



University  
of Victoria

# Financial Irregularities Response Management

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# PLAN FUNDAMENTALS

## Purpose

The University of Victoria (UVic) administers large volumes of funds and other assets for teaching, research, operations, and other related purposes, and is committed to maintaining sound management of its resources with integrity and honesty. Misuse of funds or other assets can negatively impact UVic's reputation, operations, and / or financial health. The purpose of Financial Irregularities Response Management (FIRM) is to provide guidance on how UVic will respond to the suspicion or detection of Financial Irregularities (FI). FIRM-related guidance is applicable to all areas or departments of UVic that may be involved in FI responses and investigations. Adherence to this guidance will protect the interests of the entire university community, including those making good-faith disclosures, and will safeguard individuals where disclosures prove unfounded.

## Definition of Financial Irregularities

Broadly, a Financial Irregularity (FI) represents a departure from standard UVic procedures, policy requirements, or laws involving funds or other assets. FI are not inherently illegal, but may be, depending on the circumstances. FI can be unintentional (e.g. accidental) or caused by intentional actions, including acts of omission.

Aside from elevating awareness of FI and responsibilities to report any FI, FIRM helps to differentiate actions to take in the case of apparent intentional FI (e.g. deliberate misuse of funds or other assets) that can negatively impact UVic's reputation, operations or finances.

Intentional FI against UVic can be perpetrated by anyone; and likewise, almost any aspect of UVic can be affected. Examples of types of intentional FI include:

- misappropriation, misapplication or theft of UVic's funds, securities, supplies, inventory, fixtures or equipment, trade secrets and intellectual property or services;
- any breach of a finance-related fiduciary duty or obligation of confidentiality;
- 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.);
- deviations from, or violations of, standards contained in UVic's policies and procedures in the handling or reporting of money, cash equivalents, or financial transactions;
- deviations from, or violations of, standards contained in UVic's purchasing or supply management procedures and requirements;
- giving or receiving any form of unauthorized benefit, including but not limited to, bribery, kickbacks, or commissions; and
- actions related to concealing or abetting any of the aforementioned activities.

## Principles & Priorities

To guide UVic's response to potential occurrences of intentional FI, UVic holds the following principles:

- I. UVic takes allegations of FI seriously.** FI has the potential to cause harm to UVic's reputation, finances and operations, affecting employees (faculty, librarians, and staff), students, vendors, members of the Board of Governors, partner organizations, and members of the public. UVic's responsibility to these stakeholders includes safeguarding and protecting the university from the loss of assets and from reputational damage. Accordingly, dealing with allegations of FI – including supporting any response efforts – should be given priority.
- II. UVic values all people who make good-faith disclosures and will not condone reprisals against disclosers.** Whether or not they relate to unintentional or intentional FI, disclosers and the information brought forward will be dealt with discretely. If disclosures are made via the Safe Disclosure Reporting mechanism administered by IA, the identity of disclosers will be either a) anonymized, at the disclosers' discretion, or b) kept confidential to the extent possible. UVic encourages people to come forward in cases of unintentional or accidental FI to prevent further unintended impacts.
- III. UVic has an obligation to protect the reputation of individuals alleged to have committed intentional FI, until allegations are proven.** Many occurrences of FI may come from tips, which are a form of allegation. However, until they are proven, allegations remain merely assertions (balanced against the presumption of innocence). Baseless allegations (without sound evidential basis), even when made in good faith, that turn out to have no factual basis have the potential to be harmful to the reputation of people especially where an individual has been the subject of a formal investigation. Therefore, while UVic takes all FI allegations seriously, it will maintain a high level of confidentiality and discretion in any resulting investigation.
- IV. UVic has a responsibility for professional conduct in dealing with allegations of FI and any resulting investigation.** Investigations must be handled professionally with due care for the collection and handling of evidence. Pursuing an investigation will involve as few people as possible to protect the individual, while ensuring that all relevant facts are collected and chain of custody is maintained for evidence.

Consistent with these Principles, UVic's FI response priorities are to:

1. Safeguard and protect the university from any losses;
2. Protect disclosers from potential acts of reprisal;
3. Protect the reputation of individuals investigated until allegations are proven; and
4. Protect the reputation of the university.

Response actions may vary depending on the nature and extent of the suspected FI, however every report of FI is taken seriously and follows a formal, confidential review and response process. Investigation information is only shared on a strict need-to-know basis.

## Plan Scope

FIRM provides guidance to all members of the 'university community' on actions to take when they become aware of suspected FI. Note that a report of suspected FI can come from anyone within or outside of the 'university community'.

The 'university community' is comprised of all of UVic's full-time and part-time staff, faculty, librarians and students (including, without limitation, any person enrolled in any degree, non-degree, diploma, certificate granting or residency programs at UVic), or any person who teaches, conducts research, or works at, or under the auspices of UVic. The university community also includes third parties under contract with UVic. Broadly, the university community includes:

- (a) credit and non-credit students, including distance students and continuing studies students;
- (b) employees (faculty, librarians, and staff);
- (c) anyone holding a university appointment;
- (d) post-doctoral fellows;
- (e) people employed under contracts with university faculty members as the employer and who provide research or administrative services directly supporting faculty members' research activities;
- (f) visiting researchers;
- (g) third parties contractually required to abide by university policies;
- (h) anyone volunteering with a university program or activity;
- (i) members of the Board of Governors and Senate; and
- (j) anyone who ordinarily resides on campus because of their relationship with the university.

## Authority

FI response on campus, specifically the development and maintenance of this plan and associated guidance and policy, operates under the authority of the Vice-President Finance and Operations on behalf of the Board of Governors.

FIRM and its associated procedures are designed to complement and not conflict with other UVic policies and collective agreements. Where a university collective agreement applies, such as in a disciplinary process, the processes in the collective agreement will be followed. For those who engage with this plan, the specifics of any collective agreement processes will be identified and explained.

# RESPONSE TO SUSPECTED FINANCIAL IRREGULARITIES AT UVIC

## FI Reporting Mechanisms

Potential FI must be communicated as soon as possible, and within 10 business days, to one of the following groups, however Internal Audit is the preferred team to disclose suspected FI to:

- Internal Audit ([internalaudit@uvic.ca](mailto:internalaudit@uvic.ca))
- Campus Security
- General Counsel
- Administrative leadership
- Faculty leaders

Any report of FI will be promptly brought to the attention of the Director of Internal Audit, and Internal Audit will be consulted with prior to conducting any investigation or review relating to an allegation. All concerns disclosed will be seriously considered by Internal Audit in an objective, timely, and fair manner, respecting the rights of individuals.

Reports of FI follow standard triage processes, and should Internal Audit receive a non-FI allegation, it will forward it to the appropriate group (see 'Other Reporting Mechanisms' below, and areas of responsibility).

Internal Audit also manages the UVic **Safe Disclosure** mechanism. This mechanism allows for anonymous disclosure of suspected FI and is one more means for contacting Internal Audit. Safe Disclosure is also intended to protect people with reports from potential retaliation: <https://www.uvic.ca/internalaudit/safe-disclosure/index.php>. The response to an anonymous statement may be limited if Internal Audit cannot follow up with the person making the disclosure.

Internal Audit will consult with other appropriate departments as necessary (e.g., Human Resources, Faculty Relations, General Counsel) at the outset and as appropriate throughout an investigation that it leads. In cases where IA is not the lead for an investigation, the investigating party should be overseen by a stakeholder / group familiar with UVic FIRM, e.g. General Counsel, Human Resources, Faculty Relations or a relevant executive, and which will follow the general guidance and steps contained under UVic FIRM.

### **Acts of Retaliation:**

UVic will not tolerate any act(s) of retaliation directly or indirectly against any UVic member who, in good faith, discloses an allegation of FI. Anyone who is subject to any act of retaliation is encouraged to report such concerns. If for any reason an individual is uncomfortable reporting their concerns to administrative management, the individual can contact the Director of Internal Audit.

## Other Reporting Mechanisms (not FI-related)

Issue	Contact	Role	Contact details
Sexualized violence	For non-emergencies contact the sexualized violence resource office.	Sexualized Violence Education and Prevention Coordinator	<a href="https://www.uvic.ca/sexualizedviolence/get-support/index.php">https://www.uvic.ca/sexualizedviolence/get-support/index.php</a>
On-campus security concerns and first aid	Campus Security Services	Manager of Security or Director of Security	<a href="https://www.uvic.ca/security/home/contact/index.php">https://www.uvic.ca/security/home/contact/index.php</a>
Student fairness issues	Office of the Ombudsperson	Ombudsperson	<a href="https://uvicombudsperson.ca/hours-contact/">https://uvicombudsperson.ca/hours-contact/</a>
Student non-academic conduct matters	Office of Student Life	studentlife@uvic.ca	<a href="https://www.uvic.ca/services/studentlife/student-conduct/reporting/incident-form/index.php">https://www.uvic.ca/services/studentlife/student-conduct/reporting/incident-form/index.php</a>
HR issues for Staff & Administration	Human Resources	Associate Vice-President	<a href="https://www.uvic.ca/hr/contact/index.php">https://www.uvic.ca/hr/contact/index.php</a>
Employment matters for Faculty & Librarians	Faculty Relations	Associate Vice-President Faculty Relations and Academic Administration	<a href="https://www.uvic.ca/vpacademic/administrators/faculty/">https://www.uvic.ca/vpacademic/administrators/faculty/</a>
Discrimination and harassment, employment equity	Equity and Human Rights Office	Executive Director, Equity and Human Rights	<a href="https://www.uvic.ca/equity/">https://www.uvic.ca/equity/</a>

## FI Response Teams and Responsibilities on Campus

UVic's response to suspected FI can be considered to have three stages: a) Identification and Reporting; b) Investigation; & c) Resolution. Responding to allegations of FI requires a number of different teams (see RACI chart, below). These teams have specific roles and bring different skills and strengths and collaborate to provide an efficient and effective response mechanism. Regardless of where FI is reported and which team carries out what work or provides support, UVic is committed to ensuring the FI is investigated objectively and expeditiously, and to the extent possible confidentially. The university will act in compliance with the Freedom of Information and Protection of Privacy Act (FIPPA) and with any relevant UVic policies, e.g. Privacy, Records Management, and Information Security.

## Response Coordination

Internal Audit may form a Response Coordination team to establish the best response to allegations of FI and identify any related investigations that may be under way. If formed, the team will include appropriate stakeholders from the groups mentioned below based on the nature of the investigation. For every report IA receives, it will ensure that the appropriate stakeholders are notified and included as relevant to response activities.

Following that initial report, roles and responsibilities for relevant staff and commonly-involved teams can be summarized as follows (further details on roles and responsibilities are found below). The following RACI matrix sets out roles and responsibilities for the respective parties involved.

Tasks	1. Internal Audit	2. Department Management*	3. Human Resources / Faculty Relations	4. Vice President / President	5. General Counsel
FI Investigation	R	A	C	I	C
Suspend staff Respondent**	C	R A***	A*** C	I	C
Suspend faculty / librarian Respondent**	C	A	A*** C	R	C
Investigation interviews	R	A	C	I	C
Interview of respondent(s)	R	A	C	I	C
Conclusion, Reporting	R	A	C	I	C
Implement Corrective Actions, up to termination	C	R	C	A	C
Legal actions / support	A	C	C	A	R

- \* Excluded Administrative leaders, Deans or Heads in Academic Units and the University Librarian
- \*\* Only if indicated / warranted based on preliminary evidence
- \*\*\* Leaders are accountable and responsible for their workforce and related ultimate decisions, however HR/FR will consult, guide, and advise on workforce decisions, and is accountable for the HR/FR-created processes.

Responsible	Accountable	Consulted	Informed
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Due to the frequent potential need to review financial controls/documents during an FI investigation, the Finance Department is normally consulted, advised or requested to provide support during response efforts. Similarly, with many records residing within information systems, University Systems, and/or departmental information systems' leads may provide a support role in terms of providing investigators access to network shares or core applications, including email. Upon conclusion of the investigation and where financial loss has occurred, the Risk Manager may prepare and submit an insurance claim to



recoup losses. Other departments such as Campus Security may be involved depending on the specific nature of the alleged FI and the ensuing investigation.

### **Interim Measures**

- Where the university receives information that requires it to act to protect university community members' health or safety, or university property, the university may impose interim measures at any point leading up to or during an investigation. Interim measures will be imposed in accordance with university policies and any applicable collective agreement(s).
- Interim measures will only be implemented after consultation between relevant stakeholders, including Internal Audit. Interim measures will ultimately be enacted by management.
- Interim measures seek to protect the safety of all parties involved and to protect the integrity of the ongoing investigation process. The need for interim measures, and which measures are imposed, will be determined on a case by case basis, taking into account the circumstances of each situation.
- Any decision to impose interim measures will not be construed as a decision or discipline against individuals involved in the investigation and will not be weighed against the respondent in a discipline process. Interim measures will remain in effect for as long as is reasonably required pending the outcome of an investigation.

Reference **Appendix A** for typical FI investigation steps, which are subject to change depending on specific or unique aspects to given investigations.

## **Responsibilities details**

### **1. Internal Audit**

Internal Audit brings objectivity, independence, experience and specific professional credentials (e.g., the Certified Fraud Examiner designation) in investigating and collecting relevant evidence to determine the facts of a given situation, which allows them to provide testimonial evidence in court(s).

A key benefit of Internal Audit's involvement is the consideration of the potential for FI to exist beyond the specific individual currently suspected/accused. Internal Audit will look beyond the immediate suspected FI to recommend changes to controls to prevent future incidents.

### **2. Department Management**

Department Management includes Excluded Administrative leaders, Deans or Heads in Academic Units and the University Librarian. Department Management sponsor and support FI response efforts. Management has a responsibility to report FI and work with investigators to secure and provide access

to evidence. This assists with recommendations to implement corrective action specific to the FI as well as additional controls to prevent future FI.

Note that immediate management may not always be contacted where allegations suggest line management may be involved in the FI being reported (e.g. from a staff member). In such a case, a higher level of management will normally be involved and support FI response efforts.

### **3. Human Resources / Faculty Relations**

Where an employee is involved in the suspected FI, Internal Audit will include Human Resources<sup>1</sup> and/or Faculty Relations<sup>2</sup> in the investigation. Human Resources/Faculty Relations will normally play a support and consultative role in FI response efforts. Depending upon the position an employee respondent holds, Human Resources/Faculty Relations may act as the liaison with the applicable Union and help to ensure fair conduct and that representation is available. Human Resources/Faculty Relations will be expected to provide advice on potential issues in the collection of evidence or may similarly be expected to aid in the gathering of evidence that is relevant to the investigation, including supports for any witnesses. If the outcome of an investigation is disciplinary action, Human Resources/Faculty Relations' involvement is mandatory.

### **4. Portfolio Vice President / President**

The portfolio Vice President / President may also play an oversight role to FI response efforts as necessary. Portfolio VPs are ultimately accountable for appropriately and in a timely manner communicating with the President about the FI, including the outcome(s) of any related investigation.

### **5. General Counsel**

General Counsel will normally play a support role in FI response efforts. General Counsel will assess and provide advice on the admissibility of evidence, the potential strength of such evidence, possible outcomes of pursuing legal or civil prosecution, and general means of safeguarding UVic's reputation throughout the process. If the outcome of an investigation is legal prosecution, the involvement of General Counsel is mandatory. If the outcome of an investigation is dismissal, the involvement of General Counsel is recommended to protect against subsequent wrongful dismissal allegations.

### **6. Campus Security Services**

Campus Security Services will normally play a support / consultative role in the FI response efforts. Depending upon the outcomes and objectives of an investigation, Campus Security Services may contact and be the initial liaison with external law enforcement.

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<sup>1</sup> In cases involving staff, including sessional instructors

<sup>2</sup> In cases involving faculty or librarians

## 7. Communications

The Communications department will normally play a support role in the FI response efforts, depending upon the circumstances surrounding the alleged FI. Communications will be informed of any FI and liaise with external stakeholders as needed.

## 8. Risk Management

The Risk Management department will normally play a support role in the FI response efforts if the investigation will include an insurable claim.

## 9. Other Involved Parties

Individuals who are not part of a formal response team may also be interviewed as part of an investigation. This may include individuals or parties a) making the allegations or b) who may possess knowledge specific to the investigation. Such individuals will otherwise not be directly involved with the initial FI response and investigation.

### **Individual(s) or Parties Making the Allegation (Discloser)**

Where possible, the individual(s) or party(s) making the allegation will be interviewed with a focus on gathering factual evidence relating to the circumstances and events surrounding the allegations.

### **Individual(s) or Parties Having Knowledge of Events**

Interviews may be conducted with individual who possess knowledge or evidence directly relating to the alleged FI. Such interviewing will also focus on factual evidence gathering related to the circumstances and events surrounding allegations.

### **Respondent**

Depending upon the situation, a single or multiple interviews may be conducted with the Respondent. Typically, Respondent interviews are held later in the investigative process, once supporting interviews with other parties have been conducted and sufficient evidence has been gathered that support an allegation.

### **External Parties**

A number of external parties may be involved or informed of the FI and actions taken. This may include, but is not limited to, local law enforcement, the courts, unions, external parties impacted by FI and to whom some form of restitution may be owing, UVic's insurance provider in the case where a financial insurance claim is warranted, and UVic's external auditors.

## APPENDIX A: FI Response Plan Checklist

### 1. Anyone detects potential FI:

- Immediately notify **Internal Audit** of the details, and potentially arrange to meet to discuss.

### 2. **Internal Audit** will initiate a preliminary review (initial fact finding and assessment of validity / accuracy / reliability of reported concern), and next:

#### a. For Staff:

- Determine if evidence is sufficient to warrant a full investigation. **Internal Audit** may:
  - Determine an investigation is not warranted and defer further action to management.
  - Recommend involvement of **General Counsel, HR, Risk Manager** and/or **Campus Security Services**.
  - Establish a broader scope and recommend involvement of additional resources.

#### b. For Faculty/Librarians:

- Internal Audit** can help to inform the **President, Portfolio VP, a Dean or University Librarian** about concerns of inappropriate conduct.
- If it is determined that conduct was / is inappropriate, the Administrator or their designate, e.g. Internal Audit, may undertake a preliminary review to determine whether an investigation is warranted.

c. In either scenario, Internal Audit will ensure to inform / involve other stakeholders as required, e.g. **Portfolio VP(s)** and **President** as necessary, **General Counsel, HR/FRAA, Risk Manager** and/or **Campus Security Services**, to aide in the investigation.

### 3. Where preliminary investigation identifies that a financial loss has occurred, the **Risk Manager** should be notified to determine if a claim is insurable and to take necessary actions to recover losses from appropriate insurers.

### 4. At any point, where there is clear evidence of intentional FI, **prior** to disciplinary action being taken, **Department Management/Faculty Leaders** should:

- In conjunction with **HR/FRAA**, consider and implement interim measures as appropriate to preserve the integrity of the investigation. Interim measures can include placing an individual on either a paid or unpaid leave of absence until the investigation has concluded. This prevents or reduces further financial loss while allowing Internal Audit to conduct an investigation to determine if similar FI are occurring elsewhere in the department or on campus.

### 5. Where an investigation is warranted **Internal Audit** will:

- Where practical, confidentially gather evidence specific to allegations.
- Involve or recommend involvement of **General Counsel** and **HR/FRAA** if appropriate.

- Conduct confidential interviews with relevant individual(s) or party(s).
  - Work with Administration and HR/FRAA to schedule interviews with the witnesses (if necessary) and Respondent(s).
6. Where FI is deemed unintentional, provide a brief report of findings, possibly including recommendations for strengthened controls, and defer further action to management.
7. If initial investigation steps have resulted in sufficient evidence indicating that intentional FI has occurred, **Internal Audit**, in consultation and collaboration with **HR/ FRAA** and **General Counsel**, will schedule interviews with the Respondent(s) to seek explanations and supporting facts around existing evidence; and potentially admissions of action, knowledge, and intent.
8. Where an investigation has not resulted in sufficient evidence proving that FI was intentional, Internal Audit will provide a brief report of findings, possibly including recommendations for strengthened controls, and defer further action to leadership.
9. Upon conclusion of an investigation and where there is clear evidence of intentional FI:
- a. **Internal Audit** will:
    - Provide an initial detailed report, including the extent of harm and damage suffered by the university or other parties (e.g. financial losses) to relevant stakeholders, including potentially: **Area Leader(s); HR/FRAA; and General Counsel**.
    - Subsequent to the initial report review and feedback, the report would next be shared with the **Portfolio Vice President**, and the **Vice President Finance and Operations**.
    - Provide recommendations for improvements to any control deficiencies where similar FI could be perpetrated in the future.
    - Provide a detailed report to the **Audit Committee of the Board of Governors** (as appropriate).
  - b. **Department management** will:
    - Contact **HR/FRAA** for guidance and support in liaising with unions or other external agencies where there is an intent to proceed with any disciplinary action.
    - Recommend disciplinary action to senior management (i.e. report up to and including the **Portfolio VP / President**).
    - Contact **Internal Audit** to provide guidance and support with liaising with external law enforcement where there is an intent to proceed with legal prosecution.
    - Contact **General Counsel** to ensure evidence is sufficient to protect UVic should civil litigation be launched by the accused or where there is an intent to proceed with legal prosecution against the accused.
10. Subsequent to the delivery of a report from Internal Audit, **Department management** will lead the implementation of control enhancements.

## **APPENDIX B: Policies**

Many policies and procedures outline UVic fiduciary responsibilities. Below are key policies, and the full polices can be found online at: <https://www.uvic.ca/universitysecretary/policies/>

### **University of Victoria and University of Victoria Faculty Association Collective Agreement**

**AC1105 (A & B) Policies on Scholarly Integrity**

**GV0210 Conflict of Interest and Confidentiality**

**GV0215 Policy on Intellectual Property**

**GV0220 Policy on Internal Audit**

**GV0225 Risk Management Policy**

**GV0710 Chairs of Departments and Directors of Schools**

**GV0715 Duties and Responsibilities of Directors of Research Centres**

**AD2100 – AD2530 Administration Policies**

**ER4105 Fundraising and Gift Acceptance**

**FM5100 – FM5600 Financial Management Policies**

**HR6305 Employment under Externally Funded Grants and Contracts**

Further guidance and requirements should be considered in specific contexts, for example related to research funds:

- [TriAgency Guide on Financial Administration](https://www.nserc-crsng.gc.ca/InterAgency-Interorganismes/TAFA-AFTO/guide-guide_eng.asp)

[https://www.nserc-crsng.gc.ca/InterAgency-Interorganismes/TAFA-AFTO/guide-guide\\_eng.asp](https://www.nserc-crsng.gc.ca/InterAgency-Interorganismes/TAFA-AFTO/guide-guide_eng.asp)

- [US National Institutes of Health](https://www.uvic.ca/research/assets/docs/NIH/fcoi_compliance_for_us_public_health_service_agencies.pdf)

[https://www.uvic.ca/research/assets/docs/NIH/fcoi\\_compliance\\_for\\_us\\_public\\_health\\_service\\_agencies.pdf](https://www.uvic.ca/research/assets/docs/NIH/fcoi_compliance_for_us_public_health_service_agencies.pdf)