

Date: 2020-10-26

Subject: **Corporate Fraud Prevention Hotline Update**

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Report Number: CAO's Office-2020-385

Recommendations:

1. That the report titled: **Corporate Fraud Prevention Hotline Update**, to the Audit Committee Meeting of November 24, 2020, be received.

Overview:

- The Corporate Fraud Prevention Hotline ("Fraud Hotline") was launched on July 4, 2016 for the use of City of Brampton employees;
- Since the launch, the Fraud Hotline has received a total of 48 reports of alleged fraud. Since the last update to Audit Committee on September 8, 2020, no new reports were received 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 anonymously and confidentially 24 hours a day, seven days a week. To report an incident of suspected fraud, employees can submit a report through the 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. Since the update report was presented at the September 8, 2020 Audit Committee Meeting, the Fraud Hotline has received no new reports. All reports have been reviewed and delegated, and Internal Audit has worked with appropriate parties to conclude all reports.

The following table provides a summary of all reports received between January and September 2020.

Table 1: Reports Received January-September 2020

New Reports Submitted as of Q3 2020			
Date Submitted	Report Category	Report Method	Report Status
January 2020	Undefined	Web	Closed
February 2020	Embezzlement or Fraud	Web	Closed
March 2020	Unethical Conduct	Web	Closed
May 2020	Harm to People	Web	Closed
June 2020	Embezzlement or Fraud	Web	Closed

At the June Audit Committee Meeting, Audit Committee members requested that staff provide a summary of the reports received by the Fraud Hotline. The following is a high-level summary of the complaints received in Q1 and Q2 2020:

- Low morale/ poor management/bullying & disrespectful behavior by management;
- Hiring practices/HR recruitment/ political staff influence over hiring of City staff; and
- Unauthorized purchases of safety shoes by forging signature.

Corporate Implications:

Financial Implications:

The 2020 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. The Office of Internal Audit will continue to update the Audit Committee on the status of the Fraud Hotline and any ongoing and/or completed fraud investigations.

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