



Policy:

I. Purpose

The City's goal is to deter all fraudulent activities. In the event fraudulent activities do occur, the objective is to resolve such cases in an expeditious and professional manner.

The purpose of this policy is to:

- state the City's position regarding fraud and irregularities;
- clarify the roles and responsibilities of employees in respect to prevention, detection and investigation of fraud;
- establish a mechanism for reporting and responding to fraud and irregularities;
- standardize the approach on investigations and resolution of fraud and irregularities to ensure objectivity and consistency in reaching decisions;
- provide protection to those who report suspected fraudulent activity;
- protect the City's resources and assets;
- ensure the City continues to be a leader in proactive methods of municipal management; and
- maintain the trust and reputation of the public in the City.
- Encourage employees and others to raise suspected contraventions of the Policy internally prior to seeking resolutions externally.

II. Policy

The City of Richmond is committed to the highest standards of honesty, propriety, ethics and integrity in all of its activities.

The City is committed to fraud prevention, deterrence and detection. The City expects all employees to report suspected or actual fraud to a manager or the Director of Human Resources using the reporting procedures set out in this Policy.

The City will investigate all allegations of fraud where there is sufficient evidence to lead a prudent, reasonable person to suspect fraud has occurred or may occur. All fraud investigations will be conducted professionally and expeditiously.

III. Application

This policy applies to employees, consultants, vendors, contractors and any other parties doing business or volunteering with the City.



IV. Actions Constituting Fraud

Actions constituting fraudulent conduct may include, but are not limited to:

- any dishonest or fraudulent act;
- forgery or alteration of cheques, drafts, promissory notes and securities;
- misrepresentation of information;
- misappropriation of funds, supplies or any other asset;
- impropriety in the handling or reporting of money transactions;
- theft, misappropriation or unauthorized destruction, use or misuse of the City's property including furniture, fixtures, equipment, materials or records;
- seeking or accepting anything of material value from vendors, consultants or contractors doing business with the City in violation of the Conflict of Interest Policy;
- computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or the misappropriation of City owned software;
- intentional falsification of entries to the City's books and records;
- knowingly authorizing or receiving payments for goods not received or services not performed;
- knowingly authorizing or receiving payments for hours not worked; and
- submitting fraudulent claims for reimbursement of expenses.

V. Duties and Responsibilities

The General Manager of Corporate Services through the Human Resources Division is responsible for the administration of the Antifraud Policy and the Conflict of Interest Policy including various aspects of communication and training and conducting employee background investigation.

While managers are primarily responsible for establishing and maintaining internal controls to prevent, deter and detect fraud within their area of responsibility, the Director of Finance and the Director of Information Services shall leverage computer technology and software to analyze data, identify trends and monitor for fraud indicators.

A. Employees

All employees of the City have a positive duty to understand and comply with the terms of this Policy. Employees who are uncertain if an act contravenes this Policy or is proper conduct should discuss the matter with their manager or the Director of Human Resources. Employees having a concern this policy may be being violated by a fellow employee, may consider (if they are personally comfortable) obtaining an explanation of that employee's action, but if the action is considered a serious breach of this policy or potentially criminal in nature, the employee is strongly advised to report the conduct to their manager.



Employees who have knowledge of fraudulent activity or have reason to suspect that fraud has occurred or may occur shall immediately report the conduct to their manager, the General Manager of Corporate Services or the Director of Human Resources. Employees shall not attempt to personally investigate suspected fraudulent activity.

Reports under this Policy must be made in good faith (that is, an honest and reasonably held belief) and on reasonable grounds. Employees who knowingly make false, frivolous or vexatious allegations of fraud about another employee shall be subject to disciplinary action up to and including termination of employment.

Employees are expected to fully cooperate with any investigation under this Policy. Failure to do so may result in disciplinary action.

B. Managers

Managers are responsible for establishing, maintaining and monitoring internal control systems which reasonably ensure the prevention, deterrence and detection of fraud. Managers are expected to be knowledgeable about the types of improprieties which may occur within their areas of responsibility and be alert for any indications of such conduct.

Managers shall not override any controls that are intended for the prevention, deterrence and detection of fraud. Managers shall ensure that each employee under their supervision is knowledgeable of the contents of this Antifraud Policy.

VI. Antifraud Program

The City has adopted an antifraud program to deter and prevent fraud, which may include the following strategies:

- adoption and implementation of consistent standards of conduct, propriety and accountability through the Antifraud and the Conflict of Interest Policies;
- careful scrutiny of the qualifications and character of persons employed or promoted to fraud-sensitive positions, e.g. individuals in an accounting or financial reporting roles or those with direct access to City's assets or confidential information systems;
- educating employees about antifraud measures, goals and policies through consistent communication, training, and management instruction;
- establishing, maintaining and monitoring control mechanisms;
- random auditing of key functions, equipment and positions; and
- utilizing computer technology to analyze data, identify trends and continuously monitor for fraud indicators.

Where fraud has been identified, the Director of Finance and the City Solicitor, with the full knowledge and approval of the Director of Human Resources, shall take prompt and effective action to:



- minimize the risk of any subsequent losses;
- reduce any adverse operational effects;
- improve the likelihood and scale of recoveries;
- assess the effectiveness of the applicable fraud controls and management awareness;
- improve controls to prevent future reoccurrence; and
- report their activities and related plans to the CAO, General Manager, Business & Financial Services and the General Manager, Law & Community Safety.

VII. Confidentiality

Allegations of fraud are serious and, to the extent possible, investigation of such allegations shall be conducted in confidence. All participants in a fraud investigation shall keep the details and results confidential, subject to applicable legislation and authorities.

Under the terms of the Antifraud Administrative Procedures, the City staff member or external investigator appointed to conduct internal investigation shall have:

- free and unrestricted access to all City records and premises, whether owned or rented; and
- the authority to examine, copy and remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

Investigation facts, suspicions, allegations or results shall not be disclosed or discussed with anyone other than those as directed by the Director of Human Resources and Director of Finance, other senior personnel as appropriate, or those who have a legitimate “need to know” in order to perform their duties and responsibilities or as required by applicable legislation.

VIII. Whistleblower Protection

No manager or employee who reports a contravention of this policy in good faith shall suffer reprisals or retaliation. Any one who retaliates against an employee who has made such a report may be subject to discipline up to and including termination of employment.

Employees who believe that they have been the subject of retaliation as a result of reporting or participating in an investigation of such misconduct shall report their concerns to the Director of Human Resources who shall investigate the matter and ensure appropriate action is taken if warranted.



Employees making comments in bad faith or with the intent to harm another and/or misrepresent what is going on in the workplace, may be subject to disciplinary action. Conduct based on mistakes or misunderstandings shall not constitute malicious conduct.

IX. Security of Evidence

Once a suspected fraud is reported, the Director of Human Resources and the Director of the City Clerk's office, acting in concert with the Director of Finance shall take immediate action to prevent the removal, alteration or destruction of relevant records.

At the conclusion of the investigation, records pertaining to the investigation shall be stored in confidential files in the City Clerk's office.

X. Publicity and Media Issues

City staff contacted by the media with respect to a fraud investigation shall refer the media to the Senior Manager of Communication or designate.

XI. Investigation and Remediation

The investigative procedures used shall at all times be in keeping with applicable laws and the terms of any applicable collective bargaining agreements.

The Director of Human Resources and the Director of Finance are responsible for coordinating the investigation of allegations of fraud or suspected contraventions of this policy. At their discretion, such investigation(s) may be conducted by an internal or external investigator.

Meticulous and thorough records of all meetings shall be kept individually by internal or external persons charged with investigation of the allegations. The investigation process shall be fully documented, including minutes of meetings, interviews, recommendations, determinations and actions taken.

Where the suspected wrongdoing or allegations are directed at a TAG member, the reporting will be done to the CAO. If the suspect of the wrongdoings is a CAO, the reporting shall be made to the General Manager of Corporate Services who will advise Council of the City of Richmond.

XII. Violation of Policy and Consequences

The City of Richmond does not tolerate fraudulent activities. Fraud and corruption are serious offences against the City of Richmond, its employees and citizens. Any loss by the city affects everyone.



Where an individual has been found to have contravened this policy, in addition to any appropriate disciplinary sanctions and/or corrective actions, the City may pursue all applicable and appropriate legal remedies, including but not limited to civil, criminal and/or contractual jurisdictions.

An individual who engages in fraudulent activity may be subject to, but not limited by, any combination of the following remedial and disciplinary actions:

- termination of employment, contract or business relationship with the City or its affiliates;
- criminal investigation and legal action; and
- full restitution and recovery.

XIII. Non-Fraud Irregularities

Allegations of acts outside this policy such as personal improprieties or irregularities, whether moral, ethical, behavioral or environmentally related shall be resolved by the respective departmental management together with the Human Resources Division.



Appendix 1 Glossary

| | |
|------------------------|---|
| Abuse | Intentional, wrongful or improper use of resources or misuse of, position or authority that causes the loss or misuse of resources. |
| Asset Misappropriation | The theft or misuse of an organization's assets. (Common examples include kickbacks, and engaging in conflicts of interests.) |
| CAO | The Chief Administrative Officer of the City of Richmond. |
| Controls | Range of activities or actions taken by management to identify, prevent and mitigate risks. |
| Corruption | The offering, giving, soliciting or acceptance of an inducement or reward to influence the action of another person. |
| Fraud | A deliberate or unlawful deception, misrepresentation or concealment of facts practiced to secure advantage, benefit or gain or to cause loss to another. For the purposes of this policy, Fraud includes Abuse, Asset Misappropriation, Corruption, Fraudulent Statements, Occupational Fraud and Theft. |
| Fraud Detection | Discovering that fraud has taken place. |
| Fraud Deterrence | Persuade individuals that they should not commit fraud because of the likelihood of detection and punishment. |
| Fraud Prevention | Reduces opportunities for fraud to take place. |
| Fraudulent Statements | Generally involve falsification of an organization's financial statements. (Common examples include overstating revenues and understating liabilities or expenses.) |
| Irregularity | An activity or potential activity that deliberately disregards the City's policies or procedures. |
| Misrepresentation | Misstatement of a relevant fact or the failure to disclose a relevant fact. |
| Occupational Fraud | The use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets. |
| TAG | The Senior Management Group of General Managers and the Chief Administrative Officer of the City of Richmond. |
| Theft | The act of taking something from someone unlawfully. |
| Waste | Loss or misuse of city resources that result from deficient practices, system controls or decisions. |