



SUBJECT: Fraud Prevention and Reporting	CATEGORY: Finance	NO. 405
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PREAMBLE

Fraud prevention and reporting is an integral part of corporate governance.

POLICY

SIAST is committed to maintaining the highest standards of honesty, integrity and ethical conduct and has adopted this policy to ensure consistent and effective investigation, reporting and disclosure of fraud occurrences within SIAST.

Fraud, in any form, will not be tolerated. This includes acts of fraud committed against SIAST as well as acts committed against outside parties to the benefit of SIAST or individuals employed by SIAST.

The prevention of fraud is the responsibility of all employees within SIAST. Employees who suspect fraud must report the suspected fraud to one of the following: their manager, a vice-president, an associate vice-president, the president & CEO, or in extreme cases, the chair of the SIAST audit committee. Failure to report a fraud may result in an investigation of the employee who fails to report it as well as an investigation of the employee(s) who actively commits the fraud.

Provided that the employee acts reasonably and not vexatiously, no employee will be subject to any discrimination, threats, reprisals or disciplinary action by SIAST, as a consequence of reporting a suspected fraud and/or acting as a witness in an investigation or a court proceeding in relation to an alleged fraud.

All employees involved in an investigation of suspected fraud or irregularity maintain the rights, privileges and protections afforded to them by applicable law, by SIAST policies and by the collective bargaining agreement.

Employees who commit an act of fraud are subject to disciplinary action, up to and including termination with cause.

SIAST will pursue full recovery of all losses resulting from an act of fraud.

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Definitions

Fraud

The intentional deception, false representation or concealment of facts for the purpose of personal gain to obtain an advantage for oneself or for one or more third parties, or to avoid an obligation. Fraud includes inducing another party to act upon intentional deception, false representation or concealment to that party's injury or financial loss. Actions constituting fraud include, but are not limited to:

- forgery or alteration of a cheque, bank draft, or any other financial instrument;
- destruction or theft of funds, securities, supplies, or other assets;
- forgery or alteration of any document or account belonging to SIAST;
- false accounting or any impropriety in the handling or reporting of money or financial transactions;
- bribery;
- corruption;
- profiteering as a result of insider knowledge of SIAST or SIAST client activities;
- disclosing confidential or proprietary information to outside parties;
- in conjunction with Conflict of Interest policy #704, providing or accepting gifts of material value to/from customers, contractors, vendors or other persons doing or attempting to do business with SIAST that are intended to influence a business decision or selection process;
- intentionally misrepresenting others' intellectual property as one's own;
- conspiracy to commit any of the above; or,
- any similar or related inappropriate conduct.

PROCEDURE

Employees should be aware of fraud risks within their area of responsibility, and should periodically review areas where fraud risks are more than likely to occur in order to ensure that proper controls are in place. Employees requiring assistance with fraud risk identification and management may contact the Financial Services division.

Employees who detect or suspect that a fraud has occurred should report the incident immediately.

Options for Reporting Fraud:

1. Report the incident to an out-of-scope manager/director/dean, associate vice-president, vice-president or the president & CEO.

It is the responsibility of the manager to ensure that all suspicions of fraud and/or irregularity reported to them are also reported immediately to the associate vice-president, financial services and the associate vice-president, human resources.

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2. Report the incident to the chair of the SIAST audit committee.

Only in extreme circumstances, when an employee does not feel it is appropriate or is not comfortable to report the suspected fraud internally, the employee may report the suspected fraud to the chair of the SIAST audit committee. The contact information is available on mySIAST.

The employee will be asked to sign a release of information form so that the information may be reported to the associate vice-president, financial services and the associate vice-president, human resources.

If the employee wishes to remain anonymous, the chair of the SIAST audit committee will report only the details of the incident to the associate vice-presidents, and the employee's personal information will be kept confidential.

The chair of the SIAST audit committee will only disclose the employee's name or position on the following conditions:

- the employee provides written consent;
- the chair is required ethically or legally to reveal their identity; or,
- an investigation reveals that the employee has acted vexatiously in reporting the fraud.

Chair of the SIAST audit committee contact information can be located on mySIAST.

SIAST reserves the right to pass on any information to the proper law enforcement agency in order that such agency may determine whether criminal charges are warranted.

Any employee who suspects dishonest or fraudulent activity should **not** attempt to:

- personally conduct investigations or interviews/interrogations related to any suspected fraudulent act;
- contact the suspected individual in an effort to determine facts or demand restitution or,
- contact the authorities to report the suspected dishonest or fraudulent activity.

The associate vice-president, financial services, associate vice-president, human resources, or vice-president, administrative services has the primary responsibility to coordinate the investigation of all suspected fraudulent acts reported under this policy. If the investigation substantiates that fraudulent activities have occurred, the associate vice-president, financial services, the associate vice-president, human resources or the vice-president, administrative services will designate individuals to prepare and issue reports to appropriate management personnel and to the board of directors through the audit committee of the board.

Based on the results of the investigation, management will determine an action plan for employee discipline, any referral to the applicable law enforcement agency and/or changes to

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processes or controls. Decisions to prosecute by way of civil proceedings or to refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel, the president & CEO, vice-president, administrative services, associate vice-president, financial services and, associate vice-president, human resources, as will final decisions on disposition of the case. All actions taken in response to an established act of fraud must be approved by the president & CEO.

In the event that the fraud is committed by the president & CEO, the next most senior executive of SIAST available shall report this act of fraud directly to the chair of the audit committee of the board. The actions taken in response to the act of fraud must be approved by the board of directors.

Complaints that are made maliciously or vexatiously will result in disciplinary action against the complainant and will be documented in the complainant's personnel file. Discipline may also occur in the event of interference with the process, retaliation against anyone who participates in the process, or breach of confidentiality.

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