



## ***Fraud Prevention Policy***

**Effective Date: November 27, 2018**

**Amendment Date: June 23, 2020**

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### **PURPOSE**

- a) To facilitate the development of procedures and controls that will aid in the prevention and detection of fraud against Alberta Pensions Services Corporation (“APS” or the “Corporation”) and the pension plans administered by the Corporation (the “Pension Plans”), provide guidelines and assign responsibility for the conduct of investigations and the development and implementation of controls.
- b) The Corporation has a commitment to high legal, ethical and moral standards. Corporation employees, directors, contractors, vendors and other parties who act for or on behalf of the Corporation are expected to share this commitment. The Corporation has procedures in place that reduce the likelihood of fraud occurring and increase the likelihood of detection including systems of internal control and risk assessments. In addition, the Corporation seeks to ensure that a risk awareness culture exists throughout the organization.

### **SCOPE**

- a) This policy applies to all APS employees as well as directors, contractors, vendors and other parties with a business relationship with the Corporation or the Pension Plans.
- b) References herein to specific job titles or roles shall apply to any future individuals with different job titles or roles but who carry on substantially the same employment role or function.

### **POLICY STATEMENT**

- a) Fraud is defined as any dishonest, irregular or illegal acts, characterized by a deliberate intent at concealment or false representation, resulting in the diversion of Corporation or Pension Plan resources, whether or not for personal gain.
- b) Fraud, in any form, will not be tolerated. This includes acts of fraud committed against the Corporation or the Pension Plans as well as acts committed against an outside party intended to benefit the Corporation or the Pension Plans. Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities.
- c) Any employee or director who knowingly observes or suspects dishonest or fraudulent activity must report it immediately in accordance with the “Reporting Procedures” section of this policy. All reasonable steps will be taken to protect the confidentiality of a person who in good faith advises of or reports possible misconduct and to ensure the employment status or business relationship of such person will not be affected by so advising or reporting.
- d) The Corporation is committed to investigating all cases of suspected fraud and taking the appropriate action following such investigations. Where it is justified, disciplinary action, including termination with cause, criminal prosecution or legal action will be taken against any individual or group who



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perpetrates any act constituting fraud against the Corporation or the Pension Plans and all necessary steps will be taken to recover any losses incurred.

- e) Any investigative activity required will be conducted without regard to the alleged wrongdoer's length of service, position, title or relationship to the Corporation.

### **ACTIONS CONSTITUTING FRAUD**

- a) Examples of acts considered fraudulent include but are not limited to the following:
  - i. Misappropriation of funds, supplies, materials or other assets;
  - ii. Forgery or alteration of any document or account belonging to the Corporation including but not limited to cheques, invoices, bank drafts, contracts, payroll records, timekeeping records and others;
  - iii. Financial reporting schemes such as manipulating recovery of costs, overstatement of assets, understatement of liabilities, recording of fictitious or misleading transactions;
  - iv. Bribery, extortion, kickback schemes, misrepresentation, concealment of material facts, inappropriate manipulation of data, systems or records;
  - v. Impropriety in the handling or reporting of money or financial transactions;
  - vi. Falsification or misrepresentation of travel, meals, education and personal expense claims;
  - vii. Having an undisclosed direct or indirect financial interest in a company doing business with the Corporation or Pension Plans.
  - viii. Profiteering as a result of insider knowledge of company activities;
  - ix. Intentionally disclosing confidential and proprietary information to outside parties;
  - x. Offering or accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Corporation or Pension Plans which may influence or be perceived to influence the actions of either party, other than items of modest value in the context of appropriate business conduct (see the Code of Conduct Policy and Guidelines);
  - xi. Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
  - xii. Any similar or related irregularity.
- b) Any questions as to whether an action constitutes fraud should be referred to the Director, Risk Management & Compliance or the Manager, Internal Audit for guidance. If in doubt, it is encouraged



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that the event should be reported in accordance with the “Reporting Procedures” section of this policy for investigation.

### **INVESTIGATION RESPONSIBILITIES**

- a) The Internal Audit department has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. Under the direction of the Director, Risk Management & Compliance, in consultation with the Audit Committee Chair, the investigations may be conducted internally or by external resources and may include the appointment of ad-hoc committees or investigation teams. All investigations of suspected fraudulent acts under this Policy are to be conducted in a manner and on timelines generally consistent with investigations under Part 3 of APS’ Whistleblower Policy (read with all modifications necessary to the context of and express provisions of this Policy)..
- b) For purposes of investigating suspected fraud, Internal Audit or the parties authorized by them will have:
  - i. Free and unrestricted access to all Corporation and Pension Plan records and premises, whether owned or rented; and
  - ii. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, computer hardware, electronic data storage systems and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation. This access is only permitted in relation to an investigation and must be in accordance with privacy legislation and in accordance with employment contracts or collective agreements.
- c) Employees, directors, contractors, vendors and other parties who act for or on behalf of the Corporation should not attempt to personally conduct investigations or interviews or interrogations related to any suspected fraudulent act. Great care must be taken by trained personnel in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

### **CONFIDENTIALITY**

All parties involved in the investigation of a suspected fraudulent act will treat all information received in the strictest of confidence and all reasonable steps will be taken to protect the confidentiality of a person who in good faith advises of or reports possible misconduct. Investigation results will not be disclosed or discussed with anyone other than those with a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Corporation from potential legal liability.



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---

### **REPORTING PROCEDURES**

- a) We value the integrity of our staff, contractors and other parties with a business relationship to the Corporation and the Pension Plans and other members of the public and recognize that they have a key role to play in the prevention, detection and reporting of fraud and misconduct and they have a responsibility to be vigilant at all times and to report any concerns they have at the earliest opportunity.
- b) Reports of suspected frauds should be made in accordance with the Whistleblower Policy that includes options for reporting directly to the Director, Risk Management & Compliance or through a confidential and anonymous reporting mechanism with a third party service provider which can be accessed on a 24/7 basis via a web-based tool at **www.apsc.ethicspoint.com** or by calling the toll-free hotline at **1-844-282-9638**.
- c) The Corporation has a commitment to high legal, ethical and moral standards and we are committed to maintaining an honest, open and well-intentioned working environment where people are confident to raise their concerns without fear of reprisal. However, individuals who knowingly make false allegations of fraud will be subject to appropriate discipline.
- d) Investigation status or results will not be provided to anyone other than those who have a legitimate need to know. In accordance with the Whistleblower Policy, the Director, Risk Management & Compliance will engage the Audit Committee as required and will provide regular reports on suspected fraud incidents, results of investigations, management action plans to respond to fraud risks and incidents and action plans for discipline where applicable.

### **AUTHORITY**

- a) This policy follows the requirements defined in the following:
  - APS Audit Committee Charter
- b) The Fraud Prevention Policy complements and reinforces, rather than replaces, other APS policies concerning appropriate conduct, including but not limited to the referenced items below.
  - Code of Conduct and Ethics Policy and Guidelines
  - Whistleblower Policy
  - No Discrimination/Harassment; Harassment Free Workplace Policy
  - Attendance of Off-site Non-APS Corporation Sponsored Events



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### **ROLES and RESPONSIBILITIES**

- a) *Audit Committee* – The APS Board’s Audit Committee shall receive regular reports on suspected fraud incidents, results of investigations, management action plans to respond to fraud risks and incidents and action plans for discipline where applicable.
- b) *Audit Committee Chair* – The Chair will be responsible for ensuring that appropriate investigative actions and regular reporting are being managed by the Director, Risk Management & Compliance.
- c) *Chief Executive Officer (CEO)* – Responsible to set the appropriate tone of intolerance of fraud, to issue instructions as necessary for implementation and promotion of this policy as required and to ensure that all employees/directors are aware of their obligations.
- d) *Chief Financial Officer* – Responsible to ensure that appropriate resources are allocated to support the provisions of this policy, to ensure that annual fraud risk awareness training is delivered, to set the appropriate tone of intolerance of fraud and ensure this policy is updated.
- e) *Director, Risk Management & Compliance* – Responsible for taking appropriate investigative actions and reporting consistent with direction from the Audit Committee Chair. Also responsible for the management of investigations, and reporting to the Audit Committee and APS management as appropriate. In addition, APS Management and Human Resources will be informed and engaged for disciplinary actions, as deemed appropriate.
- f) *APS Management* – Management has a duty to familiarize themselves with the types of improprieties that could occur within their areas of responsibility and to be alert for any indications of irregularities. This includes identifying the risks to which systems and procedures are exposed, developing and maintaining effective controls to prevent and detect fraud; ensuring that controls are being complied with and to set the appropriate tone of intolerance of fraud.
- g) *Internal Audit* – Primary responsibility for the impartial, confidential and prudent investigations of alleged fraudulent misconduct and reporting to management and the Audit Committee as appropriate.
- h) *Human Resources* – Primary responsibility to determine appropriate disciplinary actions for APS employees/directors who have committed fraud or retaliated against another employee/director who reported fraud. Appropriate individuals from management will be consulted, as deemed necessary.
- i) *All APS Employees* – Responsible to comply with this policy, to participate in annual training sessions and to set the appropriate tone of intolerance for fraud by complying with all laws, rules, regulations, professional codes of conduct and policies and being vigilant for fraud incidents or risks. All employees are also responsible for reporting of any act or situation that occurs that may be covered by the spirit or intent of this policy.



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**EXEMPTION**

There are no exemptions to this policy.

**REVIEW**

The Chief Financial Officer will cause this policy to be reviewed, at a minimum, triennially.

AS AMENDED by Resolution of the APS Board of Directors on the 23<sup>rd</sup> day of June, 2020.

*[Original Signed By]* \_\_\_\_\_

Corporate Secretary