

Date: 2021-11-12

Subject: **Corporate Fraud Prevention Hotline Update– Q3 2021**

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Report Number: CAO's Office-2021-1237

Recommendations:

1. That the report titled: **Corporate Fraud Prevention Hotline Update- Q3 2021**, to the Audit Committee Meeting of December 7, 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 July 1, 2021 to September 30, 2021, no new reports have been received by the Fraud Hotline;
- Deloitte forwarded 39 reports from the Council authorized investigation that were out of scope of the review to Internal Audit for assessment; 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 no new reports between July 1- September 30, 2021.

39 reports were delegated to Internal Audit by Deloitte and have been uploaded to the City's Fraud reporting platform.

The following is a breakdown of the reports' composition:

- 20 reports were referred to the City of Brampton's Integrity Commissioner and marked as 'closed' on the City's reporting platform; and
- 19 reports are currently under review by Internal Audit.

The following is a high-level summary of the reports delegated to Internal Audit by Deloitte:

- Improper recruitment and hiring practices;
- The hiring of unqualified personnel; and
- Bullying and harassment.

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:

N/A

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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