

Category: Governance

**Title:** Corporate Fraud Prevention Policy

Policy Number: TBD

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

Administered by: Legal Services

Effective: June 12, 2023

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## **1. Background**

The City of Brampton (“City”) is committed to maintaining an environment of fairness, ethical behaviour, honesty, and intolerance of Fraud. In line with that commitment, the City has implemented the Corporate Fraud Prevention Policy to reinforce the City’s commitment to Fraud prevention and detection and set out the City’s response to allegations of suspected or actual Fraud.

## **2. Purpose**

This Policy aims to establish the requirements and responsibilities for the prevention, detection, and reporting of Fraud, the conduct of Fraud investigations, and the consequences when Fraud has occurred.

## **3. Application and Scope**

- 3.1 This Policy applies to all employees or persons acting on behalf of the City, including management, bargaining unit staff, and full-time, part-time, permanent, volunteer, and contract employees.
- 3.2 This Policy does not apply to the Mayor and Councillors, whom the Council Code of Conduct governs. Any allegations implicating the Mayor and Councillors may be directed to the Office of the Integrity Commissioner.

## **4. Outcomes**

- 4.1 An environment of fairness, ethical behaviour, honesty, and intolerance of Fraud.
- 4.2 Commitment to Fraud prevention and detection.
- 4.3 Defined roles and responsibilities in response to suspected acts of Fraud.

## 5. Policy Statements

- 5.1 This Policy addresses specific guidelines and responsibilities regarding actions for detecting, reporting, and investigating Fraud or other similar irregularities.
- 5.2 The City will identify and promptly investigate any possible Fraud or unethical activities against the City and pursue legal remedies when appropriate.
- 5.3 The City will take appropriate disciplinary and legal actions against employees and entities, up to and including termination of employment or contract, restitution, and forwarding information to the appropriate authorities for criminal prosecution.
- 5.4 This Policy clarifies acts that are considered Fraudulent and describes the steps to be taken when Fraud or other related irregularities are suspected or have occurred. This statement also includes the procedures to follow in accounting for missing funds, restitution, and recoveries.
- 5.5 Fraud Assessment and Investigation
  - a) Internal Audit will carry out an initial assessment. A determination of whether the allegation warrants additional investigation will be made after completing this assessment.
  - b) The Director of Internal Audit may delegate the investigation to City management, Internal Audit staff, or a third-party investigator. Allegations with implications that are in the purview of an Accountability Office may be forwarded to the appropriate office. See “Special Cases” for exceptions.
  - c) Internal Audit requires regular updates, findings, recommendations, and confirmation of action taken, if applicable, from City management or a third-party investigator.
  - d) Not all Fraud Allegations will result in an investigation. For example, Internal Audit may not investigate allegations that lack relevant details, have no reasonable factual basis to proceed, or are false or vexatious.
  - e) Investigators of suspected Fraud will not disclose or discuss the investigation with anyone other than those with a legitimate need to know.

- f) Internal Audit, in consultation with Legal Services, may report suspected illegal activities to Peel Regional Police or appropriate government agency.
- g) Every reasonable effort shall be taken to recover losses due to Fraud.

## 5.6 Special Cases

### a. Allegations Implicating Identifiable Senior Positions

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

### b. Allegations on Matters That Fall Under the Accountability Offices

From time to time, allegations on matters intended for the Accountability Offices as defined in the *Municipal Act, 2001* may come through the City's Ethics Hotline. In such cases, Internal Audit will advise the complainant(s), forward the allegation to the appropriate City of Brampton's Accountability Office, and close the case. Cases may also be forwarded to the City of Brampton's Accountability Offices if an aspect of an allegation falls within their purview. The City has established three Accountability Offices: The Integrity Commissioner, Lobbyist Registrar, and Closed Meeting Investigator. In addition, the Ontario Ombudsman currently functions as Brampton's Municipal Ombudsman.

## 5.7 Protection Against Reprisal

The City will not tolerate any form of retaliation against persons who, in good faith, provide information concerning Fraud. No one governed by this Policy shall retaliate against an employee reporting Fraud with the intent of adversely affecting the terms or conditions of employment or otherwise.

- 5.8 This Policy is designed to augment any other corporate policies containing related information. It does not replace or preclude them. To the extent that this Policy may conflict with any other corporate policies containing related information, this Policy will take precedence to the extent only of such conflict. Alternatively, please refer to clause 6.10 of this policy for resolution.

## 6. Roles and Responsibilities

### Employee Responsibilities

- 6.1 All employees must review this Policy annually and sign an acknowledgment form.

- 6.2 When suspected Fraudulent incidents or practices are observed by or made known to any person governed by this Policy, the following will be done:
- a) Suspected incidents or practices of Fraud will be reported to the supervisor for reporting to the proper management official. When the employee believes the supervisor may be involved in inappropriate activity, the employee will make the report directly to a higher level of management.
  - b) All suspected Fraudulent incidents or practices must be reported to the City's Ethics Hotline immediately. Reporting can be done either by the employee, their supervisor, or the Human Resources staff that they have consulted with. Reporters using the Hotline may choose to remain anonymous.
  - c) Any City employees will report suspected Fraud to the City's Ethics Hotline and, when doing so, 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) The person reporting the Fraud shall provide sufficient information to allow a reviewer to assess the allegation. This should include a synopsis of the Fraud, specific actions, dates or timelines, and persons involved.
  - e) All employees must cooperate with Fraud investigations.

### **Management Responsibilities**

- 6.3 Management should be familiar with the types of Fraud in their area and create and maintain effective monitoring, review, and control procedures to prevent and detect Fraud, misappropriations, and other irregularities.
- 6.4 The Corporate Leadership Team is responsible for taking corrective actions on confirmed Fraud and engaging Human Resources and Legal Services as required.

### **Human Resource Responsibility**

- 6.5 Human Resources will provide all new employees and volunteers with a copy of the Policy as part of their orientation. In addition, the new employees and volunteers will acknowledge receipt of the Policy in writing.
- 6.6 On an annual basis, all employees must read and acknowledge understanding of this Policy by signing an acknowledgment form.
- 6.7 Human Resources will retain copies of the written acknowledgment by individuals who have received this Policy. Acceptable record retention includes digital acknowledgement and check-box.

## **Internal Audit Responsibilities**

- 6.8 Internal Audit is responsible for managing and coordinating the investigation of all suspected Fraud and related investigative activities with appropriate parties and authorities.
- 6.9 Internal Audit shall advise the Council and the Chief Administrative Officer of any allegations involving significant and imminent risk to the City.

## **City Legal Services Responsibilities**

- 6.10 City Legal Services owns the City's Fraud Prevention Policy and is responsible for this Policy's periodic review, revision, and interpretation.

## **7. Monitoring and Compliance**

Non-compliance with this Policy may result in disciplinary action, up to and including termination of employment and prosecution by appropriate authorities.

## **8. Definition of Fraud**

'Fraud' for this Policy means all unethical or dishonest acts, deception, abuse, waste, and misconduct including, but not limited to:

- a) 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, 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, whether direct or indirect;
  - Breach of trust;
  - Solicitation of gifts and 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. 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 publicly 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 \(Ethics Reporting Hotline\)](#)

## Revision History

Date	Description
2018/03/07	Replaces Policy 2.14.0 Corporate Fraud Prevention Policy
2019/09/25	The annual review resulted in minor edits. Amended by Council Resolutions C353-2019 and AU0352019.
2023/05/25	Policy amended through [CPT to insert resolution number]. The review resulted in revisions/additions to clarify the following: <ul style="list-style-type: none"><li>• City Legal Services, as the Chief Administrative Officer's designate, owns the Fraud Prevention Policy and is responsible for the policy's periodic review, update, and interpretation.</li><li>• The City's Fraud Hotline has been renamed to "Ethics Reporting Hotline."</li><li>• Internal Audit leads the assessment, investigation, and reporting processes of allegations received by the Ethics Reporting Hotline.</li><li>• Where the CAO, Department Heads, City Clerk, City Solicitor, City Treasurer, Director of Human Resources, or</li></ul>

Date	Description
	<p>Director of Internal Audit are implicated in allegations of ethics violations, the investigative process has been updated.</p> <p>In addition, minor changes were made to clarify the “Outcomes” and “Policy Statement” sections. In addition, “Director, Internal Audit” has replaced “Chief Audit Executive.” The revised policy mandated reporting of “All suspected fraudulent incidents or practices must be reported to the City’s Ethics Reporting Hotline immediately. Reporters using the Hotline may choose to remain anonymous.” to paragraph 6.2 b) based on benchmarking against other municipalities.</p>
2024/05/01	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 over \$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 due to inefficient or negligent practices, systems, or controls.