Minutes – Executive Policy Committee – July 10, 2013

AUDIT COMMITTEE

Minute No. 378 Fraud and Waste Hotline Policy – June 2013

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee, in its capacity as the Audit Committee, concurred in the recommendation of the Winnipeg Public Service, as amended, and recommended to Council:

1. That the Fraud and Waste Hotline Program dated June 2013, be adopted, with all references to the word “policy” being changed to the word “program”.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Minutes – Executive Policy Committee – July 10, 2013

DECISION MAKING HISTORY:

Moved by Councillor Fielding,

That the recommendation of the Winnipeg Public Service be concurred in, with the following amendment:

- That all references to the word “Policy” being changed to the word “Program”

and forwarded to Council.

Carried

Audit Department Report
Fraud and Waste Hotline Policy – June 2013

In July 2006, the City of Winnipeg Fraud, Theft or Related Irregularities Administrative Standard was approved by the CAO. This Standard states that any incidents of fraud or violation of the code of conduct of which an employee is aware of are required to be reported by the employee to their manager or supervisor. To complement the Administrative Standard, on May 25, 2011, Council approved the implementation of a Fraud and Waste Hotline to be managed by the Audit Department. The Fraud Hotline commenced operations on April 30, 2012.

The Fraud Hotline is a confidential and anonymous service that allows staff to report complaints 24 hours a day, 7 days a week. The Hotline is operated independently by a third party and is accessible by phone or Internet. The City Auditor ensures an appropriate, objective and impartial investigation is conducted, regardless of the alleged wrongdoer's position, title, and length of service or the relationship with the City of any party who might be involved in such an investigation.

On March 20, 2013, Council concurred in the recommendation of the Executive Policy Committee that the expansion of the Fraud Hotline to include accessibility to the public be authorized. To support expansion of the Fraud and Waste Hotline to the public it is necessary to establish a Council Policy that provides specific guidance for this initiative and the resulting interaction between the public and the City of Winnipeg.

The purpose of the policy is to establish specific responsibilities for reporting and investigation of fraud, theft, misappropriations and other related irregularities through the Fraud and Waste Hotline. This policy reflects the City's ongoing effort to support ethical, accountable and transparent local government.

Policy

The report is submitted in accordance with the City Organization By-law 7100/97 section 19(d)(iv) that the Audit Committee will "Receive and review audit reports, and table such reports with its recommendations at a regular meeting of Executive Policy Committee."

Recommendation:

That the Executive Policy Committee, in its capacity as the Audit Committee, recommend to Council that the Fraud and Waste Hotline Policy dated June 2013, be adopted.

COUNCIL POLICY NO. ??-///

FRAUD and WASTE HOTLINE POLICY

LAST UPDATE: MONTH AND DAY, YEAR

COUNCIL REFERENCE	COMMITTEE JURISDICTION	DELEGATION OF AUTHORITY	ADMINISTRATIVE RESPONSIBILITIES	STATUTORY REFERENCE
Date Min. No.	Audit Committee		City Auditor	By-Law Number(s)

A. POLICY STATEMENT

The City of Winnipeg is committed to protecting its revenue, property, information and other assets from any attempt, either by members of the public, contractors, sub-contractors, agents, intermediaries, suppliers, agencies and commissions or its own employees, to gain by deceit for themselves or others on behalf of the City, financial or other benefits.

City employees must report any suspected instance of fraud, theft, misappropriations and other related irregularities immediately to a supervisor or management as required by the Fraud, Theft, Misappropriation or Related Irregularities Administrative Standard. The City has established a Fraud and Waste Hotline creating an additional mechanism to report fraud, theft, misappropriations and other related irregularities without the fear of reprisals and to ensure consistent, corporate-wide processes are in place for the prevention, detection, reporting and investigation of any suspected act of fraud, theft, misappropriations and other related irregularities.

This policy establishes specific responsibilities for reporting and investigation of fraud, theft, misappropriations and other related irregularities through the Fraud and Waste Hotline. This policy reflects the City's ongoing effort to support ethical, accountable and transparent local government.

Fraudulent activities are considered a serious matter. It is the City's intent to fully investigate any suspected acts of fraud, theft, misappropriation or other related irregularities. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the City of any party who might be involved in or is the subject of such investigation. Employees and managers must cooperate fully and promptly with the City Auditor, external auditors or investigators, and appropriate law enforcement officials, as required, during an investigation.

Investigation details and results are to be kept confidential and will not be disclosed or discussed with anyone other than those who have a legitimate need to know.

The City will also pursue every reasonable avenue, including court ordered restitution, to obtain recovery of any losses.

B. DETAILS

B1. SCOPE OF THE POLICY:

B1.1 This Policy applies to all employees of the City of Winnipeg and all contractors, sub-contractors, agents, intermediaries, suppliers, agencies and commissions over which Council has the authority to require City of Winnipeg Policies be followed.

Complaints suspected instances of fraud, theft, misappropriations and other related irregularities may be made by any employee, contractor, sub-contractor, agent, intermediaries or member of the public who has knowledge of an occurrence or has reason to suspect that fraud, theft, misappropriations or other related irregularities has occurred.

B2. DEFINITIONS

B2.1 Unless a different definition is prescribed for the particular provision, the words and phrases defined in this section shall have the meaning set forth below whenever they appear in this Policy:

a) **"Fraud and Waste Hotline"** means the reporting system through which City of Winnipeg employees, contractors, sub-contractors, agents, intermediaries, suppliers or members of the public may anonymously report instances of fraud or wrongdoing by employees or others, such as contractors who do business with the City. The Fraud and Waste Hotline is operated independently by a third party and information received through the Fraud and Waste Hotline is only accessible by the Audit Department.

b) **"Fraud theft, misappropriation and other related irregularities**" means to refer collectively to any misuse or attempt to misuse a City asset for personal gain or purposes unrelated to City business. Examples include, but are not limited to:

- Forgery or alteration of cheques, drafts, promissory notes and securities.
- Any misappropriation of funds, securities, furniture, fixtures, equipment, supplies or any other asset.
- Any irregularity in the handling or reporting of money transactions.
- Seeking or accepting anything of value in violation of the City's Employee Code of Conduct.
- Unauthorized use or misuse of City property, equipment, materials or records.
- Theft of City assets.
- Any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of City-owned software.
- Any claim for reimbursement of expenses that is not made for the exclusive benefit of the City.
- Authorizing or receiving payments for goods or services not received or performed.
- Disclosure of confidential or proprietary information to outside parties.
- Fraud, theft, misappropriation or similar inappropriate activities in

violation of the Code of Conduct for City of Winnipeg employees.

c) "**Waste"** means the inefficient use of City of Winnipeg resources. Specifically, waste refers to any operation, process or activity where taxpayer funds may be spent without due regard for value for money and/or where opportunities may exist to save money.

d) "**Whistle-Blower"** means a person who calls attention to a questionable or illicit activity in an attempt to have the activity brought to an end.

B3. WHISTLEBLOWER PROTECTION

B3.1 The City will protect and support employees who report in good faith any suspected acts of fraud, theft, misappropriation or other related irregularities.

Retaliation against an employee who alleged fraud, theft, misappropriation or other related irregularity in good faith or who participated in an investigation, proceeding or hearing, is a violation of this Policy. Where management is informed or becomes aware of possible reprisals against an individual as a result of a report under this policy, the manager will inform the City Auditor. The allegations of reprisals will be the subject of immediate investigation. Where the investigation substantiates the allegations of reprisals, the Director of Corporate Support Services will be informed and the employees involved will be subject to disciplinary action.

Examples of retaliation may include but are not limited to the following:

- dismiss or threaten to dismiss an employee;
- discipline or suspend or threaten to discipline or suspend an employee;
- impose any penalty, directly or indirectly upon a complainant, including career limitations, change in work conditions or assignment; or
- intimidate or coerce a complainant,

because the complainant has acted in accordance with the requirements of the Policy.

B4. BAD FAITH ALLEGATIONS

B4.1 Any individual who knowingly makes a false or bad faith complaint or who knowingly makes a false or misleading statement during an investigation will be subject to disciplinary and/or legal action. Where the results of the investigation determine that a complaint or allegation was made in bad faith, the Director of Corporate Support Services, in consultation with the City Solicitor and City Auditor, will determine the action that is to be taken with respect to the complainant.

B5. DISCIPLINARY ACTION

B5.1 If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal shall be taken by the appropriate level of management, in consultation with the Director of Corporate Support Services. Additionally, should the Director of Corporate Support Services believe it to be appropriate, in consultation with the City Solicitor, the matter may be reported to the appropriate police agency to consider the laying of criminal charges.

C. RESPONSIBILITIES

C1.1 **City Auditor**

The City Auditor is responsible for ensuring procedures are established for investigating, monitoring and resolving all allegations and complaints received through the City's Fraud and Waste Hotline and shall ensure that:

- Mechanisms, including an anonymous hotline, are established and maintained to facilitate the reporting of suspected fraud, theft, misappropriations and other related irregularities under this policy.

- All complaints and allegations received through the Fraud and Waste Hotline are subject to an appropriate investigation and resolution. The City Auditor may delegate responsibility for the investigation of suspected fraud to appropriate departmental management depending on the nature and scope of the suspected fraud. In this regard, the Audit Department will continue to monitor and provide advice as requested.

- Decisions to refer the investigation results to the Winnipeg Police Service or other regulatory agencies for independent investigation are considered by the City Auditor in appropriate circumstances and in consultation with the City Solicitor, Director of Corporate Support Services and departmental management.

- Upon conclusion of an investigation by the City Auditor, recommendations are made to departmental management to address the underlying causes and to correct internal control deficiencies in order to prevent reoccurrence.

Report annually to the Audit Committee, information related to investigations conducted during the year.

Report to the external auditors of the City information relating to investigations, as deemed appropriate.

C2.1 **Chief Administrative Officer**

The CAO is responsible for ensuring that appropriate Administrative Standards are in place and maintained to clearly define behavior and conduct expected of City employees, require the reporting of fraud, theft, misappropriations and other related irregularities and establish sanctions for non-compliance.

C3.1 **City Management**

Develop and institute a system of internal controls that provide reasonable assurance for the prevention and detection of fraud, theft, misappropriations and other related irregularities. Management must be familiar with the types of wrongdoing and misconduct that might occur within their area of responsibility and be alert for any indicators of such conduct. Review any recommendations made by the Investigator / Auditor and ensure risks are sufficiently mitigated by appropriate controls.

C4.1 **Employees**

Any employee who becomes aware of or suspects fraud, theft, misappropriation, waste or other wrongdoing, must immediately report as required by The City of Winnipeg Fraud, Theft, Misappropriation or Related Irregularities Administrative Standard. Where the employee fears reprisals as a result of making a report or due to

the nature of the report prefers to report to the City Auditor, the employee may choose to report their information through the City's Fraud and Waste Hotline. Employees may remain anonymous when reporting suspected fraud theft, misappropriation or related irregularities.

Refrain from discussing matters of fraud, theft, misappropriation or related irregularities with anyone other than the individual assigned to investigate the matter.

D. INVESTIGATIONS

D1.1 All complaints and allegations received through the Fraud and Waste Hotline will be appropriately investigated unless insufficient information is provided on an anonymous basis for the investigation to proceed.

All investigations will consider the individual's rights to privacy.

E. CONFIDENTIALITY OF INFORMATION

E1.1 All employees who have knowledge or are participants in an investigation of a fraud, theft, misappropriation or other related irregularity or retaliation shall keep the details and results of the investigation confidential. Investigation details and results will not be disclosed or discussed with anyone other than the City Auditor, members of the investigative team, and the Winnipeg Police Service.

Any staff person contacted by the media with respect to a fraud, theft, misappropriation or other related irregularity investigation shall refer the media person to the Manager of Corporate Communications or designate. The alleged fraud or investigation shall not be discussed with the media by any person other than the Manager of Corporate Communications or designate, in consultation with the City Auditor, City Solicitor and Director of Corporate Support Services.

F. ADDITIONAL REFERENCES

City of Winnipeg Employee Code of Conduct- http://citynet/hrintra/admin/civic/Code%20of%20Conduct%20-%20Long%20Version.pdf

Freedom of Information and Protection of Privacy Act - http://www.gov.mb.ca/chc/fippa/

The Privacy Act – http://web2.gov.mb.ca/laws/statutes/ccsm/_pdf.php?cap=p125

G. REVIEW PROCESS

The Audit Department manages any reviews.