

Administrative Procedure

Fraud Reporting & Investigation

This procedure falls under the Fraud and Whistleblower Protection Directive, A1464

Date of Approval: January 19, 2017

Next Scheduled Review: January 2020

Purpose:

The purpose of this procedure is to provide processes for the prevention and reporting of suspected fraud within the City of Edmonton.

Definitions

All definitions contained in the Fraud and Whistleblower Protection Directive, A1464, apply to this procedure.

Procedures

Fraud is a serious matter, and may include, but is not limited to:

- theft by lying or deception;
- bribes, corruption and embezzlement;
- forgery or alteration of cheques, drafts, promissory notes, or securities;
- misappropriation of funds, securities, supplies, or other City assets;
- improper handling or reporting of money transactions;
- violation of public trust or duty; and
- misuse of one's position for personal gain.

Fraud Reporting

Employees will assist the Office of the City Auditor in carrying out its fraud prevention and investigation function by reporting all incidents of suspect fraud in good faith, and cooperating with any investigations carried out by the City Auditor.

Any employee who suspects fraud may have occurred within the City must report the incident to the City Auditor for investigation by presenting the report of suspected fraud either orally or in writing to any of the following:

- their supervisor;
- their Deputy City Manager;
- the City Manager;
- the City Auditor;
- the Director, Corporate Security;
- the Branch Manager, Human Resources; or

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- the City's fraud and misconduct hotline,

whichever the employee feels most comfortable.

Any employee that receives a report of suspected fraud from another employee or third party must forward the report 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 choose not to reveal their identity when reporting suspected fraud, and all reasonable efforts will be made to keep the reporting employee's identity confidential during fraud investigations.

No employee will initiate individual investigations, interviews, or interrogations with respect to suspected fraud.

Fraud Investigation

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 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.

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.

Incidents of suspected fraud will be investigated as follows:

- upon reporting or discovery of the incident, the City Auditor will conduct any investigation deemed appropriate involving any party, regardless of that party's position, title, length of service, or relationship with the City;
- all employees will cooperate with any City investigation regarding suspected fraud;
- the City Auditor or City Manager will investigate, notify all parties involved, and report the outcome to the Audit Committee as required;
- in all circumstances where there are reasonable grounds to believe that fraud or another criminal act may have occurred, the City Auditor will contact the Edmonton Police Service. The City will cooperate fully in any subsequent investigation;
- as soon as it is practical to do so, the City Auditor or City Manager will notify the Deputy City Manager of Financial and Corporate Services, and the Chief Financial Officer and Treasurer 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);

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- the City Auditor and City Manager 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 at any time.

All employees receiving reports of suspected fraud, or that are involved in an investigation conducted by the City Manager or City Auditor, must 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.

Attachments:

There are no attachments associated with this procedure.
