

## **Municipal Fraud Prevention and Management Policy**

### **1. Definition of Fraud**

Fraud is defined as any intentional act or deceptive behavior aimed at obtaining financial gain or causing harm to the municipality. This includes, but is not limited to, embezzlement, corruption, misappropriation of funds, falsification of documents, and any other fraudulent activity.

### **2. Responsibilities of Employees and Municipal Officials**

All employees and municipal officials are required to:

- Act with integrity, honesty, and ethics in the performance of their duties.
- Immediately report any suspicious activity or fraudulent behavior to the human resources department or a designated representative.
- Fully cooperate with internal or external investigations into fraud.

### **3. Internal Control Procedures**

The municipality will establish appropriate internal controls to:

- Ensure clear separation of duties and responsibilities to limit opportunities for collusion.
- Implement mechanisms for regular monitoring of financial transactions and administrative activities.
- Conduct periodic assessments of fraud risks and adjust controls accordingly.

### **4. Detection Mechanisms**

Detection mechanisms for fraud will be implemented, such as:

- Regular reviews of financial statements and accounts.
- Analysis of trends and anomalies in expenses and revenues.
- Monitoring of activities of municipal employees and officials.

### **5. Reporting and Investigation**

Any suspicion of fraud must be immediately reported to the human resources department or a designated representative. All allegations will be treated confidentially, and an internal investigation will be conducted in accordance with established procedures.

## 6. Consequences of Fraud


Employees and municipal officials who violate this policy will be subject to disciplinary measures, up to and including termination. Additionally, the municipality reserves the right to pursue legal action against individuals involved in acts of fraud.

## 7. Monitoring and Revision

This policy will be regularly reviewed to ensure its effectiveness and alignment with the changing needs of the municipality. Periodic audits will also be conducted to assess the effectiveness of the existing internal controls.

Notice of motion: November 12, 2024

Adoption: December 10, 2024

  
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Karen Kelly  
Mayor  
\_\_\_\_\_  
Stacy Lafleur  
Director General

## **ANNEX A**

### **Internal Control Procedures**

**Restricted Access to Sensitive Resources:** Limit access to sensitive resources such as computer systems, financial documents, and physical assets only to employees who need them to perform their tasks. Change passwords more frequently.

**Monitoring of Authorizations and Approvals:** Closely monitor authorizations and approvals for financial and administrative transactions to ensure compliance with established policies and procedures, and that they are carried out by authorized individuals.

**Identification of Fraud Risks:** Review the processes, activities, and operations of your organization to identify areas that may pose fraud risks. This may include reviewing financial transactions, payroll processes, purchasing, etc.

### **Detection Mechanisms**

**Regular reviews of financial statements and accounts:** Verify transactions to ensure they are properly recorded and that there are no missing or erroneous data. Look for significant discrepancies or variations compared to previous periods or forecasts.

**Analysis of trends and anomalies in expenses and revenues:** Analyze trends in expenses and revenues to identify unusual fluctuations or suspicious patterns. Identify anomalies such as sudden increases or significant decreases in expenses or revenues.

**Monitoring of activities of employees and municipal officials:** Look for inappropriate behaviors or activities that may indicate misuse of resources or conflicts of interest.