



THE UNIVERSITY OF BRITISH COLUMBIA

Report to the Board of Governors

SUBJECT Proposed amendment of Policy #111 (Internal Audit) and Policy #118 (Whistleblowers), subsequent amalgamation of such amendments into a new Policy #111 (Internal Audit, Investigations, and Financial Whistleblower Policy), and repeal of both Policy #111 (Internal Audit) and Policy #118 (Whistleblowers)

MEETING DATE June 4, 2013

Forwarded to the Board of Governors on the Recommendation of the President

**APPROVED FOR
SUBMISSION**

Stephen J. Toone, President and Vice-Chancellor

Presented By Hubert Lai, Q.C., University Counsel

Report Date May 10, 2013

DECISION REQUESTED FOR INFORMATION ONLY

EXECUTIVE SUMMARY

The existing Policy #111 (Internal Audit) (the “**Current Internal Audit Policy**”) defines the mandate, authority and responsibility of UBC’s Internal Audit department with respect to their audit functions.

The Current Internal Audit Policy is restricted to audit activity and does not contain any provisions concerning Internal Audit’s non-audit investigation mandate, authority or responsibility. This Current Internal Audit Policy should be amended to reflect UBC’s continued commitment to ensuring and maintaining a strong system of internal control, transparency and accountability throughout its operations to effectively prevent and enforce against any improper financial activity. Any perceived or actual improper financial activity is contrary to UBC’s values, and damages UBC’s reputation and ability to carry out its mission.

Essentially the proposed changes set forth herein amend and amalgamate both the Current Internal Audit Policy and the Current Whistleblowers Policy into a new Policy #111 (Internal Audit, Investigations, and Financial Whistleblowers Policy) (the “**New Policy #111**”).

Place and Promise COMMITMENT(s)	The proposed changes set forth herein support the Sustainability commitment.
Place and Promise ACTION(s)	<p>The Policy Review Committee’s recommended changes are intended to support the Sustainability commitment by:</p> <ol style="list-style-type: none"> 1. Strengthening the strategic and financial planning culture at the faculty and unit level; and 2. Providing a solid financial foundation for long term success through continuous improvement and active revenue management.
Description and Rationale	<p>The Current Internal Audit Policy was first approved in March 1994 and amended once in September 2007.</p> <p>On November 14, 2012, the Director of Internal Audit requested a review of the Current Internal Audit Policy to ensure that it properly reflected UBC’s commitment to financial transparency and accountability throughout its operations and defined Internal Audit’s non-audit investigations mandate, responsibility and authority.</p> <p>The proposed changes to the Current Internal Audit Policy include the following material amendments:</p> <p>Section 6 of the New Policy #111 expands Internal Audit’s mandate into preventing and investigating allegations of improper financial activity; providing an effective and safe disclosure reporting processes; and promoting ethical financial conduct by UBC members.</p> <p>Section 3 now clearly identifies examples of improper financial activity in order to empower UBC staff, faculty and students (“UBC Member(s)”) to self-govern their activities and to identify and report activities in contravention of the New Policy #111. The Current Whistleblowers Policy contains a safe reporting process but does not define what is considered as reportable suspicious financial activity.</p> <p>Section 4 now expressly confers stewardship responsibility and whistleblower protection upon all UBC members whether they are faculty, staff, or students, whereas the Current Whistleblowers Policy only provides whistleblower protection to UBC employees.</p> <p>Procedures 1 and 2 of the New Policy #111 grant additional guidance and directives with respect to appropriate reporting procedures and Internal Audit’s broader investigative role.</p> <p>Several provisions and procedures from the Current Whistleblowers Policy became the foundation for the strengthened reporting and protected disclosure provisions contained in the New Policy #111.</p> <p>The Current Whistleblowers Policy provides for reporting protection but does not currently contain any examples of acts considered to be retaliatory or any expressed obligation on the part of the protected whistleblower to continue to cooperate with UBC in good faith during an Internal Audit investigation.</p> <p>To address this, Section 5 now includes specific examples of such acts against UBC</p>

Members who have made a good faith report (e.g. termination, suspension or any action that adversely affects the employment or learning environment of a UBC member). UBC members can be confident that UBC is committed to protecting all good faith disclosures.

Under the Current Whistleblowers Policy, UBC states that it will maintain the confidentiality or anonymity of any whistleblower without exception. UBC's obligation to disclose information as may be required by law is now accommodated in Section 4 of the New Policy to reflect the reality of UBC's various, and at times competing, legal obligations.

SCHEDULE Subject to any feedback from the Board of Governors, the next steps will be to post the
Implementation New Policy #111 on UBC's website for public comment by the University community.
Timeline The Policy #111 Review Committee will be asked to consider any comments received. If necessary, further revisions may be made before the Board is then asked to approve the New Policy #111 and repeal both the Current Internal Audit Policy and the Current Whistleblowers Policy.

BENEFITS The adoption of the New Policy #111 and repeal of both the Current Internal Audit
 Learning, Research, Policy and the Current Whistleblowers Policy will reinforce UBC's reputation and
 Financial, commitment to maintaining sound management of its operations, funds and assets.
 Sustainability & Reputational

CONSULTATION This revision process was initially informed by input from Internal Audit and an in-
 Relevant Units, Internal depth review of comparable policies at UBC's peer institutions in Canada and the
 & External United States. The Office of the University Counsel then constituted a Policy #111
 Constituencies Review Committee comprised of the following members, to consider and advise on the creation of the New Policy #111:


Hubert Lai, Q.C., University Counsel (Co-Chair)
 Chelsea Thompson, Legal Counsel (Co-Chair)
 Michael Hartwick, Director, Internal Audit
 Johann Boulter, Associate Director, Internal Audit
 Ron Holton, Chief Risk Officer, Risk Management Services
 Michael Hartwick, Director, Internal Audit
 Johann Boulter, Associate Director, Internal Audit
 Susan Porter, Dean Pro Tem, Faculty of Graduate Studies
 Lindi Frost, Associate Director- Employee Relations, Human Resources
 Mark Vernon, Chief Operating Officer, Faculty of Medicine
 Ian Burgess, Comptroller, Comptroller's Office
 Shirley Nakata, Ombudsperson for Students
 Brian Lee, Assistant Dean- Finance, Arts Studies in Research Writing
 Michael Shakespeare, AVP Administration and Finance, UBC Okanagan

The Committee has reviewed, commented on, and approved the proposed amendments.

Additional Materials

The current versions of Policy #111 (Internal Audit) and Policy #118 (Whistleblowers) and a copy of the proposed New Policy #111 (Internal Audit, Investigations, and Financial Whistleblower Policy) are cwcej gf 0

Previous Report Date	N/A	Decision
Discussion Points		
Action / Follow Up		

 <p>The University of British Columbia Board of Governors</p>	<p>Policy No.:</p> <p>111</p>	<p>Approval Date: March 1994</p> <p>Last Revision: September 2007</p>
	<p>Responsible Executive: President</p>	
<p>Title:</p> <p style="text-align: center;">Internal Audit</p>		
<p>Background & Purposes: The University administers large volumes of funds for research, teaching and other University purposes. The University strives for transparency and accountability throughout its operations. The purpose of this Policy is to define the mandate, authority and responsibility of the Internal Audit Department.</p>		

1. Mandate of UBC Internal Audit

- 1.1. The mandate of the University's Internal Audit Department ("Internal Audit") is to provide independent, objective assurance of the University's operations. Internal Audit helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- 1.2. The scope of Internal Audit's work is to determine whether the University's risk management, control, and governance processes are adequate and functioning in a manner to ensure that:
 - 1.2.1. Risks are appropriately identified and managed.
 - 1.2.2. Significant financial, managerial, and operating information is accurate, reliable, timely and secure.
 - 1.2.3. Activities are in compliance with policies, standards, procedures, and applicable laws and regulations.
 - 1.2.4. Resources are acquired economically, used efficiently, and adequately protected.
 - 1.2.5. Programs, operations and plans, are consistent with the University's mission.
 - 1.2.6. Quality and continuous improvement are fostered in the University's control process.

2. Responsibility

- 2.1. The Director of Internal Audit shall be responsible for:
 - 2.1.1. Developing a flexible annual 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 (the “Audit Committee”) for review and approval.

- 2.1.2. Implementing the annual audit plan, as approved, including, and as appropriate, any special tasks or projects requested by management and the Audit Committee.
- 2.1.3. Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Policy.
- 2.1.4. Managing contracted resources, as necessary, to assist in the delivery of internal audit services.
- 2.1.5. Establishing a quality assurance program by which the Director assures the operation of internal auditing activities.
- 2.1.6. Issuing periodic reports to the Audit Committee and the Vice-President, Administration and Finance summarizing results of audit activities.
- 2.1.7. Keeping the Audit Committee and the Vice-President, Administration and Finance informed of emerging trends and successful practices in internal auditing.
- 2.1.8. Coordinating the investigation of suspected fraud and financial improprieties within the University.

3. Independence

- 3.1. To provide for the independence of Internal Audit, its personnel report to the Director, who reports to the Chair of the Audit Committee. Administratively, Internal Audit is a unit within the portfolio of the President’s Office. However, the appointment of the Director of Internal Audit cannot be changed, without the concurrence of the Audit Committee.

4. Authority

- 4.1. The Director and staff of Internal Audit are authorized to:
 - 4.1.1. Have unrestricted access to all functions, records, property, and personnel, as necessary to perform audits.
 - 4.1.2. Have full and free access to the Audit Committee and the President.
 - 4.1.3. Allocate resources within Internal Audit, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
 - 4.1.4. Obtain assistance of personnel or other services from within or outside the University as is necessary to conduct audits.
 - 4.1.5. Determine the contents of all Internal Audit reports summarizing the results of audit work.

- 4.2. Without the approval of the Audit Committee, the Director and staff of Internal Audit are not authorized to:
 - 4.2.1. Perform any operational duties for the University.
 - 4.2.2. Initiate or approve accounting transactions external to Internal Audit.
 - 4.2.3. Direct the activities of any University employee not employed by Internal Audit, unless those activities are necessary to the conduct of an internal audit or to the extent such employees have been assigned to assist Internal Audit.

5. Reporting


- 5.1. The Director of Internal Audit (the “Director”) shall report to the Chair of the Audit Committee:
 - 5.1.1. Significant issues related to the adequacy and effectiveness of the University’s processes for controlling its activities and managing its risks, including potential improvements to those processes, and provide information concerning such issues through resolution.
 - 5.1.2. The status and results of the annual audit plan and the sufficiency of Internal Audit resources.

6. Standards of Audit Practice

- 6.1. Internal Audit will follow guidance from the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors.

7. Confidentiality of Engagement Records


- 7.1. The Director will control access to audit engagement reports and working papers. The Director will consult with appropriate senior management and/or the Office of the University Counsel prior to releasing engagement records to external parties.
- 7.2. Internal Audit will provide copies of audit plans and reports to the University’s external auditors.

 <p>The University of British Columbia Board of Governors</p>	<p>Policy No.: 118</p>	<p>Approval Date: June 5, 2008</p> <p>Last Revision:</p>
	<p>Responsible Executive: Vice-President, Administration and Finance</p>	
<p>Title: Whistleblowers</p>		
<p>Background: Changes in the business and financial environment are resulting in new standards of governance and accountability, especially in the area of possible accounting irregularities or fraud. In order to meet the current best practices, organizations are establishing and communicating "whistleblower" procedures to all members of the organization. The principles of a whistleblower process are to provide a workplace environment in which employees feel they can report their legitimate concerns, without risk of discrimination or other adverse employment actions. Whistleblower procedures provide a process for the reporting of employee complaints and concerns, on a confidential and anonymous basis. The University has always been an open and accountable place, which encourages a culture of discussion, and which has provided, for many years, channels of communication for faculty and staff to convey their concerns.</p> <p>The University has strong systems of internal control and other checks and balances, to help ensure high standards of financial administration. Notwithstanding these controls, the University also employs thousands of people, and improper financial events may occur, which are damaging to individual departments, and to the reputation of the University for financial integrity and public trust.</p> <p>Purpose: The purpose of this notice is to communicate the process that should be followed by faculty and staff with concerns regarding incidents of suspected financial misconduct.</p>		

1. General

- 1.1. Employees are encouraged to report suspicious financial activity or concerns, to their administrative manager, and to the Director of Internal Audit. The report can be made verbally, or in writing, and can be made openly, confidentially or anonymously. The Director of Internal Audit can be reached at 604-822-9041, or by mail at 6000 Iona Drive, Vancouver, V6T 1L4. Internal Audit reports to the Audit Committee of the Board of Governors, and is independent of University management.
- 1.2. All complaints or concerns will be taken seriously. The University is committed to promptly investigating allegations of improper activity. Complacency, deception or cover up of wrongful acts is not tolerated. The Internal Audit Department will conduct an objective, timely and fair investigation, respecting the rights of individuals. The anonymity of the person providing the information will be maintained.

- 1.3. Internal Audit will report on each allegation, to the appropriate member of senior administration, and to the Audit Committee of the Board of Governors.
- 1.4. Employees found to have participated in wrongful acts will be subject to disciplinary action, which may include termination of employment and prosecution. These principles apply equally to all employees, regardless of their position, past performance or length of service. The RCMP will be contacted where criminal charges may be warranted. Disciplinary actions shall also apply to situations where an employee makes an unjustified allegation, with the intention of disrupting operations, or harming another member of the University.
- 1.5. An employee making an allegation of suspected improper activity in good faith will be protected from discrimination or dismissal. The University will not tolerate any retaliation directly or indirectly against anyone who, in good faith, makes an allegation of wrongdoing. The University will not reveal the identity of any person who makes a good faith allegation and who asks that their identity remain confidential.

 <p>The University of British Columbia Board of Governors</p>	Policy No.: 111	Approval Date: June 5, 2008 Last Revision: [2013]
	Responsible Executive: President	
Title: Internal Audit, Investigations, and Financial Whistleblower Policy		
<p>Background: 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.</p> <p>Purpose: 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.</p>		

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 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 *Policy #1: Administration of Policies*). 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

Approved: [*], 2013

Pursuant to Policy #1: Administration of Policies, "Procedures may be amended by the President, providing the new procedures conform to the approved policy. Such amendments are reported at the next meeting of the Board of Governors." Note: the most recent procedures may be reviewed at <http://universitycounsel.ubc.ca/policies/index/>.

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.
- 2.5. The Director may undertake any further actions as delegated to the Director by the Responsible Executive, Board of Governors or the Audit Committee Chair.