

Date: 2023-05-31

Subject: Corporate Ethics Hotline Quarterly Report

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Report Number: CAO's Office-2023-499

Recommendations:

That the report titled: **Corporate Ethics Hotline Quarterly Report** to the Audit Committee meeting of June 12, 2023, be received.

Overview:

- The Fraud Hotline was renamed the "Ethics Hotline" in 2023 to accurately reflect the mix of allegations coming through the Hotline.
- Three new cases were reported between January 1, 2023, and May 31, 2023
- Two cases are closed, and one is pending.

Background:

As part of the City of Brampton's ("the City") commitment to protecting its assets, a Fraud Framework to prevent, detect, and report fraud incidents and 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 was renamed the "Ethics Hotline" in 2023 to better reflect the mix of allegations coming through the Hotline: violations of ethics and the Code of Conduct, waste, and fraud.

The City provided resources, at about \$16,000 a year, to contract out the intake services to a third party. The Ethics Hotline intake service enables employees to report incidents of suspected violations of ethics and the Code of Conduct, waste, and fraud anonymously and confidentially, 24 hours a day, seven days a week. Employees can submit a report through a secure third-party website or the telephone through a third-party dedicated toll-free number. Internal Audit staff reports on Ethics Hotline activities quarterly to the Audit Committee.

Current Situation:

The Internal Audit Ethics Hotline status report to the Audit Committee includes statistics on the number and types of reports received. The nature of these reports is sensitive. Therefore, we have omitted information that could identify individuals from this report to protect the named individuals' privacy and maintain the reporters' anonymity.

The Ethics Hotline received three new reports between January 1 and May 31, 2023.

| Case No | Status | Substantiated? | Details |
|----------------|---------------|-----------------------|--|
| 8311576 | Closed | No | An allegation of a conflict of interest involving an employee conducting personal business on City time and using City information to benefit their business. Delegated to management to investigate. |
| 4137936 | Closed | No | An allegation of unethical conduct involving a City staff bypassing protocol for major contract changes on several capital construction projects resulting in overpayments to third parties. Delegated to management to investigate. Internal Audit closed this case to a future audit of capital construction projects focusing on the change order approval process. |
| 1168877 | Open | TBD | Two allegations of unethical conduct and conflict of interest involving two City of Brampton employees who may be working for other employers during the City's work hours. We are waiting for the division to report back on the result of their investigations. |

Corporate Implications:Financial Implications:

There is no financial implication associated with this report.

Other Implications:

There is no other implication associated with this report.

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 promotes Corporate accountability, our Corporate values, and governance best practices.

Conclusion:

The Ethics Hotline enhances and strengthens the City's governance structure. It reinforces the Council's expectations regarding rules of behaviour and emphasizes the values of the City. Internal Audit will update the Audit Committee on complaints received through the Ethics Hotline or referred to Internal Audit and any related ongoing and completed investigations.

Authored by:

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Attachments:

n/a