



Fraud Detection and Prevention Policy

I. Fraud Prevention Policy

II. Informer/Whistleblower Policy

III. Code of Ethics Policy

IV. Conflict of Interest Policy

Orde Day Care is committed to taking all practical steps to prevent all types of fraud within the childcare centre, and to prevent Orde Day Care Centre being defrauded by outsiders. We are more likely to deter fraud if we are fully aware of the risks, keep control systems under regular review and respond effectively whenever fraud is suspected or discovered.

All staff and board members have a responsibility to protect the assets within your job responsibilities and the reputation of Orde Day Care Centre and are expected to be alert to the potential for fraud.

A confidential whistleblowers policy has been established to allow staff to report suspected fraud to the Site Supervisor/Coordinator and/or Board of Directors. All reported suspicions will, in the first place, be investigated by the Board of Directors. If this initial investigation suggests there is a case for further investigation, our auditors and the police may be immediately informed. The Board of Directors will then decide which body is best placed to undertake the investigation.

If fraud is proven and involves an employee of Orde Day Care Centre Inc., disciplinary action will be taken. Such action may be considered not only against those found to have perpetrated the fraud, but also against anyone whose negligence may have facilitated it.

I. Fraud Prevention Policy

Fraud can be defined as 'any act of wilful dishonesty to gain individual or collective advantage'. It includes theft, misuse of property, corruption, alteration of financial records or any unauthorized act which results directly or indirectly in financial gain to the perpetrator or a third party. Staff and board members should be aware that gifts, including hospitality may place the employee or board member in a vulnerable position. It is important to know that even when offered and accepted in innocence, such gifts may be misconstrued by others.



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Board of Directors, Coordinator and Site Supervisor Responsibility and Risk Management

The prime responsibility for preventing fraud lies with the Board of Directors and Coordinator/Site Supervisor through:

- the identification of risks to which system and procedures are exposed
- the implementation, documentation and operation of internal controls
- establishing and maintaining an environment that promotes compliance with internal controls
- promoting fraud awareness amongst staff
- fostering an 'anti-fraud' culture

However while the Board of Directors and Coordinator are responsible for assessing and controlling the level of risk within the centre, all staff must be aware of fraud and help take any necessary steps to minimize the risk to Orde Day Care Centre.

The Board of Directors and Coordinator also have a responsibility to familiarize themselves with common fraud techniques, this should include taking relevant workshops and being alert to signs which indicate that fraud is taking place.

Internal Controls

Internal controls are the key element in preventing fraud. Reviewing the effectiveness of internal control is an essential part of the Board's responsibilities. The Coordinator is accountable to the Board for developing, operating and monitoring the system of internal controls and for providing assurance to the Board that it has done so. These internal controls are listed below for the awareness of all employees.

Orde Day Care Centre's Internal Control System will include:

- authorization for transactions
- completeness and accuracy of financial information
- the physical safeguarding of assets; and
- segregation of financial duties
- training of alternate individuals to perform financial tasks
- rotation of financial duties and responsibilities
- an annual financial audit to be conducted by an appointed auditor



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Segregation of Duties

Adequate segregation of duties reduces the likelihood that errors (intentional or unintentional) will remain undetected by providing for separate processing by different individuals at various stages of a transaction and for independent reviews of the work performed. The segregation of duties provides primary benefits: the risk of a deliberate fraud is mitigated as the collusion of two or more persons would be required in order to circumvent controls; the risk of legitimate errors is mitigated as the likelihood of detection is increased; the organization’s reputation for integrity and quality is enhanced through a system of checks and balances.

Measures that are taken to segregate duties are:

- both the Coordinator and a Site Supervisor are trained in the use of the *SMART Accounting Program*
- deposits, payroll, billing and the issuing of cheques for accounts payable are performed on an alternating basis at least bi-monthly
- all cheques must have two signatures

All non-administrative employees are signing off to indicate that they are aware this policy.

Staff Signature:	Date:
Site Supervisor Signature:	Date:



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II. Informer/Whistleblower Policy

This policy is intended to encourage Board members, staff, volunteers and others to report suspected or actual occurrence(s) of illegal, unethical or inappropriate events (behaviours or practices) without retribution.

1. The Informer should promptly report the suspected or actual event to his/her Site Supervisor/Coordinator.
2. If the Informer is uncomfortable or otherwise reluctant to report to his/her Site Supervisor/Coordinator then the *Whistleblower* could report the event to the next highest or another level of management, including to an appropriate Board member or committee.
3. The Informer can report the event with his/her identity or anonymously.
4. The Informer shall receive no retaliation or retribution for a report that was provided in good faith – that was not done primarily with malice to damage another or the organization.
5. An Informer who makes a report that is not done in good faith is subject to discipline, up to and including termination of the Board or employee status, or other legal means to protect the reputation of Orde Day Care Centre and the members of its Board and staff.
6. Anyone who retaliates against the Informer who reported an event in good faith will be subject to discipline, up to and including termination of Board or employee status.
7. The Site Supervisor/Coordinator and/or Board members who receive the report(s) must act promptly to investigate and/or resolve the issue. Initial steps should be taken with 48 hours.
8. If the investigation of a report, that was done in good faith and investigated by internal personnel, is not to the Informer’s satisfaction, then he/she has the right to report the event to the appropriate legal or investigative agency. (e.g. Ministry of Education, City of Toronto Children’s Services, police, etc.)
9. The identity of the Informer, if known, shall remain **confidential** to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement, in which case members of the organization are subject to subpoena.

Staff Signature:	Date:
Site Supervisor Signature:	Date:



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III. Code of Ethics Policy

Orde Day Care has adopted a code of conduct to guide its staff, board members and volunteers, referred to here in this policy as a “member”. Orde Day Care’s mission includes significant efforts to promote ethical conduct in the childcare centre and in the Orde community. Orde Day Care promotes a working environment that values respect, fairness and integrity.

Elected board members hold an important and elevated role in corporate governance. While members of the management team, they are uniquely capable and empowered to ensure that all of Orde Day Care interests are appropriately balanced, protected and preserved. This Code provides principles to which staff, board members and volunteers are expected to adhere and advocate. They embody rules regarding individual and peer responsibilities, as well as responsibilities to Orde Day Care. Violations of Orde Day Care’s *Code of Ethics* may subject the member to discipline, suspension or termination/expulsion.

All staff and volunteers will:

1. Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
2. Comply with applicable rules and regulations of federal, provincial, and local governments, and other appropriate regulatory agencies.
3. Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one’s independent judgment to be lowered or pressured by others.
4. Respect the confidentiality of information acquired in the course of one’s work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of one’s work will not be used for personal advantage.
5. Share knowledge and maintain skills important and relevant to clients’ needs.
6. Proactively promote ethical behaviour as a responsible partner among peers, in the work environment and the community.
7. Achieve responsible use of and control over all assets and resources employed or entrusted.
8. Report to the Site Supervisor, Coordinator or Board of Directors known or suspected violations of this *Code*.
9. Be accountable for adhering to this *Code of Ethics*.

Orde Day Care

18 Orde Street Toronto, ON M5T 1N7 416.598.3412 fax 416.598.3625
132 St. Patrick Street Toronto, ON M5T 1V1 416.591.0040 fax 416.595.9916



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In addition to the above-Board members and Management will:

1. Be provided with fraud awareness training.
2. Provide financial information that is accurate, complete, objective, relevant, timely and understandable.
3. Ensure that Orde Day Care conducts all transactions and dealings with integrity and honesty.
4. Generate financial reports and that are accurate, complete, and accessible in all material respects.

Staff Signature:	Date:
Site Supervisor Signature:	Date:



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IV. CONFLICT OF INTEREST POLICY

Orde Day Care Centres employees' primary commitment is to the work of the Centre and their personal activities may not conflict with the Centre's interests. Occasionally, in the course of their responsibilities, employees may develop commitments to persons or organizations other than the Centre and may perform services for others for which they are paid. In such cases, situations may arise when an employee's personal or financial interests may conflict, or may seem to conflict, with the employee's obligations to the Centre. All employees have an obligation to report and discuss with his or her Supervisor all such conflicts that the employee believes, or an objective observer would believe, to be significant. If the person to whom the employee reports concludes the activities constitutes a conflict of interest, the employee may not continue to engage in them.

Any alleged breaches of this policy will be reviewed by the Coordinator who will determine if disciplinary measures will be taken.

Use of Centre Resources

Employees may not make more than regular use of Centre facilities, supplies or administrative services for personal purposes without authorization. On occasion, an employee may wish to make more than trivial use of Centre facilities, supplies or services, and permission to do so must be made in writing to the Supervisor. If the request is granted, the employee shall reimburse the Centre for the full cost, including overhead of the facilities, permits or supplies used.

Conflict of Interest Resulting from Family or Other Personal Relationships

1. Any situation involving the hiring (including casual hiring), supervising, or conferring or denying of any material benefit to any person with whom there exists or has recently existed an intimate personal or family relationship must be discussed by the employee with his or her Supervisor.
2. Where funds involved are administered by the Centre, no employee may, directly or indirectly, purchase from or sell to, or confer or deny any financial or commercial benefit on or engage in any commercial transaction with any person or organization with whom the employee has, or recently had, an intimate, family or business relationship without the prior approval of the Coordinator. In requesting the approval, the employee shall indicate in writing why the benefit should be conferred on, or the activity should be carried out by the person. The Coordinator may consult with the Board of Directors for direction.



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Conflict of Interest for Supervisor, Coordinator

If the person to whom an employee normally reports has a personal interest in the matter to be discussed, then that individual shall refer the matter to the person at the next higher level of authority.

Purchases Involving Centre Funds

If a employee has received or is receiving supplementary income from a company, or if the employee or a member of his or her family or a person with whom the employee has or has recently had an intimate personal relationship, has a significant financial interest in a company, the employee must disclose the nature of the involvement with the company in any situation in which the employee is in a position to influence whether or not Centre funds will be used to purchase goods and services from that company or where the company may otherwise receive some benefit from the Centre.

Approval of Expenses

All expense claims made by employees involving funds administered by the Centre require the signature of the person to whom the employee reports. For example, all petty cash requisitions must be reviewed and signed by the Supervisor before being submitted for reimbursement.

Acceptance of Gifts

The acceptance of gifts or any other material benefit from individuals who are associated with the Centre activities by the employee, with the exception of minor gifts (i.e. special occasion gifts or Child Care Appreciation Day gifts from parents) is not normally permitted. If an employee has any doubts about the propriety of accepting a particular gift or favour, s/he should discuss the matter with the person to whom s/he reports.

Paid Professional or Commercial Activities

While administrative employees may in some circumstances engage in professional or commercial activities from which they derive supplementary income, such activities must be fully disclosed to, and receive the approval of, the person to whom the employee reports. Where, in the opinion of that person, these activities constitute a conflict of interest, the person to whom the employee reports may insist on the employee's withdrawal from engaging in them. This provision does not require disclosure of personal activities with minor financial implications such as babysitting, renting a basement apartment or cottage, operating a hobby farm, and which have no impact on the employee's Centre responsibilities.

Staff Signature:	Date:
Site Supervisor Signature:	Date:

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2012

MEMO

To: All staff

From: Sue Johnston, Coordinator

RE: FRAUD DETECTION AND PREVENTION POLICY

After the initial circulation of the Fraud Detection and Prevention Policy some changes were made throughout the various sections of the policy as per the feedback received. For the main Fraud Prevention Policy we only ask you to sign off to indicate that you are aware that such a policy exists, as such the following sentence was added;

All non-administrative employees are signing off to indicate that they are aware of this policy.

There was also a request to clarify what to do regarding “babysitting” for parents. Orde Day Care’s advice regarding babysitting of children enrolled in the centre, would be that employees should inform the parent prior to agreeing that they may at any given time have to declare a conflict of interest and be unable to continue and that such an action does not at anytime reflect on the activities and relationship with Orde Day Care.



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August 19, 2011

MEMO

To: Gary Duncan, Site Supervisor
Anna Gionet, Site Supervisor
Indra Sabessar, Assistant Supervisor
Monica Yearwood, Assistant Supervisor

From: Sue Johnston, Coordinator

RE: FRAUD DETECTION AND PREVENTION POLICY

Attached you will find:

- Fraud Prevention Policy
- Informer/Whistleblower Policy
- Code of Ethics Policy
- Conflict of Interest Policy
- Financial Policy
- Fraud Awareness Info-Guide

As part of the management team, we are all expected to take an active role in the prevention of fraud. The Financial Policy which outlines all of the procedures and internal controls that we have implemented in order to protect the centre. I have also attached a Fraud Awareness Info-Guide, in it you will find many links that will help us learn more about fraud and ways we might prevent it. I am also looking for workshops that are relevant to not-for-profit organizations.

These policies are required under our City of Toronto Operating Criteria. Please read through carefully and prepare any questions you may have for our next supervisors meeting which I have scheduled for:

Wednesday, August 31, 2011 – 10:00 a.m. Satellite Site

Thank you.