting, investigation, and management of fraud, and to promote a culture of honesty and ethical behaviour across the organization.

This procedure supports the Board's responsibility to protect its financial resources, physical assets, information, and reputation, and aligns with applicable legislation, Ministry of Education requirements, and recognized best practices in public-sector governance.

This Operational Procedure applies to all GECDSB employees, trustees, volunteers, students, contractors, consultants, service providers, and any other individuals acting on behalf of the Board. All individuals acting on behalf of the Board share responsibility for fraud prevention and are required to comply with this procedure.

Guiding Principles:

- Fraud prevention is a shared responsibility across the organization;
- Prevention and early detection are as important as investigation and response;
- Allegations of fraud will be treated seriously, confidentially, and fairly;
- Individuals who report suspected fraud in good faith will be protected from retaliation; and
- Investigations will be conducted objectively, consistently, and in accordance with applicable legislation and collective agreements.

Responses to suspected fraud will be proportionate to the nature, risk, and materiality of the incident.

Definitions

Fraud

Fraud is defined as any intentional act or omission designed to deceive others, resulting in a loss to the Board or a gain to an individual or organization. Fraud may involve, but is not limited to:

- Misappropriation or theft of cash or assets;
- Falsification, manipulation, or destruction of records;

- Submission of false or misleading claims or information;
- Forgery or alteration of documents or cheques;
- Unauthorized use of Board resources, credit cards, or purchasing cards;
- Conflict of interest or abuse of position for personal gain.

Fraud may be committed by employees, trustees, students, volunteers, contractors, vendors, or other third parties interacting with the Board.

Error

An unintentional act, mistake, or omission without intent to deceive. Errors are not considered fraud but may still require corrective action.

Internal Controls

Processes and procedures designed to safeguard assets, ensure accuracy of records, promote operational efficiency, and ensure compliance with policies and legislation.

Whistleblower

An individual who reports suspected wrongdoing or fraud in good faith.

Retaliation

Any adverse action taken against an individual for reporting suspected fraud or participating in an investigation.

Procedure

1. Roles and Responsibilities

1.1. Board of Trustees:

The Board of Trustees is responsible for:

- Providing oversight and governance related to fraud prevention and management;
- Approving relevant policies and administrative procedures;
- Receiving information related to significant fraud matters, where appropriate.

1.2 Director of Education:

The Director of Education is responsible for:

- Promoting a culture of integrity and ethical conduct;
- Ensuring this procedure is implemented and maintained;
- Authorizing investigations into suspected fraud, as appropriate.

1.3 Superintendent of Business, Treasurer and Facility Services:

The Superintendent of Business, Treasurer and Facility Services is responsible for:

- Overseeing fraud prevention strategies and internal controls;
- Ensuring appropriate investigation processes are in place;
- Coordinating with internal and external auditors, legal counsel, and law enforcement as required.

1.4 Superintendents and Managers:

Superintendents and Managers are responsible for:

- Implementing effective internal controls within their areas of responsibility;
- Monitoring compliance with policies and procedures;
- Promptly reporting suspected or detected fraud;
- Supporting investigations and corrective actions.

1.5 Employees and Other Stakeholders:

All employees and stakeholders are responsible for:

- Acting ethically and in accordance with Board policies and procedures;
- Safeguarding Board assets and information;
- Reporting suspected fraud or irregularities promptly and in good faith;
- Cooperating fully with investigations.

2. Fraud Prevention:

GECDSB recognizes that strong preventive measures are the most effective defense against fraud. The Board maintains a system of internal controls, oversight, and monitoring designed to reduce fraud risk and enhance accountability.

High-Risk Areas and Key Controls:

Area	**Risks**	**Controls**
Cash, including School Generated Funds	• Theft • Misappropriation • Improper handling of cash	• Segregation of duties related to cash handling, recording, and reconciliation • Monthly bank reconciliations • Daily review of bank activity and report downloads (cash receipts and disbursements) • Online banking controls and approval limits; approvals all require multi-factor authentication (key fob) • Secure storage of cash on hand

Area	Risks	Controls
		(school safe and locked storage rooms) • Restricted access to banking information and cheque stock • All cash/cheque disbursement requests confirmed via phone call to the requestor
Accounts Payable	• Fictitious vendors • Duplicate payments or billing for work not performed • Unauthorized changes.	• Centralized and segregated vendor setup and maintenance separate • Independent review and approval of new vendors • Verification and authorization of vendor changes (confirm changes with phone calls) • Segregation of duties between invoice processing, approval, and payment • Regular review of vendor master files
Payroll	• Ghost employees • Unauthorized pay changes • Inaccurate payroll processing	• Formal approval for employee setup and changes • Segregation of duties between human resources, payroll processing, and payment • Regular review of payroll reports and exception reports • Reconciliation of payroll accounts
Purchasing and Procurement	• Misuse of purchasing cards (P-Cards) • Undisclosed conflicts of interest • Preferential treatment and kickbacks • Change order manipulation • Circumvention of procurement rules	• Clearly defined purchasing and procurement policies • Spending limits and transaction controls on P-Cards • Regular review of P-Card transactions and statements • Independent monitoring of purchasing activity • Vendor rotation and competitive procurement practices

Area	Risks	Controls
Safeguarding of Assets	• Theft • Misuse • Loss of Board-owned assets	• Asset tagging (i.e. computers and hardware) and inventory records • Restricted access to high-value or sensitive assets (such as IT equipment and special education equipment) • Periodic physical inventory counts • Clear procedures for asset disposal and transfer
Information Technology & Cyber Fraud	• Phishing • Business email compromise • Unauthorized access • Data manipulation	• Multi-factor authentication • Role-based system access • Cybersecurity awareness training • System logging and monitoring • Incident response procedures • Regular access reviews

3. Reporting Suspected Fraud:

   Any individual who becomes aware of, or reasonably suspects, fraudulent activity must report the matter as soon as reasonably possible.

   Reports may be made to:

   - An immediate supervisor or manager;
   - A Superintendent;
   - The Superintendent of Business, Treasurer and Facility Services;
   - The Director of Education;
   - An established anonymous reporting mechanism as defined in the Whistleblower policy.

   Reports should include as much detail as possible but may be made without full evidence. All reports will be treated confidentially to the extent possible.

4. Investigation of Suspected Fraud:

   Initiation of Investigation and Triage:

   Upon receipt of a report, the Superintendent of Business, Treasurer and Facility Services, in consultation with the Director of Education, will conduct a preliminary assessment to determine whether a formal investigation is required and the appropriate scope and response.

5. Conduct of Investigation:

   Investigations may involve internal staff, internal audit, external auditors, legal counsel, or law enforcement, as appropriate. Investigations will:

   - Be conducted objectively and confidentially;
   - Respect procedural fairness and due process;
   - Comply with applicable legislation and collective agreements.

6. Documentation:

   All investigations will be documented, including findings and recommendations. Records will be retained in accordance with the Board's Records Management policies.

7. Corrective and Disciplinary Action:

   Where fraud is substantiated, GECDSB may take one or more of the following actions:

   - Disciplinary action up to and including termination of employment;
   - Recovery of losses;
   - Reporting to law enforcement;
   - Civil action;
   - Implementation of enhanced controls to prevent recurrence;
   - Training or corrective measures where appropriate.

8. Communication and Reporting:

   Significant fraud matters may be reported to senior administration, the Board of Trustees, external auditors, or the Ministry of Education, as required.

9. Review and Continuous Improvement:

   This Operational Procedure will be reviewed periodically to ensure it remains effective, current, and aligned with best practices, legislative requirements, and related GECDSB policies. Reviews may be informed by internal audit findings, fraud investigations, changes in legislation, or emerging fraud risks.

Reference

Board Documents:

- Code of Conduct (P-AD-16 and R-AD-28)
- Correcting Employee Behaviour Progressive Discipline (AP-HR-30)
- Records Management (P-BA-25 and AP-BA-20)
- Purchasing and Procurement (P/R BA-01 and AP-BA-12)
- Purchasing / Credit Card Program (P-BA-01 and AP-BA-10)
- Expenses (Staff) (P/R BA-15, AP-BA-14, P/R BA-26 and AP-BA-34)
- Budget Control (P/R BA-19 and AP-BA-16)
- Inventory Control (P/R BA-22 and AP-BA-18)
- Disposal of Surplus, Furniture Scrap, Recyclable Material and Electronic Equipment (AP-BA-11)

Where a conflict exists between this Operational Procedure and another Board policy or procedure, the more stringent control or requirement shall apply.