

Date: 2022-04-19

Subject: **Corporate Fraud Prevention Hotline Update –Q1 2022**

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Report Number: CAO's Office-2022-479

Recommendations:

1. That the report titled: **Corporate Fraud Prevention Hotline Update- Q1 2022**, to the Audit Committee Meeting of May 17, 2022, be received.

Overview:

- For the period January 1 to March 31, 2022 (Q1), four new reports have been received by the Fraud Hotline;
- One new report is open and the remaining three have been closed. The open report was delegated to Human Resources to assess and the remaining three reports were repeat allegations with management action plans already in place;
- To protect the privacy of named individuals and maintain the anonymity of reporters, information that could identify the reporter and named individuals have been omitted from this report; 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 ("Fraud 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. If required, employees should feel empowered to do the right thing to ensure the City's assets are protected.

Internal Audit reports on Fraud Hotline activities on a quarterly basis.

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 nature of these reports are sensitive in nature. In order to protect the privacy of the named individuals and maintain the anonymity of reporters, we have omitted from this report information that could identify individuals.

The Fraud Hotline received four new reports between January 1 and March 31, 2022 (Q1). One report is open and was delegated to Human Resources to assess. The remaining three have been closed.

The following is a high-level summary of the complaints received in Q1 2022:

- HR related matters

Fraud Reporting Categories and Disposition

When a fraud report is created using the Fraud Hotline, the reporter chooses the fraud category from a pre-populated list. Internal Audit does not change the category selected by the reporter; the categories outlined below reflect the original information contained in the Fraud Hotline reports.

Table 1 below is a summary of the categories selected by the reporters and their disposition.

Table 1: Original Report Category and Disposition

Category	Count	Disposition
Unethical Conduct		
	1	Closed. Repeat allegation with no new information. Addressed in 2021: management action plan in place.
	1	Closed. Repeat allegation with no new information. Addressed in 2021: management action plan in place.
Compensation		
	1	Open. Delegated to Human Resources.
Environment		
	1	Closed. Repeat allegation with no new information. Addressed in 2021: management action plan in place.

Corporate Implications:

Financial Implications:

The 2022 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 Fraud Hotline enhance and strengthen 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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