

Category: BOARD POLICY – ADMINISTRATIVE PARAMETERS	
Title: Theft, Fraud, Corruption, and Non-Compliant Activities Policy	Reference Number: AB 630
Approved by: PHSA Board of Directors	Last Approved: April 23, 2009 Last Reviewed: December 7, 2011

1. POLICY OBJECTIVES

The PHSA and its respective Agencies (hereafter collectively referred to as the PHSA) are funded by the provincial government and governed under statute. The government and taxpayers of British Columbia and the external organizations who contribute to the PHSA expect that we will be accountable for the prudent stewardship and use of funds including operational, capital and research, and other resources that enable us to deliver health care services in an efficient, effective and economical manner. To maintain and enhance the public’s trust and confidence in our integrity, we are committed to our [Code of Ethics](#), our [Standards of Business Conduct and Research Conflict of Interest](#) policies, and sound business practices which support legal and regulatory compliance.

Patient, client, employee, and public satisfaction and trust are central to our continued success. Our policies, procedures and internal controls strengthen and promote our sound business practices in accordance with applicable laws and regulations, and ensure the fair treatment of our patients, employees, and business partners.

The PHSA is committed to providing resources to foster integrity in our workplace, and is opposed to all forms of theft, fraud, corruption, and non-compliant activities. This Policy communicates to all PHSA employees and persons associated with the PHSA:

- Our principles and perspective regarding theft, fraud, corruption and non-compliant activities;
- Procedures to assist with detection and reporting of matters applicable under this Policy; and,
- A commitment to independently investigate and promptly resolve all matters covered by this Policy.

The PHSA has established internal controls and processes that are intended to prevent or detect improper activities, but even the best systems and controls cannot provide absolute safeguards.

2. SCOPE

This Policy applies equally to all persons associated with the PHSA including:

- all employees of the PHSA or any of its affiliated Programs;
- executives and all other management and supervisory employees;
- volunteers of the PHSA;
- physicians with privileges at any of the PHSA's facilities;
- contractors engaged by the PHSA;
- medical staff including physicians on contract, residents, and clinical trainees;
- university faculty and support staff who work at PHSA facilities;
- students working for or associated with the PHSA or any of its affiliated Programs and Agencies;
- all researchers and members of staff who conduct research at or under the auspices of any of the PHSA's hospitals, health centres, agencies or their affiliated research institutes ("researchers"); and,
- individuals authorized to access PHSA information or information systems.

Patients, suppliers, and the general public may report all matters applicable under this Policy.

3. APPLICABILITY AND KEY DEFINITIONS

This Policy applies to any matter where indications of theft, fraud, corruption, or non-compliant activities are present. Key terms used in this Policy are defined below.

Corruption is the offering, giving, soliciting or acceptance of an improper inducement or reward, which may influence the decision, decision-making process, or action of any person.

Fraud is an offence under the Criminal Code of Canada. It is the legal term that describes an event or situation in which the existence of 1) deception, 2) loss/benefit, and 3) victim(s) have all been established and proven.

Theft is an offence under the Criminal Code of Canada. It is the act of stealing, taking or removing corporate or personal property, including intellectual property, monetary or other physical goods, without appropriate authorization.

Non-compliant activities are illicit acts or failures to act in accordance with legislation, regulations, policies, internal controls or other obligatory standards.

A **Loss** is the detrimental effect or disadvantage that results from being deprived of a resource or a right to participate in an opportunity that would have otherwise legitimately benefited the PHSA.

An **Irregularity** is suspected fraud, corruption, theft of monetary or intellectual property of the PHSA, or a suspected non-compliant activity by an internal or external person(s), which results in an intentional or unintentional misappropriation of assets or rights that would otherwise benefit, or which creates a loss for the PHSA.

An investigation of matters covered by this Policy may lead to allegations of theft, fraud, corruption, or a non-compliant activity. Until a formal investigation has been conducted in accordance with this Policy, all findings, reports and suspicions will be termed Irregularities. Irregularities include, but are not limited to, serious actions that may result in an actual or perceived financial or non-financial loss to our organization as a result of:

- Intentional, unwarranted and unauthorized departures from Canadian Generally Accepted Accounting Principles (please refer to the **Canadian Institute of Chartered Accountants** for information);
- The manipulation of accounting records to conceal or alter legitimate financial or operational results;
- Misuse, destruction or unauthorized access of PHSA documents, databases, intellectual property, computer systems, recorded data or messages, and/or technology;
- Intentional false creation or alteration of documents, contracts, agreements, or any other record;
- An undisclosed financial interest between an employee or contractor of the PHSA and another person or entity to which PHSA may in the course of business disburse or receive funds or services;
- Intentional misrepresentation of facts;
- Unauthorized misuse of PHSA records, data, intellectual property or private information;
- An agreement or perceived agreement between two or more persons to commit an act that knowingly circumvents internal controls;
- Unusual compensation, benefits, or rights received by PHSA employees, consultants, researchers or suppliers in exchange for actual or perceived goods, services, advantages or benefits;
- A contravention of a statute, law or regulation;
- The theft of PHSA owned or administered intellectual property or monetary items including currency, cheques, drafts, patients' trust funds, etc.; and,

- The intentional concealment of, or failure to report, Irregularities.

Exceptions

This Policy does not cover matters for which there are other established processes for the reporting and investigation of alleged improper conduct or violations, including:

- Reports on safety hazards and unsafe conditions made in accordance with the provisions of WorkSafe BC's Occupational Health and Safety Regulations; and,
- Discrimination or harassment based on prohibited grounds identified in BC's Human Rights Code and regulations.

The theft of any property belonging to the PHSA or parties identified in [Section 2](#) of this Policy, other than PHSA owned or administered intellectual property or monetary items, from any PHSA site is subject to the process described below in [Section 4.3](#).

4. GENERAL ACCOUNTABILITIES

4.1 Employees, Volunteers, Physicians, Medical Staff, Contractors, Faculty, Researchers and Students (herein referred to as Individuals)

Individuals are responsible for awareness, prevention, detection and reporting of Irregularities. All Individuals should understand the risk activities associated within the scope of their work and responsibilities and adopt effective controls to ensure these risks are mitigated. Individuals must cooperate with Internal Audit and / or Protection Services investigators and / or law enforcement and regulators regarding matters covered under this Policy. Each Individual should:

- Understand the importance of their own contribution to the internal control environment;
- Recognize the symptoms of failing control procedures;
- Be aware of the consequences that may result if control procedures are not maintained; and,
- Report matters applicable under this Policy on a prompt basis.

4.2 Reporting Irregularities (including theft of PHSA intellectual property or monetary items)

If an Individual believes they have identified an Irregularity, they should initially report their findings in confidence to their direct supervisor. The Individual's direct supervisor will assess the findings and within one (1) business day report any findings or unresolved Irregularity to the [Office of Internal Audit](#). Refer to [Section 6](#) of this Policy for further guidance on how to report an Irregularity to Internal Audit.

4.3 Reporting Theft of Property (excluding PHSA intellectual property or monetary items)

Suspected incidents of theft of corporate or personal property excluding PHSA intellectual property or monetary items should immediately be reported to [Protection Services](#).

4.4 Executive and Management Responsibilities

The fostering of a publicly accountable culture will be accomplished through the implementation of effective internal controls and the leadership of the Executive team. The highest public service standards and behaviours are required from the senior leadership.

Management is responsible for reporting Irregularities, following up on reported Irregularities, and ensuring that Individuals are trained and coached regarding the specific risks related to their responsibilities. Internal control procedures must be periodically reviewed by management to ensure changes to our business environment, technology, and/or processes or procedures have not reduced the effectiveness and reliability of established controls.

5. SPECIFIC ACCOUNTABILITIES

Internal Audit

With respect to Irregularities involving the PHSA, the Office of Internal Audit is responsible for:

- Assisting, advising, and supporting Individuals, management and executives on the prevention and detection of potential Irregularities;
- Investigating Irregularities reported under this Policy in accordance with **Chartered Accountants - Investigative and Forensic Accounting “Standard Practices for Investigative and Forensic Accounting Engagements”**;
- Quantifying monetary restitution with respect to any losses sustained by the PHSA;
- Recommending appropriate actions against those who have committed acts of applicable theft, fraud, corruption, or non-compliant activities; and,
- Reporting Irregularities to the appropriate parties on a timely basis, specifically:
 - All financial Irregularities must be reported to the Chief Financial Officer, Chief Executive Officer and the Chair of the Board of Directors;
 - All non-financial Irregularities must be reported to the Chief Executive Officer and the Chair of the Board of Directors; and,
 - Other individuals on a need-to-know basis.

Refer to [Section 6](#) of this Policy for further guidance on how to report an Irregularity to Internal Audit.

Protection Services – (see contact information in [Appendix A](#))

Theft of any property, other than PHSA owned or administered intellectual property or monetary items, should be reported to Protection Services. Protection Services is responsible for:

- Formulating policies and procedures that safeguard PHSA persons and property;
- Assisting and supporting Individuals and management with the safeguarding of applicable corporate and personal physical property at all PHSA sites;
- Investigating reports of theft;
- Confirming and quantifying losses;
- Reporting alleged theft to the appropriate PHSA management on a timely basis;
- Coordinating the use of appropriate external resources to complete the investigation, with PHSA Executive approval; and,
- Corroborating and documenting property theft loss reports filed with local investigating authorities.

Human Resources and Management

Where an investigation substantiates the allegations of an Irregularity, the PHSA will take corrective action as promptly as possible. For matters arising from this Policy, Human Resources will be the primary PHSA contact for non-contract employees, contractors, other parties, and union officials representing their contract employees.

Human Resources and/or the appropriate management will be responsible for disciplinary action arising as a result of breaching this Policy. The specific action taken in any particular case will depend on the nature and severity of the issue. Where appropriate, the person(s) responsible will be disciplined, which may include termination of contractual relationships with the PHSA. It is the intent of this Policy that all Individuals subject to disciplinary action will be treated consistently, regardless of position or relationship with the PHSA.

Management must attempt to recover all misappropriated resources on a cost-efficient basis. When applicable and in the context of this Policy, Human Resources will coordinate the recovery of any loss identified.

Subject to the advice of Internal Audit or Protection Services, and legal counsel, all investigation results that have implications under the **Criminal Code of Canada** must be reported to appropriate law enforcement and/or regulatory agencies by human resources or management.

Management will report any professional misconduct to the appropriate professional body.

Chief Financial Officer

No restitution arrangements or settlements can be entered into without the approval of the Chief Financial Officer.

6. IRREGULARITY REPORTING AND ESCALATION TO AN INDEPENDENT PARTY

When an Irregularity may involve an Individual's direct supervisor, and internal policies are non-applicable, the Irregularity should be directly reported in confidence to the Office of Internal Audit (see contact information in [Appendix A](#)).

If a person believes they have identified an Irregularity and they are not part of a PHSA reporting relationship, the Irregularity should be directly reported in confidence to the Office of Internal Audit (see contact information in [Appendix A](#)).

Persons reporting Irregularities should take precautions to maintain strict confidentiality and avoid all situations that may:

- Result in the communication of mistaken or unfounded accusations; or,
- Alert suspected perpetrators to an impending investigation.

The Office of Internal Audit is independent of operations and reports functionally to the Chair of the Board of Directors and the Board Audit and Finance Chairs. It is the most independent Office within the PHSA and has the responsibility to report independently to the Board of Directors. As authorized by the PHSA Board of Directors, the Office of Internal Audit conducts investigations in accordance with the **Internal Audit Charter**. It can independently investigate reported Irregularities outside of the normal lines of management authority in addition to Irregularities that may be identified in the ordinary course of performing assurance services.

7. INVESTIGATION PROCEDURES

Internal Audit will use their best efforts to complete a preliminary risk analysis of all reported and identified irregularities within forty-five (45) days.

All identified and confirmed reports of Irregularities will be prioritized according to types of risk, significance, and sensitivity. Investigations will be conducted based on an assessment of the PHSA's exposure or potential exposure to risks identified by the Office of Internal Audit in consultation with the Chief Executive Officer, the Chairs of the Board of Directors and Audit Committee, and for applicable matters, the Chair of the Finance Committee.

The Office of Internal Audit will lead and establish the direction of any required investigation using any internal or external resources deemed necessary. As part of the investigation, the investigator(s) may privately and independently interview the person(s) who reported the Irregularity, the respondent(s) to the allegation and any person who may have relevant information.

Information regarding any ongoing investigations will be secured, to the extent reasonably possible, to protect the personal privacy and confidentiality of all Individuals. Information obtained or documented in the context of an investigation will only be disclosed to the extent necessary to ensure a fair and principled investigation.

The person(s) who initially reported the Irregularities will be contacted by Internal Audit within five (5) business days to:

- Confirm the person(s)' reporting of the Irregularity;
- Establish a primary contact for possible future communications.

Within forty-five (45) days, if appropriate, Internal Audit will communicate to such person(s) whether an investigation will proceed or if an investigation will not proceed, and identify the reason(s) thereof.

Internal Audit will determine the existence of a bona fide Irregularity based on a review of evidence. If an Irregularity is supported, the respondent(s) shall be entitled to disclosure of the allegations and shall be given full and fair opportunity to respond, subject to an ability or requirement to withhold information under applicable laws and regulations.

A reported Irregularity may not proceed to a formal investigation or an investigation may be terminated under this Policy if the:

- Matter is determined to be frivolous, vexatious, inconsequential, or an abuse of process;
- Irregularity was not reported in good faith with a genuine belief of its existence; or,
- Reporting Individual fails to provide requisite particulars of the Irregularity.

8. PROTECTION FROM REPRISAL

The PHSA will not take or allow any reprisal against any person(s) for, in good faith, reporting an Irregularity. Reprisal includes any action or inaction that prevents, restricts, impedes or detrimentally affects a complainant or witness providing information and / or evidence or an investigator and / or an investigation carried out under this Policy.

Any such reprisal will be considered a serious breach of this Policy subject to disciplinary action including dismissal and / or where appropriate, prosecution to the extent permissible by law.

An individual may protest an alleged reprisal by filing a separate complaint to the Office of Internal Audit (see contact information in [Appendix A](#)).

A full review of a reprisal complaint will be conducted by Internal Audit or an appropriate designate. The review shall determine whether the conduct in question constitutes reprisal and if required, recommend an appropriate resolution.

9. CONFIDENTIALITY

All information collected during the course of the investigation will remain confidential, except as required by applicable law (see **Section 12**) or this Policy.

Investigation related information will only be released on a need-to-know basis to Individuals deemed to be an integral part of the investigation.

Individuals who fail to protect the highly confidential nature of the investigative process, including those who report the Irregularity, respondents to the allegation(s) or witnesses will be subject to disciplinary or administrative measures, up to and including termination of employment or contractual relationships with the PHSA.

10. FALSE AND MALICIOUS ALLEGATIONS

Where an investigation determines that the report of an Irregularity was made in bad faith or with malicious intent, appropriate action will be taken including, if appropriate, disciplinary action.

11. RECORDS OF IRREGULARITIES

A confidential record of reported Irregularities and investigation outcomes will be maintained and reported to the Audit and Finance Committees of the Board of Directors. Internal Audit will report directly to the Chair of the Board of Directors or appropriate Committee(s) for matters related to this Policy on a timely basis.

A confidential copy of all investigation findings will be retained in the Office of Internal Audit.

An aggregate report of Irregularities will be kept by the Office and forwarded annually to the Board of Directors. These records will include the following information only:

- number of Irregularities;
- type of Irregularity (business risk); and
- the nature of process or resolution (i.e. informal resolution, mutual resolution, investigation).

The intention is that the anonymity of any person(s) involved will be assured as the data will be in aggregate form only, and will be used only for corporate governance purposes.

12. FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT

All matters covered by this Policy are subject to the *Freedom of Information and Protection of Privacy Act* (FOIPPA).

Policy Created on: August 25, 2005

Revision Dates:

- April 23, 2009
- June 10, 2010

APPENDIX A – CONTACT INFORMATION & PHSA POLICIES

PROTECTION SERVICES CONTACTS & PHSA POLICIES

Site	Department	Contact	Phone	Email	Policy and/or Manual
PHSA & All Agencies – 24 / 7 Property Theft and Security Incidents	Security & Protection Services	Duty Security Specialist	604- 875-2999 (24 / 7)	security@phsa.ca (24 / 7)	<u>Location and Site Security & Theft Policies</u>
PHSA & All Agencies – Confidential Reporting	Security & Protection Services	Dan Krefting	604- 877-6102 or urgent 24/7 on cell at 604-690-5634	dkrefting@phsa.ca	<u>PHSA and Agency Security & Theft Policies</u>

INTERNAL AUDIT CONTACT

Site	Department	Contact	Phone	Email	Policy
PHSA & All Agencies	Internal Audit	Remo Ferraro	604-675-7419 or mobile at 604-220-1733	rferraro@phsa.ca	All other Irregularities (except for exclusions within this Policy)