

LEGISLATIVE ASSEMBLY OF BRITISH COLUMBIA POLICY MANUAL	
SECTION	Financial Management and Administration
POLICY	3305 – Fraud Awareness, Prevention and Reporting

Objective	To set out responsibilities and processes regarding the awareness, prevention, detection, and investigation of fraud, and assist in promoting a culture that encourages employees to raise concerns about fraud without fear of retaliation.	
Application	This policy applies to all employees of the Legislative Assembly appointed under section 39 of the <i>Constitution Act</i> (R.S.B.C. 1996, c. 66).	
Authority	Legislative Assembly organizational policies are approved by the Legislative Assembly Management Committee, as per <i>Policy 1000 – Legislative Assembly Policy Framework</i> .	
Key Definitions	“Ethics Officer” means a senior employee of the Legislative Assembly designated as such by the Clerk of the Legislative Assembly [currently Artour Sogomonian, Clerk Assistant, Parliamentary Services]; “fraud” means a deliberate act of deception, misrepresentation, or omission committed with the intention of gaining an unjust advantage or to cause an unjust loss or disadvantage to the Legislative Assembly, which includes theft and corrupt conduct.	
1. General	.01	The Legislative Assembly considers fraud to be a serious breach of trust in the relationship between the Legislative Assembly and an employee or contractor and does not tolerate such conduct.
2. Responsibilities	.01	The Audit and Risk Management Committee of the Legislative Assembly Administration is responsible for providing oversight of: a) the establishment and maintenance of tools and training to promote education, awareness, and prevention of fraud; and b) a fraud risk management framework.
	.02	The Executive Financial Officer is responsible for the fraud risk management framework and for regularly evaluating and ensuring adequacy of internal controls within the Legislative Assembly to manage fraud risk.
	.03	As it pertains to this policy, the Ethics Officer is responsible for: a) receiving allegations of fraud; b) providing guidance to and answering questions from an employee; and c) managing records related to investigations.

LEGISLATIVE ASSEMBLY OF BRITISH COLUMBIA

POLICY MANUAL

SECTION	Financial Management and Administration
POLICY	3305 – Fraud Awareness, Prevention and Reporting

3. Reporting on Fraud Risk

- .01 On an annual basis, the Executive Financial Officer must report to the Subcommittee on Finance and Audit of the Legislative Assembly Management Committee on the fraud risk management framework, including:
- a) identified fraud risks (nature, consequence, and impact);
 - b) fraud risk prioritization based on possible impact;
 - c) mitigation strategies and timelines for implementation; and
 - d) action implemented to mitigate fraud risks.

4. Obligation of Awareness and Vigilance

- .01 Every employee has an obligation to support the Legislative Assembly's efforts in fraud prevention. An employee who believes that processes or procedures may be vulnerable to fraud must bring the matter to the attention of their department director.

The department director must consult the member of the Clerk's Leadership Group responsible for the department on risk tolerance and implement solutions or take steps to mitigate vulnerabilities to the extent possible.

- .02 An employee in a management position must take reasonable steps to ensure that the business area they oversee has effective controls and safeguards in place to prevent an occurrence of fraud.
- .03 An employee must maintain a vigilance and awareness in the performance of their duties for an activity conducted by an employee or contractor that may constitute fraud. Such an activity may be, but is not limited to:
- a) a breach or attempted breach of the law;
 - b) falsification, forgery, or unauthorized alteration of a record;
 - c) misappropriation of money or property (e.g., inappropriate or false claim or reimbursement of an expense; misuse of a corporate purchasing card; payment made that was not authorized in accordance with *Policy 3000 – General Expenditure*; theft, including theft or misuse of intellectual property);
 - d) seeking to gain a dishonest private or personal advantage;
 - e) unauthorized destruction, disposition, or removal of a record;
 - f) unauthorized use of data, facilities, or equipment;
 - g) wilful negligence intended to cause damage; or
 - h) abuse of a position of authority for personal advantage or gain.

LEGISLATIVE ASSEMBLY OF BRITISH COLUMBIA

POLICY MANUAL

SECTION	Financial Management and Administration
POLICY	3305 – Fraud Awareness, Prevention and Reporting

5. Duty to Report Fraud

- .01 *Policy 4015 – Standards of Conduct* establishes a duty for an employee to report wrongdoing, including fraud, in good faith. An employee who covers up, obstructs, or fails to report a known fraudulent activity may be subject to disciplinary action.
- .02 An employee must report a fraudulent activity, whether known or suspected, to the Ethics Officer in writing.
- .03 If an employee suspects or knows that the Ethics Officer has engaged in fraudulent activity, the employee must report the suspected or known fraudulent activity to the Clerk of the Legislative Assembly. In such an instance, the Clerk of the Legislative Assembly will fulfill the role of the Ethics Officer in this policy.
- .04 A matter reported to the Ethics Officer is strictly confidential, subject only to disclosure by the Ethics Officer to the extent required to facilitate an investigation and possible disciplinary action, or as may be required by law.
- .05 When making a report to the Ethics Officer, an employee should provide, to the extent possible:
 - a) a description of the alleged or suspected fraud committed;
 - b) the name of the individual(s) that are alleged or suspected to have committed fraud; and
 - c) a date or time period for the alleged or suspected fraud.

6. Protection for Reporting and Prohibition on Retaliation

- .01 An employee who makes a report or provides information to the Ethics Officer under this policy in good faith can do so without fear of retaliation.

An employee must not be subject to a disciplinary measure, a demotion, a hostile work environment, a termination of employment, or any measure that adversely affects the employee's employment, working conditions or career growth, due to the fact they, in good faith, made a report or request for advice to the Ethics Officer, supported an employee who reports a matter under this policy, or cooperated in an investigation by the Ethics Officer.
- .02 An employee who threatens retaliation against another employee in a matter under this policy will be subject to disciplinary action. An employee may report any threat or retaliation pursuant to *Policy 4005 – Employee Concern*.

LEGISLATIVE ASSEMBLY OF BRITISH COLUMBIA

POLICY MANUAL

SECTION	Financial Management and Administration
POLICY	3305 – Fraud Awareness, Prevention and Reporting

7. Investigation by the Ethics Officer

- .01 Upon receipt of a report of fraudulent activity, the Ethics Officer must take immediate steps they deem necessary to ensure a fair, objective, robust, proportionate, and expeditious investigative process, seeking the relevant expertise, as required (e.g., legal, technological, security), and to ensure that any relevant records and other evidence is protected from being tampered with, destroyed, or removed. The scope of the investigation of the Ethics Officer is to determine whether fraud has occurred and, if fraud has occurred, its extent.
- .02 To investigate a report of fraud, the Ethics Officer may:
 - a) seize Legislative Assembly assets;
 - b) limit, suspend, or rescind user access rights;
 - c) access any user accounts, records, and information necessary for the completion of an investigation;
 - d) determine whether an employee is placed on administrative leave for the purposes of an investigation;
 - e) recommend disciplinary action;
 - f) retain external expertise, such as an external auditor or investigator to assist with an investigation if necessary; and
 - g) undertake any other action deemed reasonably necessary to undertake and complete an investigation.
- .03 If the Ethics Officer determines that an employee whose conduct is subject to an investigation under this policy must be placed on administrative leave until the conclusion of the investigation, the Ethics Officer must advise Human Resources, Legal Services, and the member of the Clerk's Leadership Group responsible for the employee's department of this decision. Administrative leave is facilitated by Human Resources in consultation with Legal Services.
- .04 If the Ethics Officer determines that a contractor whose conduct is subject to an investigation under this policy cannot continue to work with the Legislative Assembly until the conclusion of the investigation, the Ethics Officer must advise the member of the Clerk's Leadership Group responsible for the department managing the contract of this decision, who must take any necessary steps in consultation with Legal Services.
- .05 If the scope and nature of the matter reported to the Ethics Officer merits such an action, after informing the employee who reported the matter, the Ethics Officer may, at their sole discretion, refer the matter to the external investigator appointed under *Policy 6520 – Reporting Suspected Wrongdoing*, at which point the matter is no

LEGISLATIVE ASSEMBLY OF BRITISH COLUMBIA POLICY MANUAL	
SECTION	Financial Management and Administration
POLICY	3305 – Fraud Awareness, Prevention and Reporting

longer subject to the investigative process under this policy and is subject to *Policy 6520 – Reporting Suspected Wrongdoing*.

.06 An employee participating in an investigation by the Ethics Officer must:

- a) cooperate in the investigation and provide records and complete information to the best of their knowledge to the Ethics Officer;
- b) not communicate about the investigation with the employee or contractor who is subject to the investigation; and
- c) treat all communication in relation to the investigation as strictly confidential unless disclosure is authorized in writing by the Ethics Officer or their designate.

8. Findings of the Ethics Officer

.01 The Ethics Officer must complete an investigation as expeditiously as possible and document the facts and any findings in a written report. The Ethics Officer must provide the confidential report to the following individuals, unless they are subject to the investigation:

- a) the Clerk of the Legislative Assembly;
- b) the Executive Financial Officer; and
- c) the member of the Clerk's Leadership Group responsible for the department in which the employee works or which is responsible for the management of the contract, as applicable.

If the employee subject to the investigation is the Clerk of the Legislative Assembly, the report must be delivered to the Speaker.

.02 The Clerk of the Legislative Assembly, the Executive Financial Officer, and the member of the Clerk's Leadership Group responsible for the department in which the employee works or which is responsible for the management of the contract subject to an investigation have a responsibility to implement any corrective measures stemming from the Ethics Officer's report and institute measures to prevent the recurrence of any such incident.

.03 If fraud is substantiated in the investigation of the Ethics Officer, the Clerk of the Legislative Assembly must advise the Speaker and the Subcommittee on Finance and Audit of the Legislative Assembly Management Committee at the first opportunity, with a report on measures taken to correct and prevent the recurrence of such an incident. If the investigation of the Ethics Officer pertains to the Clerk

LEGISLATIVE ASSEMBLY OF BRITISH COLUMBIA POLICY MANUAL	
SECTION	Financial Management and Administration
POLICY	3305 – Fraud Awareness, Prevention and Reporting

of the Legislative Assembly, the Speaker must advise the Subcommittee on Finance and Audit of the Legislative Assembly Management Committee at the first opportunity.

- .04 As a result of the findings of an investigation, the Ethics Officer may recommend corrective action and disciplinary action for an employee, including termination.
- .05 The Ethics Officer may, at their sole discretion, refer evidence or findings of an investigation to the police or advise the Legislative Assembly's external auditor.
- .06 Based on the findings of an investigation by the Ethics Officer under this policy, the Clerk of the Legislative Assembly must decide whether recoveries or legal remedies will be pursued by the Legislative Assembly. If the employee subject to the investigation is the Clerk of the Legislative Assembly, this determination is made by the Speaker.

9. Baseless Allegation

- .01 If the Ethics Officer determines that an allegation against an employee under this policy has no basis, the Ethics Officer must document their decision in writing and may inform affected individuals of the decision. Such a determination by the Ethics Officer does not prevent the employee from pursuing the matter under *Policy 6520 – Reporting Suspected Wrongdoing*.

Contact	Questions regarding this policy may be directed to the Ethics Officer at Artour.Sogomonian@leg.bc.ca or the Executive Financial Officer at FinancialServices@leg.bc.ca .
References	<i>Policy 4005 – Employee Concern</i> <i>Policy 4015 – Standards of Conduct</i> <i>Policy 6520 – Reporting Suspected Wrongdoing</i>

Approved and authorized by the Legislative Assembly Management Committee on September 9, 2024.

POLICY HISTORY	
Version 1	September 9, 2024