

Category: Governance

Title: Corporate Fraud Prevention Policy

Policy Number: GOV-110

Approved by: [Committee Recommendation #], [Council Resolution #]

Administered by: Internal Audit

Effective: September 1, 2019

1. Background

The operation of municipalities is subject to risk of Fraud.

The City's goal is to establish and maintain an environment of fairness, ethical behaviour, and honesty for employees, contractors, suppliers and those with whom the City has a relationship. To maintain such an environment requires the active assistance of each and every employee every day.

The City is committed to the deterrence, detection and correction of Fraud, the implementation of measures to prevent, detect and report Fraud, and investigation of any suspected acts of Fraud.

2. Purpose

The purpose of this Policy is to establish the requirements and the responsibilities for the prevention, detection, and reporting of Fraud, the conduct of Fraud investigations, and the consequences when Fraud is found to have occurred.

3. Application and Scope

This Policy applies to acts of unethical or dishonest conduct defined as Fraud for the purposes of this Policy.

a) This Council Policy applies to:

- All employees or persons acting on behalf of the City, including management, bargaining unit staff, and regular and temporary employees; and
- Contractors, vendors, and outside agencies doing business with the City who have agreed to be bound by this Policy.

b) Exceptions

This Policy does not apply to the Mayor and Members of Council who are governed by a separate Council Code of Conduct. Any behaviour or activity that contravenes that Code may be directed to the Office of the Integrity Commissioner.

4. Outcomes

a) Intended outcomes of this Policy are:

- An environment of fairness, ethical behaviour, and honesty for our employees, contractors, suppliers and other parties with whom the City has established a relationship;
- Zero tolerance for Fraud; and
- Reasonable efforts to obtain recovery of any losses due to Fraud.

5. Principles

- 5.1 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.
- 5.2 Confidentiality - 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, and to ensure anonymity of the reporter.
- 5.3 Standards - Investigations will be conducted with due professional care and in accordance with the professional standards of ethics, including the Institute of Internal Auditors (IIA), Chartered Professional Accountants (CPA), and the Information Systems Audit and Control Association (ISACA).
- 5.4 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.

6. Policy Statements

- 6.1 The City will pursue every reasonable effort to obtain recovery of losses due to Fraud.

6.2 Fraud Reporting

- a) Internal Audit should be contacted if there are any questions or for clarification of what constitutes Fraud as defined in this Policy.
- b) Any person who suspects an act of Fraud by anyone who falls under the scope of this Policy must immediately report the event. Reports shall be made directly to their supervisor, to the Director of Internal Audit, or anonymously via the Fraud Prevention Hotline.
- c) Anyone reporting a Fraud Allegation must act in good faith and have reasonable grounds for believing the information provided. No person shall make an allegation that is known to be false.
- d) Due to the important and sensitive nature of suspected Fraud, effective professional follow-up and investigation are critical. Persons reporting suspected Fraud should not, under any circumstances, perform investigative or other follow-up steps on their own.

6.3 Fraud Assessment and Investigation

- a) All Fraud Allegations will be assessed by the Director of Internal Audit and may be delegated to Internal Audit staff or a third party. The Assessor will determine whether there is sufficient information and a reasonable factual basis to proceed to an Investigation and report their assessment to the Director of Internal Audit. Not all Fraud Allegations will result in an investigation.
- b) Members of the Management Review Team will review Fraud Allegations that have sufficient factual information to proceed with an investigation and will determine next steps. See special cases for exceptions.
- c) The investigation of Fraud Allegations will be conducted by the Director of Internal Audit who may delegate the work to Internal Audit staff, management, or a third party.
- d) Internal Audit maintains the primary responsibility for the management of the investigation, and requires regular updates, findings,

recommendations, and confirmation of action taken, if applicable, from the Investigator.

- e) Suspected acts of Fraud, as outlined in this Policy, will be investigated in an impartial manner regardless of the suspected person's length of service, position, title, or relationship to the City.
- f) Internal Audit, and if applicable, the members of the Investigative Team, will have:
 - Free and unrestricted access to all City records, except records which are protected by law, and premises, whether owned or rented.
 - The authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities (whether in electronic or other format) without the prior knowledge or consent of any person who might use or have custody of such items or facilities when it is within the scope of investigation or related follow up activities.
- g) Any person involved in an investigation of suspected Fraud shall keep the content of the investigation confidential. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know.
- h) At the conclusion of an investigation, the Director, Internal Audit, will report to the Commissioner or Department Head of the relevant department on any findings of active Fraud or a breach of this Policy, and will provide recommendations as to where controls can be improved in order to minimize future risk of Fraud. Management is responsible for reviewing and implementing the appropriate controls to prevent reoccurrences.

6.4 Special Cases

- a) Where the Chief Administrative Officer (CAO) is implicated in allegations of Fraud, a third-party will be retained to investigate the allegations and will report their findings to Brampton City Council.
- b) Where the City Clerk, City Solicitor, City Treasurer, Director of Human Resources and Director of Internal Audit are implicated in allegations of Fraud, a third-party will be retained to investigate the allegations and will report their findings to the CAO.

6.5 Whistleblower Protection

- a) The City will not tolerate any form of retaliation against Whistleblowers who, in good faith, provide information concerning Fraud. No one

governed by this Policy shall retaliate against a Whistleblower with the intent of adversely affecting the terms or conditions of employment or otherwise.

- b) All Whistleblowers' identities will remain confidential and anonymous.
- c) Protection from retaliation does not prohibit managers or supervisors from taking action, including disciplinary action, as part of their normal duties and based on valid performance-related factors.

6.6 Fraud Awareness Training and acknowledgment

- a) Each City employee is required to attend at least one session of Fraud Awareness Training every two years. Coordination and tracking of training will be done by the Human Resources Division.
- b) All newly hired employees and volunteers will be provided with a copy of the Policy as part of their orientation and will be required to provide a written acknowledgement upon receipt of the Policy.
- c) On an annual basis, all employees are required to read and acknowledge understanding of this Policy by signing an acknowledgement form.

6.7 Fraud reports are subject to access to information requests, limitations and exemptions in accordance with the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA).

6.8 This Policy is designed to augment the policies identified in Section 10 and is not intended to replace or preclude them. To the extent that this Policy may conflict with any other policies containing related information, this Policy shall apply.

7. Roles and Responsibilities

7.1 City Council is responsible for ensuring adequate resources are made available to support investigations.

7.2 The Director of Internal Audit is responsible for:

- a) Management and coordination of the investigation of all suspected Fraud and related investigative activities with appropriate parties and authorities, as required;
- b) Advising Council and, if appropriate, the CAO, of any allegations that, if true, may involve significant, imminent risk to the City; and,
- c) Administration, recommended revision, interpretation, and application of this Policy.

7.3 The Human Resources Division is responsible for:

- a) Providing a copy of this Policy to all newly hired City employees and volunteers as part of their orientation;
- b) Retaining a copy of the written acknowledgement that the individual(s) have received this Policy;
- c) Obtaining annual confirmation of adherence to this Policy from all employees; and
- d) Ensure all employees are required to attend at least one session of Fraud Awareness training every two years.

7.4 The Corporate Leadership Team is responsible for:

- a) Management action on confirmed Fraud breach; and,
- b) Creating monitoring for the detection and prevention of Fraud.

7.5 Supervisors are responsible for:

- a) Recognizing the types of Fraud, risks, and potential exposures within their area of responsibility, and be alert for any indications of such;
- b) Creating and maintaining effective monitoring, review and control procedures to prevent and detect Fraud;
- c) Retaining accountability for the effectiveness of the above responsibilities even when authority to carry them out is delegated to subordinates; and
- d) Notifying Internal Audit immediately upon learning of an incident of suspected Fraud.

7.6 All Employees are responsible for:

- a) Reporting, in good faith, any suspected incidents of Fraud;
- b) Cooperating with Fraud investigations; and
- c) Reviewing and acknowledging this Policy annually and to sign an acknowledgement form

8. Monitoring and Compliance

8.1 Non-compliance with this Policy by a person who falls under the scope of this Policy may result in disciplinary action up to and including dismissal and/or

prosecution by appropriate authorities. The Director of Human Resources and/or the City Solicitor will be consulted by the Director of Internal Audit in advance of such action being taken.

- 8.2 Failure to comply by a consultant, vendor, contractor, outside agency, person doing business with the City or otherwise within the scope of this Policy, may result in action being taken, including the cancellation of the business or other relationship between the entity and the City, or the termination of any contract in accordance with its terms.
- 8.3 Any evidence of Fraud may be reported to the appropriate regulatory authority.

9. Definitions

- 9.1 'Allegation' means a claim of Fraud submitted by an Employee, under the Corporate Fraud Prevention Policy, on the part of any Employee, Senior Management and Vendor.
- 9.2 'Assessor' means the person or party performing the initial assessment of a Fraud Allegation.
- 9.3 'Assets' means all property of the City, including but not limited to equipment, financial assets, land, vehicles, material, uniforms, cell phones, computers, electronic mail, internet services, records, information and work time.
- 9.4 'City' means The Corporation of the City of Brampton.
- 9.5 'Fraud' for the purpose of this Policy means all unethical or dishonest acts, deception, abuse, waste, and misconduct including, but not limited to:
 - a. Intentional diversion, manipulation, misapplication, mistreatment, or misuse of City resources;
 - b. A false representation of facts, including making false or misleading statements, or trying to hide wrongdoing by a person or an organization;
 - c. Deception which is intentional and results in a benefit to a person and/or causes damage, harm, or loss to the City or others;
 - d. Unnecessary spending or careless squandering of the City's resources;
 - e. Conduct contrary to the Employee Code of Conduct, specifically:
 - Failure to disclose a conflict of interest of whether direct or indirect;
 - Breach of trust;
 - Solicitation of gifts and/or benefits; and
 - Unauthorized use of City property and Assets for personal benefit, gain or enjoyment.

Please refer to **Appendix A** for some examples of Fraud under this Policy.

- 9.6 ‘Good Faith’ means a sincere belief or motive without any malice or the desire to defraud others.
- 9.7 ‘Investigator’ or ‘Investigation Team’ means City personnel or third parties assigned by the Director of Internal Audit to investigate allegations of Fraud.
- 9.8 ‘Management Review Team’ means the group of persons who reviews cases of alleged Fraud and determine a course of action. The team is comprised of the City Solicitor, Director of Human Resources and Director of Internal Audit.
- 9.9 ‘Person’ means Includes individuals and companies.
- 9.10 ‘Whistleblower’ means a person who, in good faith, reports an activity they believe to be Fraud.

10. References and Resources

This Policy should be read and applied in conjunction with the following references and resources as updated from time to time. Please note that some of the following documents may not be publically available.

References to related by-laws, Council Policies, and Administrative Directives

- [Employee Code of Conduct](#)
- [Employee Expense Policies](#)
- [Information Technology Use Policy](#)
- [Respectful Workplace Policy](#)
- [Purchasing Card Policy PUR-120](#)
- [Purchasing By-Law 19-2018](#)
- [Conflict of Interest Provincial Offences Act Policy](#)

References to related corporate-wide procedures, forms, and resources

- [Fraud Service Card](#)
- [ClearView Connects \(Fraud Hotline\)](#)

Revision History

Date	Description
2018/03/07	Replaces Policy 2.14.0 Corporate Fraud Prevention Policy
2019/09/25	Annual review resulted in minor edits to add clarity to provisions; adding definitions for “person” and “good faith”; adding a complaint made in bad faith under the definition of Fraud; adding reporting to a member of the Senior Leadership Team any findings of Fraud

Date	Description
	investigations as appropriate and additional provision on protection of Whistle-blowers from retaliation. Housekeeping edits to the template. Amended by Council Resolutions C353-2019 and AU0352019.
CPT to enter date	<p>Policy amended through [CPT to insert resolution number].</p> <p>The review resulted in additions to provide clarity on:</p> <ul style="list-style-type: none"> • The assessment, investigation, and reporting processes, as lead by Internal Audit; • cases where the CAO, City Clerk, City Solicitor, City Treasurer, Director of Human Resources or Director of Internal Audit are implicated in allegations of Fraud; and • The requirement to comply with the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA). <p>Minor changes were made, including:</p> <ul style="list-style-type: none"> • Added “Principles” section • Added definitions • Added links under “references” • Replaced occurrences of Chief Audit Executive and its acronym (CAE) to Director, Internal Audit. • Added “Notifying Internal Audit immediately upon learning of an incident of suspected Fraud” to paragraph 7.3 based on bench marking against other municipalities.
CPT to enter date	Next Scheduled Review

Appendix A

Some examples of Fraud under this Policy include:

- Obtaining a benefit or service from the City for which the person does not qualify;
- Providing a City benefit or service to a person for which that person does not qualify;
- Unauthorized reductions in fees or fines;
- Suspending or terminating enforcement action based on a personal relationship;
- Bid-fixing;
- Authorizing contracts in violation of city purchasing laws;
- Failure to disclose an actual or potential conflict of interest;
- Accepting bribes or kickbacks;
- Accepting gifts in excess of \$50;
- Carrying on a personal business during City of Brampton work hours using City resources;
- Wilful destruction of City property;
- Forgery or alteration of a cheque, document, or account belonging to the City;
- Misappropriation or embezzlement of City funds, securities, supplies, or other Assets;
- Unauthorized personal use of Assets;
- Personal use of procurement cards (P-Card) without reimbursement;
- Making an allegation of Fraud known to be false;
- Profiting as a result of insider knowledge;
- Theft of cash, cheques, procurement cards, or other Assets;
- Falsifying records such as timecards, expense reports, or official documents;
- Any activity (including computer-related) involving the alteration, destruction, forgery, or manipulation of data for Fraudulent purposes or misappropriation of City-owned software, hardware, or other Assets;
- Breach of federal, provincial, or municipal legislation;
- Disclosure of confidential information for personal gain;
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/material to the City or City job applicants;
- Unauthorized use or misuse of City facilities, equipment, vehicles, or other Assets;
- Falsifying time worked or leave taken on a timesheet;
- Retaining ineligible dependents on health care coverage; and
- Incurring unnecessary costs as a result of inefficient or negligent practices, systems or controls.