

	<b>POLICIES &amp; PROCEDURES</b> Number: 7311-10-002 Title: FRAUD POLICY
Authorization  <input type="checkbox"/> President and CEO <input checked="" type="checkbox"/> Vice President, Finance and Corporate Service	Source: Director, Enterprise Risk Management Cross Index: 7311-30-001, 7311-30-005 Date Approved: September 3, 2010 Date Revised: April 11, 2014 Date Reaffirmed: Date Effective: April 16, 2014 Scope: SHR and Affiliates

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**OVERVIEW**

All staff have the responsibility to promote a positive and ethical work environment; to respect and operate within the bounds of internal controls and exercise diligence in preventing losses because of fraudulent acts. All allegations of fraudulent behaviour will be reviewed.

**DEFINITIONS**

**All staff** means SHR employees, practitioner staff, professional staff, affiliate employees, contractors, vendors, students and volunteers.

**Compliance Line** means an external, confidential and anonymous telephone (hotline) and web-based reporting solution used to report fraud or unethical behaviour.

**Fraud Investigator** will be the Internal Auditor or other investigator (internal or external) designated by the Internal Auditor.

**Fraud** means trickery, deception, breach of confidence, or a dishonest statement made with the intent to obtain benefit, avoid an obligation or cause a loss to another party. Examples of fraud include, but are not limited to:

- Theft, embezzlement, extortion or other misappropriation of funds, supplies or any other assets,
- Forgery, destruction or alteration of documents, records or assets,
- Manipulation or falsification of data for fraudulent purposes,
- Unauthorized use of public resources,
- Misuse or corruption of files or data,
- Accepting bribery or kick-backs,
- Disclosing confidential SHR information,
- False third-party bills/invoices,
- Claiming non-legitimate expenses or unworked hours
- Falsification or alteration of financial records,
- Misuse of a purchase card,
- Any deliberate deception, misrepresentation or concealment of facts used to achieve benefit or gain and to cause loss to another.

## 1. PURPOSE

The purpose of this policy is to state Saskatoon Health Region's (SHR) position regarding fraud.

## 2. PRINCIPLES

- 2.1 All staff are expected to be familiar with and comply with their organization's Vision, Mission, Values and Code of Conduct in performance of their duties.
- 2.2 SHR is committed to conducting healthcare with integrity and in an ethical manner and in compliance with all applicable laws and legislation.
- 2.3 SHR does not tolerate fraudulent acts.
- 2.4 All SHR staff are stewards of resources that must be appropriately utilized to further the common good. Acts of fraud fosters distrust, undermines the integrity as stewards of public resources, as well as SHR's values and reputation. SHR has a responsibility to safeguard its assets and reputation.
- 2.5 The risk of fraud can be reduced through detection, prevention and controls.

## 3. POLICY

- 3.1 Fraud, including fraud that benefits SHR, shall not be tolerated.
- 3.2 Management is responsible for the detection and prevention of fraud.
- 3.3 All staff shall report suspected fraud of employees, practitioner/professional staff, volunteers, and third parties including: consultants, vendors, contractors or any other agencies doing business with SHR.
- 3.4 All staff who in good faith report suspected fraud shall be protected from reprisal (see SHR Policy: *Speaking Up - Protection of Person Reporting Wrongdoing*).
- 3.5 All designated investigators when investigating suspected acts of fraud in accordance with this policy shall have:
  - Unrestricted access to all SHR premises, whether owned, operated or rented by SHR and;
  - The authority to examine, copy, and/or remove all or any portion of the contents of administrative files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation and approval has been granted by the next higher authority.
- 3.6 All suspected acts of fraud, including any acts where benefit/potential benefit is gained by SHR, will be reviewed and an objective and impartial review/investigation will occur regardless of term of service, position, title.
- 3.7 SHR shall protect the identity of individuals who report suspected instances of fraud, as well as those suspected of committing fraud, to the fullest extent possible.
  - 3.7.1 An exception is legal proceedings which may require disclosure of individuals' names, including witnesses.

- 3.8 All losses incurred through an act of fraud shall be recovered by SHR to the fullest extent possible.
- 3.9 SHR shall develop recommendations and implement controls to prevent fraud from reoccurring.

#### 4. ROLES AND RESPONSIBILITIES

##### 4.1 All SHR Staff

- 4.1.1 Promote a positive and ethical work environment.
- 4.1.2 Respect and operate within the bounds of internal controls and exercise diligence in preventing losses due to fraudulent acts.
- 4.1.3 Report witnessed and suspected incidents of fraud and irregularities. Anyone reporting a potentially fraudulent situation in good faith will not be penalized or reprimanded (see SHR policy *Speaking Up - Protection of Persons Reporting Wrongdoing*).
- 4.1.4 Maintain confidentiality at all times, except where there is a need to discuss suspected incidents of fraud with individuals who have a legitimate need to know for the purposes of performing their duties and responsibilities.
- 4.1.5 Actively participate in investigations.

##### 4.2 SHR Vice Presidents, Directors, Managers and Supervisors

- 4.2.1 Promote a positive and ethical work environment.
- 4.2.2 Ensure control measures are implemented within respective departments to prevent and detect fraudulent activities and to reduce the risk of loss.
- 4.2.3 Maintain confidentiality at all times, except where there is a need to discuss suspected incidents of fraud with individuals who have a legitimate need to know for the purposes of performing their duties and responsibilities.
- 4.2.4 Ensure instances of suspicion of fraud, break-ins and robberies are reported to the Internal Auditor and cooperate with investigations relating to such reports.
- 4.2.5 Promptly address complaints/concerns from employees regarding retaliation for having made a report or having participated in an investigation (see SHR Policy: *Speaking Up - Protection of Persons Reporting Wrongdoing*).
- 4.2.6 Consistently apply coaching and/or disciplinary action in consultation with Human Resources.
- 4.2.7 Make decisions to refer the incident to a law enforcement agency, in consultation with Human Resources.
- 4.2.8 Implement the control recommendations resulting from the fraud reviews and investigations.

##### 4.3 Designated Investigator

- 4.3.1 Conduct fraud investigations, in accordance with the procedure, and maintain documentation of all investigations.
- 4.3.2 Declare any personal bias or conflict of interest.
- 4.3.3 Objectively assess all evidence and findings from investigations and subsequently make factual reports available to the relevant Manager and/or Director and the respective Vice President.
- 4.3.4 Report all losses to the Internal Auditor.
- 4.3.5 Conduct process reviews of incidents and make recommendations for improvements to internal controls that will assist in the prevention or detection of similar events.
- 4.3.6 Keep the individual who made the report informed, to the extent possible, about the progress of the review.

#### **4.4 SHR Internal Auditor**

- 4.4.1 Independent review of all reports of suspected fraud. Independence is achieved through the functional reporting relationship to the Audit, Finance and Risk Committee of the Authority.
- 4.4.2 Coordinate investigations of fraud.
- 4.4.3 Connect with management to agree upon control improvements and follow-up on the recommendations after the established six month monitoring period.
- 4.4.4 Notify the Ministry of Health, regarding any loss over \$500.00.<sup>1</sup>
- 4.4.5 Provide follow-up reporting to the Ministry of Health on final outcomes or change in status.
- 4.4.6 Notify the Audit, Finance and Risk Committee of substantiated fraud.

#### **4.5 SHR President and CEO**

- 4.5.1 Make decisions, in consultation with the Vice President, Finance and Corporate Services regarding contract action/legal action involving vendors/suppliers.

#### **4.6 SHR Vice President, Finance and Corporate Services**

- 4.6.1 Notify the President and CEO of substantiated acts of fraud.

#### **4.7 Affiliate Organization<sup>2</sup>**

- 4.7.1 Identify designated officials within affiliates to lead investigations.
- 4.7.2 Determine if insurance exists and if there is potential for recovery.
- 4.7.3 Take appropriate actions to recover any losses.
- 4.7.4 Keep a record of the incident.
- 4.7.5 Take necessary measures to prevent a similar occurrence in the future.
- 4.7.6 The designated official provides follow up reporting to the Internal Auditor of final outcomes or change in status.
- 4.7.7 Consult with SHR's Internal Auditor regarding Affiliate fraud investigations when needed.

### **5. POLICY MANAGEMENT**

The management of this policy and procedure including education, implementation, monitoring and amendment is the responsibility of the Director, Enterprise Risk Management.

### **6. NON-COMPLIANCE/BREACH**

Where a suspicion of fraud is substantiated, those involved in the fraudulent activities shall be subject to disciplinary action up to and including termination of employment and/or privileges with SHR.

Disciplinary action and/or criminal prosecution may occur.

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<sup>1</sup> *Reporting and Recovery of Losses*. Saskatchewan Health Reporting and Recovery of Losses Policy for SCA and RHAs (February 28, 2011).

<sup>2</sup> *Reporting and Recovery of Losses*. Saskatchewan Health Reporting and Recovery of Losses Policy for SCA and RHA's. (February 28, 2011).

## 7. REFERENCES

Criminal Code (R.S., 1985, c. C-46), Fraud, Section 380  
Reporting and Recovery of Losses. Saskatchewan Health Reporting and Recovery of Losses  
Policy for SCA and RHA's (February 28, 2011).  
*SHR Our Values in Action and/or Affiliate Codes of Conduct*  
*SHR Policy Speaking Up – Protection of Persons Reporting Wrongdoing*  
*SHR Policy Conflict of Interest*  
*SHR Policy Respect and Dignity*  
*SHR Policy Purchasing Cards*  
*SHR Policy Signing Authority – Financial Commitments*

## PROCEDURE

Number: 7311-10-002  
Title: FRAUD REPORTING

### Authorization

President and CEO  
 Vice President, Finance and Corporate Services

Source: Director, Enterprise Risk Management  
Cross Index:  
Date Approved: September 3, 2010  
Date Revised: April 11, 2014  
Date Reaffirmed:  
Date Effective: April 16, 2014  
Scope: SHR and Affiliates

## 1. PURPOSE

The purpose of this procedure is to establish the process in reporting and responding to suspected fraudulent activities.

## 2. SHR Reporting

Suspected instances of fraud must be reported. Notifications apply as follows:

- 2.1 All staff should report suspected instances of fraud to their immediate supervisor or to the Internal Auditor. It is the responsibility of a supervisor to ensure that the suspicion of fraud is reviewed and reported to the Internal Auditor.
- 2.2 In cases where an individual is not comfortable with the process as outlined above, reported directly to the **Compliance Line**. Reports can be made verbally or in writing. Reports can be made openly, confidentially or anonymously.

Reports may be submitted via the **Compliance Line** as follows:

- Online through the secure website at <http://www.clearviewconnects.com>
  - Over the telephone, through the SHR dedicated toll-free number: **1-866-605-5401**
  - By mail through the confidential post office box at:  
Clearview Connects  
P.O. Box 90505  
Toronto, Ontario M1J 3N7
- 2.3 All reports made to the **Compliance Line** will be forwarded to the Internal Auditor.
  - 2.4 If an individual reports a suspected instance of financial impropriety to a member of the Authority, the member of the Authority is to report the incident to the Internal Auditor.
  - 2.5 If the suspected individual is a member of the Regional Health Authority, the report will be made to the Regional Health Authority Chairperson.

- 2.6 If the suspected individual is the Regional Health Authority Chairperson, the report will be made to the Saskatchewan Ministry of Health.
- 2.7 If the allegation of fraud involves the Internal Auditor and/or the President and CEO report the incident to the Regional Health Authority Chairperson.
- 2.8 Any person(s) suspected of fraud should not be confronted prior to commencement of the investigation process. Records related to the activity may need to be examined before the suspected person(s) becomes aware of any investigation.

### **3. Responding/Review**

- 3.1 When a report of suspected fraud is received, the Internal Auditor assesses the report for reasonable and probable grounds to warrant an investigation. The Internal Auditor assumes responsibility as Fraud Investigator or designates an investigator. Investigator will be a neutral party without personal bias or conflict of interest.
- 3.2 The Fraud Investigator conducts a preliminary investigation of the allegation.
- 3.3 If applicable, the Fraud Investigator reports findings from the preliminary investigation to the Internal Auditor.
- 3.4 The Fraud Investigator and Internal Auditor review the report, and decide to proceed or not to proceed with an internal investigation.
- 3.5 If fraud is probable, employees suspected of such impropriety may be suspended or placed on leave pending investigation.
- 3.6 The Fraud Investigator will communicate the decision to proceed or not to proceed with an investigation to the person who made the allegation, unless that communication is not reasonably possible.
- 3.7 The Fraud Investigator will conduct a review in accordance with Principles of Internal Investigations (see section 4 below).
- 3.8 The Internal Auditor and Fraud Investigator assess the information obtained from the investigation and report the findings to the appropriate Manager, Director and the Vice President, Finance and Corporate Services.
- 3.9 If an allegation or complaint cannot, for any reason, be satisfactorily examined and dealt with through these procedures, the Audit, Finance and Risk Committee has final responsibility for determining an alternative approach.

### **4. The Internal Investigation**

- 4.1 The Fraud Investigator conducts the internal investigation according to predetermined protocols and the *Principles of Internal Investigations* as outlined below:

#### **Principles of Internal Investigations**

- Employees suspected of improprieties have legal rights that must be respected.
- All parties to an investigation shall be treated fairly and in compliance with the collective agreements.
- All employees are required to be truthful and cooperative in investigations of allegations as well as maintain confidentiality.
- Requests for confidentiality, by those required to participate in an investigation, will be honoured to the extent reasonably possible.

- Participants are entitled to protection from retaliation for having participated in an investigation. Directors have a right to be advised of fraud occurring within the department.

## **5. Decision**

- 5.1** As a result of any response to a fraud investigation, any decision to take disciplinary action will be made in consultation with Human Resources, who will provide guidance related to the disciplinary action required. Any disciplinary action initiated as a result of an investigation pursuant to this procedure will adhere to the applicable collective agreement.
- 5.2** Any decision to take contract action against vendors/suppliers will be made in consultation with the Vice President Finance and Corporate Services.
- 5.3** Any decision to refer the investigation results to a law enforcement agency will be made by Human Resources and the Manager(s).

## **6. Affiliate Reporting<sup>3</sup>**

- 6.1** Affiliates are responsible for reporting and investigating fraud under the requirements set forward in this policy.
- 6.2** The person responsible for the safekeeping of the missing money or property is to report the loss to their immediate supervisor.
- 6.3** The immediate supervisor:
- Notifies the police immediately if there is a break-in or robbery;
  - Notifies the Affiliate's designated official of the loss.
- 6.4** The designated official of the affiliate:
- Notifies SHR's Internal Auditor regarding any loss and the ongoing investigation;
  - Consults with legal advisors to determine whether the police should be notified for any losses; and
  - Considers contacting law enforcement authorities immediately if a police presence is a matter of urgency (such as incidents involving theft or break-in) or if assistance is required to secure evidence.
- 6.5** SHR's Internal Auditor will notify the Ministry of Health and Vice President, Finance and Corporate Services of all losses of money or property over \$500.
- 6.6** SHR is responsible to:
- Notify the Ministry of Health of all losses greater than \$500,
  - Determine if there is a breach of contract between SHR and the Affiliate as a result of the fraud or loss,
  - Recover funds to the extent possible,
  - Investigate culpable sick time abuse, and
  - Implement control changes resulting from fraud reviews and investigations.

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<sup>3</sup> Reporting and Recovery of Losses. Saskatchewan Health Reporting and Recovery of Losses Policy for SCA and RHA's (February 28, 2011).



**7. Non-Compliance/Breach**

Non-compliance with this procedure will result in, at a minimum, a review of the incident. Non-compliance may also result in disciplinary actions up to and including termination of employment/contract/relationship with SHR.