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## 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](http://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](mailto: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**

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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**

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##### 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

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- 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

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**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