

# CITY OF SASKATOON COUNCIL POLICY

NUMBER

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<b>POLICY TITLE</b> <i>Fraud Policy</i>	<b>ADOPTED BY:</b> <i>City Council</i>	<b>EFFECTIVE DATE</b>
<b>ORIGIN/AUTHORITY</b>	<b>CITY FILE NO.</b> <i>CK.</i>	<b>PAGE NUMBER</b> <i>1 of</i>

## POLICY STATEMENT

The City of Saskatoon (City) is committed to protecting its revenue, property, information and other assets from any attempt, either by members of the public, contractors, agents, intermediaries or its own employees, to improperly gain financial or other benefits to the detriment of the City or its stakeholders.

To this end, the City will take appropriate measures to prevent, detect and investigate suspected fraud, and create and maintain an environment in which employees can report incidents without fear of retaliation in accordance with Council Policy No. C04-028 - Whistleblower Protection Policy. The City will fully investigate any suspected acts of fraud or wrongdoing in an objective and impartial manner regardless of the suspected person's length of service, position, title or relationship to the City.

The City will make every reasonable effort to recover losses resulting from fraudulent activity, including criminal charges resulting in court ordered restitution, civil action, or third-party services aimed at recovery of losses.

### 1. PURPOSE

The purpose of this Policy is to:

- Safeguard the assets, funds and information of the City from fraudulent activity or wrongdoing;
- Ensure consistent processes are in place for the prevention, detection, reporting and investigation of any act or suspected act of fraud or wrongdoing; and
- Improve awareness among employees of what fraud or wrongdoing is and provide guidance regarding what steps should be taken when fraud or wrongdoing is suspected.

Fraud as defined for the purposes of this Policy can be perpetrated by internal (employees) or external (customers, vendors, etc.) parties. As a result, this Policy applies to all City employees, contractors, suppliers, customers,

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beneficiaries, partners and agencies over which City Council has the authority to require that this Policy be followed.

This 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](#). Nor does it apply to directors and employees of the City's controlled corporations and statutory boards.

## 2. **DEFINITIONS**

For the purposes of this Policy:

- 2.1 Assets: all tangible and intangible property of the City including, but not limited to, equipment, financial resources, land, vehicles, material, supplies, tools, computers, information and work time.
- 2.2 Controlled Corporation: a not-for-profit Corporation created by the City under the authority of *The Cities Act* and whose members are appointed by City Council. Specifically, this refers to the controlled corporations operating as SaskTel Centre, TCU Place and Remai Modern Art Gallery.
- 2.3 Embezzlement: the taking of money or property by someone to whom it was entrusted.
- 2.4 Employee: any individual engaged in providing paid or unpaid services for the City and includes full-time, part-time, temporary, permanent, seasonal and casual employees, as well as interns, contractors and consultants working for the City.
- 2.5 Forgery: making, altering, use or possession of a false document, signature, or other imitation of an object of value with the intent to deceive another.
- 2.6 Fraud: any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.

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- 2.7 Irregularities: occur when the normal or appropriate procedure for a given situation or activity is intentionally violated.
- 2.8 Misappropriation: the intentional or illegal use of the property or funds of another person or an organization for one's own use or other unauthorized purpose.
- 2.9 Statutory Board: a board to which the City of Saskatoon must establish through provincial statute. Specifically, this refers to the Saskatoon Board of Police Commissioners and the Saskatoon Public Library Board.
- 2.10 Unauthorized: not having official permission to do, or omit to do, an act whether specifically granted (whether or not in writing) or designated by policy.
- 2.11 Wrongdoing (see also "fraud"): illegal, harmful or inappropriate conduct.

### **3. POLICY**

- 3.1 The City has a zero-tolerance policy regarding fraud and will not tolerate any level of fraud or corruption under any circumstances. The City expects all people and organizations associated with it to be honest and fair in their dealings with the City.
- 3.2 Management (i.e., directors, managers and supervisors) will safeguard the City's assets within their area of responsibility by being familiar with the types of fraud scenarios that might occur within their area of responsibility and implementing and maintaining effective controls to prevent and detect fraud, misappropriation and other irregularities.
- 3.3 All employees are to report observed or suspected acts of fraud or wrongdoing immediately to a supervisor, manager, the City Internal Auditor or the Whistleblower Hotline.

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- 3.4 All employees are to bring control weaknesses, unusual situations or opportunities that increase the risk of fraud or wrongdoing to the attention of a supervisor, manager or the City Internal Auditor, whether the issue is within their area of responsibility or not.
- 3.5 Individuals reporting suspected fraud should not, under any circumstances, perform investigative or other follow-up steps on their own.
- 3.6 Any suspected case of fraud or wrongdoing will be thoroughly investigated.
- 3.7 Any person found responsible for fraud or other violations of this Policy will be subject to disciplinary action up to and including dismissal and may also be subject to criminal charges. Decisions regarding disciplinary action will be made in conjunction with the Human Resources Division. Decisions to prosecute or refer the investigation results to the appropriate law enforcement agency for independent investigation will be made in conjunction with the City Solicitor's Office.
- 3.8 Weaknesses in the systems, controls and procedures to prevent and detect fraud will be corrected following detected cases of fraud, as recommended by the City Internal Auditor, whether as a result of a scheduled internal audit or an investigation.
- 3.9 Actions constituting fraud and wrongdoing at the City include, but are not limited to:
- a) Forgery or alteration of cheques, drafts, promissory notes, securities, timesheets, purchase orders and other blank documents of value (e.g., invoices, permits, licenses, etc.), whether electronic or paper based;
  - b) Any misappropriation, embezzlement, unauthorized use/misuse/acquisition/disposal of cash, funds, securities, supplies, furniture, equipment, materials, records (including confidential or proprietary information) or any other City asset for personal gain or purposes unrelated to City business;
  - c) Any irregularity in the handling and/or reporting of money transactions;

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- d) Any intentional, false representation or concealment of a material fact for the purpose of improperly obtaining or impairing a City asset;
- e) Demanding, requesting or accepting anything of value from vendors, consultants, contractors or anyone doing business with the City as a condition of their doing business with the City or in order for them to receive preferential treatment from the City;
- f) Offering or providing anything of value to clients, vendors, consultants, contractors or anyone doing business with the City as a means of obtaining preferential treatment or benefit for the employee, any other person or the City;
- g) Any intentional violations of the Employee Conflict of Interest Policy (A04-006), Code of Conduct or any other Council or Administrative policies;
- h) Failure to follow any civic policies regarding monetary transactions, cash handling, use of signing authority, competitive bidding, purchasing, or procurement;
- i) Any computer-related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of City-owned software or hardware;
- j) Any claim for reimbursement of expenses that were not incurred as a recognizable business expense for the City's benefit or that are in violation of any civic policy regarding monetary transactions;
- k) Authorization or receipt of payments for goods not received, services not performed, or hours not worked;
- l) Crime or suspected criminal activity;
- m) The violation of public trust or duty;
- n) The misuse of position, authority or gross mismanagement of City funds or assets for personal gain; and
- o) Knowingly directing or counseling a person to commit fraud or wrongdoing.

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## 4. RESPONSIBILITIES

### 4.1 City Council

City Council is responsible for:

- a) Approving the corporate risk appetite regarding fraud.
- b) Acting in accordance with [Bylaw No. 9537, The Code of Ethical Conduct for Members of City Council Bylaw, 2019](#).
- c) Approving updates to this Policy.

### 4.2 Standing Policy Committee on Finance

The Standing Policy Committee on Finance is responsible for:

- a) Carrying out its delegated authorities as specified in the Committee Terms of Reference as they relate specifically to fraud prevention and detection and safeguarding corporate assets.
- b) Reviewing updates to this Policy.

### 4.3 Executive Leadership

Executive leadership (i.e., City Manager, General Managers and Chiefs) is responsible for:

- a) Contributing to the creation of a workplace culture that does not tolerate fraud or wrongdoing.
- b) Ensuring that any incidents of fraud and unethical behavior are investigated and that appropriate action is taken.
- c) Ensuring that whistleblowers do not suffer from retribution, reprisal or retaliation.

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## 4.4 Management

In addition to employee responsibilities, management (i.e., directors, managers and supervisors) are responsible for:

- a) Establishing and maintaining adequate controls to prevent and detect fraud, misappropriation and other irregularities, in accordance with this Policy.
- b) Ensuring employees understand how their work procedures help minimize the risk of fraud.
- c) Encouraging, supporting and assisting employees to report suspected fraud or wrongdoing to the City Internal Auditor or the Whistleblower Hotline.
- d) Periodically reporting to the Standing Policy Committee on Finance on what actions have been taken to manage fraud risk.

## 4.5 Employees

All employees are responsible for:

- a) Adhering to the requirements of this Policy.
- b) Attending training opportunities to gain a basic understanding of what fraud is and be able to identify warning signs that indicate a fraud could occur (or has occurred).
- c) Cooperating fully with the City Internal Auditor, investigators and/or other relevant authorities, as required, as they investigate and resolve any suspected acts of fraud or wrongdoing.

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## 4.6 Corporate Risk Manager

The Corporate Risk Manager is responsible for:

- a) Designing and overseeing the fraud risk management program, including leading the fraud awareness training program and other fraud awareness activities.
- b) Managing the fraud risk assessment process at regular intervals and when there are significant changes to a program or the operating environment.
- c) Facilitating periodic reporting to the Standing Policy Committee on Finance on what actions have been taken to manage fraud risk.
- d) The administration and update of this Policy.

## 4.7 City Internal Auditor

The City Internal Auditor is responsible for:

- a) Examining and evaluating the adequacy and effectiveness of the controls that management has put in place to prevent and detect fraud, misappropriation and other irregularities.
- b) Managing and administering the Whistleblower Program.
- c) Investigating reports of suspected fraud or wrongdoing, in coordination and consultation with the Human Resources Division as appropriate, unless the City Internal Auditor is alleged to be involved, in which case the report will be investigated by the City Manager's Office.



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## 4.8 Human Resources Division

The Human Resources Division is responsible for:

- a) Determining, in consultation with management as required, appropriate disciplinary actions for employees who have committed fraud or wrongdoing or retaliated against another employee who reported suspected fraud or wrongdoing.

## 5. REVIEW AND AMENDMENTS

- 5.1 This Policy shall be reviewed five years after its enactment by City Council.
- 5.2 Notwithstanding subsection 5.1, the City Internal Auditor may propose amendments to this Policy prior to the review date.