

Corporate Fraud Prevention Hotline

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.

At the Audit Committee meeting of November 24th, 2020, Internal Audit was asked to inquire about the possibility of extending the Fraud Prevention Hotline service to residents of the city of Brampton.

Current Situation:

The City of Brampton's Corporate Fraud Prevention Hotline service is provided by an independent third party. The annual fee is \$16,000. Internal Audit administers all the received complaints and delegates them to other divisions as appropriate.

To report an incident of suspected fraud, City employees can submit a report through the third-party secure website (internet, not intranet) or over the phone through a third-party dedicated toll-free number. Currently, the service is not extended to residents of Brampton, however, due to the fact that the service is internet based, anyone who knows the name of the service can file a complaint online. So far, there is no record of any complaints from the residents of Brampton, other than employees.

The three year contract with the service provider will be completed in March 2021. The renewal terms are as follows:

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 residents	Web and phone (staff); Web only for citizens	Staff: \$16,000 Residents: \$6,000
Option 3	City staff and residents	Web and Shared phone number	Staff: \$16,000 Residents: \$9,000
Option 4	City staff and residents	Web and Two separate phone numbers	Staff: \$16,000 Residents: \$9,500

These costs are quoted by the service provider. If service is expanded to the residents of Brampton, call volume will go up. Extra resources may be required to manage the service.

The City has a Fraud Prevention policy and Standard Operating Procedure (SOP). Both of these documents are available on the City's intranet for staff to access as needed.

In order to provide Audit Committee with information about expanding the Fraud Hotline to Brampton residents, Internal Audit has reviewed the Fraud and Waste Hotline services provided by other municipalities in Ontario, and our observations can be found in the section below.

Benchmarking:

During our review of other municipalities in Ontario, we observed that the following three cities in Ontario have a Fraud Hotline service available to employees and residents:

- Hamilton, Ontario
- Ottawa, Ontario
- Toronto, Ontario

The City of Mississauga does not have this service available to the residents of Mississauga. The service is only available to the employees of the City of Mississauga.

Further review of these cities identified the following:

City of Hamilton

Hamilton has a City Auditor who administratively reports to the City Manager and functionally reports to City Council. The Fraud Hotline service is provided by an independent third party and is managed by the Office of the City Auditor, an independent and objective office accountable to Council. The Office of the City Auditor reviews and assesses each report to ensure it was made in good faith, and if necessary, launches an investigation. The Office of the City Auditor conducts an objective and impartial assessment of each report, regardless of the alleged wrongdoer's position, title, length of service, or relationship with the City.

The City has advertised this service by using platforms such as the City website, Twitter, Facebook, their local newspaper (The Guardian) and paid advertisements as well.

This service was launched in July 2019. The report issued in June 2020 had 99 calls. 45 calls were from employees and 55 calls came from non-employees. 31 calls were investigated, and eight calls were considered as fraud investigations.

Along with a policy and Administrative Directive, the City of Hamilton has a Whistleblower By-Law.

The City of Hamilton has a team of seven auditors. Initial assessments are completed by one of the auditors. Calls are reviewed and processed as per nature of the calls. Human Resources (HR) deals with workplace harassment issues, and the Human Rights team within HR deals with hiring practices and any diversity related issues. The Office of City Auditor deals with fraud issues. If outside assistance is required to complete the investigation, the individual departments are charged those fees, as appropriate.

City of Ottawa

The Fraud and Waste Hotline is a confidential and anonymous service that allows City employees and members of the general public to report suspected or witnessed cases of fraud or waste. It does not apply to the Mayor, City Councilors, or their political office staff, the Ottawa Police Services Board, the Board of Health for the City of Ottawa Public Health Unit and Ottawa Public Health, or the Ottawa Community Housing Corporation.

The City of Ottawa issued a Fraud and Waste Hotline report in October 2020 and confirmed that 224 complaints were received. No segregation is completed between employee and public calls.

The City of Ottawa has a By-Law for the Office of the Auditor General that covers the responsibility of the Fraud and Waste Hotline.

The Hotline is not run by City of Ottawa staff; information is collected by an independent company and passed on to the City's Auditor General who reviews each case and investigates

when appropriate. There are seven employees in the office of Auditor General, including two Deputy Auditor Generals, three Senior Auditors, and one Internal Auditor.

City of Toronto

The City of Toronto's Fraud & Waste Hotline Program is operated by the Forensic Unit of the Auditor General's Office. The Fraud and Waste Hotlines is managed by the Auditor General's Office, and the general public, City staff, and anyone doing business with the City can report suspected fraud, waste, or wrongdoing involving City resources. The service is provided by an independent third party, and complaints can be made by using the hotline phone service, an email directly to the Auditor General, or by letter mail sent directly to the City as well. There is a team of 8 employees including one Director, two Senior Managers, two Managers and three junior staff to manage this service. In 2020, the City of Toronto received more than 850 calls. On average less than 50% of the calls are substantiated. No distinction is made between employee and non-employee calls. Appropriate divisions within the City can be also asked to investigate if the calls are substantiated, and Internal Audit is also available to assist.

All HR related calls are forwarded to HR and not reported as a part of the Fraud Prevention Hotline. For unionized employees, HR related matters are resolved as per their grievance agreements.

The Fraud and Conflict of Interest Policy is consolidated into the Public Service By-Law (Chapter 192 of the Municipal Code). Also article IV (Conflict of Interest), VI (Disclosure of Wrongdoing), and VII (Reprisal Protection) are all related to the work that the Fraud and Waste Hotline performs.