



Regular Meeting Agenda

Audit Committee

The Corporation of the City of Brampton

Tuesday, September 28, 2021

9:30 a.m.

Council Chambers - 4th Floor, City Hall - Webex Electronic Meeting

Members:

Regional Councillor M. Medeiros	Wards 3 and 4
Regional Councillor R. Santos	Wards 1 and 5
Regional Councillor M. Palleschi	Wards 2 and 6
Regional Councillor G. Dhillon	Wards 9 and 10
City Councillor J. Bowman	Wards 3 and 4
City Councillor D. Whillans	Wards 2 and 6
City Councillor H. Singh	Wards 9 and 10
Iqbal Ali	Citizen Member
Rishi Jain	Citizen Member
Abid Zaman	Citizen Member

NOTICE: In consideration of the current COVID-19 public health orders prohibiting large public gatherings and requiring physical distancing, in-person attendance at Council and Committee meetings will be limited to Members of Council and essential City staff only. Public attendance at meetings is currently restricted. It is strongly recommended that all persons continue to observe meetings online or participate remotely.

For inquiries about this agenda, or to make arrangements for accessibility accommodations for persons attending (some advance notice may be required), please contact:

Sonya Pacheco, Legislative Coordinator, Telephone 905.874.2178, TTY 905.874.2130 cityclerksoffice@brampton.ca

Note: Meeting information is also available in alternate formats upon request.

1. Call to Order
2. Approval of Agenda
3. Declarations of Interest under the Municipal Conflict of Interest Act
4. Consent

In keeping with Council Resolution C019-2021, agenda items will no longer be pre-marked for Consent Motion approval. The Meeting Chair will review the relevant agenda items during this section of the meeting to allow Members to identify agenda items for debate and consideration, with the balance to be approved as part of the Consent Motion given the items are generally deemed to be routine and non-controversial.

5. Presentations\Delegations

6. Reports - Internal Audit

- 6.1. Staff Report re: Corporate Fraud Prevention Hotline Update –Q2 2021

To be received

- 6.2. Staff Report re: Fraud Hotline Expansion to Brampton Residents

To be received

- 6.3. Staff Report re: Status of Management Action Plans (MAP) – June 30, 2021

To be received

- 6.4. Staff Report re: Status Update on Internal Audit's Referred Matters

To be received

6.5. Staff Report re: Corporate Governance Audit Report

To be received

7. **Reports - Finance**

8. **Other/New Business**

9. **Question Period**

10. **Public Question Period**

15 Minute Limit (regarding any decision made at this meeting)

During the meeting, the public may submit questions regarding recommendations made at the meeting via email to the City Clerk at cityclerksoffice@brampton.ca, to be introduced during the Public Question Period section of the meeting.

11. **Closed Session**

Note: A separate package regarding this agenda item is provided to Members of Council and senior staff only.

11.1. Open Meeting exception under Section 239 (2) (a) of the Municipal Act, 2001:

The security of the property of the municipality or local board.

11.2. Open Meeting exception under Section 239 (2) (a) of the Municipal Act, 2001:

The security of the property of the municipality or local board.

11.3. Open Meeting exception under Section 239 (2) (a) of the Municipal Act, 2001:

The security of the property of the municipality or local board.

- 11.4. Open Meeting exception under Section 239 (2) (f) and (k) of the Municipal Act, 2001:

Advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and, a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

- 11.5. Open Meeting exception under Section 239 (2) (d) and (f) of the Municipal Act, 2001:

Labour relations or employee negotiations; and, advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

12. **Adjournment**

Next Regular Meeting: Tuesday, December 7, 2021

Date: 2021-09-08

Subject: **Corporate Fraud Prevention Hotline Update –Q2 2021**

Contact: Gurpreet Singh, Acting Director, Internal Audit, 905-874-2427,
gurpreet.a.singh@brampton.ca

Report Number: CAO's Office-2021-1024

Recommendations:

1. That the report titled: **Corporate Fraud Prevention Hotline Update- Q2 2021**, to the Audit Committee Meeting of September 28, 2021, be received.

Overview:

- The Corporate Fraud Prevention Hotline (“Fraud Hotline”) was launched on July 4, 2016 for the use of City of Brampton employees;
- For the period April 1, 2021 to June 30, 2021, 25 new reports have been receive by the Fraud Hotline; and
- Internal Audit will provide ongoing updates on the status of the Fraud Hotline to the Audit Committee.

Background:

As part of the City of Brampton’s (“the City”) commitment to protecting its assets, a Fraud Framework to prevent, detect, and report incidents of fraud, as well as investigate any suspected acts of fraud, was established. On July 4, 2016 the City launched the Corporate Fraud Prevention Hotline, which allows City employees to report alleged incidents of fraud. The Fraud Hotline allows employees to report incidents of suspected fraud anonymously and confidentially 24 hours a day, seven days a week. Employees can submit a report through a third-party secure website or over the phone through a third-party dedicated toll-free number.

As a result of low activity related to the Fraud Hotline and the number of new employees joining the City, the Fraud Framework was re-launched in 2018, consisting of the updated Fraud Prevention Policy and the Fraud Hotline. The Fraud Framework complements other existing policies, which taken together, are intended to support and strengthen the City's commitment to the Corporate Values of courage, trust, compassion, and integrity.

Internal Audit performs its assurance and consulting activities guided by a philosophy of adding value to improve the operations of the City of Brampton. As part of this commitment, Internal Audit has created and maintains an Employee Fraud Awareness Program, providing employees with tools and information, and encouraging the use of the Fraud Hotline. If required, employees should feel empowered to do the right thing to ensure the City's assets are protected.

Current Situation:

Internal Audit updates the Audit Committee on the status of the Fraud Hotline, including statistics on the number and types of reports received. The Fraud Hotline received 25 new reports between April 1, 2021, and June 30, 2021. 2 reports have been closed and 23 remain under review.

The following is a high-level summary of the complaints received in Q2 2021:

- Non-compliance with policy or procedure;
- Improper recruitment and hiring practices;
- The hiring of unqualified personnel;
- Procurement issues;
- Discrimination; and
- Bullying and harassment.

Of the 25 reports received in Q2, 21 reports are related to similar allegations received through the Fraud Hotline in the past. Internal Audit is waiting for the final results of the previously conducted work in 2020 on those allegations by a third party, engaged by HR, to determine the next steps in regards to handling these new reports.

The following table provides a list of all reports received and their disposition for the period of April to June 2021.

Table 1: Reports Received April- June 2021

Date Submitted	Report Category	Report Method	Report Disposition	Report Status	Reporter Notification
May 2021	Harm to People	Web	Under Review	Open	No
June 2021	Harm to People	Web	Under Review	Open	No
June 2021	Harm to People	Web	Under Review	Open	No
May 2021	Harm to People	Web	Under Review	Open	No

June 2021	Unethical Conduct	Web	Under Review	Open	No
June 2021	Manipulation or Falsification of Data, Records, Reports, Contracts	Web	Under Review	Open	No
May 2021	Harm to People	Web	Under Review	Open	No
May 2021	Harm to People	Web	Under Review	Open	No
May 2021	Unethical Conduct	Web	Under Review	Open	No
May 2021	Harm to People	Web	Under Review	Open	No
May 2021	Harm to People	Web	Under Review	Open	No
May 2021	Harm to People	Web	Under Review	Open	No
May 2021	Harm to People	Web	Under Review	Open	No
May 2021	Unethical Conduct	Web	Under Review	Open	No
May 2021	Unethical Conduct	Web	Under Review	Open	No
May 2021	Unethical Conduct	Web	Under Review	Open	No
May 2021	Unethical Conduct	Web	Under Review	Open	No
May 2021	Unethical Conduct	Web	Under Review	Open	No
May 2021	Harm to People	Web	Under Review	Open	No
May 2021	Unethical Conduct	Web	Under Review	Open	No
May 2021	Unethical Conduct	Web	Under Review	Open	No
April 2021	Unethical Conduct	Web	Insufficient information	Closed	No
April 2021	Unethical Conduct	Web	Under Review/ Referred to 3 rd party	Open	Yes
April 2021	Unethical Conduct	Web	Under Review/ Referred to 3 rd party	Open	No
May 2021	Miscellaneous	Transcribed	IA Investigation	Closed	N/A

A 'No' in the Reporter Notification column indicates the reporter chose not to be notified of updates or requests for additional information; they must log on to the system to look for changes.

Corporate Implications:

Financial Implications:

The 2021 operating budget approved by Council, includes amounts for a third-party to operate the Corporate Fraud Prevention Hotline.

Other Implications:

None

Term of Council Priorities:

This report fulfills the Council Priority of ‘Brampton is a well-run city’ through the support of the Corporate Fraud Prevention Policy and Fraud Hotline, which promote Corporate accountability, our Corporate values, and governance best practices.

Conclusion:

The Corporate Fraud Prevention Policy and Hotline enhances and strengthens the City’s governance structure. It reinforces Council’s expectations regarding rules of behavior and emphasizes the values of the City. Internal Audit will continue to update the Audit Committee on the status of the Fraud Hotline and any ongoing and/or completed Fraud investigations.

Authored by:

Sabrina Cook, Research Coordinator
Internal Audit

Reviewed by:

Gurpreet Singh, Acting Director
Internal Audit

Approved by:

Gurpreet Singh, Acting Director
Internal Audit

Submitted by:

David Barrick
Chief Administrative Officer

Attachments:

N/A

Date: 2021-08-27

Subject: **Fraud Hotline Expansion to Brampton Residents**

Contact: Gurpreet Singh, Acting Director, Internal Audit, 905-874-2427,
gurpreet.a.singh@brampton.ca

Report Number: CAO's Office-2021-979

Recommendations:

1. That the report titled: **Fraud Hotline Expansion to Brampton Residents**, to the Audit Committee Meeting of September 28, 2021, be received.

Overview:

- Currently, the City of Brampton's Fraud Hotline is available to employees only;
- At the February 23, 2021 Audit Committee Meeting, Internal Audit was asked to further research the implications of potentially expanding the Fraud Hotline to members of the public i.e. Brampton residents; and
- Internal Audit conducted research, including municipal benchmarking, and has provided an analysis of the potential expansion of the Fraud Hotline.

Background:

As part of the City of Brampton's ("the City") commitment to protecting its assets, the City launched the Corporate Fraud Prevention Hotline ("Fraud Hotline") in July 2016, which allows City employees to report alleged incidents of fraud. Currently, The Fraud Hotline is only available to City employees, and is available 24 hours a day, seven days a week, also allowing staff to remain anonymous should they so choose. To report an incident of suspected fraud, employees can submit a report through the third-party secure website, over the phone through a third-party dedicated toll-free number, or directly informing their manager and/or Internal Audit (i.e. transcribed reports).

Between 2016- and the second quarter of 2021, a total of 105 reports have been received via the Fraud Hotline. Of those 105 reports, 19 reports were transcribed, one report was made via a Hotline Agent (i.e. telephone), and the remaining 85 reports were made via the secure third party website (i.e. web).

When a report of suspected fraud is made, the Director of Internal Audit, reviews the report to determine next steps (i.e. conducts a preliminary assessment). The Director may delegate the report to another designated reviewer (an Internal Audit staff person) for investigation, or meet with other City divisions to discuss the allegations. Where reports are determined not to be Fraud related but rather HR related issues, such as workplace harassment, Internal Audit may delegate the report to the relevant division for investigation, though still managing and overseeing the investigation through to conclusion, and reporting to the Audit Committee. Should any reports be made about members of Council, Internal Audit will advise the complainant to directly contact the City's Integrity Commissioner to file a report. On a quarterly basis, Internal Audit reports to Audit Committee providing a high level summary of reports received through the Fraud Hotline.

At the February 23, 2021 meeting of Audit Committee, Internal Audit presented preliminary research regarding the potential expansion of the Fraud Hotline to members of the public. Audit Committee members asked staff to conduct further research, specifically, to clarify the implications of this potential expansion to Brampton residents.

Current Situation:

Internal Audit conducted further benchmarking with four comparable municipalities (City of Toronto, City of Ottawa, City of Hamilton, City of Mississauga, and the Region of Peel), to determine the impact of having the Fraud Hotline available to the public.

The Cities of Toronto and Ottawa have had their Fraud Hotline open to their staff and members of the public for a considerable amount of time (10+ years), while the City of Hamilton more recently expanded their Fraud Hotline to the public (2018). The City of Mississauga and the Region of Peel have internal Fraud Hotlines available only to their respective employees.

The main findings from our conversations with the three municipalities with external Fraud Hotlines are as follows:

- A robust communications plan and framework are recommended for successful implementation and roll-out of a Fraud Hotline to residents;
- The volume of the Fraud Hotline, when expanded to the public, is dynamic and unpredictable in nature, and is expected to be especially high in the first few years of the initial launch;

- Not all reports will be matters related to City, but rather concerning other issues or relating to other levels of government or government agencies. In such cases, reporter will need to be directed to another reporting mechanism (e.g. The Integrity Commissioner, Region of Peel, 3-1-1, Service Brampton etc.) for consideration;
- The Fraud Hotline receives reports that are not related to fraud, waste, or wrongdoing. While these reports are not investigated by Internal Audit staff, they are referred to the appropriate parties within the City for resolution, and this requires time and resources;
- Internal Audit staff are required to work on assessments and investigations resulting from the Fraud Hotline reports. As such, the audit workplan for the year may be impacted when a larger or more in depth investigation is required and takes priority, thus potentially resulting in deferred audits;
- The public sees issues from a different perspective, which creates increased oversight on potential issues of fraud, waste, and wrongdoing in the city;
- Expanding the Fraud Hotline to members of the public highlights areas of concern and potential risk. Areas of concern, risks, and trends will be identified as reports are received and investigations are conducted, and Internal Audit may determine an audit of certain areas and/or processes is necessary in the future; and
- Approximately 2 FTEs (in Internal Audit) are required to successfully operate the Hotlines which are available to both employees and members of the public.

Other Considerations

Internal Audit has noted some key considerations which should be taken into account by Audit Committee when determining whether to expand the Fraud Hotline to members of the public:

- Should the Fraud Hotline be expanded to members of the public, the volume of reports will increase. As such, there would be a resource impact on divisional staff across the City, including Internal Audit. An increased number of complaints will require the time and expertise of Internal Audit, Human Resources, Legal, and other divisional staff to conduct and support investigations;
- Due to the dynamic nature of the Fraud Hotline, it is difficult to anticipate the number of reports that will be submitted and whether the City has the existing capacity to investigate all reports in a timely and responsible manner;
- The cost of operating the expanded Fraud Hotline will depend on which option Audit Committee directs staff to employ. Currently, the web and telephone options are available for employees, and best practice is to have those two options available for members of the public as well. Not all residents have access to the internet and/or computers, so having the telephone option available will ensure the Fraud Hotline is accessible to everyone. Refer to Appendix 1 for the cost breakdown as provided to Internal Audit by the vendor in January 2021;
- It may not be possible to quantify the savings associated with expanding the Fraud Hotline to members of the public;

- The Corporate Fraud Prevention Policy and Fraud Standard Operating Procedure (SOP) would have to be updated to capture the changes resulting from the Fraud Hotline expansion; and
- Other related City Policies and procedures would have to be enhanced or updated, especially those relating to public complaints and frivolous or vexatious complaints.

Corporate Implications:

Financial Implications:

Should it be decided to expand the Fraud Hotline to members of the public, there will be an associated budget impact. Internal Audit would require additional staff members in order to successfully manage the Fraud Hotline. The cost options of the Fraud Hotline expansion were provided to Internal Audit by the current vendor in January 2021, and may be subject to change. Please refer to Appendix 1 for the Fraud Hotline operating costs.

Other Implications:

N/A

Term of Council Priorities:

This report fulfills the Council Priority of ‘Brampton is a well-run city’ through the support of the Corporate Fraud Prevention Policy and Fraud Hotline, which promote Corporate accountability, our Corporate values, and governance best practices.

Conclusion:

The City’s Fraud Hotline is currently available to all employees who wish to file a report of suspected fraud. An expanded Fraud Hotline, made available to members of the public, would enhance the City’s commitment to corporate governance, accountability, and transparency. Expanding the Fraud Hotline to members of the public would help mitigate the risk of unethical behavior and fraudulent activity. Internal Audit’s review of three comparable municipalities indicated that expanding the Fraud Hotline to members of the public will impact the audit workplan, as Internal Audit receives reports which identify trends, potential risks, and areas of concern. The expanded Fraud Hotline would be expected to generate an increased volume of reports, which will cause a strain on City resources, as additional Internal Audit staff would be required to successfully operate the Fraud Hotline.

Authored by:

Sabrina Cook, Research Coordinator
Internal Audit

Reviewed by:

Gurpreet Singh, Acting Director
Internal Audit

Approved by:

Gurpreet Singh, Acting Director
Internal Audit

Submitted by:

David Barrick
Chief Administrative Officer

Attachments:

Appendix 1: Cost Options for the Fraud Hotline
Appendix 2: Corporate Fraud Prevention Policy
Appendix 3: Fraud Investigation and Reporting SOP

Appendix 1: Cost Options for the Fraud Hotline

The current service provider quoted Internal Audit the following pricing options for the Fraud Hotline.

Scenario	Description	Other Information	Pricing for 2021
Option 1	City staff only	Web and phone	\$16,000 (same as 2020)
Option 2	City staff and members of the public	Web and phone (staff); Web only for the public	Staff: \$16,000 Public: \$6,000
Option 3	City staff and members of the public	Web and shared phone number	Staff: \$16,000 Public: \$9,000
Option 4	City staff and members of the public	Web and two separate phone numbers	Staff: \$16,000 Public: \$9,500

Category: Governance

Title: Corporate Fraud Prevention Policy

Policy Number: GOV-110

Approved by: AU035-2019, C353-2019

Administered by: Office of Internal Audit

Effective: September 1, 2019

1. Background

The operation of municipalities is subject to risk of Fraud.

The City's goal is to establish and maintain an environment of fairness, ethical behaviour and honesty for employees, contractors, suppliers and those with whom the City has a relationship. To maintain such an environment requires the active assistance of each and every employee every day.

The City is committed to the deterrence, detection and correction of Fraud, implementation of measures to prevent, detect and report Fraud, and investigation of any suspected acts of Fraud.

2. Purpose

The purpose of this Policy is to provide guidance and establish responsibilities for the prevention, detection and reporting of Fraud, the conduct of Fraud investigations and the consequences when Fraud is found to have occurred.

3. Application and Scope

3.1 This Policy applies to:

- All employees or persons acting on behalf of the City including management, bargaining unit staff and regular and temporary employees; and
- Contractors, vendors and outside agencies doing business with the City who have agreed to be bound by this Policy.

- 3.2 This Policy does not apply to the Mayor and Members of Council who are governed by a separate Council Code of Conduct. Any behaviour or activity that contravenes that Code may be directed to the Office of the Integrity Commissioner.
- 3.3 This Policy applies to acts of unethical or dishonest conduct defined as Fraud for the purposes of this Policy.

4. Outcomes

- 4.1 Intended outcomes of this Policy are:
- a. An environment of fairness, ethical behaviour and honesty for our employees, contractors, suppliers and other parties with whom the City has established a relationship;
 - b. Zero tolerance for Fraud; and
 - c. Reasonable efforts to obtain recovery of any losses due to Fraud.

5. Policy Statements

- 5.1 Any person who suspects an act of Fraud by anyone who falls under the scope of this Policy must immediately report the event. Reports shall be made directly to the Chief Audit Executive (CAE), to their supervisor, or anonymously via the Fraud Prevention Hotline.
- 5.2 The City will not tolerate any form of retaliation against Whistleblowers who, in good faith, provide information concerning Fraud.
- 5.3 City staff are responsible for reporting, in good faith, any suspected Fraud.
- 5.4 Suspected acts of Fraud will be investigated in an impartial manner regardless of the suspected person's length of service, position, title or relationship to the City.
- 5.5 Due to the important and sensitive nature of suspected Fraud, effective professional follow-up and investigation is critical. Persons reporting suspected Fraud should not, under any circumstances, perform investigative or other follow-up steps on their own.
- 5.6 The Office of Internal Audit should be contacted if there are any questions or for clarification of what constitutes Fraud.

6. Definitions

- 6.1 In this Policy,

Assets – All property of the City, including but not limited to equipment, financial assets, land, vehicles, material, uniforms, cell phones, computers, electronic mail,

internet services, records, information and work time;

City – The Corporation of the City of Brampton;

Fraud – All unethical or dishonest acts, deception, abuse, waste and misconduct including, but not limited to:

- a. Intentional diversion, manipulation, misapplication, mistreatment or misuse of City resources;
- b. A false representation of facts, including making false or misleading statements, or trying to hide wrongdoing by a person or an organization;
- c. Deception which is intentional and results in a benefit to a person and/or causes damage, harm, or loss to the City or others;
- d. Unnecessary spending or careless squandering of the City's resources;
- e. Conduct contrary to the Employee Code of Conduct, specifically:
 - Failure to disclose a conflict of interest of whether direct or indirect;
 - Breach of trust;
 - Solicitation of gifts and/or benefits; and
 - Unauthorized use of City property and Assets for personal benefit, gain or enjoyment.
- f. Examples of fraud under this Policy include:
 - Obtaining a benefit or service from the City for which the person does not qualify;
 - Providing a City benefit or service to a person for which that person does not qualify;
 - Unauthorized reductions in fees or fines;
 - Suspending or terminating enforcement action based on a personal relationship;
 - Bid-fixing;
 - Authorizing contracts in violation of City purchasing laws;
 - Failure to disclose an actual or potential conflict of interest;
 - Accepting bribes or kickbacks;
 - Accepting gifts in excess of \$50;
 - Carrying on a personal business during City of Brampton work hours using City resources;
 - Wilful destruction of City property;
 - Forgery or alteration of a cheque, document, or account belonging to the City;
 - Misappropriation or embezzlement of City funds, securities, supplies or other Assets;
 - Unauthorized personal use of Assets;
 - Personal use of procurement cards (P-Card) without reimbursement;
 - Making an allegation of fraud known to be false;
 - Profiting as a result of insider knowledge;
 - Theft of cash, cheques, procurement cards or other Assets;

- Falsifying records such as timecards, expense reports or official documents;
- Any activity (including computer related) involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of City-owned software, hardware or other Assets;
- Breach of federal, provincial or municipal legislation;
- Disclosure of confidential information for personal gain;
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/material to the City or City job applicants;
- Unauthorized use or misuse of City facilities, equipment, vehicles or other Assets;
- Falsifying time worked or leave taken on a timesheet;
- Retaining ineligible dependents on health care coverage; and
- Incurring unnecessary costs as a result of inefficient or negligent practices, systems or controls.

Good Faith – A sincere belief or motive without any malice or the desire to defraud others.

Person – Includes individuals and companies;

Whistleblower – A person who, in good faith, reports an activity which he or she believes to be Fraud.

7. Investigating Fraud

- 7.1 The Office of Internal Audit has the primary responsibility for the management and coordination of the investigation of all suspected Fraud and related investigative activities with appropriate parties, as required.
- 7.2 The Office of Internal Audit and, if applicable, the members of the investigative team will have:
 - Free and unrestricted access to all City records, except records which are protected by law, and premises, whether owned or rented.
 - The authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities (whether in electronic or other format) without the prior knowledge or consent of any person who might use or have custody of such items or facilities when it is within the scope of investigation or related follow up activities.
- 7.3 Any person involved in an investigation of suspected Fraud shall keep the content of the investigation confidential. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know.

- 7.4 At the conclusion of an investigation, the CAE will report to a member of the Senior Leadership Team whom the CAE considers appropriate on any findings of active fraud or a breach of this Policy.

8. Acting in Good Faith

- 8.1 Anyone reporting a Fraud must act in good faith or have reasonable grounds for believing the information provided. No person shall make an allegation that is known to be false.
- 8.2 No disciplinary action will be recommended or taken against a person who makes an allegation of fraud in good faith, regardless of the outcome of the investigation.

9. Whistleblower Protection

- 9.1 All Whistleblowers' identities will remain confidential and anonymous.
- 9.2 No one governed by this Policy shall retaliate against a Whistleblower for reporting in good faith an act that the Whistleblower believes to be fraudulent or dishonest with the intent of adversely affecting the terms or conditions of employment or otherwise.
- 9.3 Protection from retaliation does not prohibit managers or supervisors from taking action, including disciplinary action, as part of their normal duties and based on valid performance-related factors.

10. Fraud Awareness Training

- 10.1 Each City employee is required to attend at least one session of Fraud Awareness Training every two years. Coordination and tracking of training will be done by the Human Resources Division.

11. Distribution

- 11.1 All newly hired employees and volunteers will be provided with a copy of the Policy as part of their orientation and will be required to provide a written acknowledgement upon receipt of the Policy.
- 11.2 On an annual basis, all employees are required to read and acknowledge understanding of this Policy by signing an acknowledgement form.

12. Related Policies and Administrative Directives

- 12.1 This Policy is designed to augment the Corporate policies, identified in Section 15, and is not intended to replace or preclude them.
- 12.2 To the extent that this Policy may conflict with any other policies containing related information, this Policy shall apply.

13. Roles and Responsibilities

13.1 Council is responsible for:

- a. ensuring adequate resources are made available to support investigations.

13.2 Chief Audit Executive (CAE) is responsible for:

- a. Management and coordination of investigations;
- b. Advising Council and, if appropriate, the CAO, of any allegations that, if true, may involve significant, imminent risk to the City;
- c. Administration, recommended revision, interpretation and application of this Policy; and
- d. Management and coordination of the investigation of all suspected Fraud and related investigative activities with appropriate parties and authorities, as required.

13.3 Employees with direct reports are responsible for:

- a. Recognizing the types of Fraud, risks and potential exposures within their area of responsibility and be alert for any indications of such;
- b. Creating and maintaining effective monitoring, review and control procedures to prevent and detect Fraud; and
- c. Retaining accountability for the effectiveness of the above responsibilities even when authority to carry them out is delegated to subordinates.

13.4 All Employees are responsible for:

- a. Reporting, in good faith, any suspected Fraud.

13.5 Human Resources Division is responsible for:

- a. Providing a copy of this Policy to all newly hired City employees and volunteers as part of their orientation;
- b. Retaining a copy of the written acknowledgement that the individual(s) have received this Policy; and
- c. Obtaining annual confirmation of adherence to this Policy from all employees.

13.6 Senior Leadership is responsible for:

- a. Management action on confirmed fraud breach;
- b. Creating monitoring for the detection and prevention of fraud.

14. Monitoring and Compliance

14.1 Consequences of non-compliance

- a. Non-compliance with this Policy by a person who falls under the scope of this Policy may result in disciplinary action up to and including dismissal and/or prosecution by appropriate authorities. The Director of Human Resources and/or the City Solicitor will be consulted by the Chief Audit Executive in advance of such action being taken.
- b. Failure to comply by a consultant, vendor, contractor, outside agency, person doing business with the City or otherwise within the scope of this Policy, may result in action being taken, including the cancellation of the business or other relationship between the entity and the City, or the termination of any contract in accordance with its terms.
- c. Any evidence of Fraud may be reported to the appropriate regulatory or other authorities.
- d. The City will pursue every reasonable effort to obtain recovery of losses due to Fraud.

15. References and Resources

This Policy should be read and applied in conjunction with the following references and resources as updated from time to time. Please note that some of the following documents may not be publically available.


References to related bylaws, Council policies, and administrative directives

- Conflict of Interest Policy
- Conflict of Interest Provincial Offences Act Policy
- Employee Code of Conduct
- Employee Expense Policies (various)
- Information Technology Use Policy
- Respectful Workplace Policy
- [Purchasing Card Policy PUR-120](#)
- [Purchasing By-Law 19-2018](#)

Revision History

Date	Description
2018/03/07	Replaces Policy 2.14.0 Corporate Fraud Prevention Policy
2019/09/25	Annual review resulted in minor edits to add clarity to provisions; adding definitions for person and good faith; adding a complaint made in bad faith under the definition of fraud; adding reporting to a

Date	Description
	member of the Senior Leadership Team any findings of fraud investigations as appropriate and additional provision on protection of whistleblowers from retaliation. Housekeeping edits to the template Amended by Council Resolutions C353-2019 and AU035-2019.
2020/08/05	Next Scheduled Review (<i>annual review</i>)

	Department: Chief Administrative Officer	SOP #	1
	Division: Office of Internal Audit	Revision #	1
		Implementation Date	December 1, 2018
Page #	1 of 5	Date Reviewed/Updated	December 1, 2018
SOP Owner	Foruzan Velji Director, Office of Internal Audit	Approval	December 1, 2018

Standard Operating Procedure

Fraud Investigation and Investigation

1. Purpose

The purpose of this procedure is to outline staff responsibilities and the procedures to be followed for initiating and conducting investigations of allegations of suspected fraud as defined in the **Corporate Fraud Prevention Policy (GOV-110)**.

2. Scope

This procedure applies to all City of Brampton employees and anyone acting on behalf of the City, and includes the following persons:

- Office of Internal Audit
- Legal Services
- Human Resources
- Other subject matter experts
- Any third party conducting a review/investigation on behalf of the Office of Internal Audit


3. Prerequisites

a) Mechanisms to Report Suspected Fraud:

Incidents of suspected fraud can be reported through a variety of communication channels including:

- Completing and submitting a form via the secure **Fraud Prevention Hotline** website www.clearviewconnects.com
- Calling the toll free hotline at **1-855-539-7612**
- Contacting a supervisor, manager, or director
- Contacting the Director, Office of Internal Audit directly or on the Office of Internal Audit email: internalaudit@brampton.ca.

b) Guiding Principles

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The fraud reporting and investigation processes are to be guided by the following principles:

- i. Non-Retaliation. Open, honest and responsible communication is fundamental to the success of an investigation process. Communication must be handled with the utmost responsibility and respect. The City will not tolerate any threats or acts of retaliation or retribution for using any of the channels identified above to report information or to participate in an investigation. In addition, any attempts to slander an individual through false accusations, malicious rumors, or other irresponsible actions will not be tolerated and may result in disciplinary action up to dismissal.
- ii. Confidentiality. Regardless of the mechanism used to report a suspected fraud, all information will be acted upon promptly and fairly following the procedures specified in this SOP. The identity of anyone about or against whom allegations are made will be kept confidential. All information about the investigation is to be communicated on a “need-to-know” basis. This is important to avoid damaging the reputation of an employee against whom an allegation of fraud or misconduct is reported.
- iii. Standards. Investigations will be conducted in accordance with the professional standards of ethics and due professional care (IIA, CPA, ISACA).
- iv. Reporting. Reporting on the results of the investigation should be completed in a timely manner taking into consideration the complexity of the allegation or delays in accessing information required for the investigation.


4. Responsibilities

The Director, OIA (or designate) will ensure that each allegation received is recorded, evaluated, investigated and processed in a consistent, accountable, confidential and secure manner.

5. Procedures

a) Receipt of allegation

OIA will record all reported allegations of fraud received from any source (oral or written) in the ClearView Connects application. The methods which may

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be used to report fraud are outlined in Section 3a) above. The application will assign a unique report number to each allegation. All subsequent activities, supporting documents or reports related to the investigation are to be input directly or uploaded to the ClearView Connects application. **No fraud information is stored on City of Brampton SharePoint sites or computers.**

b) Preliminary assessment

On receipt of a reported allegation, the Director, Office of Internal Audit (or designate) will meet with the Head of Human Resources (HR) and the City Solicitor. Subsequent to the meeting, there may be a follow up discussion with the Head of the Department (i.e. Director or Commissioner) in which suspected fraud has been committed.


The purpose of these preliminary assessments is to review the details of the allegation reported to determine whether the matter warrants a more detailed investigation. The extent of any further investigation will be determined by the seriousness of the issue, the nature of the allegation, and the quality of the information provided about the suspected fraud by the reporter. Section 6 of the Corporate Fraud Prevention Policy defines and provides examples of fraudulent acts which will help in the assessment.

The preliminary assessment may result in the referral of the allegation to another department for further action. In such cases, the department to which the allegation has been referred must advise the Office of Internal Audit (OIA), in writing, of the status of the allegation and any action taken.


If the Director, OIA is of the opinion that an allegation is frivolous, vexatious or not made in good faith, or that there are no grounds or insufficient grounds for an investigation, the Director OIA may not conduct an investigation or, may terminate the investigation.

c) Investigation Process

- i. If the results of the preliminary assessment indicate that there is sufficient information to investigate the allegation, the investigation will be managed by the OIA. The objective of the investigation is to obtain evidence in order to make an assessment on the substance of the allegation.

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- ii. The nature of the fraud allegation may require additional resources or subject matter experts. Decisions related to the nature and extent of involvement of other individuals must be approved by the Director, OIA.
 - iii. The Director, OIA (or designate) will identify any documents that may be potentially relevant to the investigation. The Director will determine the appropriate personnel to arrange for the securing of the documents (electronic and hard copy) to ensure that evidence is preserved to prevent their theft, alteration or destruction. The personnel to be contacted may include:
 - Director/Commissioner/Manager of the area in question
 - Corporate Security
 - Information Technology (IT)
 - Finance
 - Other personnel, as appropriate.
 - Third parties, as appropriate
 - iv. The Fraud Policy provides the Director, OIA with the authority to have full, free and unrestricted access to all functions, activities, records, physical properties and personnel necessary to carrying out any engagement. It imposes that the duty of any employee of the City or City Related Board having control of such records to permit the Chief Audit Executive or his/her designate access and examination when requested.
- d) Reporting
- At the conclusion of the preliminary assessment or investigation, the Director, OIA will make recommendations to the Commissioner/Director in the Department/division in which the suspected fraud has occurred. The report may be oral (**for item i only**) or written and recommendations may include:
- i. No further action;
 - ii. Refer the allegation to the appropriate Department/Division for disposition; this may occur when the results indicate that there may have been inappropriate behavior but it is not fraud or fraud cannot be confirmed as defined in the Fraud Policy;
 - iii. Refer the allegation to Legal Division for decisions on involvement of law enforcement or regulatory bodies;

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- iv. Recovery of funds or other assets lost as a result of the actions being investigated; or
- v. Recommendations to improve systems, procedures or controls to prevent similar incidents from recurring.

If the matter is referred to another department, division or third party, a memo must be provided to the Director, OIA upon conclusion of the investigation.

In all instances, the final disposition of the allegation must be documented in the ClearView Connects application.

Other than in exceptional circumstances, the Director, OIA will not report to Council on any allegation not made in good faith except as part of an annual or other periodic report.

6. References

- Corporate Fraud Prevention Policy
- Our Values
- Employee Code of Conduct
- Respectful Workplace Policy
- Conflict of Interest Policy
- Conflict of Interest Provincial Offences Act Policy
- Information Technology Use Policy
- Purchasing Card Policy
- Purchasing By-Law
- Employee Expense Policies (various)

7. Definitions

Advisory Committee – Consists of Director OIA, Director HR and City Solicitor. Acts in an advisory capacity for the preliminary assessment of the allegation and demonstrates that appropriate parties have been consulted during the process.

Chief Audit Executive – Director, OIA

Date: 2021-09-08

Subject: **Status of Management Action Plans (MAP) – June 30, 2021**

Contact: Gurpreet Singh, Acting Director, Internal Audit, 905-874-2427,
gurpreet.a.singh@brampton.ca

Report Number: CAO's Office-2021-1006

Recommendations:

1. That the report titled: **Status of Management Actions Plans (MAP) – June 30, 2021**, to the Audit Committee Meeting of September 28, 2021, be received.

Overview:

- As part of the internal audit follow-up process, departments are required to provide Internal Audit with an update on current status and progress of all outstanding recommendations;
- The objective of this report is for Internal Audit to inform Audit Committee members on the progress of the implementation of audit recommendations, as reported by management;
- The comments reflect the status of the implementation of recommendations due to be completed by or prior to June 30, 2021;
- As of June 30, 2021, 4 recommendations were implemented by management and 4 recommendations have been deferred;
- Internal Audit may validate results at a subsequent date as part of the follow-up audit process; and
- Details concerning the individual recommendations are available upon request.

Background:

In accordance with the requirements of Standard 2500.A1 of the International Standards for the Professional Practice of Internal Auditing, Internal Audit has established a follow-up process to monitor and ensure that management action plans for audit recommendations have been successfully implemented. This process has been in place since 2006.

For the follow-up process, departments are required to provide an update to Internal Audit on the progress of implementing agreed-upon recommendations. Internal Audit reviews the comments submitted by the department, and where necessary, the Director of Internal Audit will meet with management to discuss the respective progress and comments. Upon complete implementation of the recommendations by management, Internal Audit will assess whether a follow-up audit is necessary to validate the operating effectiveness of the implemented processes and procedures. Such follow-up audits are included in Internal Audit's annual work plan and is approved by the Audit Committee.

The implementation status updates from management are reported to the Audit Committee. This report summarizes the status of all recommendations due to be implemented by management on or prior to June 30, 2021.

Current Situation:

As of June 30, 2021, 4 recommendations were implemented by management on or prior to this date, and 4 recommendations were deferred. Some of the deferred recommendations are due to ongoing negotiations with the service provider and software/system updates that are in the process of being implemented. The remaining recommendations identified as "not yet due" have anticipated completion dates between Q3 2021 and 2025. The following table details the open and deferred recommendations.

Recs at Q1 2021	New Recs in Q2 2021	Recs Completed in Q2 2021	Recs Open in Q2 2021	Recs Deferred in Q2 2021	Recs Due in Subsequent Periods
32	14	4	28	4	42

Please refer to **Appendix 1** for the details of the recommendations as of June 30, 2021. Please refer to **Appendix 2** for a detailed list of the status of the recommendations as of June 30, 2021.

Corporate Implications:

Financial Implications:

N/A

Other Implications:

N/A

Term of Council Priorities:

This report achieves the Term of Council Priority of 'Brampton is a well-run city' through the establishment of an internal audit follow up procedure for the implementation of recommendations, which promotes Corporate accountability, values, and governance best practices.

Conclusion:

Internal Audit is committed to continuously collaborating with management in identifying, reviewing, improving, and updating policies, procedures, and processes on a regular base, and enhancing efficiencies and process effectiveness.

Internal Audit encourages management and staff to continue striving to meet the target completion dates of the Management Action Plans.

Authored by:

Sabrina Cook, Research Coordinator
Internal Audit

Reviewed by:

Gurpreet Singh, Acting Director
Internal Audit

Approved by:

Gurpreet Singh, Acting Director
Internal Audit

Submitted by:

David Barrick
Chief Administrative Officer






Attachments:




























Appendix 1: Management Action Plans as of June 30, 2021

Appendix 2: Management Action Plan Status Details as of June 30, 2021

As of June 30, 2021							
Audit Report	Rating	Year	MAPs open Q2 2021	MAPs Due at Q2	Completed	Deferred	Not Yet Due
IT Service Desk		2019	1	1	-	1	-
Construction- Countryside Dr. Road Widening		2019	1	1	1	-	-
HR Recruitment Follow-Up		2019	2	-	-	-	2
Contracted Cleaning		2019	1	1	1	-	-
Fleet Services		2019	1	-	-	-	1
HR Benefits (Phase 1)		2019	3	-	-	-	3
Asset Management		2020	2	1	1	-	1
Segregation of Duties		2020	1	1	1	-	-
Transit Operations		2020	6	-	-	1	5
Cyber Security Assessment	N/A	2020	7	-	-	-	7
Building Design & Construction	N/A	2020	2	-	-	-	2
HR Benefits (Phase 2)		2021	5	2	-	2	3
A2G Remediation Testing Review	N/A	2021	2	-	-	-	2
PerfectMind Remediation Testing Review	N/A	2021	2	-	-	-	2
Executive Expenses		2021	4	-	-	-	4
Snow Removal		2021	6	-	-	-	6
TOTAL			46	7	4	4	38

APPENDIX 2- Management Action Plan Status Details as of June 30, 2021

Legend	
In progress	
Completed	
Deferred	
In progress- delayed	
Expected completion	

Audit and Finding/Issue	Q2 2021	Q3 2021	Q4 2021
IT Service Desk Out of Hours System Issues are not Recorded			x
Construction Monthly Reporting to Senior Management		x	x
HR Recruitment Policies & Procedures Require Review and Update			x
HR Recruitment Policies & Procedures Require Review and Update			x
Fleet Services Frozen Vehicle Data Units			2022
HR Benefits (Phase 1) Policies & Procedures are not current			
HR Benefits (Phase 1) Validation of Practitioners for STD			
HR Benefits (Phase 1) Validation of Practitioners for STD			
Contracted Cleaning Contract Terms & Conditions		x	x
Asset Management Ineffective automated asset discovery and management tool		x	x
Asset Management Key person dependency risk			
Segregation of Duties Employees suspended in April on a temporary basis still retained their access to sub-systems in addition to only network and email		x	x
Transit Operations Scrap Sales & Potential Exposure			

Audit and Finding/Issue	Q2 2021	Q3 2021	Q4 2021
Transit Operations Inventory Parts Identification Process	●	○	x
Transit Operations Physical Inventory Management	●	○	x
Transit Operations Inventory management systems are not integrated	●	●	2022
Transit Operations Fare Collection and Enforcement	●	●	○
Transit Operations Attendance cards Mechanics and Stock Keepers	●	●	2022
Cyber Security Patch management deficiencies	●	●	○
Cyber Security Password strength	●	○	x
Cyber Security Limited security awareness training and testing	●	○	x
Cyber Security Limited network segregation	●	●	○
Cyber Security Limited network traffic decryption/ inspection	●	●	2022
Cyber Security Phishing tests are not performed across the organization	●	●	○
Cyber Security IT Service Continuity Management Planning is in its early stages of development	●	●	○
Building Design & Constructions SOP Development & Identification of Mandatory Documentation	●	●	○
Building Design & Construction Compliance Review & Training	●	●	○
HR Benefits (Phase 2) Management oversight of plan changes	●	○	x
HR Benefits (Phase 2) Management oversight of plan changes	●	○	x
HR Benefits (Phase 2) Gaps in group benefit invoice review	●	○	x
HR Benefits (Phase 2) Gaps in group benefit invoice review	●	○	x
HR Benefits (Phase 2) Service performance reviews	●	○	x

Audit and Finding/Issue	Q2 2021	Q3 2021	Q4 2021
A2G Process Review	●	○	x
A2G Internal Controls	●	●	○
PerfectMind Process Review	●	○	x
PerfectMind Internal Controls	●	●	○
Executive Expenses Support for converted amount of out of country expenses not always included.	●	●	○
Executive Expenses System controls in AgilePoint need to be strengthened	●	○	x
Executive Expenses Expense forms exceeding the allowable variance do not always receive "variance approval"	●	○	x
Executive Expenses AgilePoint does not flag expense forms (requiring pre-approval) created after an event has already taken place	●	○	x
Snow Removal Liquidity damage clauses were not comprehensively defined in contracts	●	●	2025
Snow Removal Vendor performance was not reviewed for certain contracts	●	●	○
Snow Removal Inadequate information to validate the service provided	●	●	○
Snow Removal Workplace Safety & Insurance Board (WSIB) and Insurance Certificates were not available or expired	●	●	○
Snow Removal Lack of formal log for Materials Reconciliation	●	●	2022
Snow Removal Weighing of the material is done at the origin rather than at the destination.	●	●	2022

Date: 2021-09-08

Subject: **Status Update on Internal Audit's Referred Matters**

Contact: Gurpreet Singh, Acting Director, Internal Audit, 905-874-2427,
gurpreet.a.singh@brampton.ca

Report Number: CAO's Office-2021-1005

Recommendations:

1. That the report titled: **Status Update on Internal Audit's Referred Matters**, to the Audit Committee Meeting of September 28, 2021, be received.

Overview:

- At the May 4, 2021 Audit Committee meeting, Internal Audit was asked to report on the process for review, investigation, and reporting of complaints submitted to the Corporate Fraud Hotline (RM 37/2021) and to draft a stand-alone Whistleblower Policy (RM 38/2021);
- Internal Audit is drafting a Whistleblower Policy and updating the Corporate Fraud Prevention Policy and Fraud Investigation & Reporting Standard Operating Procedure (SOP), and will be working with the Policy team and management to finalize the drafts of both policies and the SOP; and
- The final drafts of the Whistleblower Policy, the Corporate Fraud Prevention Policy, and the Fraud Investigation & Reporting SOP will be presented at the upcoming Audit Committee meetings.

Background:

At the May 4, 2021 Audit Committee meeting, Audit Committee directed Internal Audit staff to report back on the process for review, investigation, and reporting of complaints submitted to the Corporate Fraud Hotline ("Fraud Hotline"), with a focus on enhanced transparency, and draft a stand-alone Whistleblower Policy. These directives resulted in two referred matters, RM 37/2021 and RM 38/2021.

Internal Audit began drafting the Whistleblower Policy and identifying the necessary changes and updates to the Corporate Fraud Prevention Policy and related Fraud Investigation & Reporting SOP, keeping transparency, accountability, and best practices at the forefront of this work.

Current Situation:

Internal Audit conducted research and benchmarking to understand the processes in place in other municipalities and establish best practices for Whistleblower protection and Fraud Prevention programs.

A stand-alone Whistleblower Policy is in the draft stage, and Internal Audit will be working closely with the Policy team to finalize the draft. Internal Audit is also identifying the necessary changes to the Corporate Fraud Prevention Policy and Fraud Investigation & Reporting SOP, and will be making necessary updates for both the Policy and SOP.

Drafts of the Whistleblower Policy, updated Fraud Prevention Policy, and related SOP will be shared with management and the Corporate Leadership Team (CLT) for their review and approval.

Internal Audit's work on both Policies and the SOP is progressing well, and the final drafts will be presented to Audit Committee for consideration at the upcoming Audit Committee meetings.

Corporate Implications:

Financial Implications:

N/A

Other Implications:

N/A

Term of Council Priorities:

This report fulfills the Council Priority of 'Brampton is a well-run city' through the support of the Whistleblower Policy, the Corporate Fraud Prevention Policy, and the Fraud Hotline, which promote Corporate accountability, our Corporate values, and governance best practices.

Conclusion:

Internal Audit is drafting the Whistleblower Policy and updating the Corporate Fraud Prevention Policy and Fraud Investigation & Reporting SOP. The final drafts of these Policies and SOP will be presented to Audit Committee for consideration at the upcoming Audit Committee meetings.

Authored by:

Sabrina Cook, Research Coordinator
Internal Audit

Reviewed by:

Gurpreet Singh, Acting Director
Internal Audit

Approved by:

Gurpreet Singh, Acting Director
Internal Audit

Submitted by:

David Barrick
Chief Administrative Officer

Attachments:

N/A

Date: 2021-09-17

Subject: **Corporate Governance Audit Report**

Contact: Gurpreet Singh, Acting Director, Internal Audit, (905) 874 2427,
Gurpreet.A.Singh@brampton.ca

Report Number: CAO's Office-2021-1046

Significant Improvement Required**Executive Summary:**

Internal Audit undertook a review of Corporate Governance processes across the organization.

The background, objective, and the audit scope are explained in **Appendix 1**.

During our review, we observed the following strengths across the organization:

- Accountability and transparency requirements under the Municipal Act, 2001 including appointment of Accountability Officers and adoption and implementation of required policies were met.
- The/A Governance structure is defined and in place to support oversight and decision-making. Various committees regularly discuss issues prior to making recommendations to Council. Citizen members form part of the Audit Committee and citizen advisory committees in order to bring different insights and/or skillsets related to the subject matter.
- Budgets, annual reports, including audited financial statements, and strategic documents, including Term of Council Priorities, are created and made publicly available.
- Training is provided to Council members through various workshops and new employees during onboarding.
- Performance appraisals for non-union staff occurs regularly and is aligned with the achievements of Corporate goals.

Internal Audit discussed the following improvement opportunities with Management:

- Implementation of an enterprise risk management (ERM) program;
- Strengthening controls over the Corporate policy framework;

- Establishment of an information management strategy to govern business records and meet Records Retention By-law requirements;
- Reporting to Council over exercise of delegated authorities by Departments;
- Improvement to Code of Conduct for Council Members and coverage for Citizen Members; and
- Streamline a/the process for handling complaints.






Other Matters



In the “Other Matters” section of **Appendix 1**, we noted opportunities and other issues observed in the audit, posing no or low future risk, but which should still be considered by Management:

- Organizational performance measures – there is ongoing development of performance metrics across the organization.
- Employee surveys – there is opportunity to gauge the overall effectiveness of governance controls through surveying employees.

These issues are explained in more detail in **Appendix 1**.

Internal Audit discussed the following improvement opportunities with HR Management:

Process	Finding	Rating
1. Enterprise risk management	There is no overarching enterprise risk management (ERM) framework whereby Council and Management can systematically identify, monitor, and manage the City's key risks.	
2. Corporate policy review	Annual policy reviews with Departments are required to ensure all policies remain up to date and serve as an effective governance tool.	
3. Records management	Compliance to data retention by-law and related legislation not monitored for multiple databases and software applications, used to conduct business activities.	
4. Delegation of powers and authorities	Reporting requirements outlined within the Administrative Authority By-law to inform Council of the exercise of delegated power or duty is not met.	
5. Council Code of Conduct	Acknowledgment forms were not formally signed by Council members during 2019 orientation session. There is currently no review frequency for the Code of Conduct, which was last updated in 2016.	

6. Code of Conduct for citizen appointees	There is no Code of Conduct specific to citizen members serving on committees or boards outlining their rights and obligations.	
7. Complaints policy	The City currently has multiple avenues to accept complaints from employees and the public. There is no overarching policy that addresses how complaints are received, investigated and reported.	
These issues and associated management action plans are explained in more detail in Appendix 1 . These issues are rated as per criteria explained in Appendix 2 .		

Conclusion:

Significant Improvement is Required by management to strengthen oversight of corporate governance.

The overall report rating is determined as per the criteria for audit report rating explained in **Appendix 3**.

Authored by:

Mary Chu, Sr. Internal Auditor
Internal Audit

Reviewed by:

Gurpreet Singh, Manager
Internal Audit

Approved by:

Gurpreet Singh, Acting Director
Internal Audit

Submitted by:

David Barrick
Chief Administrative Officer

Attachments:

Appendix 1: Corporate Governance Audit 2021 Report

Appendix 2: Criteria for Evaluating Audit Findings

Appendix 3: Criteria for Audit Report Rating

City of Brampton Corporate Governance Audit – Final Audit Report
Private & Confidential

Audit Name	City of Brampton, Corporate Governance		
Sponsor(s)	David Barrick, Chief Administrative Officer Michael Davidson, Commissioner, Corporate Support Services Marion Nader, Commissioner, Community Services Jason Schmidt-Shoukri, Commissioner, Public Works and Engineering Richard Forward, Commissioner, Planning, Building and Economic Development Paul Morrison, Acting Commissioner, Legislative Services Bill Boyes, Chief, Fire and Emergency Services Alex Milojevic, General Manager, Transit Blaine Lucas, Director, Corporate Projects, Policy and Liaison Mikkell Marr, Director, Organizational Performance and Strategy		
Business Unit	All	Date Issued:	September 17, 2021

1.0 Executive Summary

Audit Report Rating: Processes and controls over Corporate Governance are rated as “Significant Improvement Required”. See **Appendix 2** for the criteria for Audit Report Rating.

Inherent risk was evaluated as high due to the significance of corporate governance across the organization.

During our review, we observed the following strengths across the organization:

- Accountability and transparency requirements under the Municipal Act, 2001 including appointment of accountability officers and adoption and implementation of required policies were met.
- Governance structure is defined and in place to support oversight and decision-making. Various committees regularly discuss issues prior to making recommendations to Council. Citizen members form part of the Audit Committee and citizen advisory committees in order to bring different insights and/or skillsets related to the subject matter.
- Budgets, annual reports including audited financial statements, and strategic documents including Term of Council Priorities are created and made publicly available.
- Training is provided to Council members through various workshops and new employees during onboarding.

- Performance appraisal for non-union staff occurs regularly and is aligned with the achievements of corporate goals.

Internal Audit discussed the following improvement opportunities with Management:

- Implementation of an enterprise risk management program
- Strengthening controls over corporate policy framework
- Establishment of information management strategy to govern business records and meet Records Retention By-law requirements
- Reporting to Council over exercise of delegated authorities by Departments
- Improvement to Code of Conduct for Council Members and coverage for Citizen Appointees
- Streamline process for handling complaints

In the Other Matters section, we note issues observed in the audit which pose no or low future risk, but should still be considered by Management.

2.0 Background, Objectives, and Scope

Background

As per the Institute of Internal Auditors, “corporate governance is the overarching set of policies, procedures, and relationships that enable an organization to establish objectives, set ethical boundaries to the acceptable means with which those objectives will be met, monitor the achievement of objectives, reward successful achievements, and discipline unsuccessful or inappropriate attempts to meet objectives, in order to keep the organization aligned with the needs and interests of its primary stakeholders.”¹

The Chief Administrative Officer (CAO) is responsible for providing strategic leadership and ongoing oversight for the City of Brampton’s (“City”) organizational administration, major projects and initiatives. The Corporate Leadership Team (CLT), who reports to the CAO, is responsible for providing governance, oversight and strategic leadership to their respective divisions. Various groups of Senior Management Teams (SMT) under the guidance of CLT are responsible for ensuring that all divisions are operating efficiently, effectively and within their budgets.

Considering the complexity of City administration and the importance of strong corporate governance, Audit Committee has approved a review as a part of the 2021 Internal Audit Work Plan to ensure that efficient and effective governance processes are in place for the City.

¹ The Institute of Internal Auditors and the University of Tennessee, *Guiding Principles of Corporate Governance*, viewed 28 April 2021, <<https://dl.theiia.org/Documents/Guiding-Principles-of-Corporate-Governance.pdf>>

2.0 Background, Objectives, and Scope

Objectives

The objective of this engagement was to assess and determine whether the processes, procedures and controls for corporate governance are well-designed and implemented. This audit did not assess operating effectiveness of governance controls.

Scope

This audit covered the processes and framework in place at the City over the period of January 1, 2020 to June 30, 2021.

This review was focused at the City enterprise level. Specific departmental control processes and operational activities that do not have organization-wide implications were beyond the scope of this review.

The scope of our review includes:

- Governance framework
- Ownership and accountability
- Performance management
- Policy management
- Risk management
- Coordination and communication
- Anti-money laundering

Scope Limitations

Internal Audit is responsible for investigating and following up on reports made to the Fraud Hotline, and administration of the Corporate Fraud Prevention Policy. To maintain objectivity and independence, this audit did not assess the framework Internal Audit has in place for conducting investigations, or other aspects related to administration of the Corporate Fraud Prevention Policy.

3.0 Detailed Audit Findings and Proposed Management Actions

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
1	<p><u>Enterprise Risk Management (ERM)</u></p> <p>Enterprise Risk Management is a common framework applied throughout the organization to identify potential events that may affect the organization, manage the associated risks and opportunities and provide reasonable assurance that objectives will be achieved.</p> <p>Currently, elements of risk management across the City exist on a case-by-case basis such as by project. However, there is no overarching ERM framework whereby Council and Management can systematically identify, monitor, and manage the City's key risks and consider them in the context of strategic planning.</p> <p>The lack of an ERM could potentially impact the ability to manage risk at both the strategic and project level. For example, staff provide progress updates to Council on the progress of the Term of Council Priorities (TOCP) against the established work plan. However, there was no ongoing assessment and management of the risks related to achieving the TOCP.</p> <p><u>Potential Exposure</u></p> <p>In the absence of enterprise-wide risk management, decision-makers may not have a full or in-depth understanding of key risks that have city-wide implications. This may lead to an inability or delay in achieving the City's objectives.</p>	P1	<p>Management should implement an Enterprise Risk Management program.</p> <p>Considerations may include:</p> <ol style="list-style-type: none"> 1) The approach and framework to be used 2) Resources needed 3) Development of a policy that will outline the City's overall risk management strategy, governance structure, ownership and reporting protocols to Council <p>The overall enterprise risk management program is owned at the corporate level and should include a high degree of Department involvement to ensure integration into all aspects of the City.</p>	<p>Agreed.</p> <p>Management will initiate the Implementation of the Enterprise Risk Management (ERM) program.</p> <p>Management will complete the recruitment of the permanent Risk and Insurance Manager position.</p> <p><i>To be completed by Q1 2022.</i></p> <p>Management will consult with Corporate Leadership Team (CLT) to reaffirm:</p> <ul style="list-style-type: none"> • corporate commitment to ERM • executive sponsorship of the ERM program • preferred framework (i.e. ISO 31000) • implementation approach and resources <p><i>To be completed by Q2 2022.</i></p> <p>Insurance and Risk Team will engage department and</p>	<p>Commissioner, Legislative Services</p> <p>Commissioner, Legislative Services and Manager, Insurance and Risk</p> <p>Manager, Insurance and Risk</p> <p>Manager, Insurance and Risk</p>

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
				<p><i>To be completed by end of 2022.</i></p> <p>Management, in collaboration with DI&IT will conduct benchmarking, best practices research and jurisdictional scan to develop business requirements for an ERM solution suitable for the City.</p> <p><i>To be completed by Q4 2022</i></p>	Commissioner, Legislative Services

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
2	<p><u>Corporate Policy Review</u></p> <p>In 2017, Council endorsed a corporate policy framework and related policy. The Governing Policy requires:</p> <p>a) Department Heads to ensure Council Policies and Administrative Directives are up to date (generally, reviewed and updated every three years at a minimum).</p> <p>b) Corporate Policy Manager to coordinate an annual policy review to ensure all policies are in compliance with the Policy program (such as meeting update requirements)</p> <p>To facilitate this, the Corporate Policy Team created a policy registry that documents all policies in the City, and assesses which policies require further attention. The Corporate Policy Team works with Departments to remove obsolete</p>	P2	<p>Corporate Policy Team should work with Departments to establish work plans that will ensure compliance with review requirements set out within the Governing Policy.</p> <p>Ownership and responsibilities over policies will be communicated to Department heads.</p>	<p>Agreed.</p> <p>The new Corporate Policy team has started doing presentations (road show) to the different departments within the City to highlight the Corporate Policy Program and resources available through our team to help them with policy review and development. This will serve to educate many of the newer members of the leadership team and be a refresher for everyone. Moreover, as a part of this road show, the team will develop a clear process map with the roles and responsibilities outlined for the departments as well as the policy team. As a</p>	Director, Corporate Projects, Policy & Liaison

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
	<p>policies and to update outdated policies, although ownership of the Policies resides with the Departments.</p> <p>A systemic approach is needed to ensure Departments are aware of their responsibilities. The Corporate Policy Team last conducted annual policy reviews with the Finance department in 2019 that included a work plan identifying which policies required updates. Since 2019, reviews and updates of certain key policies within Human Resources and Finance have been completed, but thorough departmental reviews are outstanding.</p> <p>Our limited review of the policy registry found 3 of 15 key governance policies requiring review, including: Accountability and Transparency Policy (2007), Real Estate Policy (2008), and Administrative Authority Policy (2018).</p> <p><u>Potential Exposure</u></p> <p>Without regular review, policies become outdated and will not be an effective instrument of governance. Policies may no longer reflect the current desired outcomes, or internal operations.</p>			<p>result, there will be reduced confusion about the process.</p> <p>Embedded within the policy presentation for each department will also be an updated list of the specific policies in their portfolio, with last review and next revision dates. The policy team will work with the department to prioritize the policies for review.</p> <p><i>To be completed by January 2022.</i></p>	
3	<p><u>Records Management Retention and Disposal</u></p> <p>The City outlines its formal information management program within the Information Management Policy. The policy ensures information is managed in accordance with the City's Records Retention By-law 272-2014, and applicable legislation (i.e. Municipal Freedom of</p>	P2	Develop an Information Management Governance Strategy to determine sources of business records and the strategy in how data retention By-law requirements will be met for all areas.	<p>Agreed.</p> <p>1. Governance structure, roles, responsibilities, and accountabilities for Information Management will be defined, assigned, communicated and formalized throughout the City.</p>	Deputy Clerk, Records & Information Management

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
	<p>Information and Protection of Privacy Act) is complied with.</p> <p>The City utilizes records management software to track and manage the complete life cycle of records, including when records should be disposed of. This process only scopes in physical records and electronic files stored within the Office 365 ("BRIMS") ecosystem.</p> <p>However, no process is in place for information data that resides within other databases and software applications used to conduct business activities (such as PeopleSoft for finance and employee data).</p> <p>We further noted that Record Management Coordinator roles required under the Information Management Policy is not formally delegated. As such, departmental compliance to the policy and by-law is not actively monitored.</p> <p><u>Potential Exposure</u></p> <p>Due to lack of visibility into certain electronic records, the City is at risk of not conforming to requirements under the Records Retention By-law and related legislation.</p>		The program should be endorsed and promoted by Council and CLT, for successful adoption across the City.	<p><i>To be completed by June 2022.</i></p> <p>2. Information lifecycles for existing tools, technologies, systems, applications and processes, will be identified and assessed for compliance and risk with the IM Policy and by-laws. Where practical, and where risk is identified as high, compliance is remedied through implementation of defined corrective actions.</p> <p><i>To be completed by December 2022.</i></p> <p>3. An Information Governance strategy will be defined and incorporated in the development of new and enhanced City business processes and initiatives to ensure consistency and oversight/compliance.</p> <p><i>To be completed by June 2022.</i></p>	
4	<p><u>Exercise of Delegation of Powers and Authorities</u></p> <p>Council can delegate certain powers and authorities under the Administrative Authority By-Law 216-2017. Such delegations to senior management and staff allow Council to operate more effectively. For example, the CAO has been</p>	P3	City Clerk, as the policy administrator, to obtain annual confirmation from Department heads on reporting on the number and exercise of delegations exercised under Administrative Authority By-Law.	<p>Agreed.</p> <p>This will be addressed through review of Administrative Authority By-law in regard to clarification and changes to administrative authority delegations and consistent</p>	City Clerk

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
	<p>delegated the power to develop, approve and implement administrative policies.</p> <p>To ensure accountability and transparency, the By-law and related Administrative Authority Policy requires each Department to report to Council annually on the exercise of delegated authority through the City Clerk, on the number and nature of delegations exercised, and confirming that limitations on the exercise of delegated power or duty has been met.</p> <p>Current reporting includes:</p> <ol style="list-style-type: none"> 1) Real Estate Transactions: these may be executed by individuals in multiple departments. 2) Purchasing Activity Reports: reports are limited in scope and is intended to meet reporting requirements under the Purchasing By-Law. 3) Ad-hoc reporting, such as the City Clerk exercising delegating authority for issuance of Special Occasion Permits. <p>There is no other reporting by any other Departments on meeting specific requirements of the delegation. Currently, there are no oversight controls in place to ensure all Departments report annually on exercised delegations, if any.</p> <p><u>Potential Exposure</u></p> <p>The Administrative Authority By-Law is not fully complied with respect to reporting to Council. This reduces transparency over the exercise of delegated power or duty.</p>			<p>public reporting of delegated authority decisions undertaken.</p> <p><i>To be completed by end of Q4 2021.</i></p>	

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
5	<p><u>Council Code of Conduct for Council Acknowledgement and Review</u></p> <p>The Council Code of Conduct (Rule No. 20) requires all council members to sign the code of conduct, and for each member of Council to meet with the Integrity Commissioner. There is no formal requirement for a council member to review the Code of Conduct again, except when requested to do so by Council.</p> <p>In 2019, orientation sessions were provided to Council members, and there is evidence from orientation materials that the Code of Conduct was reviewed in-depth. However, the Code of Conduct was not distributed for formal acknowledgement at the new council on-boarding session.</p> <p>The Code of Conduct for Council was last approved by Council in 2016. During the 2019 Council Workshop with the Integrity Commissioner, the Code of Conduct was discussed and there were already several items noted that should be reviewed such as whether to add references to the Human Rights Code, Occupational Health and Safety Act and potential application to political staffers. However, the Code of Conduct has not been revised for any changes since 2016.</p> <p>Currently, the Code of Conduct for Council does not include any required revision frequencies. For comparison, the Code of Conduct for Employees has a review frequency of at least every 2 years by senior leadership, and the City's Council Policies and Administrative Directives are reviewed and updated at a minimum of every 3 years.</p>	P2	<ol style="list-style-type: none"> 1. City Clerk office should ensure council members sign a copy of the "City of Brampton Code of Conduct for Members of Council - Acknowledgment of Compliance Form" as soon as possible. Incorporate the acknowledgement into the on-boarding process in future. 2. Conduct review of Code of Council for Council and add a review frequency to the Code. 	<p>Agreed.</p> <p>1. As part of the July 26, 2021 Council Workshop with Integrity Commissioner, Members of Council were requested to sign Acknowledgment of Compliance Form to confirm they have received a copy of the City of Brampton Code of Conduct for Members of Council and have read and understood the City of Brampton Code of Conduct for Members of Council, acknowledging they must comply with its provisions.</p> <p><i>To be completed by end of Q3 2021.</i></p> <p>2. Agreed. At the July 26, 2021 Council Workshop, Integrity Commissioner recommended review of Council Code of Conduct annually or at least once per term. Current version of Code (2016 version) is currently under review by Integrity Commissioner for recommended changes for Council's consideration by year-end 2021.</p> <p><i>To be completed by Q1 2022.</i></p>	City Clerk

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
	<p><u>Potential Exposure</u></p> <p>There may be a perceived lack of accountability if Council members are not formally acknowledging their understanding and agreement to abide by the Code of Conduct. Without a pre-determined review frequency for the Code of Conduct for Council, there may be a risk the Code is not updated to meet the changing environments and aligned to other relevant policies or legislation.</p>				
6	<p><u>Lack of Code of Conduct Coverage for Citizen Appointees</u></p> <p>In assessing Code of Conduct documents for council members and employees, it was noted there was no Code of Conduct applicable to the citizen members who are appointed to serve on committees, tribunals and local boards. In practice, members are directed to and expected to follow the Council Code of Conduct.</p> <p>As noted in the Integrity Commissioner Council Workshop in 2019, some cities have a separate Code in place for citizen members, while others are considering implementing a "light" version of the Code to ensure proper coverage. Such a code would outline acceptable conduct and ensure appropriate action can be taken if needed.</p> <p><u>Potential Exposure</u></p> <p>Without a code of conduct that is applicable to citizen members, they may be unaware of their rights and obligations in regards to conduct. It may become difficult to take action if a citizen member engages in misconduct, as the Integrity</p>	P3	Develop the Code of Conduct for citizen appointees, and ensure citizen members have read, understood, and acknowledged it.	<p>Agreed.</p> <p>At July 26, 2021 Council Workshop, Integrity Commissioner confirmed Code of Conduct for local boards and advisory committees to be developed, based on updated Council Code of Conduct and best practices in comparator municipalities.</p> <p>Reference to Council Code of Conduct was included in orientation training for advisory committee membership at start of the Council term. In 2019, Council adopted a resolution "That the Council Code of Conduct apply to local boards, with exceptions, modifications, and adaptations as may be necessary, until such time as specific Codes are developed and approved for these local boards"</p>	City Clerk

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
	Commissioner's jurisdiction applies over Council members only.			<i>To be completed by end of Q1 2022.</i>	
7	<p><u>Lack of common policy to address to complaints</u></p> <p>The City currently has multiple avenues to accept complaints from employees and the public. There is no overarching policy that guides the acceptance of complaints, investigation process, final reporting, and management analysis. Without a central source of guidance, the procedures to address complaints can vary across the City.</p> <p>For example, Human Resources investigates complaints received that falls under the scope of the Respectful Workplace Policy, and tracks all formal investigations in a detailed manner. However, there is no central tracking of complaints received that would allow for further analysis of common issues that may require further attention.</p> <p>At the time of the audit, there is an active working group reviewing the City's complaints processes with the aim to create one single policy that will align all the existing processes by introducing a set of requirements over how complaints are to be received, tracked to closure, investigated if needed, communicated and reported. Ownership</p>	P3	Develop the Complaints Policy and ensure it is communicated to all stakeholders that maintain a complaints process in the City.	<p>Agreed.</p> <p>The Complaints Policy is currently in draft form and being reviewed by Legal Services. The Ontario Ombudsman strongly recommends that all municipalities have a complaints policy to address public concerns.</p> <p>This Complaints Policy, once finalized, will serve to direct both employees and the public to the various resources available to provide feedback. As these processes are managed and revised by different departments, the policy will ensure all processes are aligned with a basic set of requirements.</p>	Director, Corporate Projects, Policy & Liaison

Ref #	Audit Findings	Finding Rating	Audit Recommendations	Management Response and Due Date	Responsible Party
	<p>of the individual complaints processes will reside in various Departments, with a central source of support and guidance to ensure alignment.</p> <p><u>Potential Exposure</u></p> <p>Without a common complaints policy with key elements in place to address how reports are received and addressed, certain complaints may go unaddressed, and employees and residents may be discouraged from making their concerns known.</p>			<i>To be completed by December 2021.</i>	

4.0 Other Matters	
Ref #	Observations and Comments
1	<p><u>Organizational Performance Measurement</u></p> <p>The Organizational Performance & Strategy division is currently working with Departments to develop a common process for measuring and managing performance metrics related to the achievement of strategic objectives. The TOCP staff work plan was reported to council in May 2019 and included potential performance metrics for each priority. There is commitment by Management to include performance metrics in future reporting to Council on TOCP. In 2021, Organizational Performance & Strategy is conducting Performance Measurement workshops with all departments and is expected to refine this process going forward.</p>
2	<p><u>Corporate Surveys</u></p> <p>The City has conducted surveys over the past two years for gauging employee opinions on work environment, communication, safety, and leadership during COVID-19, and assessing diversity and inclusion in order to inform future strategy. There is an opportunity to build upon future surveys by incorporating focus areas such as the Code of Conduct, awareness of fraud hotline, effectiveness of training, and other topics that will allow management to assess the effectiveness of governance controls in the City.</p>

Appendix 1 – Criteria for Evaluating Audit Findings

Priority Rating	Description
Priority 1 (P1)	<p>One or more of the following conditions exist that require immediate attention of the Senior Leadership Team. Corrective actions by senior management must be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is material • Management's actions, or lack thereof, have resulted in the compromise of a key process or control, which requires immediate significant efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks. Failure by management to remedy such deficiencies on a timely basis will result in the City being exposed to immediate risk and/or financial loss • One more of the following conditions is true: i) management failed to identify key risks, ii) management failed to implement process and controls to mitigate key risks • Management's actions, or lack thereof, have resulted in a key initiative to be significantly impacted or delayed, and the financial support for such initiative will likely be compromised • Management failed to implement effective control environment or provide adequate oversight, resulting in a negative pervasive impact on the City or potential fraudulent acts by City staff • Fraud by management or staff, as defined by the Corporate Fraud Prevention Policy (Policy 2.14)
Priority 2 (P2)	<p>One or more of the following conditions exist that require attention by senior management. Corrective actions by management should be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is significant • Management's actions, or lack thereof, may result in a key process or control to be compromised, which requires considerable efforts and/or resources (including time, financial commitments etc.) to mitigate associated risks • Management correctly identified key risks and have implemented processes and controls to mitigate such risks, however, one or more of the following is true: i) the processes and controls are not appropriate or adequate in design, ii) the processes and controls are not operating effectively on a consistent basis • Management's actions, or lack thereof, have impacted or delayed a key initiative, and the funding for such initiative may be compromised • Management failed to provide effective control environment or oversight on a consistent basis, resulting in a negative impact on the respective division, or other departments • Management failed to comply with Council-approved policies, by-laws, regulatory requirements, etc., which may result in penalties • Management failed to identify or remedy key control deficiencies that may impact the effectiveness of anti-fraud programs

<p>(Priority 3) P3</p>	<p>One or more of the following conditions exist that require attention by management. Corrective actions by management should be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is insignificant • A non-key process or control, if compromised, may require some efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks • Processes and controls to mitigate risks are in place; however, opportunities exist to further enhance the effectiveness or efficiency of such processes and controls. Management oversight exists to ensure key processes and controls are operating effectively • Minimal risk of non-compliance to Council-approved policies, by-laws, regulatory requirements, etc. • Low impact to the City's strategic or key initiative • Low impact to the City's operations
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Appendix 2 – Criteria for Audit Report Rating

Rating	Description
Effective	<ul style="list-style-type: none">• Key controls are adequately and appropriately designed, and are operating effectively to support objectives and manage risks• Audit recommendations resulted in only minor enhancements to the effectiveness or efficiency of controls and processes• One or more Priority 3 Findings• Insignificant cumulative financial impact when all audit findings have been considered• Audit findings would not be subject to a follow-up by Internal Audit
Improvement Required	<ul style="list-style-type: none">• A few control weaknesses were noted that require enhancements to better support objectives and manage risks• One Priority 2 and Priority 3 findings• Priority 3 findings only where the cumulative financial impact is significant• Corrective action and oversight by management is needed• Audit findings could be subject to a follow-up by Internal Audit
Significant Improvement Required	<ul style="list-style-type: none">• Numerous key control weaknesses were noted that require significant improvement to support objectives and manage risks• One Priority 1 finding or more than one Priority 2 findings and Priority 3 findings• Priority 2 and 3 findings only where the cumulative financial impact is significant• Corrective action and oversight by senior management is required• Audit findings will be subject to a follow-up by Internal Audit
Immediate Action Required	<ul style="list-style-type: none">• Key controls are either not adequately or appropriately designed and are not operating effectively, or there is an absence of appropriate key controls to support objectives and manage risks• More than one Priority 1 finding, combined with Priority 2 or 3 findings• Regardless of the type of findings, the cumulative financial impact is material to the City's financial statements.• Confirmed fraud by management or staff• Corrective action and oversight by Senior Leadership Team is required immediately• Follow-up of such audit findings by Internal Audit would be of high priority

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City of Brampton Corporate Governance Audit – Final Audit Report
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Appendix 2 – Criteria for Evaluating Audit Findings

Priority Rating	Description
Priority 1 (P1)	<p>One or more of the following conditions exist that require immediate attention of the Senior Leadership Team. Corrective actions by senior management must be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is material • Management's actions, or lack thereof, have resulted in the compromise of a key process or control, which requires immediate significant efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks. Failure by management to remedy such deficiencies on a timely basis will result in the City being exposed to immediate risk and/or financial loss • One more of the following conditions is true: i) management failed to identify key risks, ii) management failed to implement process and controls to mitigate key risks • Management's actions, or lack thereof, have resulted in a key initiative to be significantly impacted or delayed, and the financial support for such initiative will likely be compromised • Management failed to implement effective control environment or provide adequate oversight, resulting in a negative pervasive impact on the City or potential fraudulent acts by City staff • Fraud by management or staff, as defined by the Corporate Fraud Prevention Policy (Policy 2.14)

Priority 2 (P2)	<p>One or more of the following conditions exist that require attention by senior management. Corrective actions by management should be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is significant • Management's actions, or lack thereof, may result in a key process or control to be compromised, which requires considerable efforts and/or resources (including time, financial commitments etc.) to mitigate associated risks • Management correctly identified key risks and have implemented processes and controls to mitigate such risks, however, one or more of the following is true: i) the processes and controls are not appropriate or adequate in design, ii) the processes and controls are not operating effectively on a consistent basis • Management's actions, or lack thereof, have impacted or delayed a key initiative, and the funding for such initiative may be compromised • Management failed to provide effective control environment or oversight on a consistent basis, resulting in a negative impact on the respective division, or other departments • Management failed to comply with Council-approved policies, by-laws, regulatory requirements, etc., which may result in penalties • Management failed to identify or remedy key control deficiencies that may impact the effectiveness of anti-fraud programs
(Priority 3) P3	<p>One or more of the following conditions exist that require attention by management. Corrective actions by management should be implemented.</p> <ul style="list-style-type: none"> • Financial impact of both actual and potential losses is insignificant • A non-key process or control, if compromised, may require some efforts and/or resources (including time, financial commitments, etc.) to mitigate associated risks • Processes and controls to mitigate risks are in place; however, opportunities exist to further enhance the effectiveness or efficiency of such processes and controls. Management oversight exists to ensure key processes and controls are operating effectively • Minimal risk of non-compliance to Council-approved policies, by-laws, regulatory requirements, etc. • Low impact to the City's strategic or key initiative • Low impact to the City's operations

City of Brampton Corporate Governance Audit – Final Audit Report
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Appendix 3 – Criteria for Audit Report Rating

Rating	Description
Effective	<ul style="list-style-type: none"> • Key controls are adequately and appropriately designed, and are operating effectively to support objectives and manage risks • Audit recommendations resulted in only minor enhancements to the effectiveness or efficiency of controls and processes • One or more Priority 3 Findings • Insignificant cumulative financial impact when all audit findings have been considered • Audit findings would not be subject to a follow-up by Internal Audit
Improvement Required	<ul style="list-style-type: none"> • A few control weaknesses were noted that require enhancements to better support objectives and manage risks • One Priority 2 and Priority 3 findings • Priority 3 findings only where the cumulative financial impact is significant • Corrective action and oversight by management is needed • Audit findings could be subject to a follow-up by Internal Audit
Significant Improvement Required	<ul style="list-style-type: none"> • Numerous key control weaknesses were noted that require significant improvement to support objectives and manage risks • One Priority 1 finding or more than one Priority 2 findings and Priority 3 findings • Priority 2 and 3 findings only where the cumulative financial impact is significant • Corrective action and oversight by senior management is required • Audit findings will be subject to a follow-up by Internal Audit
Immediate Action Required	<ul style="list-style-type: none"> • Key controls are either not adequately or appropriately designed and are not operating effectively, or there is an absence of appropriate key controls to support objectives and manage risks • More than one Priority 1 finding, combined with Priority 2 or 3 findings • Regardless of the type of findings, the cumulative financial impact is material to the City's financial statements. • Confirmed fraud by management or staff • Corrective action and oversight by Senior Leadership Team is required immediately • Follow-up of such audit findings by Internal Audit would be of high priority