

1. POLICY

The City of Toronto is committed to protecting its revenue, property, proprietary information and other assets. The City of Toronto will not tolerate any misuse or misappropriation of those assets.

The City of Toronto Fraud Prevention Policy is established to provide guidance to employees when misuse or misappropriation of City assets is suspected.

It is the City's intent to fully investigate any suspected acts of "fraud", as it is defined in this Policy, in an impartial manner regardless of the suspected wrongdoer's length of service, position, title or relationship to the City.

Any act of fraud that is detected or suspected must be reported immediately and investigated in accordance with this Policy.

The City will make every reasonable effort, including court ordered restitution, to recover or receive compensation from any appropriate source for City assets obtained by fraud.

2. SCOPE OF POLICY

This policy applies to all Members of Council, the Mayor, City Manager, City Clerk, Auditor General, City Solicitor and all employees of the City of Toronto.

3. DEFINITION OF FRAUD

There are many definitions of "fraud" in the Criminal Code of Canada. At its most basic, fraud is the act of using dishonesty as a tool for personal gain. For the purposes of this Policy, the definition includes any misuse or attempt to misuse a City asset for personal gain or purposes unrelated to City business. Examples of fraud include, but are not limited to:

- Stealing or removing City assets;
- Using City equipment, facilities, supplies or funds for purposes unrelated to City business; and
- Obtaining City funds or compensation through dishonesty.

4. RELATED POLICIES

This is a corporate policy which is designed to augment other corporate policies and is not intended to replace or preclude them. Should an overlap arise between the application of this policy and any other policy, the policy most specific to the situation will apply.

5. RESPONSIBILITIES

Managers

Members of management are responsible for establishing and maintaining a system of internal controls to ensure the detection and prevention of fraud, waste, abuse and other irregularities. Management should be reasonably familiar with the types of fraud that might occur within their area of responsibility, and be alert for any indication of fraud.

Managers have the same responsibility with respect to reporting fraud as do all other employees of the City as outlined below.

Management will support and co-operate with the Auditor General's Office, other involved divisions, and law enforcement agencies in the detection, reporting and investigation of all fraudulent acts, including the prosecution of offenders.

Employees

Any employee of the City of Toronto who knows or has reason to believe that a fraud has occurred, is responsible for immediately notifying his/her immediate manager. If the employee has reason to believe that the employee's immediate manager may be involved, the employee shall immediately notify a senior manager in the Division or the Auditor General's Office. The Auditor General's Office may be contacted via telephone or the internet using a secure on-line form. Employees may remain anonymous when reporting a suspected fraud but must maintain strict confidentiality concerning a reported fraud at all times.

It is expected that employees will fully co-operate with management, the Auditor General's Office and other involved divisions and law enforcement agencies during the course of an investigation and will make all reasonable efforts to be available to assist the above noted persons with the investigation.

6. INVESTIGATION RESPONSIBILITIES

The Auditor General's Office has primary responsibility for the investigation of all suspected fraud except as identified in Section 7.

Within the scope of their investigation as set out above, members of the Auditor General's Office will have:

- Free and unrestricted access to all City records, employees and premises, whether owned or rented; and
- The authority to examine, copy, or remove all or any portion of the contents of files, desks, cabinets, and other City facilities without prior knowledge or consent of any individual who might use or have custody of any such items.

The Auditor General will inform the City Manager, Deputy City Managers and divisional management as appropriate of an allegation of fraud at the start of the investigation as determined by the Auditor General. However, as fraud is a corporate concern, the Auditor General will, as appropriate, consult with the Legal Division, Human Resources and divisional management.

The Auditor General may delegate responsibility for the investigation of suspected fraud to appropriate divisional management staff depending on the nature and scope of the suspected fraud. In this regard, the Auditor General's Office will continue to monitor and provide advice as requested.

Decisions to prosecute or refer the investigation results to the Toronto Police Service or other regulatory agencies for independent investigation will be made by the Auditor General in appropriate circumstances and in consultation with the City Solicitor and divisional management.

Upon conclusion of an investigation by the Auditor General recommendations may be made to divisional management where required in order to minimize future risk. Management is responsible for implementing the appropriate controls to prevent reoccurrence.

The Auditor General will prepare an annual report on the status of fraud and related matters for review by the Audit Committee.

7. SPECIAL INVESTIGATIONS

Where it is suspected that fraud may have been committed by a member of City Council, the Mayor, the City Manager, the City Clerk or the City Solicitor, the Auditor General will conduct an initial review and report the results to the Chair of the Audit Committee. Where appropriate, the results may be reported to the Mayor, City Manager or City Solicitor.

Where it is suspected that fraud may have been committed by the Auditor General, the Chair of the Audit Committee and City Manager will conduct an initial review. Where appropriate, the results may be reported to the Mayor or City Solicitor.

8. CONFIDENTIALITY

The Auditor General's Office and all participants in a fraud investigation shall treat all information received confidentially. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. To the extent possible by law, the identity of individuals involved in an investigation including the identity of an individual alleging fraud and the identity of an individual alleged to have committed fraud will be protected.

Any staff person or elected official contacted by the media with respect to a fraud investigation shall refer the media person to the Director of Strategic Communications or designate. The alleged fraud or investigation shall not be discussed with the media by any person other than the Director of Strategic Communications or designate, in consultation with the Auditor General and City Solicitor.

9. WHISTLE-BLOWER PROTECTION

No person covered by this policy shall:

- dismiss or threaten to dismiss an employee;
- discipline or suspend or threaten to discipline or suspend an employee;
- impose any penalty upon an employee; or
- intimidate or coerce an employee,

because the employee has acted in accordance with the requirements of the policy.

10. DISCIPLINARY ACTION

Divisional management is solely responsible for discipline of employees in consultation with the Human Resources Division and the City Solicitor. Employees who have committed fraud will be subject to disciplinary action up to and including dismissal.

Where fraud is suspected of any City employee or member of Council, the individual will be given notice of the essential particulars of the allegations following the conclusion of the investigation and prior to final disciplinary action. The individual against whom allegations are being made will be given opportunity to respond. This requirement is subject to any collective agreement provisions respecting the rights of employees in the disciplinary process.

APPROVED BY

City Manager (in consultation with the Auditor General and Legal Services).