

Fraud Awareness and Conflict of Interest



Algonquin's Commitment to Financial Integrity

“(The) expansion of our Internal Control Framework will focus on financial integrity by improving awareness of corporate policies and directives, increasing access to training, and conducting cyclical audits. ...advanc(ing) the ethical and equitable management of our public assets and financial transactions.”

Claude Brulé, January 8th, 2021

Public Sector Fundamentals

1. A Strong Corporate Culture – An open, honest environment where the corporation encourages and supports employees to raise issues of ethical concern with the goal of ensuring public benefit prevails over personal interests.
2. A Positive Control Environment – Maintain a cycle of internal audits that seek to identify and correct financial and human resource activities that don't conform to our corporate bylaws, directives or policies, or that are operationally unreliable.
3. Training and Development Commitment – A corporate commitment to continuous learning where all employees engage in professional-quality skills training focused on improving ethical judgement and operational efficiency.

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Why talk about Fraud Awareness and Conflict of Interest together

Fraud always starts with a Conflict of Interest and often includes collusion:

1. With the intention to conceal the conflict of interest
2. Engaging in conduct that knowingly contravenes a College Policy
3. A consistent history of corrupt financial or human resource related transactions that knowingly contravene Public Sector Directives or clearly place a personal interest above the public interest

Corrupt Conduct

The Conflict of Interest video link below, made by the Independent Commission Against Corruption from New South Wales, presents ethical dilemmas that exist for government public sectors organizations including postsecondary institutions.

<https://www.youtube.com/watch?v=-AhmA8z6llc>



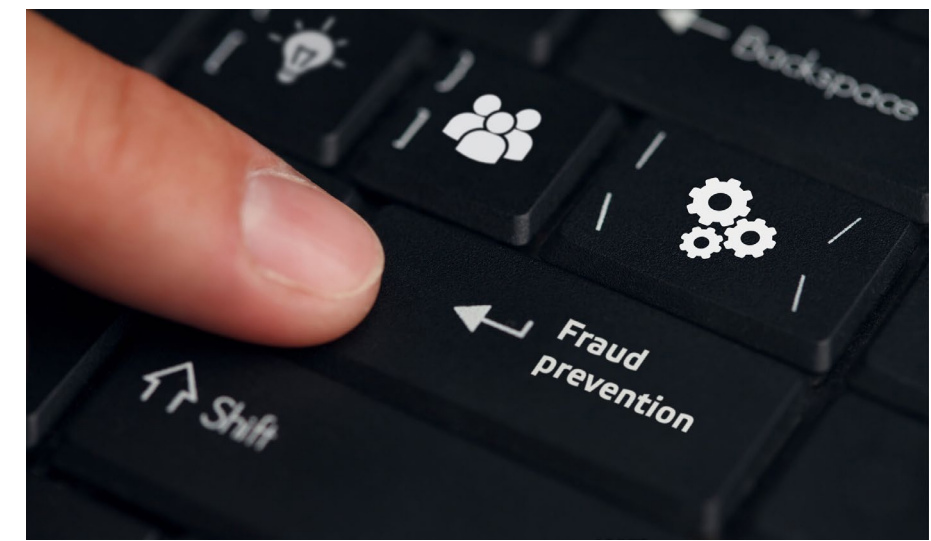
The Fraud Triangle

One of the oldest and most basic concepts in fraud detection and deterrence. Developed by Criminologist Dr. Donald R. Cressey (circa 1950).

- Motivation – The existence of an actual or perceived pressure to commit fraud felt by an employee.
- Rationalization – When an employee concludes that they are “owed” more, or that an asset that they would value is insignificant to the corporation.
- Opportunity – When an employee has unrestricted access to assets or is able to approve a transaction – unchallenged.



Fraud Prevention



It is very difficult to address Motivation:

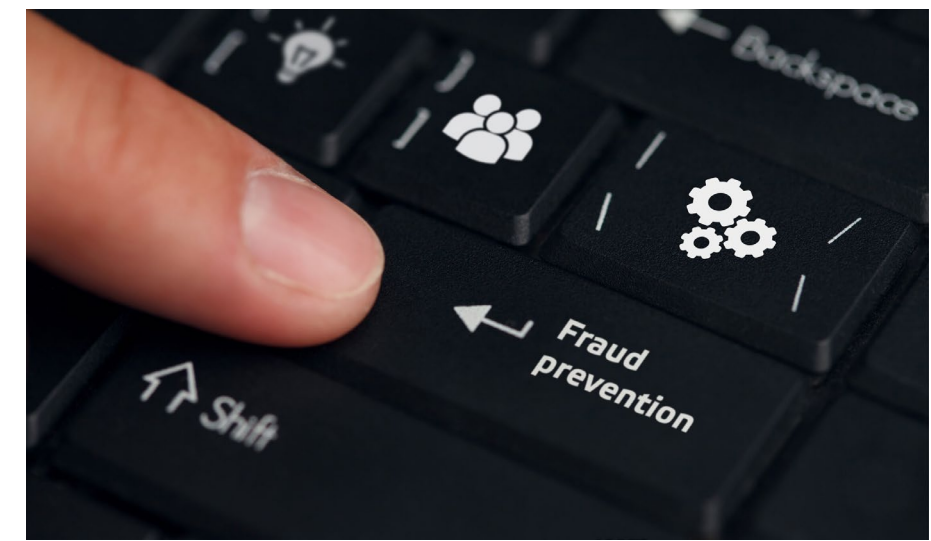
- Motivation is often the result of pressures external to the Corporation (e.g. debts, addiction, competitive frustration)

We can impact Rationalization through training:

- This includes trainings such as Financial Integrity



Fraud Prevention



Internal Controls address Opportunity:

- We must encourage employee participation in the development of a positive control environment.
- Likelihood of fraud is diminished through cyclical audits and integrity training.
- We will always presume employees support the need to provide the public with the best possible value for money through operational continuous improvement and transparency.



Opportunity Makes a Difference

Completely
Ineffective or
Dishonest



Superbly
Effective and
Honest



Corporations that have strong programs of cyclical audits decrease *the opportunity for fraud* by proactively identifying and correcting human resource and financial activities that violate corporate bylaws, directives or policies, or by adjusting operations that are unreliable.

Without Integrity, Ethics are abstract concepts

Ethics

A system of related principles that govern the conduct of an individual or a group to act rationally, equitably, and objectively.

Integrity

A steadfast professional-level commitment to adhere to ethical principles regardless of the personal or group impact.

“Like a chain, the corporation or department’s capability to maintain integrity is no greater than the reliability of any one individual link.”

10 College Integrity Principles (from Policy - AD25)

1. Avoid perceived conflict of interest
2. Provide accurate and understandable budgets and projections
3. Comply with regulations set by government
4. Be aware of and comply with Corporate Policies, Bylaws and Directives
5. Act in good faith without misrepresenting or withholding material facts
6. Preserve corporate intelligence concerning operations and business endeavours
7. Report any actual or perceived non-compliance with (corporate) policy
8. Continuously improve operational systems and processes
9. Be an example of ethical behaviour
10. Ensure employees obtain (professional-level) training

Some Ethical guidelines within other College's Policies

- HR07 – Hiring Process, Section 6.4 - Selection Committee members must declare if there are any reasons that would prevent them from making an objective recommendation...must remove themselves...(including) if one of the candidates...is a family member.
- HR12 – Conflict of Interest, Section 5 – No conflict should exist or appear to exist between the personal affairs, private interests and activities of employees and their work at the College.
- HR18 – Employee Code of Conduct, Section 4.2 - Employees are expected to be familiar with the College policies relevant to their responsibilities and conduct themselves in a manner consistent with those policies.
- HR18 – Employee Code of Conduct, Section 5.3 – (A)ct with transparency and impartiality...ensuring that they do not benefit personally or professionally from any decision made within the context of their job, or allow outside interests to conflict with the employee's position...(including) supervise a family member in their direct chain of command.

Conflict of Interest

The Conflict of Interest video link bellow, made by the US Department of Agriculture.

<https://www.youtube.com/watch?v=UH5r3EoM9cc>

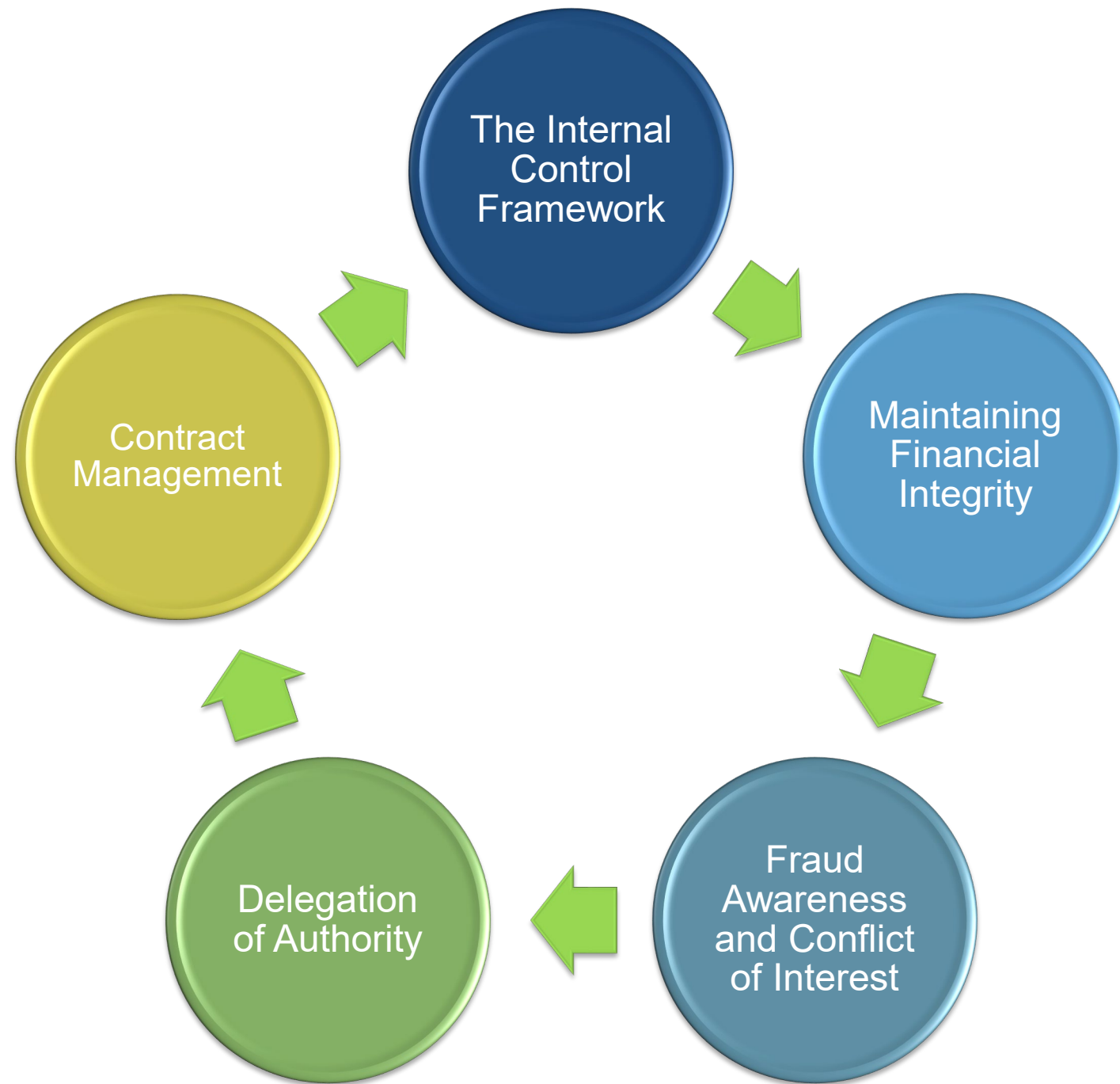


Poll 4

Learn More about Algonquin College's Ethics and Integrity Rules

- Policy AD10 – Fraud Prevention
<https://www.algonquincollege.com/policies/files/2020/01/AD19.pdf>
- Policy AD23 – Internal Control
<https://www.algonquincollege.com/policies/files/2019/02/AD23.pdf>
- Policy AD25 – Financial Integrity
<https://www.algonquincollege.com/policies/files/2021/06/AD25.pdf>
- Policy HR07 – Hiring Process
<https://www.algonquincollege.com/policies/files/2020/10/HR07.pdf>
- Policy HR12 – Conflict of Interest
<https://www.algonquincollege.com/policies/files/2017/01/HR12.pdf>
- Policy HR18 – Employee Code of Conduct
<https://www.algonquincollege.com/policies/files/2018/10/HR18.pdf>
- Policy HR21 – Staff/Student Personal Relationships
<https://www.algonquincollege.com/policies/files/2018/12/HR21.Staff-Student-Personal-Relationships-2018-12-18-v3.pdf>

Internal Control – Training Suite



- 1 Discusses “What is Internal Control” and details the Internal Control Framework.
- 2 Details the College’s 5 Risk Areas and supporting Policies and Procedures.
- 3 Focuses on how to identify and deal with a Conflict of Interest.
- 4 Presents the Delegation process and how the College maintains “control”.
- 5 Identifies approved contract management and contractor engagement procedures.

Questions & Feedback

Thank you

