

EDMONTON

ADMINISTRATIVE PROCEDURE



TITLE

FRAUD

NUMBER

A1454

DEPARTMENT

OFFICE OF THE CITY MANAGER/OFFICE OF THE CITY AUDITOR

DELEGATED AUTHORITY

CITY AUDITOR

CONTACT

CITY AUDITOR (780) 496-8315

DEFINITIONS

DATE

OCTOBER 13, 2011

City - Means the municipal corporation of the City of Edmonton.

City Assets - Means all property legally or beneficially owned by the City, including equipment, financial assets, land, vehicles, material, computers, electronic mail, internet services, records, information and intangible property.

Employee - Means any individual employed by the City that reports directly or indirectly to the City Manager or City Auditor, along with those individuals employed/contracted by the City on a personal services agreement.

Fraud - Means an act committed by one who, by deceit, falsehood or other fraudulent means, whether or not it is a false pretence, defrauds or attempts to defraud the City, whether ascertained or not, of any property, money or valuable security or any service. Fraud will typically involve the use of a dishonest act or omission in an attempt to gain some improper personal benefit or advantage but can also include the abuse of authority, assigned to or entrusted upon an individual by the City, to achieve an improper end. Some examples of Fraud include, but are not limited to: theft by lying or deception; bribes, corruption and embezzlement; forgery or alteration of cheques, drafts, promissory notes and securities; misappropriation of funds, securities, supplies or other City Assets; improper handling and reporting of money transactions; violation of public trust or duty; and misuse of one's position for personal gain.

PROCEDURES AND GUIDELINES

Fraud Prevention

All levels of management and supervisors are responsible for assisting Employees in the administration, interpretation and application of this Procedure; and for exercising due diligence and control to prevent, detect and report suspected Fraud.

AS TO FORM:

AS TO CONTENT:

PAGE 1 OF 3

David Wilson

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All levels of management and supervisors should be familiar with the types of Fraud that might occur within their area of responsibility and be alert for any indicators of such conduct.

All levels of management and supervisors that become aware of suspected Fraud must notify the City Auditor immediately.

General Managers will support Employees when they report suspected Fraud to management and supervisors.

The City Auditor has primary responsibility for investigating suspected Fraud and will involve the City Manager on investigations of suspected Fraud depending on the nature and scope of the complaint. In this regard, the City Auditor will continue to monitor the progress and outcome of the investigation.

Reporting of Fraud

Employees must, in good faith, report all instances of suspected Fraud.

Several avenues are available for an Employee to report suspected Fraud. Employees may bring their complaints of suspected Fraud either orally or in writing, to their Supervisor, General Manager, City Manager, City Auditor or other City resources, such as Corporate Services - Corporate Security, and Human Resources. All reports of suspected Fraud shall be forwarded to the City Auditor for investigation unless the City Auditor is implicated in the report, in which case the report should be forwarded to the City Manager.

Employees may also use the City's hotline, which will be available 24 hours per day. Employees are encouraged to use the avenue with which they feel most comfortable.

The City will provide protection from retaliation to Employees who report suspected Fraud in good faith using available reporting channels, and who participate in investigations, proceedings and hearings, in accordance with *Whistleblower Protection Directive A1455*.

If the City Auditor receives reports that do not constitute Fraud, or when the results of an investigation indicate inappropriate Employee behaviour that is not Fraud, such information will be forwarded to the City Manager for appropriate action.

All reports of suspected Fraud will be assessed and investigated either to confirm or dispel the occurrence of Fraud.

In cases where clear responsibility over an investigation is not determined based on initial assessment, the City Auditor and the City Manager will jointly determine where the primary responsibility for investigation resides.

Fraud Investigation

Upon notification or discovery of a suspected Fraud, the City Auditor shall conduct any investigation deemed appropriate, involving any party, regardless of that party's position, title, and length of service, or relationship with the City.

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Employees should not initiate individual investigations, interviews, or interrogations with respect to suspected Fraud, as such actions could compromise the City's position in any subsequent investigation. However, Employees must cooperate in any City investigations regarding suspected Fraud.

In all circumstances where there are reasonable grounds to believe that a Fraud or other criminal act may have occurred, the City Auditor will contact the Edmonton Police Service. The City will cooperate fully in any subsequent investigation.

The City Auditor will notify the General Manager of the Corporate Services Department and the Chief Financial Officer and Treasurer, as soon as it is practical to do so, of the amount of any potential loss due to Fraud for insurance and monitoring purposes.

The City will make every reasonable effort, including court-ordered restitution, to pursue the recovery of City losses from the offender or other appropriate source(s).

The City Auditor will review and assess the adequacy of controls in place to safeguard the City's Assets against Fraud. In those situations where the control mechanisms have not adequately safeguarded City Assets, the City Auditor will identify the cause(s) of the failure, and will issue a report to appropriate parties including recommendations in order to minimize future risk.

At the conclusion of each investigation, the City Auditor will document the results in a confidential report, use applicable disclosure processes and issue the report to appropriate parties.

If there is a valid reason to do so (such as unsubstantiated reports), the City Auditor may cease to investigate the suspected Fraud.

Anonymity and Confidentiality

Employees may choose not to reveal their identity when reporting suspected Fraud. If the Employee's identity is directly or indirectly revealed, or is established during an investigation, anonymity can no longer be guaranteed. However, all reasonable efforts will be made to keep the Employee's identity confidential.

All Employees receiving reports of suspected Fraud and those participating in a Fraud investigation shall keep the details and results of the investigation confidential. This means disclosure is only permitted to those who have a legitimate need to know and such disclosure shall be restricted to what must be disclosed to ensure a thorough, effective and complete investigation/response, or as otherwise required by law.

Compliance

Any Employee that violates the Directive or this Procedure will be subject to disciplinary action, up to and including termination in addition to and apart from any penalty provided for by law.

An Employee who knowingly makes a false or misleading statement during the course of a complaint, investigation, hearing, or proceeding will be subject to disciplinary and/or legal action.