



**Report  
Staff Report**  
The Corporation of the City of Brampton  
10/7/2024

**Date:** 2024-09-18

**Subject:** **Corporate Ethics Hotline Quarterly Report – Q3 2024**

**Contact:** Claire Fang Mu, Director, Internal Audit

**Report number:** CAO's Office-2024-486

**RECOMMENDATIONS:**

1. That the report titled: **Corporate Ethics Hotline Quarterly Report – Q3 2024**, to the Audit Committee meeting of October 7, 2024, be received.

**OVERVIEW:**

- Two new cases have been reported in 2024. Both cases are closed.
- One allegation received in May 2023 was closed with the completion of a policy review.

**BACKGROUND:**

As part of the City of Brampton's ("the City") commitment to protecting its assets, a Fraud Framework to prevent, detect, and report fraud incidents and investigate any suspected acts of fraud was established. On July 4, 2016, the City launched the Corporate Fraud Prevention Hotline ("Fraud Hotline"), which allows City employees to report alleged incidents of fraud.

The Fraud Hotline was renamed the "Ethics Hotline" in 2023 to better reflect the mix of allegations it receives: violations of ethics and the Code of Conduct, waste, and fraud.

The City provided resources, at about \$16,500 a year, to contract out the intake services to a third party. The Ethics Hotline intake service enables employees to report incidents of suspected violations of ethics and the Code of Conduct, waste, and fraud anonymously and confidentially, 24 hours a day, seven days a week. Employees can submit a report through a secure third-party website or the telephone through a third-party dedicated toll-free number. Internal Audit staff reports on Ethics Hotline activities quarterly to the Audit Committee.

## Staffing Constraint

Internal Audit is currently not staffed to effectively manage the Ethics Hotline. Our team monitors the hotline on a best-effort basis, and there has been no awareness campaign for City employees in the last five years. In both the 2023 and 2024 budget requests, Internal Audit sought additional resources to handle the preliminary assessment, triaging, and investigation of allegations received through the hotline.

A recent evaluation by the Institute of Internal Auditors (IIA), benchmarked against the 2024 Global Audit Standards, revealed a critical opportunity for the Internal Audit team to strengthen fraud risk assessments throughout the City. Specifically, the IIA recommended incorporating a fraud risk assessment into every audit engagement. To implement this recommendation effectively, it is essential for Internal Audit to have a dedicated resource to monitor the Ethics Hotline, perform preliminary assessments, and coordinate related investigations.

In the 2025 budget request, Internal Audit included a proposal for a new lead auditor position to address three unmet mandates, with 0.2 FTE allocated to monitor the Ethics Hotline. Until we secure these additional resources, we will continue to manage the hotline on a best-effort basis, focusing our efforts on the audit work plan.

## CURRENT SITUATION:

The Internal Audit Ethics Hotline status report to the Audit Committee includes statistics on the number and types of reports received. The nature of these reports is sensitive. Therefore, we have omitted information that could identify individuals from this report to protect the named individuals' privacy and maintain the reporters' anonymity.

The Ethics Hotline received two new reports between January 1 and August 31, 2024.

Case No	Category	Investigated?	Disposition?	Status
10-6993294	Embezzlement or Fraud	No	We closed the case, as it falls outside our jurisdiction	Closed
10-8559157	Miscellaneous	Investigation was delegated to Human Resources	Substantiated	Closed

In addition, one allegation received in May 2023 was closed with the completion of a policy review.

Case No	Category	Investigated?	Disposition?	Status
1168877	Unethical Conduct	Yes	Substantiated	Closed

### **CORPORATE IMPLICATIONS:**

#### Financial Implications:

There is no financial implication associated with this updated report.

### **STRATEGIC FOCUS AREA:**

**Government & Leadership:** Focusing on service excellence with equity, innovation, efficiency, effectiveness, accountability, and transparency.

### **CONCLUSION:**

The Ethics Hotline enhances and strengthens the City's governance structure. It reinforces the Council's expectations regarding rules of behaviour and emphasizes the City's values. Internal Audit will update the Audit Committee on complaints received through the Ethics Hotline or referred to Internal Audit and any related ongoing and completed investigations.

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#### **Reviewed by:**

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**Attachments:** n/a