

 <p>The University of British Columbia Board of Governors</p>	<p>Policy No.: SC15</p>
<p>Long Title: Internal Audit, Investigations, and Financial Whistleblower</p>	
<p>Short Title: Financial Investigations Policy</p>	

Background & Purposes:

The University of British Columbia (“**UBC**”) administers large volumes of funds for research, teaching, operations, and other UBC related purposes and is committed to maintaining sound management of its resources with integrity and honesty. Improper Financial Activity (as herein defined) is contrary to UBC’s values, and damages UBC’s reputation and ability to carry out its mission. Therefore, UBC has in place a strong system of internal control, and other checks and balances, and continually strives for transparency and accountability throughout its operations.

The purpose of this Policy is to define the mandate of Internal Audit’s audit and investigation responsibilities; and to communicate the process that should be followed by any UBC Member (as herein defined) who has a good faith concern regarding Improper Financial Activity.

1. General

1.1 UBC demonstrates its commitment to promoting and maintaining a fiscally responsible and ethical university environment by:

1.1.1 affirming its expectation that all UBC Members act in the best interest of UBC with respect to their financial and operational responsibilities, as set forth herein;

1.1.2 fostering an atmosphere where UBC Members are confident that UBC will not tolerate any acts of intimidation, harassment, discipline, or retaliation against a UBC Member, including without limitation any demotion, suspension, termination, or any action, whether actual or threatened, that adversely affects the employment or the learning environment of any UBC Member at UBC (collectively, referred to herein as an “**Act of Retaliation**”), as a result of such UBC Member reporting a good faith concern in accordance with Section 4 of this Policy; and

1.1.3 establishing and adhering to the appropriate procedures for audits and investigations by Internal Audit in order to provide independent and objective assurances of UBC’s operations; to identify and prevent Improper Financial Activity; and including without limitation, to support both the Internal Audit Mandate and the Internal Investigation Mandate as set forth herein.

2. Scope

- 2.1 This Policy applies to all of UBC's full-time and part-time faculty, staff, and, students (including, without limitation, clinical faculty, visiting professors, and any person enrolled in any degree, non-degree, diploma, certificate granting or residency programs at UBC), or any person who teaches, conducts research, or works at, or under the auspices of UBC (collectively referred to herein as a "**UBC Member**").
- 2.2 Any provision contained herein which is intended to protect against any Act of Retaliation, will only apply to UBC Members reporting any Improper Financial Activity in good faith and in accordance with this Policy. This Policy is subject to any laws or regulations, collective agreements, or other policies and procedures applicable to UBC.

3. Improper Financial Activity

- 3.1 UBC will not tolerate Improper Financial Activity. All UBC Members, regardless of rank, title, or position, have stewardship responsibilities with regards to UBC's funds or assets and will not, either directly or indirectly, permit or participate in any improper financial act or omission, by deception or fraud, whether or not in contravention of UBC's policies and procedures or applicable laws ("**Improper Financial Activity**").
- 3.2 Examples of Improper Financial Activity include but are not limited to the following:
 - 3.2.1 misappropriation, misapplication or theft of UBC's funds, securities, supplies, inventory, furniture, fixtures or equipment, trade secrets and intellectual property or services;
 - 3.2.2 any breach of a finance-related fiduciary duty or obligation of confidentiality;
 - 3.2.3 forgery, falsification, or alteration of any finance-related documents or records (e.g. cheques, bank drafts, promissory notes, work/employment records, travel expense reports, contractor agreements, purchase orders, electronic files, etc.);
 - 3.2.4 deviations or violations from standards contained in UBC's policies and procedures in the handling or reporting of money, cash equivalents, or financial transactions, including procurement cards (e.g. making personal purchases using UBC credit cards or seeking multiple reimbursements for a single expenditure);
 - 3.2.5 deviations or violations from standards contained in UBC's purchasing or supply management procedures and requirements (e.g. authorizing payment to vendors when it is known that the goods were not received by UBC, or services were not performed for UBC);
 - 3.2.6 giving or receiving any form of unauthorized benefit, including but not limited to, bribery, kickbacks, or commissions; and
 - 3.2.7 actions related to concealing or abetting any of the aforementioned activities.

4. Reporting Improper Financial Activity

- 4.1 All UBC Members, as a part of their stewardship responsibilities towards UBC's funds and assets, are expected to report any good faith concerns relating to Improper Financial Activity to their administrative head of unit (as defined in *Regulatory Framework Policy*). All administrative heads of units at UBC have a duty to promptly notify the director of the Internal Audit Department (the "**Director**") of any allegations of Improper Financial Activity disclosed to them under this Section 4, and to consult with Internal Audit prior to conducting their own investigation or review relating to the allegation of Improper Financial Activity. If for any reason, such UBC Member is uncomfortable reporting their concerns to their administrative head of unit, then the individual should contact the Director directly in accordance with Section 1 of the Procedures.
- 4.2 A report may be made either orally or in writing, and may be made openly, confidentially or anonymously, in accordance with Section 1 of the Procedures. If a report is confidential, the anonymity of the individual providing the information will be maintained, except to the extent allowable within the limitations of the law, collective agreements and UBC's policies and procedures.
- 4.3 All concerns disclosed in accordance with Section 1 of the Procedures will be seriously considered by Internal Audit in an objective, timely, and fair manner, respecting the rights of individuals in accordance with Section 2 of the Procedures.
- 4.4 Any UBC Members found to have been involved in Improper Financial Activity, may be subject to legal and/or disciplinary action, up to and including termination of employment or appointment, student discipline, or civil and/or criminal proceedings (collectively referred to herein as "**Disciplinary Action**") regardless of position, past performance or length of service. The RCMP may be contacted where criminal charges may be warranted.
- 4.5 Any UBC Member found to have made a frivolous, vexatious, or bad faith allegation of an Improper Financial Activity may be subject to Disciplinary Action.

5. Acts of Retaliation

- 5.1 UBC will not tolerate any Act of Retaliation directly or indirectly against any UBC Member who, in good faith, discloses an allegation of Improper Financial Activity in accordance with Section 1 of the Procedures. Any UBC Member who is subject to any Act of Retaliation is encouraged to report such concerns. If for any reason, such individual is uncomfortable reporting their concerns to their administrative head of unit, then the individual should contact the Director directly in accordance with Section 1 of the Procedures hereto.
- 5.2 Individuals found to have been involved in any Act of Retaliation directly or indirectly against any UBC Member, in contravention of Section 5.1 of this Policy, may be subject to Disciplinary Action.
- 5.3 Notwithstanding any provision herein to the contrary, any protection afforded under this Section 5 against any Act of Retaliation, does not apply, if after an Internal Audit investigation, it is determined that the individual reporting an allegation of Improper Financial Activity did not

act in good faith or refuses to cooperate in any Internal Audit investigation relating to the individual's allegations of Improper Financial Activity.

6. Internal Investigation Mandate

- 6.1 Internal Audit's investigation mandate is to prevent Improper Financial Activity; to investigate allegations of Improper Financial Activity; to provide effective reporting mechanisms for allegations of Improper Financial Activity; and to promote ethical financial conduct by UBC Members (the "**Internal Investigation Mandate**"), as set forth herein.
- 6.2 Internal Audit will ensure that any investigation of Improper Financial Activity is coordinated within UBC, particularly in circumstances where an Internal Audit investigation is being conducted in addition to any investigation or review undertaken by any other administrative unit at UBC, with respect to the same or similar circumstances of Improper Financial Activity.
- 6.3 All UBC Members are required to cooperate with Internal Audit and disclose any credible evidence of any Improper Financial Activity, during any investigation mandated under this Policy.

7. Internal Audit Mandate

- 7.1 Internal Audit's audit mandate is to provide consulting services and an independent and objective assurance of UBC's operations by evaluating and improving the effectiveness of UBC's risk management, control, and governance processes (the "**Internal Audit Mandate**") in a manner that ensures that:
 - 7.1.1 risks are appropriately identified and managed;
 - 7.1.2 significant financial, managerial, and operating information is accurate, reliable, timely and secure;
 - 7.1.3 activities are in compliance with policies, standards, procedures, and applicable laws and regulations;
 - 7.1.4 resources are acquired economically, used efficiently, and adequately protected;
 - 7.1.5 programs, operations and plans, are consistent with UBC's mission; and
 - 7.1.6 quality and continuous improvement are fostered in UBC's control process.

8. Standards of Internal Audit Practice

- 8.1 Internal Audit will be guided by the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors, in carrying out the Internal Audit Mandate.

9. Confidentiality of Internal Audit Records

- 9.1 The Director will control access to all of Internal Audit's reports and working papers. The Director will consult with appropriate senior management and the Office of the University Counsel prior to releasing any of Internal Audit's records to external parties.

10. Internal Audit Independence

- 10.1 The Director reports directly to the Audit Committee of the Board of Governors outside of UBC's management structure. Internal Audit is considered a department within the portfolio of the President's Office for administrative purposes only.
- 10.2 The Director will report to the Chair of the Audit Committee, and to any other appropriate member of the senior administration at UBC:
 - 10.2.1 any significant issues related to the adequacy and effectiveness of UBC's processes for controlling its activities and managing its risks, including potential improvements to those processes, and provide information concerning such issues through to their resolution;
 - 10.2.2 the status and results of the annual audit plan and the sufficiency of Internal Audit resources; and
 - 10.2.3 the status and results of any good faith Improper Financial Activity allegations.

11. Internal Audit Authority

- 11.1 The Director is authorized to:
 - 11.1.1 have unrestricted access to all functions, records, property, and personnel, as necessary to competently perform the Internal Audit Mandate and Internal Investigation Mandate;
 - 11.1.2 have full and free access to the Audit Committee and the President;
 - 11.1.3 allocate resources within Internal Audit, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives;
 - 11.1.4 obtain assistance of personnel or other services from within or outside UBC as is necessary to conduct audits or investigations as set forth herein; and
 - 11.1.5 determine the contents of all Internal Audit reports or investigations summarizing the results of their work.
- 11.2 Without the approval of the Audit Committee, the Director and staff of Internal Audit are not authorized to:
 - 11.2.1 perform any operational duties for UBC;

- 11.2.2 initiate or approve accounting transactions external to Internal Audit; and
- 11.2.3 direct the activities of any UBC Member not employed by Internal Audit, unless those activities are necessary to the conduct of an audit or investigation by Internal Audit, or to the extent such UBC Member has been assigned to assist Internal Audit.

12. Director's Responsibilities

- 12.1 The Director will be responsible for:
 - 12.1.1 developing a flexible annual Internal Audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and annually submit that plan to the Audit Committee of the Board of Governors for review and approval;
 - 12.1.2 implementing the annual Internal Audit plan, as approved, including, and as appropriate, any special tasks or projects requested by management and the Audit Committee;
 - 12.1.3 maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Policy;
 - 12.1.4 managing contracted resources, as necessary, to assist in the delivery of Internal Audit's services;
 - 12.1.5 establishing a quality assurance program by which the Director assures the operation of auditing activities;
 - 12.1.6 issuing periodic reports summarizing the results of Internal Audit's activities to the Audit Committee and any individual(s) specified by the President to be responsible for this Policy (the "**Responsible Executive**") or any person delegated by the Responsible Executive; and
 - 12.1.7 Keeping the Audit Committee and the Vice-President Finance, Resources and Operations informed of emerging trends and successful practices in internal auditing.



PROCEDURES ASSOCIATED WITH THE FINANCIAL INVESTIGATIONS POLICY

Pursuant to the Regulatory Framework Policy, the President may approve Procedures or the amendment or repeal of Procedures. Such approvals must be reported at the next meeting of the UBC Board of Governors or as soon thereafter as practicable.

Capitalized terms used in these Procedures that are not otherwise defined herein shall have the meanings given to such terms in the accompanying Policy, being the Financial Investigations Policy.

1. Reporting Procedure

- 1.1 Any individual reporting Improper Financial Activity to the Director under Section 4.1 of the Policy should contact the Director at 604-822-9041, or by mail at 6000 Iona Drive, Vancouver, V6T 1L4.
- 1.2 In order for Internal Audit to undertake a competent investigation into an allegation of Improper Financial Activity, the reporting individual should be able to provide the following information, to the extent of their knowledge:
 - 1.2.1 the details of such alleged Improper Financial Activity being reported and the suspected parties involved;
 - 1.2.2 any UBC policies or applicable laws alleged to have been breached by the alleged Improper Financial Activity; and
 - 1.2.3 any other relevant information.

2. Internal Audit Investigations

- 2.1 In order for Internal Audit to undertake a competent investigation, all individuals involved in an Improper Financial Activity disclosure report or investigation must keep the details and results confidential, to the extent allowable within the limitation of the law, collective agreements, and UBC's policies and procedures.
- 2.2 The Director will evaluate the details of a report provided in accordance with Section 1 of the Procedures and determine, in his or her sole discretion, whether:
 - 2.2.1 the allegation of Improper Financial Activity is false, unfounded, frivolous, vexatious, or disclosed in bad faith; or

- 2.2.2 further investigation is required by Internal Audit.
- 2.3 If the Director deems further investigation is required in accordance with Section 2.2.2, then the Director may, in his or her sole discretion, proceed with one of the following actions:
 - 2.3.1 direct the staff of Internal Audit to engage in an investigation or audit as contemplated in this Policy;
 - 2.3.2 request further information from the individual reporting such Improper Financial Activity; or
 - 2.3.3 continue with any further actions as delegated to the Director by the Responsible Executive, which may be independent of any other investigations being undertaken at UBC relating to the same Improper Financial Activity.
- 2.4 Upon completion of an investigation under Section 2.3, the Director may, in his or her sole discretion, determine whether to:
 - 2.4.1 dismiss the allegation of Improper Financial Activity; or
 - 2.4.2 recommend any Disciplinary Action against those involved in such Improper Financial Activity to the appropriate administrative head of unit.
- 2.5 If the Director deems any allegation of Improper Financial Activity falls under Section 2.2.1 of the Procedures, then the Director may, in his or her sole discretion, determine whether to:
 - 2.5.1 dismiss the allegation; or
 - 2.5.2 further investigate whether to recommend any Disciplinary Action against the reporting individual to the appropriate administrative head of unit.
- 2.6 The Director may undertake any further actions as delegated to the Director by the Responsible Executive, Board of Governors or the Audit Committee Chair.



EXPLANATORY NOTES REGARDING THE FINANCIAL INVESTIGATIONS POLICY AND ASSOCIATED PROCEDURES

Issued July 2019 by the Office of the University Counsel

The OUC has prepared these Explanatory Notes to provide context and background regarding the Financial Investigations Policy. These Explanatory Notes do not replace or supersede the content of the Financial Investigations Policy and its Procedures.

Policy Long Title: Internal Audit, Investigations, and Financial Whistleblower

Policy Short Title: Financial Investigations Policy

Policy Number: SC15

Responsible Executive: President

Responsible Board Committee: Audit Committee

Related Policies: GA2 - Regulatory Framework Policy

History:

- The Financial Investigations Policy was first approved by the Board of Governors in April 2014;
- The Financial Investigations Policy was updated in July 2019 to reflect a new policy identification system; it is currently identified as the Financial Investigations Policy, its long title is Internal Audit, Investigations, and Financial Whistleblower, and its number is SC15. The previous identification number for this policy was #111.

Related Legislation: N/A