

Date: 2021-09-08

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

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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 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 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.

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Attachments:

N/A