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THINGS YOU SHOULD KNOW ABOUT FRAUD AND WRONGDOING: WHO, WHAT, WHERE, WHY, AND WHEN?

WHO commits fraud and wrongdoing?

- Citizens and employees from all levels
- All ages, ethnicities, religions, abilities, education level, and income statuses
- All geographical locations

WHAT is fraud?

- By law, fraud is a deliberate deception to secure unfair or unlawful gain, or to deprive a victim of a legal right
- ESDC Senior Management agreed that the definition should not be limited to its legal definition, therefore including all activities involving wrongdoing by an individual or organization resulting in financial loss and/or reputational harm, misrepresentation, and/or abuse/threats to personal security
- The [Public Servants Disclosure Protection Act](#) suggests that wrongdoing may or may not include fraudulent events

WHAT is wrongdoing?

- Wrongdoing refers to any action taken by ESDC employee(s) or third parties under contractual obligations that could potentially incur severe consequences (i.e. suspension or termination of employment/contract, and/or criminal referral), such as contravening ESDC's Code of Conduct or a Departmental/Treasury Board Act, Regulation, policy, directive, standard, and/or procedure

WHERE? How often?

- Private and public sector, including ESDC
- The Canadian Anti-Fraud Centre (2018) estimated that from January 2014 to December 2017, Canadians lost over \$400 million to fraudsters from mass marketing and identification fraud alone

WHY and WHEN?

- The fraud triangle is a useful model for understanding the motivation to commit fraud, which is built on the premise that fraud is likely to result from a combination of factors: pressure, opportunity, and rationalization
- Common **red flags** include:
 - Unwillingness to share duties
 - Refusal to take leave
 - Refusal to implement internal controls
 - Unusually close association with a vendor or customer
 - Excessive control issues
 - Failure to keep records or provide receipts
 - A lifestyle above financial means
 - Addiction issues