

## Corporate Policy

### Fraud Awareness and Prevention

#### Policy Purpose:

The Ottawa Hospital's (TOH's) Department of Financial Services is responsible for administering, revising, interpreting and applying this Policy.

Note: This policy supersedes all other Fraud Prevention policies.

The purpose of TOH's Fraud Awareness and Prevention Policy (Policy) is to provide guidance to all Staff, contractors, Vendors/Suppliers, Related Parties and Third-parties with respect to the purpose, scope, definitions, investigation protocols and responsibilities relating to Fraud or suspected Fraud including reporting to the Finance and Audit Committee and the Board of Governors of the Hospital).

TOH is committed to protecting its revenue, property, proprietary information and other assets. It is also committed to promoting a strong sense of stewardship among the Staff with regard to safeguarding its assets. TOH is provincially funded and we, as a hospital, have an obligation to conduct ourselves in a way that promotes public trust.

The tone set from the top requires all Staff to carry out their duties in an honest and responsible manner, and in accordance with high ethical standards and professional integrity. There is zero tolerance toward misuse or misappropriation of the Hospital's assets within or outside of the organization.

This Policy encompasses all Fraud, i.e. Misappropriation of Assets (Physical/Tangible), Fraudulent Financial Reporting, Cyber Fraud, Theft of Intellectual Property, Corruption, Kickbacks, Bribery, Abuse of Sick Time, Unauthorized Overtime, Fraud By Abuse Of Position, Irregularities or suspected Irregularities involving all Staff, Vendors/Suppliers, contractors, Related Parties and others. See section on "Definitions".

Anyone who is found to have contravened this policy or suspected of contravening this policy will face consequences that may include, but are not limited to:

- administrative leave pending investigation into the conduct
- dismissal
- civil or criminal prosecution

Investigation will be conducted when there is contravention or suspected contravention of this policy irrespective of the:

- length of service
- position or title, or
- relation to TOH

**Scope:** This Policy applies to all Staff, contractors, Vendors/Suppliers, Related Parties and third-parties. It applies to parties doing business with employees of such Related Parties, and/or any other parties that have a business or professional relationship with the Hospital.

## Definitions:

**At-Risk Behavior:** A behavioral choice that increases risk where risk is not recognized or is mistakenly believed to be justified.

**Bribery:** The action of giving someone money or something else of value, often illegally, in an attempt to persuade that person to do a favour

**Corruption:** Dishonest or fraudulent conduct by those in power.

**Cyber Fraud/Computer Fraud/IT Fraud:** The act of using a computer, laptop or mobile devices to take or alter electronic data, or to gain unlawful use of a computer or system.

**Fraud:** Any intentional act or omission designed to deceive others, resulting in the victim or organization suffering a loss and/or the perpetrator achieving a gain.

**Fraud by abuse of position:** When a person who occupies a position in which they were expected to safeguard, or not to act against, the financial interests of another person or organization and the person abused that position dishonestly intending by that abuse to make a gain or cause a loss. The abuse may consist of an omission rather than an act.

**Human Error:** Inadvertently doing other than what was intended: a slip, lapse or mistake

**Internal Control(s):** A process, effected by the Hospital's Board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

**Irregularities:** Behavior that amounts to breach of a rule, contravention of TOH Policies, improper or dishonest conduct and Human error, At-risk behavior, or Reckless behavior as defined by the Employee Accountability Policy. All acts of Fraud are Irregularities, but not all Irregularities are acts of Fraud (however they are still subject to the policy).

**Just Culture:** a framework used to ensure consistency in how breaches of duty are addressed in a supportive, just and ethical environment. The Just Culture supports honest reporting of breaches of duty with the goal of continuous improvement in the organization.

**Kickbacks:** An amount of money or goods that is paid to someone illegally in exchange for secret help or work.

**Misappropriation of assets:** The act of stealing the property of the organization or using it for personal gain, thereby breaching trust.

**Neutral Third-Party:** With reference to TOH's Whistleblower Policy, a Neutral Third-Party is an impartial individual or organization that provides information collection and processing services that are accessible by telephone, via ordinary mail, or through the Internet via The Ottawa Hospital Whistleblower Hotline, regarding issue(s) in controversy.

**PII:** Personally-Identifiable Information

**Reckless Behavior:** A behavioral choice to consciously disregard a substantial and unjustifiable risk.

**Related Parties:** Organizations that provide indirect services to TOH that help to run its day-to-day operations. Examples: Eastern Ontario Reginal Laboratory Association (EORLA), Hospital Linen Services (HLS), Champlain Health Supply Services (CHSS), and others.

**Staff:** Permanent or temporary, full-time, part-time, casual or contract employees, trainees and volunteers, including but not limited to physicians, residents, interns, researchers, students, and any other individuals who perform work or supply services at TOH.

**Theft of Intellectual Property (IP):** When someone uses the organization's intellectual property for any reason without permission, Examples of IP are inventions, ideas, patents, or trademarks.

**Vendor/Supplier:** (including drug companies): Any person, company or contractor that sells and/or provides goods or services to TOH. This definition includes both current and prospective Vendors/Suppliers.

## **Policy Statement(s)**

Fraud Awareness and Prevention Policy details what constitutes Fraud or suspected Fraud or Irregularities; the responsibilities of The Ottawa Hospital, Staff, contractors, Vendors/Suppliers and Related Parties towards the Irregularities or suspected or actual Fraud; investigation protocols and reporting.

All Staff may be required to complete an annual attestation of having read and understood the Fraud Awareness and Prevention Policy.

### **Examples of acts constituting Fraud or Irregularities include, but are not limited to:**

- a. Forgery, falsification, alteration, destruction or fabrication of any financial transactions, whether paper or electronic, or related record (for example, cheques, time sheets, Vendors/Supplier contracts, requisitions, budgets, accounting records, etc.)
- b. The act of making false financial claims and statements, including but not limited to authorizing or receiving payment for hours not worked; inappropriate coding of time cards, irrational expense claims when travelling
- c. Misappropriation of funds, supplies, hospital consumables, pharmacy drugs and narcotics inventory or any other asset
- d. Unauthorized overtime, abuse of sick leave, unauthorized absence when deemed as such, overstating hours worked when deemed as such
- e. Irregularity in the handling or reporting of financial transactions; i.e. claiming funding without proper justification, not following signing authority protocols
- f. Misappropriation or unauthorized use or misuse of property, equipment, materials or records; ex. iPads, laptops, office supplies, etc.
- g. The act of seeking or accepting anything of material value from a Vendor/Supplier, consultants or contractors doing business with TOH in violation of the Code of Conduct or the Gift Policy and Conflict of Interest Policy, violating the Respectful Behavior in the Workplace Policy.
- h. Corruption, Kickbacks, Bribery, giving or receiving discounts or rebates or incentives without Hospital approval, authorizing or receiving payments for goods not delivered or services not performed, tendering irregularities, etc.
- i. Disclosure of confidential or proprietary information to outside parties
- j. Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes. Also includes misappropriation of TOH-owned software, the inappropriate use of computer systems where a financial impact is involved and unauthorized access and software piracy

- k. Non-compliance with financial provisions of Hospital policies, procedures or practice, or with any law.
- l. Unauthorized access to patient health information (PHI) and the Health Information Systems
- m. Unauthorized access to TOH's banking and portal/information
- n. Unauthorized access to Personally-Identifiable Information (PII) such as driver's license number, credit card number, banking information
- o. Hacking TOH's website or software or unauthorized access to data

**Examples of Good Internal Controls:**

Internal Controls are systematic measures (such as reviews, checks and balances, methods and procedures) instituted by an organization to:

- a. Conduct its business in an orderly and efficient manner,
- b. Safeguard its assets and resources,
- c. Deter and detect errors, fraudulent activities and theft,
- d. Ensure accuracy and completeness of its accounting data,
- e. Produce reliable and timely financial and management information,
- f. Ensure adherence to its policies and plans, and
- g. Ensure compliance with laws and regulations

Management (includes supervisors and leaders) are responsible for establishing internal controls to prevent and detect Fraud, whether it is misappropriation of assets or fraudulent financial reporting.

<b>Responsibilities:</b>
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**The Ottawa Hospital:**

If actual or suspected Fraud occurs, the Hospital is obliged to carry out a prompt investigation. It will take appropriate legal and or disciplinary action in cases that would be justified and in line with Just Culture concepts. It will also ensure that changes to systems and procedures take place immediately to prevent similar Fraud from happening. TOH may inform the police depending on the seriousness of the issue.

TOH also has the duty to its Staff to ensure the work environment is secure, and that Staff can confidently raise concerns without fear of reprisal. Staff are provided a safe work environment when carrying out their official duties and are not placed in a vulnerable position if and when they report actual or suspected Fraud. Hospital Staff who identify themselves and make a report in good faith of a known or suspected Fraud will not be subject to reprisal.

**Management:**

Management (includes supervisors and leaders) are responsible for establishing internal controls to prevent and detect Fraud, whether it is misappropriation of assets or fraudulent financial reporting. Management at TOH is committed to fostering an environment where there is zero tolerance for Fraud and to identifying and mitigating Fraud risks. Management will ensure adequate internal control exists within their area of responsibility. They will also ensure that the controls operate effectively and in accordance with

financial/other policies and procedures. (See section detailing Examples of good internal controls). Management is expected to know the Fraud risk factors within their areas of responsibilities, monitor controls to mitigate the risk and continuously educate their teams about Fraud.

**Staff:**

Staff must ensure they know, understand and comply with this policy. They should ask for clarification(s) when needed. Staff may be required to attest annually to having read and understood this policy.

All Staff have a responsibility to report any Fraud or suspected fraudulent act(s) to a supervisor or leader in person or via The Ottawa Hospital Whistleblower Hotline. Staff may choose to remain anonymous when reporting a Fraud or suspected Fraud. It is always advised to keep the details of the complaint and the investigation in strict confidence.

**Related Parties and Third-Parties:**

Related Parties and third-parties that know or have reason to believe a Fraud has occurred should notify the Executive Vice-President Finance and Chief Financial officer (EVP Finance/CFO), the Compliance Director, Office of the President and Chief Executive Officer (CEO) or report through the Whistleblower Hotline. In their agreement with TOH, Vendors/Suppliers are made aware of the relevant TOH policies that will have an impact on the business with TOH.

**The Board of Governors and the Finance and Audit Committee (F&AC):**

The F&AC oversees the development and implementation of adequate internal controls. It is also responsible for overseeing management's processes and setting TOH's risk tolerance as it relates to Fraud awareness and prevention. This is consistent with TOH's Board of Governor's Delegation of Authority Policy, which specifies that the F&AC has overall stewardship of the Enterprise Risk Management program. The F&AC must comply with the requirements of the Terms of Reference (TOR), which includes the oversight of fraud risk.

<b>Reporting Fraud</b>
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Staff who notice Irregularities, Fraud or suspected Fraud may report it to:

- Their respective supervisors and or leaders (management)
- In case of union Staff, if no such supervisor and or leader is available or is considered inappropriate to report to, and when there is no relevant provision in an applicable collective agreement, the matter should be reported to the EVP Finance/CFO, the Compliance Office or the Office of the President and CEO.
- Report it through the Neutral Third-Party, The Ottawa Hospital Whistleblower Hotline. The Hotline is confidential, anonymous and protects the reporter from reprisal or retaliation. The protocols for investigations are also detailed in the policy. The Ottawa Hospital Whistleblower Hotline contact details are below:
  - Phone: 1-844-450-2793
  - Website: [www.clearviewconnects.com](http://www.clearviewconnects.com)
  - Mailing address: P.O. Box 11017, Toronto, ON M1E 1N0

Contractors, Vendor/Supplier, Related Parties and third-parties, can report Irregularities or actual or suspected Fraud to:

- Office of the Executive Vice President Finance and Chief Financial Officer
- The Chief Audit Executive (CAE)
- The Director of Compliance
- The Office of the President and CEO
- [Whistleblower@toh.ca](mailto:Whistleblower@toh.ca)

## **Investigation Protocols and Reporting**

Investigations into alleged fraud or wrongdoing will be conducted promptly and thoroughly to determine whether or not fraud has occurred, the investigation will also determine the extent of any fraud or wrongdoing. This is consistent with TOH's zero tolerance for fraud.

The primary responsibility of the EVP Finance/CFO is to investigate Fraud, suspected Fraud or Irregularities. In most instances of Fraud or suspected Fraud, the EVP Finance/CFO and the CEO will decide who will lead the investigation. If the EVP Finance/CFO is the one implicated, then the responsibility of the investigation is with the CEO, who will consult with the Board Chair and Chair of the F&AC. If the CEO is implicated, the EVP Finance/CFO will lead the investigation and report to the Chair of TOH's Board of Governors. The party or parties leading the investigation are called the "designated investigator(s)."

The designated investigators (internal parties or external parties) will have free and unrestricted access to all Hospital records and information. Access will be given as quickly as possible.

The designated investigators have the authority to examine, copy, and/or remove all portions of the contents (hard copy or electronic) of files, desks, cabinets and other storage facilities on TOH property. They can do so without prior knowledge or consent of any person who might use or have custody of any such items or facilities when they are within the scope of their investigation.

If the investigation substantiates that fraudulent activities have occurred, the EVP Finance/CFO or CEO will immediately issue a report to appropriate supervisors, leaders of the implicated Staff and to the F&AC.

The EVP Finance/CFO must report all incidents of Fraud, the status of the investigation and the extent of loss suffered by TOH to the F&AC. The EVP Finance/CFO must report Fraud incidents, investigation status and extent of loss to the F&AC and Board of Governors within a reasonable time frame.

## **Disciplinary Action**

Where Fraud is suspected, TOH will conduct a neutral and objective investigation. During this investigation, the implicated individual(s) will be given notice of the particulars of the allegations and will be provided with an opportunity to respond. The individual(s) may be placed on administrative leave pending the completion of the Hospital's investigation into the misconduct.

Staff who have committed Fraud will be subject to disciplinary action and/or dismissal.

When warranted, TOH may also refer the matter to the appropriate authorities, including the local police and the respective licensure organizations. (finance, health-care professionals, others). This may also result in termination.

The Chief of Staff or the Chief Nursing Executive will report individuals in Clinical departments who commit Fraud to their respective regulated health professional college for professional misconduct, if applicable.

Decisions to prosecute or refer the examination results to the appropriate law enforcement will be made in conjunction with the CEO, the EVP Finance/CFO, and the Human Resources department.

## **Confidentiality**

Great care must be taken while investigating a suspected Fraud or Irregularities to avoid false accusations or alerting suspected individuals that an investigation is underway. Therefore, all participants in a Fraud investigation shall treat all information received in confidence. Case facts and specifics must not be discussed with anyone unless asked to do so by the EVP Finance/CFO or the CEO. Investigation results will

not be disclosed or discussed with anyone other than those who have a legitimate need to know them. To the extent possible by law, the identity of individuals involved in an investigation, including the identity of an individual alleging Fraud, will be protected.

**Related Policies:**

- Cheque Request Standard Operating Procedure (SOP)
- Code of Ethics and Professional Conduct
- Conflict of Interest
- Employee Accountability
- Gifts
- Petty Cash SOP
- Procurement Policy
- Respectful Behavior in the Workplace
- Signing Authority
- TOH Information Systems Acceptable Use
- Travel, Meals and Hospitality Expense
- Whistleblower

**Related Legislation or Regulatory Requirements**

- Broader Public-Sector Procurement Directive under the *Broader Public Sector Accountability Act, 2010*

**References:**

None