

## **Fraud**

### **Guideline**

It is neither possible nor practical to create a fraud procedure that will address every possible scenario. However, in the event that you are suspicious about a situation, this internal fraud procedure should guide your actions.

If you have questions, would like clarification, or are not sure who to report a concern to, please contact Management Audit Services (MAS). All consultations will be handled confidentially.

#### **Procedures Statement:**

All employees have a responsibility to report potentially fraudulent activity as set out in these procedures.

The Workers' Compensation Board (WCB) takes appropriate measures to prevent and detect fraudulent activities. The WCB investigates allegations of fraudulent activities where reasonable and probable grounds exist.

Management for each department establishes and maintains internal controls that help prevent and detect fraud. Management Audit Services is responsible to assist management in developing these controls by providing independent objective assurance and consulting services.

Investigations are conducted without regard for the alleged wrongdoer's status or position. These procedures complement the WCB Corporate Ethics Program.

#### **Procedures Scope/Purpose:**

This procedure:

- Sets out the responsibilities of the WCB and its employees to report and/or investigate suspicions or allegations of fraud.
- Ensures a proper investigation occurs when suspicion of fraud is established.
- Requires evidence of fraud collected during investigation be turned over to the appropriate investigating body.
- Helps to ensure that failure of controls (designed by management to safeguard the assets of the WCB against loss, misuse, theft, unauthorized use, damage and fraud) are identified and appropriate action is taken to prevent future occurrences.

These Fraud Procedures do not address administrative matters such as time and attendance problems. Such matters should be resolved by following the appropriate WCB Human Resource Guidelines.

#### **Definitions:**

Section 380(1) of the Criminal Code of Canada defines "Fraud" as:

"Every one who, by deceit, falsehood or other fraudulent means, whether or not it is a false pretence within the meaning of this Act defrauds the public or any person, whether ascertained or not, of any property, money or valuable security, or any service..."

Some examples of fraud include:

- Theft, embezzlement, or other misapplication of funds or assets,
- False claims,
- Forgery or alteration of documents,
- Destruction or concealment of records or assets,
- Bribery, kickbacks or bid-rigging,
- Impropriety with respect to reporting financial transactions,
- Profiting on inside knowledge.

#### **Responsibilities:**

All employees have a responsibility to report potentially fraudulent activity.

If you are unsure about reporting a suspicious situation, ask yourself the following questions from the Statement of Ethics to help you decide:

- Are you clear about the values reflected in your decision to report or not to report the situation and are they values you are proud to hold?
- Would a reasonable person in the community, having knowledge of all the facts, consider that you have acted fairly, honorably and rationally?
- If my action or decision became publicly known, would it be considered acceptable?

#### **Roles:**

##### Employees shall:

- Report suspicions of fraud to the appropriate source as outlined in the Reporting section.
- Cooperate fully with those performing the investigation.
- Keep the information in confidence to support the investigation.
- Not contact people involved in the suspicious situation to determine facts or demand restitution, as this can compromise any ensuing investigation.

##### The Vice President in charge of the investigating body shall:

- Ensure the President and appropriate Vice Presidents are apprised of significant allegations or suspicions of fraud.
- When appropriate, contact Corporate Communications to allow them to prepare a communications strategy.
- Consult with the Investigating Body to determine how and when to advise SMC and other parties of necessary details.

##### The Secretary and General Counsel shall:

Approve these procedures and any amendments in consultation with the Risk Management Committee & SMC.

##### The President & CEO shall:

- Be apprised of all material investigations taking place.
- Advise the Board of Directors, Audit Committee, the Minister, and the External Auditor of all material investigations taking place.

##### Management Audit Services shall:

- Be informed of all material investigations taking place.
- Keep the President, SMC, and the Board of Directors Audit Committee informed of all material business investigations.
- Provide the Board of Directors Audit Committee with a semi-annual report summarizing current investigations and ethics issues.
- Initiate investigations as appropriate for all direct referrals to MAS by the public or internally within the corporation on allegations of fraud or breaches in ethical practices.

##### The Chair of the Board of Directors Audit Committee shall:

- Be informed of all material investigations taking place.
- Initiate investigations as appropriate for all direct referrals to the Audit Committee by the public or internally within the corporation on allegations of fraud or breaches in ethical practices.

##### A Member of the Public who suspects fraud should:

Report their concerns to the Investigations Unit or Corporate Security.

#### **Confidentiality**

Reports of suspected fraud are treated as confidential. Investigation and/or audit testing results are not disclosed or discussed without a legitimate need to know. This prevents damaging the reputation of cleared suspects and protects the WCB from legal action.

Employees will not be penalized, or reprimanded when acting in good faith for reporting situations involving potentially fraudulent activity. Additional employment protection is provided through Bill C-13 Capital Markets Fraud and Evidence Gathering.

#### **Reporting**

Depending on the situation, who you report suspicions of fraud to will vary (Supervisor, Manager, Investigating Body).

An employee's first line of reporting should be to their Supervisor. If for some reason this is not practical or feasible then reports can be made to a Manager, or directly to the Investigating Body. After this discussion referrals would be made as follows:

- An employee or member of the public who suspects fraud by an injured worker, employer, or a service provider should contact the Investigations Unit.
- An employee or member of the public who suspects fraudulent activity is taking place that affects a claim file or an employer account should contact the Investigations Unit.
- Suspected theft or fraudulent behavior by anyone affecting WCB physical assets (e.g., buildings, grounds, equipment, or intellectual property such as ideas, patents, trademarks, trade names & secrets, and copyrights) should be reported to Corporate Security.
- Any activity affecting the personal safety or property of employees should be reported to WCB Corporate Security.
- An employee or member of the public who suspects fraud by the Investigations Unit or by Corporate Security should contact Management Audit Services.
- An employee or member of the public who suspects fraud by a WCB employee but is uncomfortable using the above reporting avenues has the right to report their concern directly to the Chair of the Board of Directors Audit Committee. This contact can be facilitated through Management Audit Services.

### Summary

The first line of reporting should be to your Supervisor with referrals as follows.

Concern about:	Report this to:
Fraud by an injured worker, an employer or a service provider.	Investigations Unit
Any fraud that affects claims or employer accounts.	Investigations Unit
Theft or fraud of WCB physical assets (building, ground, equipment).	Corporate Security
Theft or fraud affecting WCB employee's personal property or safety.	Corporate Security
Fraud by Investigation Unit or by Corporate Security.	Management Audit Services
Fraud by a WCB employee but uncomfortable using the above reporting avenues.	Board of Directors Audit Committee (Through MAS)

**Where investigations do not clearly fit into the categories above, Corporate Security, the Investigations Unit and Management Audit Services will work together to determine the best approach.**

### Investigations

Care must be taken in the investigation of suspected fraud to avoid premature or mistaken accusations, preserve evidence and maintain the integrity of the investigation.

Management Audit Services (MAS) will be regularly advised of investigations where fraud or theft may have occurred. MAS along with management will examine the controls in these situations to determine whether changes are required in order to avoid similar future instances.

### Authorization for Investigation

The WCB reserves the right to monitor employee's work or job activities using information held by the WCB in the process of an investigation or in the course of audit testing.

Only properly authorized persons, in accordance with all applicable laws, will conduct investigations (interviews, searches, audits).

Computers and electronic storage media are the property of the WCB and use of those systems or devices and all data stored on them may be inspected at any time.

### Consequences

When necessary, corrective discipline will be carried out by management in consultation with the Human Resource and Legal departments, in accordance with the Human Resource Guidelines.

Where appropriate, fraud investigations may result in termination, civil action and/or criminal prosecution.