

# Procedure



<b>Procedure Title:</b>	Fraud Reporting & Investigation Procedures	
<b>Applies To:</b>	All IWK Health Team Members and External Parties	
<b>Location Applicability:</b>	IWK Health	
<b>Approved:</b>	<b>Effective:</b>	<b>Next Review:</b>
September 28, 2023	October 16, 2023	October, 2027
<b>Sponsor:</b>	Chief Operating Officer	
<b>Approval Authority:</b>	Board of Directors	
<b>Number:</b> 514.01	<b>Manual:</b>	Administrative

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## PURPOSE

In accordance with the IWK 514 Fraud Policy, these procedures promote consistent organizational behavior by highlighting responsibility and mechanisms for reporting and investigating fraudulent activity at IWK Health. Please refer to **Appendix A** for definitions and **Appendix B** for examples of fraud.

## PROCEDURE

1. All IWK Health Employees, members of the Board of Directors and sub-committees, physicians, medical staff, researchers, learners, university faculty, students, vendors, contractors, volunteers, and individuals authorized to access IWK Health's information or systems (hereinafter referred to as "IWK Health team members") must abide by these procedures with respect to any suspected fraudulent activity against IWK Health involving IWK Health team members and/or external parties.

### Reporting Procedures

1. Initial Report Obligations:
  - 1.1. When an IWK Health team member reasonably believes that fraudulent activity has occurred or is going to occur, the IWK Health team member is required to disclose their concerns, verbally or in writing. They can do so via internal mechanisms to any of the following:
    - 1.1.1. Their immediate supervisor; or
    - 1.1.2. Any Manager / Leader above their immediate supervisor, or
    - 1.1.3. A Human Resources professional.
  - 1.2. In addition to the methods noted above, IWK Health has partnered with ClearView Strategic Partners Inc. to manage anonymous and confidential reporting mechanisms that allow IWK Health Team Members to provide information in four safe and easy manners to an external party. This can be done:
    - 1.2.1. Online through the ClearView web-based application, access via the following website: <http://www.clearviewconnects.com/>;
    - 1.2.2. By calling a hotline and providing a report verbally to a ClearView Agent via the IWK Health dedicated toll-free number: **1-888-897-0483**;
    - 1.2.3. By leaving a voicemail report at **1-888-897-0483**; and/or,
    - 1.2.4. By mailing a report to ClearView's confidential P.O. Box:

**ClearView Connects**  
**P.O. Box 11017**  
**Toronto, Ontario**  
**M1E 1N0**

- 1.3. A reporting IWK Health team member is to provide as much relevant, factual information as possible, but is not to conduct their own independent investigation.
  - 1.4. **A reporting IWK Health team member is expected to exercise discretion and maintain confidentiality to limit the impact on reputations (both to staff and IWK Health) and to protect the integrity of any fraud investigation that may ensue.**
2. Report Recipient Obligations:
    - 2.1. The report recipient (if not the Director, Internal Audit) is required to escalate the concerns to the Director, Internal Audit, and the Chief Operating Officer (or their designate). This must be done, in writing, within five business days of receiving the information from the IWK Health team member.
      - 2.1.1. All reports of suspected fraudulent activity will undergo a preliminary review by Internal Audit to determine if proper predication exists.
    - 2.2. The report recipient must ensure that information received directly from an IWK Health team member is appropriately documented.
    - 2.3. If contact information for the reporting IWK Health team member has been provided (*not a requirement*), the report recipient must communicate to the IWK Health team member that the information has been appropriately escalated. Any additional information, including future actions or decisions resulting from the information, is not to be disclosed to the IWK Health team member.
    - 2.4. The extent and treatment of information gathered is subject to the IWK Health Code of Conduct and applicable laws and legislation, including the *Freedom of Information and Protection of Privacy Act*.
  3. Chief Operating Officer Obligations:
    - 3.1. The Chief Operating Officer, or their designate, through coordination with Internal Audit, will assemble a team of individuals (“the team”) to determine how to proceed with the reported information. If the individual being investigated is an employee of IWK Health, the team must include a representative from Human Resources (and Employee Relations, as appropriate) and may also include representation from Legal Services and Financial Services. The team may also include the head of the department with direct responsibility over internal controls impacted and/or the supervisor of the IWK Health Team Member being investigated.

## **Fraud Investigation Procedures**

1. Conducting the Fraud Investigation:
  - 1.1. The President & Chief Executive Officer, through consultation with the Chief Operating Officer, has the authority to:

- 1.1.1. Initiate any fraud investigation which they consider appropriate;
- 1.1.2. Retain professional assistance (e.g., legal, accounting, forensic) as deemed necessary;
- 1.1.3. Determine if oversight of the fraud investigation procedures should be led by a formal body instead of Internal Audit. Formal bodies could include third party investigators, law enforcement, etc.
- 1.1.4. Respond appropriately to stop the suspected fraudulent activity; and/or,
- 1.1.5. Determine who should perform and/or provide oversight of the fraud investigation procedures. This will typically be the IWK Internal Audit Team, but it in some circumstances it may require a third-party investigator or law enforcement.

## 2. Reporting Requirements

- 2.1. On completion of the fraud investigation, the investigation team will produce a fact-based written report for President & Chief Executive Officer and the Chief Operating Officer. The report will include the following:
  - 2.1.1. Evidence, including a summary of findings regarding the allegations of fraud, corruption, or other financial irregularity;
  - 2.1.2. The statements of the suspected individual in respect of the allegations made, if available;
  - 2.1.3. The nature and extent of the irregularity;
  - 2.1.4. The impact (e.g., to the Department, organization);
  - 2.1.5. A reference to be used for confidential identification of the individuals involved, such as an employee number or coded legend (including those employees and/or management whose failure to exercise appropriate supervision or control may have deliberately or unintentionally generated the opportunity for fraud to occur); and/or,
  - 2.1.6. When appropriate, internal control weaknesses which may have allowed the irregularity to occur.
- 2.2. If the individual being investigated is an employee of IWK Health, a member of the investigation team must include a representative from Human Resources (and Employee Relations, as appropriate) and may also include representation from Legal Services. As such, the draft report will be provided to Human Resources for review prior to being finalized. The draft report may additionally be provided to Legal Services for review prior to being finalized. Human Resources will provide the President & Chief Executive Officer and the Chief Operating Officer with recommendations for disciplinary action. Legal Services, Human Resources, and the

Manager of the individual being investigated will be informed of any decisions arising from the investigation.

- 2.3. Following consultation with the team, the Chief Operating Officer will determine whether:
    - 2.3.1. The organization should proceed with legal action through criminal or civil actions, including recovery of losses;
    - 2.3.2. The organization should take action in accordance with its disciplinary procedures against any IWK Health Team Member where allegations of fraud are upheld; and/or,
    - 2.3.3. Any action is necessary to prevent or detect further fraud, corruption, or similar irregularities elsewhere in the Department.
  - 2.4. The investigation team is responsible for summarizing the pertinent information presented in the final report and submitting it electronically (e.g., email) to the President & Chief Executive Officer and the Chief Operating Officer. As circumstances dictate (e.g., heightened confidentiality, ongoing third-party investigations), a quarterly summary update, with personally identifiable information removed, will be prepared by the Director, Internal Audit for distribution to the Finance, Audit, and Risk Management Committee.
  - 2.5. Substantiated findings involving members of medical staff will be escalated internally by the Vice President, Medicine, Quality and Safety as may be appropriate.
3. Retention Requirements:
- 3.1. Investigation files, including any final reports, will be retained for the period prescribed by applicable IWK Health policies and procedures (e.g. Retention of Records) once the investigation is complete and any legal action has concluded, and the appeal period has expired.

## **ROLES AND RESPONSIBILITIES**

### **1. Finance, Audit, and Risk Management Committee**

- 1.1. The Finance, Audit, and Risk Management Committee is responsible for the Fraud Policy and its periodic review and update. Specifically, the Finance, Audit, and Risk Management Committee is responsible for the following:
  - 1.1.1. Receive reports from the Chief Operating Officer on a quarterly basis which will include:
    - 1.1.1.1. Number and type of alleged frauds;
    - 1.1.1.2. Financial implications;
    - 1.1.1.3. Internal control breakdown(s); and,

1.1.1.4. The nature of process or resolution (e.g., informal resolution, mutual, resolution, investigation).

1.2. Receive and review, at least annually, an aggregate report of all suspected and substantiated fraud prepared by the Chief Operating Officer.

## 2. **Chief Operating Officer**

2.1. With General Counsel:

2.1.1. Determine whether IWK Health's insurers are to be notified of an alleged fraud;

2.1.2. Determine the steps to be taken to recover the loss, including obtaining information regarding available insurance coverage; and,

2.1.3. Provide pre-approval for any restitution arrangement or settlement with an individual due to findings made pursuant to an investigation under this policy.

## 3. **Vice President, Medicine, Quality & Safety**

3.1. Receive reports of alleged fraud that concern the activities of a member of the medical staff, as defined in the IWK Health Centre Medical, Dental and Affiliated Staff Bylaws.

3.2. Arrange for completion of a preliminary analysis of the allegation, consulting as necessary with the applicable regulatory body under the applicable health professions' legislation, the Program Medical Chief, Legal Services, and Internal Audit to determine the necessity, nature, scope and approach for an investigation. Any such investigation, if warranted, will be conducted in accordance with IWK Health procedures.

## 4. **Internal Audit**

4.1. Provide independent, objective assurance and consulting services regarding the IWK Health Fraud Risk Management Program.

4.2. Act as the central repository for all reported, suspected, or substantiated fraud, including those related to privileged health professionals. These Reporting & Investigation Procedures provide guidance on inquiry and/or investigation of fraud, including coordination with Legal Services, Human Resources, and other IWK Health Corporate Services and staff.

4.3. Investigate or coordinate the investigation of fraud reported directly to it including all fraud that concerns intellectual property, financial records, and/or monetary items.

4.4. Investigate or coordinate the investigation of fraud with respect to IWK Health property, facilities or services. Internal Audit will also corroborate, and document

property theft loss reports filed with law enforcement agencies where external reporting is desirable and/or necessary.

- 4.5. If external resources are required, assist in appointing investigators by coordinating the use of appropriate external resources to complete the investigation.
- 4.6. Report all instances of fraud or alleged fraud to the Chief Operating Officer.
- 4.7. Prepare quarterly and annual reports for the Chief Operating Officer on the results of fraud inquiries and investigations.

## 5. **Managers, Directors, and Members of the Executive Leadership Team**

- 5.1. Be familiar with the risks and indicators of fraudulent activity specific to their department.
- 5.2. Maintain an environment that mitigates opportunities for fraud by establishing, implementing, and maintaining internal controls within their department.
- 5.3. Ensure IWK Health team members are informed about the Fraud Policy.
- 5.4. Strive to identify, develop, and implement improvements in controls and processes to avoid future incidents of fraud.
- 5.5. With support from IWK Health Finance and/or Internal Audit:
  - 5.5.1. Undertake periodic review to assess risk and make any required control system adjustments.
  - 5.5.2. Educate and coach IWK Health Team Members and others regarding the controls and the importance of avoiding fraud. Periodic refreshers should be required for all those affected by the Fraud Policy.

## 6. **IWK Health Team Members**

- 6.1. Report, on a timely basis, any instances of suspected fraudulent activities in accordance with the procedures noted above.
- 6.2. Cooperate in any internal investigation of a report of fraud and to provide full and truthful information upon request.
- 6.3. Cooperate in any ensuing external investigation where factual findings of an internal investigation are to be provided to an external agency.
- 6.4. Avoid taking any action or disclose any information that could compromise an investigation under the Fraud Policy.
- 6.5. Maintain confidentiality over such information except to the extent necessary to participate in an investigation.

## 7. **Human Resources**

*This is a CONTROLLED document for internal use only. Any documents appearing in paper form are not controlled and should be checked against the electronic file version prior to use. OP3PO150710*

- 7.1. Provide internal support to both management and non-management personnel as well as contracted consultants during the investigation of any fraud.
- 7.2. Ensure that in circumstances where unionized personnel are the subject of an investigation, that the investigation is conducted in compliance with any applicable Collective Agreement(s) / Terms and Conditions, and that union representation is made available (if applicable).
- 7.3. Determine the appropriate disciplinary action in accordance with IWK Health Human Resources policies and procedures.
- 7.4. Where an investigation substantiates that fraud has occurred, the investigation team will consult with the respective Director and the Director of People and Culture prior to administering disciplinary action.

## 8. **Legal Services**

- 8.1. Provide support to:
  - 8.1.1. Human Resources for determining appropriate disciplinary action;
  - 8.1.2. Internal Audit during the investigation;
  - 8.1.3. Finance, Audit, and Risk Management Committee during the investigation;
  - 8.1.4. Vice President, Medical and Academic Affairs, if involved in the investigation; and,
  - 8.1.5. Chief Operating Officer on reporting to law enforcement and external agencies (including regulatory bodies) and reporting to insurers.

## **REFERENCES**

### **Legislative Acts/References**

Public Interest Disclosure of Wrongdoing Act  
Ombudsman Act  
Freedom of Information & Protection of Privacy Act  
Personal Health Information Protection Act  
Protection for Persons in Care Act  
Health Authorities Act  
IWK Health Centre Corporate Bylaws  
IWK Health Centre Medical, Dental and Affiliated Staff Bylaws  
IWK Health Code of Conduct

### **Other**

Association of Certified Fraud Examiners Manual  
Government of Nova Scotia Fraud Policy



Nova Scotia Health Fraud Policy

## RELATED DOCUMENTS

### Policies

[IWK Health Policy 514 Fraud](#)

[IWK Health Policy 150 Disclosure of Wrongdoing](#)

[IWK Health Policy 135 Conflicts of Interest](#)

[IWK Health Policy 1071.1 Respectful Workplace - Violence](#)

[IWK Health Policy 115 Retention of Records](#)

### Appendices

Appendix A – Definitions

Appendix B – Fraud Reporting & Investigation Procedures Flowchart

## Appendix A – Definitions

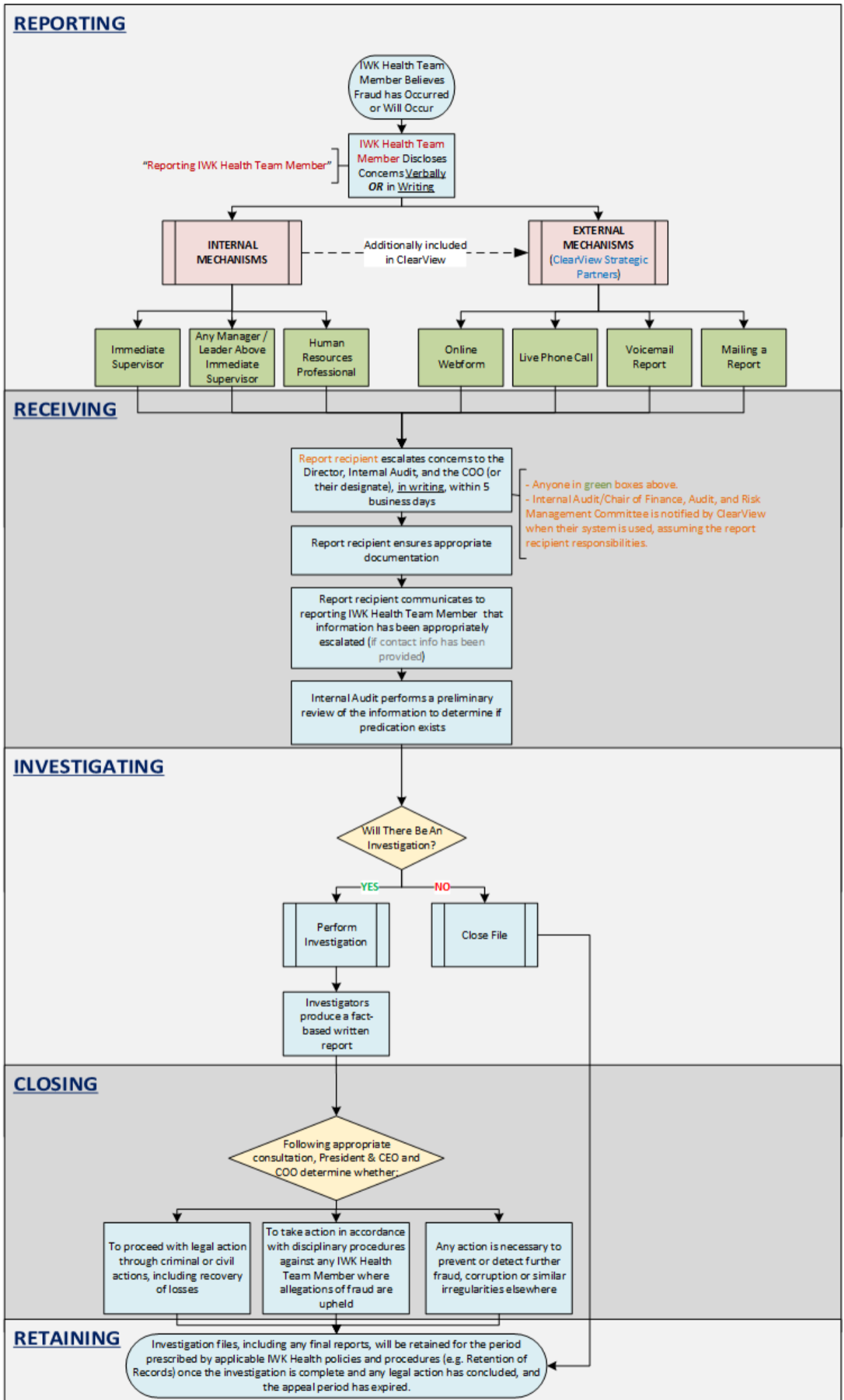
<b>Assets</b>	A resource (either tangible or intangible) owned or controlled by IWK Health.
<b>Board of Directors</b>	The governing body for IWK Health as legislated by the <i>Health Authorities Act</i> which has the management and control of the affairs of IWK Health. The Board of Directors has top-level involvement in the leadership of IWK Health, involved in strategic deliberations and decisions.
<b>Employee</b>	Any person receiving a wage, salary, or other remuneration in return for services rendered to IWK Health in connection with IWK Health business, but excluding those persons performing a service for a fee.
<b>External Parties</b>	Any person or organization that is not employed by, or affiliated with IWK Health, who receives or provides goods and services, income, or funding with IWK Health.
<b>Finance, Audit, and Risk Management Committee</b>	A Committee of the IWK Health Board of Directors with the mandate to provide oversight of IWK Health's financial, audit and risk operations. Key responsibilities include: the review of financial reports; recommend approval of the annual audited financial statements to the Board; review of enterprise risk management activities; oversight of the internal audit function; and, oversight over the financial reporting system and the financial affairs of IWK Health.
<b>Fraud</b>	<p>The use of deception with the intent of obtaining an advantage, avoiding an obligation, or causing a loss to another party. Examples of fraud are included in Appendix B. Fraud is categorized into three broad classifications:</p> <ol style="list-style-type: none"> <li>1. <b>Asset Misappropriation:</b> a scheme in which an individual steals or misuses non-cash assets of the victim organization. There are three major categories of asset misappropriation schemes: cash receipts, fraudulent disbursements of cash, and the theft of inventory and/or other noncash assets.</li> <li>2. <b>Corruption:</b> a term used to describe various types of wrongful acts designed to cause an unfair advantage. It can take on many forms, including bribery, kickbacks, illegal gratuities, economic extortion, and collusion. Generally, corruption involves the wrongful use of influence to procure a benefit for the actor or another person, contrary to the duty or the rights of others.</li> </ol>

3. **Financial Reporting Fraud:** the deliberate misrepresentation of the financial condition of an enterprise accomplished through the intentional misstatement or omission of amounts or disclosures in the financial statements to deceive financial statement users.

<b>Fraud Risk Management Program</b>	<p>Fraud risk management is executed by personnel internal to the organization, including the Board of Directors, senior management, internal audit, business-enabling functions, risk and control personnel, legal and compliance personnel, specialists, all IWK Health team members, as well as other parties interacting with the organization. Collectively, they contribute to providing reasonable assurance that the organization is achieving its fraud risk management objectives.</p> <p>A Fraud Risk Management Program reflects the concepts of governance, risk assessment, fraud prevention and detection, investigations and corrective action, and monitoring.</p>
<b>Fraudulent Activity</b>	<p>An action that is deliberately deceitful, committed with the intent of obtaining an advantage, avoiding an obligation, or causing a loss to another party, or as defined under the law, including the Criminal Code of Canada.</p>
<b>Internal Controls</b>	<p>Processes, effected by IWK Health, designed to provide reasonable assurance regarding the achievement of corporate and departmental goals and objectives.</p>
<b>Investigation</b>	<p>Refers to a process of resolving allegations of fraudulent activity from inception to disposition. Encompasses a variety of tasks that might include:</p> <ul style="list-style-type: none"> <li>• Obtaining evidence.</li> <li>• Reporting.</li> <li>• Testifying to findings.</li> <li>• Assisting in fraud detection and prevention.</li> </ul>
<b>Investigation Team</b>	<p>The person, or group of people, designated to respond to the alleged incident of fraudulent activity. The response team members will vary depending on the facts and the potential severity of the suspected fraud, however, this will typically include a member of IWK Health Internal Audit, the Chief Operating Officer, Legal, Finance, and Human Resources.</p>
<b>IWK Health Team Member</b>	<p>Includes all IWK Health Employees, members of the Board of Directors and sub-committees, physicians, medical staff, researchers, learners, university faculty, students, vendors, contractors, volunteers, and individuals authorized to access IWK Health's information or systems.</p>

<b>Predication</b>	The totality of circumstances that would lead a reasonable, professionally trained, and prudent individual to believe that a fraud has occurred, is occurring, or will occur. The basis upon which a fraud investigation, and each step taken during the investigation, is commenced.
<b>Preliminary Review</b>	An analysis of the information provided during the allegation intake process to determine if proper predication exists. In other words, an evaluation of whether there is sufficient basis and legitimate reason to initiate an investigation.
<b>Procedural Fairness</b>	<p>The duty of procedural fairness requires that before a decision adverse to a person's interest is made, the person must be given an opportunity to be heard. This means that, at a minimum, the person should:</p> <ol style="list-style-type: none"><li>1. Be told the case against them; and,</li><li>2. Be given an opportunity to respond.</li></ol> <p>In addition, the duty of procedural fairness requires that the investigator(s) assigned to investigate a particular allegation of fraud must be impartial. The investigator(s) should be free from both actual bias and a reasonable apprehension of bias, and they should be open-minded and not pre-judge the outcome of the investigation.</p>
<b>Report Recipient</b>	The IWK Health Team Member who receives the disclosed concerns, verbally or in writing, regarding the reasonable belief that a fraudulent activity has occurred or is going to occur.
<b>Retaliation</b>	Any direct or indirect detrimental action recommended, threatened, or taken, because an individual provided a good faith report of fraud or misconduct to the organization, or cooperated in assigned fact-finding activities.

Appendix B – Fraud Reporting & Investigation Procedures Flowchart



## IWK/NSH Policy Documents Being Replaced

### Version History

(To Be Completed by the Policy Office)

<b>Major Revisions (e.g., Standard 4 year review)</b>	<b>Minor Revisions (e.g., spelling correction, wording changes, etc.)</b>
<b>Original:</b> December 2018	
<b>Update:</b> September 2023	