

### Approval of Fraud Policy

#### ISSUE

As recommended by the former internal auditor in the Fraud Risk Program Assessment internal audit report, the Administration has prepared a draft Fraud Policy for City Council approval.

#### RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council that the Fraud Policy contained in Appendix 1 of the report of the Chief Financial Officer dated September 13, 2021, be approved.

#### BACKGROUND

An audit of the City of Saskatoon's (City) fraud risk management program was conducted by the former internal auditor (PricewaterhouseCoopers) as part of the 2019 Internal Audit Plan. The audit assessed the City's maturity in designing and implementing an effective fraud risk management program, including consideration of the City's exposure to fraud risk, by assessing fraud management policies, culture and awareness, risk assessment and response, investigation and remediation, and reporting and monitoring.

Although the audit report remains In Camera due to the security-related information, a number of opportunities were identified for the City to improve its approach to fraud risk management, including strengthening governance and culture through the development of a well-defined fraud risk framework, supported by fraud risk management policies and procedures.

#### DISCUSSION/ANALYSIS

Fraud can happen in any organization no matter the industry, size or location. Fraud in a government organization can result in the loss of public money or property, erosion of employee morale and deterioration of citizens' confidence in public services.

A fraud policy is a common proactive anti-fraud control that communicates an organization's position with respect to fraud and how it will be dealt with. The draft Fraud Policy (Appendix 1) acknowledges the City's duty to safeguard all types of corporate assets from fraud or wrongdoing and commits to implementing measures to prevent, detect and investigate suspected fraud.

It is important to note that the draft Fraud Policy does not apply to members of City Council as their obligations are contained in Bylaw No. 9537, The Code of Ethical Conduct for Members of City Council Bylaw, 2019. The draft Fraud Policy also does not apply to directors and employees of the City's controlled corporations (i.e., SaskTel Centre, TCU Place and Remai Modern) and directors and employees of the City's statutory boards (i.e., Saskatoon Board of Police Commissioners and the Saskatoon

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Public Library Board). The controlled corporations and statutory boards are independent entities who adopt their own policies. However, the City does encourage these bodies to adopt similar policies where appropriate.

### **FINANCIAL IMPLICATIONS**

The financial implications of implementing additional fraud risk management controls will be incorporated into future business plan and budget submissions of each responsible department as required. The costs associated with conducting investigations of suspected acts of fraud or wrongdoing will be funded through the City Internal Audit Office.

### **OTHER IMPLICATIONS**

There are no privacy, legal, social or environmental implications identified.

### **NEXT STEPS**

Upon City Council approval, the Fraud Policy will be posted on the City's website and will be incorporated into future fraud awareness training opportunities.

### **APPENDICES**

1. Draft Fraud Policy

### **REPORT APPROVAL**

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Approved by: Kerry Tarasoff, Chief Financial Officer

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