

Employee Bonding Warranty

All of your employees are automatically bonded when they start working for the community government. There is no application to complete or notice to be provided when you hire new employees. However there is a warranty within the employee bond that will void the bond coverage for any employees who have committed fraud or a dishonest act during their employment with you or prior to their employment with you. The coverage for that particular employee is automatically terminated as soon as you, the employer, becomes aware of a past or present infidelity.

This clause is key to your employees being bonded. As individual bond applications are not required for employees when they are hired, your bonding company relies heavily on the community government, to perform proper back ground checks on the people they hire. This clause acts as protection for the bonding company because they would not normally bond an employee who has committed fraud or a dishonest act. The same is true and applies to employees who have had their bonding cancelled by a previous insurer where the bond was never reinstated.

If you have an employee who would not qualify for bonding because of the above conditions, we may still be able to obtain bonding for them. We can complete and individual application for that particular employee and submit it to the bond company for consideration. In some cases bonding may be granted under certain conditions and a lower limit of coverage

Employee Dishonesty and theft of money: \$1,000,000

Covering: All employees of the community government, plus Money and Securities on the premises, or on the way to the bank, or at the bank for theft, disappearance destruction, robbery or safe burglary.

NORTHERN COMMUNITIES INSURANCE PROGRAM

FINANCE
SMART MANAGEMENT
PRACTICES

PREVENTING INTERNAL CRIME

Protecting Your Organization



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NWT Association of Communities
Connecting Community Governments Since 1966

Organizations spend much effort on preventing crime from **outside**; yet the biggest risk is actually **from within**.

Risks you can prepare for and help reduce losses include:

- Disappearing cash payments
- Overtime abuse
- Acting pay abuse
- Payment of factitious claims

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nwtac
NWT Association of Communities
Connecting Community Governments Since 1966

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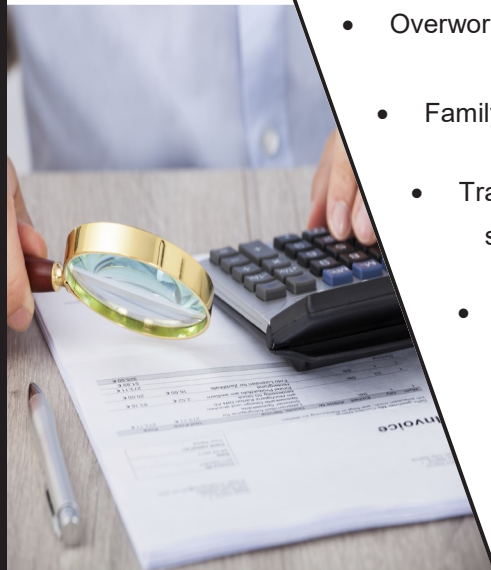
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Controlling the Risk

Employee Dishonesty: Why does it happen?

- Certain acts are no longer regarded as being wrong or illegal by employees.
- Overworked and underpaid employees.
- Family income has remained static or has been reduced.
- Transfer of funds electronically depend on fewer people with specialized skills who know the vulnerable areas of banking
- Management changes and restructuring leave more opportunities for crime to remain undetected.
- An Employee sees a vulnerable area and takes advantage of it.
- Gambling, Drug and Alcohol Dependency, On-line shopping



Where does Employee Dishonesty happen?

- ✓ Accounting
- ✓ Purchasing
- ✓ Payroll
- ✓ Computer
- ✓ Cashier
- ✓ Warehousing / supplies
- ✓ Equipment Use

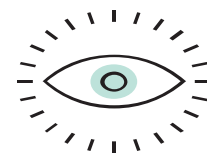
INDIVIDUAL WARNING SIGNS

- Individuals that seem to be living beyond their means, have high personal debts or you suspect they have some kind of addiction
- Employees who work long hours or refuse to take vacation
- A senior manager that seems to have a secretive management style that frequently over rides systems and controls in regards to spending.
- An unexplained close relationship with a supplier or customer



WARNING SIGNS

What to look for in an individual and in the work environment if you suspect criminal activity



CORPORATE WARNING SIGNS

- A work environment where employees feel they are owed for: unpaid overtime, an increase in wages, or more time off
- A sudden increase in accounts receivable
- Lax enforcement of internal controls
- High rates of turn over and absenteeism
- Lack of formal controls and accountability

SEPARATION OF RESPONSIBILITIES

Most fraudulent activities are carried out by **one person**. Internal controls should separate responsibilities in to **four key areas**:



1. Authorizing transactions
2. Preparing transactions
3. Collecting or paying cash
4. Maintaining records of accountability

INTERNAL CONTROLS

- Perform **internal and external** audits
- Make sure staff take their vacation for at least **one full week** at a time
- Passwords for computers should be **changed regularly**, and the person in charge of your computer system should not be allowed to have access to other employees' day to day activities
- Policies for the purchase of goods should be carefully drafted and strictly adhered to. Check that the vender addresses match the invoices and phone directories
- Procedures should **separate tasks** - payment authorization, preparation of cheques, signatures on cheques
- Procedures should include **electronic transfers**
- Electronic transfers also require **separation of duties** and should have **two signatures**
- Take care in hiring honest people with a known work history. Perform criminal background and reference checks on all potential employees.
- If the individual has worked in the North, you can usually find out from superintendents in other regions. Make the call.
- Avoid hiring relatives and spouses, especially in the same department or in a manager-subordinate position.
- If at all possible, rotate employees in positions of trust fairly frequently.
- Review employee empowerment- Are employees given too much control and authority or are controls lacking?
- Minimize the use of Corporate Credit Cards: Expense accounts should be submitted to justify the transactions on the card. Have policies and procedures regarding expense accounts and travel.
- Create an ethical environment for your staff. Have a code of conduct in place.
- Follow your Policies and Procedures.

If you suspect someone in your organization is engaging in criminal activity, or you have any questions about internal crime, please contact the NWTAC.



What Should You Do If A Slip and Fall Claim Arises?

- If someone is injured, administer first aid or call an ambulance
- Never admit you are at fault
- Never offer to compensate an injured person
- As soon as possible, complete an incident report providing as much detail as possible on the injured person – include name, witnesses names, addresses, telephone numbers, complaints of pain, etc.
- Also include weather conditions, lighting, warning signs, foreign material on the floor, distractions, etc.
- Detail any mitigation circumstances i.e. absence of snow or ice on walkways, when sidewalks were last cleared, type of shoes and clothing injured party was wearing, note use of walking aides or prescription glasses, note the part of the body where injuries occurred, etc.
- Take digital photographs of the location where incident occurred – note skid marks in the area of the alleged slip and fall - use a ruler or pen to show relative size. Take from every angle and at an increasing distance from the scene. Show the general area, including lighting and signage, and taken from the direction the person was walking and from the opposite direction as well
- If you receive any correspondence from the injured party, forward it directly to NWTAC

NWTAC can help you by...

- Providing sample bylaws, policies, and procedures
- Using your loss prevention funds for School of Community Government Training
- Legal Services Advice Line
- Governance Advice Line
- Human resources advice services
- Job descriptions
- Loss prevention workshops

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NORTHERN COMMUNITIES INSURANCE PROGRAM

RISK MANAGEMENT SMART MANAGEMENT PRACTICES

Protecting Your Organization

REDUCING WINTER SLIP AND FALL HAZARDS



Slips and falls can cause serious injuries to visitors on community properties. In the winter, snow covered parking lots, icy sidewalks and slippery floors dramatically increase the chance of slip and fall incidents. A little extra care and prompt attention to outside and inside slippery surfaces, can easily and quickly prevent slips and falls and thereby reduce claims. Here are a few tips for making your premises safer this winter by managing slippery conditions and snow removal activities.

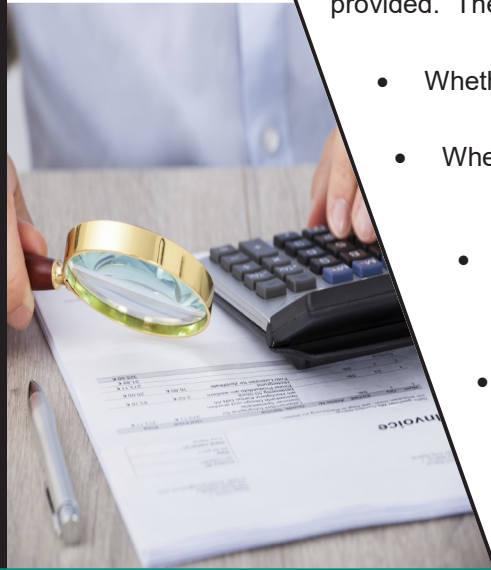


Controlling the Risk

The legal discussion

If someone is hurt in a slip and fall, you must be prepared to demonstrate to a judge that an appropriate standard of care was provided. The following criteria generally apply:

- Whether the danger was foreseeable
- Whether the communities' conduct was within acceptable standards
- Whether there was an adequate system of inspection in place and was it being carried out
- Whether the danger was allowed to exist for an unreasonable amount of time
- Whether the danger could have been easily prevented



BYLAWS, POLICIES AND PROCEDURES

Set out what you will do, and follow through.



1. A snow and ice clearing program for roads, walkways, sidewalks, parking areas, and building entrances
2. Keep a written daily log of snow clearing activities and conditions
3. Keep a written log of any accidents reported and actions taken
4. Review and update your program from time to time

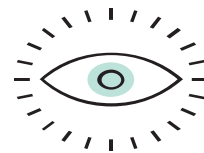
If you need any help in setting up bylaws, policies or procedures with regard to managing your winter hazard risks, please contact the NWTAC.

KNOW THE SLIP AND FALL HAZARDS AND RISKS ASSOCIATED WITH WINTER WEATHER

- Slips or falls on slippery surfaces due to water, ice or snow including melted snow and ice at building entrances
- Roof collapse or property damage under weight of snow
- Injuries while shoveling snow OR falls from heights ifor example while cleaning the roof
- Freezing of water run-off from roof down spouts or melting snow from roofs OR storm surges causing flooding
- Wet floors inside buildings
- Icy sidewalks or roadways

What can cause unsafe conditions?

- ✓ Snow or ice on the ground
- ✓ Snow or ice sliding off a roof
- ✓ Steel grates filled with snow
- ✓ Oil or water spills
- ✓ Slippery floor coverings
- ✓ Stairways without railings
- ✓ Trip hazards



MONITOR!

What to look for in your community government properties ...

SAFETY GOALS

- Ensure that all community roads remain passable for emergency vehicles throughout the snow removal period; allow traffic flow, both pedestrian and vehicular, to and from the site.
- Ensure that stairs, roadways, parking lots, sidewalks and entryways are kept free of snow, slush and ice, which may cause hazardous footing
- Keep all building entrances and exit doors free from ice and snow buildup—they must be useable all year long



GOOD HOUSEKEEPING

- Mop wet floors to make dry
- Watch stairs for loose treads
- Use mats to catch snow at entrances
- Monitor weather conditions
- Train your staff appropriately
- Clear ice and snow from roofs over entrances
- Apply grit to slippery outside walking areas

RISK CONTROL MEASURES FOR INSIDE WET FLOORS

- Place "wet floor" signs prominently at entrances – pylons are preferred over 'tent'-style signs
- Use door mats or rubber runners at entrances and exits to help keep water, snow and ice off the floor
- Mats or runners should extend at least 6-8 steps or 3 metres (10 feet) indoors
- Promptly mop up puddles where melting snow has saturated the mats or runners
- Clean up interior wet floors and spills immediately
- Use "slippery floor" warning pylons when surfaces are wet or obstructed
- Maintain a written activity log (sweep log) of all floor cleaning activities on site
- Test floors for slip resistance (wet and dry) and consider treatments to improve floors with unacceptable results





WRONGFUL DISMISSAL LIABILITY

Terminating employment with one of your employees is never a pleasant experience. It can be more difficult when you are informed the employee is now seeking compensation by filing a civil action for what they feel was a wrongful termination. Fortunately NORCIX provides liability coverage for communities who follow the warranty conditions which are expressed in the insurance policy. Your insurance policy will pay on behalf of the community any sums which the community becomes legally obligated to pay for compensation as well as agreeing to defend the community for any civil action that is brought against the community arising out of an alleged wrongful dismissal.

Wrongful dismissal insurance coverage is not common in the insurance industry. While coverage is provided within our wording there are conditions that the community government must comply with in order to be covered. These conditions are:

1. The Community Government must receive *in writing* a legal opinion from an independent lawyer who specializes in employment law or a lawyer chosen by NORCIX. The legal opinion needs to set out how the change or changes desired should be carried out by the Community Government; and
2. The Community Government must implement the approved change or changes in employment conditions in the manner prescribed by the independent lawyer.
3. Both these conditions also apply to all employment contracts and fixed term contracts in excess of five (5) years or a series of consecutive employment fixed term contracts with the combined total being in excess of five (5) years.

There are other conditions and exclusions within the policy but these three conditions in particular must absolutely be met before your insurer will respond to any claim.

Using a lawyer who does not specialize in employment law is not acceptable. Once you have been provided advice and a written legal opinion, you must follow the advice and steps the lawyer has set out with respect to any changes in the employment conditions of the employee.

In most situations it would be best to contact our office so we can put you in touch with an approved lawyer who specializes in this field of law.

Your lawyer should also assist you with the termination letter being provided to the employee.



WHAT SHOULD YOUR LEGAL OPINION CONTAIN?

All of the relevant facts should be set out in the opinion to ensure that the information upon which the lawyer is relying is consistent with the actual employment history of the employee. The letter should include:

- ✓ the position held by the employee
- ✓ the employee's age
- ✓ rate of pay
- ✓ history of employment
- ✓ the existence and relevant terms of an employment agreement
- ✓ the rationale being considered for termination
- ✓ disciplinary history
- ✓ whether the employee has had an absence from the workplace
- ✓ whether you are in a position to dismiss for cause or without cause
- ✓ a process that you must follow for the termination
- ✓ review of any potential Human Rights issues

DISMISSAL FOR JUST CAUSE

Within Employment Law, the definition of Just Cause is very narrow.

The rationale for a just cause dismissal would require review of the Facts and a determination as to whether or not the Facts provide a basis for a just cause dismissal. When dismissing for cause it is intended that there would be no severance package. If the lawyer is in agreement, the opinion should provide the reasons for termination for cause. The lawyer should also be able to assist with the termination letter being provided to the employee. If a civil action is commenced by the employee after the dismissal, the deductible in this case will be the \$25,000 or the first two years of wages, whichever is the lesser. In most cases, the deductible is \$25,000.

DISMISSAL WITHOUT CAUSE

If a determination is made that the circumstances do not provide a basis for a just cause dismissal, the opinion will provide a range of what would most likely be required to pay the employee as compensation in lieu of notice. The range of notice which may be required will depend upon whether an employment agreement or letter of offer has limited the range of notice to that of a contractual amount or if reliance may be placed upon statutory minimum payment. In the absence of an employment agreement, a range of would be provided by the lawyer. This is important because it has a bearing on the deductible that would be applicable in the event it becomes a civil action. If the employee ultimately does not accept the offered severance package and commences a civil action, the deductible will be the median of the range which was provided in the legal opinion prior to dismissal subject to a minimum of \$25,000.

In the event the employee files a civil action and a claim is opened with NORCIX, the deductible that would apply to the claim does not apply to adjusting or legal expense incurred by NORCIX to investigate or defend the community.