

Category: Governance

**Title:** Corporate Fraud Prevention Policy

Policy Number: GOV-110

Approved by: AU035-2019, C353-2019

Administered by: Office of Internal Audit

Effective: September 1, 2019

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## 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, 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 provide guidance and establish 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

3.1 This 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.

- 3.2 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.
- 3.3 This Policy applies to acts of unethical or dishonest conduct defined as Fraud for the purposes of this Policy.

#### 4. Outcomes

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

#### 5. Policy Statements

- 5.1 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 the Chief Audit Executive (CAE), to their supervisor, or anonymously via the Fraud Prevention Hotline.
- 5.2 The City will not tolerate any form of retaliation against Whistleblowers who, in good faith, provide information concerning Fraud.
- 5.3 City staff are responsible for reporting, in good faith, any suspected Fraud.
- 5.4 Suspected acts of Fraud will be investigated in an impartial manner regardless of the suspected person's length of service, position, title or relationship to the City.
- 5.5 Due to the important and sensitive nature of suspected Fraud, effective professional follow-up and investigation is critical. Persons reporting suspected Fraud should not, under any circumstances, perform investigative or other follow-up steps on their own.
- 5.6 The Office of Internal Audit should be contacted if there are any questions or for clarification of what constitutes Fraud.

#### 6. Definitions

##### 6.1 In this Policy,

**Assets** – 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;

**City** – The Corporation of the City of Brampton;

**Fraud** – 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.
- f. 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.

**Good Faith** – A sincere belief or motive without any malice or the desire to defraud others.

**Person** – Includes individuals and companies;

**Whistleblower** – A person who, in good faith, reports an activity which he or she believes to be Fraud.

## 7. Investigating Fraud

- 7.1 The Office of Internal Audit has the primary responsibility for the management and coordination of the investigation of all suspected Fraud and related investigative activities with appropriate parties, as required.
- 7.2 The Office of 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.
- 7.3 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.

- 7.4 At the conclusion of an investigation, the CAE will report to a member of the Senior Leadership Team whom the CAE considers appropriate on any findings of active fraud or a breach of this Policy.

## **8. Acting in Good Faith**

- 8.1 Anyone reporting a Fraud must act in good faith or have reasonable grounds for believing the information provided. No person shall make an allegation that is known to be false.
- 8.2 No disciplinary action will be recommended or taken against a person who makes an allegation of fraud in good faith, regardless of the outcome of the investigation.

## **9. Whistleblower Protection**

- 9.1 All Whistleblowers' identities will remain confidential and anonymous.
- 9.2 No one governed by this Policy shall retaliate against a Whistleblower for reporting in good faith an act that the Whistleblower believes to be fraudulent or dishonest with the intent of adversely affecting the terms or conditions of employment or otherwise.
- 9.3 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.

## **10. Fraud Awareness Training**

- 10.1 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.

## **11. Distribution**

- 11.1 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.
- 11.2 On an annual basis, all employees are required to read and acknowledge understanding of this Policy by signing an acknowledgement form.

## **12. Related Policies and Administrative Directives**

- 12.1 This Policy is designed to augment the Corporate policies, identified in Section 15, and is not intended to replace or preclude them.
- 12.2 To the extent that this Policy may conflict with any other policies containing related information, this Policy shall apply.

### **13. Roles and Responsibilities**

#### **13.1 Council is responsible for:**

- a. ensuring adequate resources are made available to support investigations.

#### **13.2 Chief Audit Executive (CAE) is responsible for:**

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

#### **13.3 Employees with direct reports 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; and
- c. Retaining accountability for the effectiveness of the above responsibilities even when authority to carry them out is delegated to subordinates.

#### **13.4 All Employees are responsible for:**

- a. Reporting, in good faith, any suspected Fraud.

#### **13.5 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; and
- c. Obtaining annual confirmation of adherence to this Policy from all employees.

#### **13.6 Senior Leadership is responsible for:**

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

**14. Monitoring and Compliance**

**14.1 Consequences of non-compliance**

- a. 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 Chief Audit Executive in advance of such action being taken.
- b. 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.
- c. Any evidence of Fraud may be reported to the appropriate regulatory or other authorities.
- d. The City will pursue every reasonable effort to obtain recovery of losses due to Fraud.

**15. 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 bylaws, Council policies, and administrative directives**

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

**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

Date	Description
	member of the Senior Leadership Team any findings of fraud investigations as appropriate and additional provision on protection of whistleblowers from retaliation. Housekeeping edits to the template Amended by Council Resolutions C353-2019 and AU035-2019.
2020/08/05	Next Scheduled Review ( <i>annual review</i> )