



# Fraud Prevention Policy

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**Policy Owner:** Legal Services Division

**Approval:** Board of Directors

**First Approved:** August 2011

**Amended Version:** September 27, 2018

## Policy Summary

This policy provides a framework within which Toronto Community Housing Corporation (TCHC) can meet the following objectives:

- take appropriate measures to prevent, detect and investigate fraudulent activities and other acts of misconduct;
- provide staff and the public with an anonymous reporting channel when fraud or corruption is suspected, by implementing an ethics hotline; and
- provide guidelines and delineate responsibilities for investigations.

## Introduction

This policy has been established as part of the company's controls to assist in the prevention and detection of fraud. The policy sets out responsibilities for reporting of suspected fraud and provides guidelines for the conduct of investigations.

## Policy Statement

TCHC is committed to protecting its revenue, property, information, reputation and other assets from attempts, by those working for, or on behalf of TCHC, to



improperly gain either financial or other benefits to the detriment of TCHC or its stakeholders. TCHC requires its employees to act with honesty and integrity and to safeguard the assets of the corporation. This includes neither facilitating nor ignoring current and past employee and tenant fraud. Fraud or misuse of TCHC assets will not be tolerated.

All members of the Board of Directors, Executive Members, employees, volunteers, contractors, agencies and organizations working for TCHC and its subsidiaries are responsible for immediately reporting instances of suspected fraud and corruption. TCHC is committed to maintaining an environment where people can raise concerns without fear of reprisal. TCHC will investigate all allegations of fraud or corruption. Every reasonable effort will be made to recover any gains obtained by, or receive compensation for any damages to TCHC caused by, fraud or misuse. Actions will be taken to deal with those who defraud TCHC or who are found to be corrupt.

## Definitions

**Fraud** is defined as a dishonest act that results in actual loss or risk of loss, deception, misappropriation of resources, or the manipulation of data to the advantage or disadvantage of a person or entity.

For purposes of this policy, fraud includes any misuse, or attempt to misuse, (i) one's position in the company and/or (ii) a company asset for personal gain or purposes unrelated to company business.

**Corruption** is defined as offering, giving or soliciting, or accepting of an inducement or reward that may improperly influence the action of a person or entity.

Examples include, but are not limited to:

- forgery or alteration of cheques, drafts, promissory notes, securities records, documents, or other similar instruments;
- obtaining company funds or compensation through dishonesty;
- falsifying accounts, records, or other documents required for any accounting purpose with a view to personal gain, or gain for another; (records include expense claims and time sheets);



- unauthorized use or misuse of TCHC property (including equipment, materials, or records and proprietary or confidential information) and time;
- profiteering as a result of insider knowledge of company activities;
- violation of procurement policy or procedures;
- improper dealings with tenants, vendors or agencies;
- taking or diverting property, information or other assets belonging to TCHC or other parties (including tenants) through fraud, deception, extortion or other illegal means;
- exercising authority or influence over a matter where a conflict of interest exists, including violations of TCHC's Conflict of Interest Policy or violation of the conflict of interest provision in section 142 of the *Housing Services Act, 2011, S.O. 2011, c. 6, Sched. 1*;
- acts of bribery, which can include acceptance of secret commissions, seeking or accepting anything of material or personal value from vendors, consultants, or contractors doing business with TCHC, or from tenants or applicants for housing with TCHC;
- intentionally destroying or defacing TCHC property or assets, or disclosing confidential information to outside parties; and
- conspiracy, to commit fraud with others.

This policy also applies to:

- stealing or removing company assets (theft), any misappropriation of funds, securities, supplies, fixtures, equipment, software or other assets; and
- extortion, such as threatening action, unless some benefit is received.

## Policy Details

This policy applies to all current and former:

- members of the Board of Directors, Executive Members, employees, volunteers, contractors, agencies and organizations working for TCHC and its subsidiaries.

Exception to Policy:



- the reporting obligations mandated by this policy do not apply to allegations of workplace harassment and discrimination under the Ontario *Human Rights Code* and Bill 168 *Workplace Violence & Harassment Legislation*. These are dealt with under TCHC's Human Rights, Harassment, and Fair Access Policy.

## Accountability

Management is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriation, and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indicators of such conduct.

All employees are responsible for acting honestly and with integrity, protecting company assets and observing internal controls to safeguard assets.

Any employee who suspects or has knowledge of any occurrence of fraud or corruption shall immediately notify his/her manager or the Investigations Unit under the General Counsel and Corporate Secretary, or report to the ethics hotline. If the occurrence involves the General Counsel and Corporate Secretary, the employee shall immediately notify the President and Chief Executive Officer.

Employees who are proven to knowingly make false allegations or who fail to report serious irregularities will be subject to discipline up to and including dismissal.

Any Director who suspects or has knowledge of any occurrence of fraud or corruption shall immediately notify the Board Chair who will consult with the General Counsel and Corporate Secretary on the appropriate actions to take. If the occurrence involves the Board Chair, the Director shall report the occurrence to the Chair of GHRC who will consult with the General Counsel and Corporate Secretary on the appropriate actions to take.

## Investigation Guidelines

All investigations will be conducted in accordance with the principles of natural justice.



All investigations will be conducted in the strictest of confidence in an objective and impartial manner.

TCHC will investigate, in a timely manner, any suspected acts of fraud or corruption, misappropriation, or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service of any party who is, or becomes, the subject of such investigation. Investigations may include the participation of Toronto Police Services, management representatives from finance, human resources, legal, community safety, information technology or any other resources deemed necessary.

The Investigations Unit under the General Counsel and Corporate Secretary is responsible for coordinating investigations, reporting findings and making recommendations to senior management on the implementation of controls to prevent future occurrences and on disciplinary and remedial action.

Any union employee against whom allegations are made will be given opportunity for union representation, as per collective agreement provisions.

## **Confidentiality**

All participants in an internal investigation shall keep the details and results of any investigation confidential. Particulars of the investigation with potential witnesses may be disclosed only if such disclosure would further the investigation, and only after consultation with legal services and labour relations (as applicable). Throughout the investigation, senior TCHC officials who have a legitimate need to know will be informed of pertinent investigative findings. To the extent possible by law, the identity of individuals involved in an investigation including the identity of an individual alleging fraud and the identity of the individual alleged to have committed fraud will be protected.

## **Whistleblower Protection**

No person covered by this policy shall:

- dismiss or threaten to dismiss an employee;
- discipline or suspend or threaten to discipline or suspend an employee;



- discriminate or harass an employee;
- impose any penalty or reprisal upon an employee; and
- intimidate or coerce an employee because the employee has acted in accordance with the requirements of the policy.

## **Actions Following an Investigation**

TCHC will pursue every reasonable effort, including court ordered restitution, and/or civil judgments, to obtain recovery of the company losses.

At the discretion of senior management, those found to be directly responsible for fraud or corruption will be subject to any or all of the following:

- the requirement to make full restitution of all direct and related costs;
- prosecution to the full extent of the law; and
- discipline that may include termination of employment with TCHC.

## **Certification**

It is essential that all employees understand and adhere to this policy. Employees are required to certify that they have received and reviewed this policy.

All existing employees will be required to certify their receipt and review of this policy every year.

## **Related Policies and Procedures**

The following legislation and reference documents apply to this policy:

- Employee Code of Conduct Policy;
- Employee Conflict of Interest Policy;
- Code of Conduct for Directors of the Board;
- Conflict of Interest Policy for Directors of the Board;
- Procurement Policy and Procedures; and
- Unions' collective agreements.



## Commencement and Review

Revision	Date	Description of changes	Approval
First approval:	January 2011	New	Executive Committee
First approval:	August 2011	New	Board
Revision #1:	May 2014	<ul style="list-style-type: none"> <li>• Reformatted according to new template</li> <li>• Change from 'directive' to 'policy' in order to align with TCH policy management framework</li> <li>• Updated Policy Owner</li> </ul>	Divisional Executive
Revision #2:	September 27, 2018	<ul style="list-style-type: none"> <li>• Updated Policy Owner</li> <li>• Updated Internal Auditor references to General Counsel and Corporate Secretary</li> <li>• Updated legislation references</li> <li>• Updated Accountability steps for Directors</li> </ul>	Board

**Next Scheduled Review Date: September 2020**

**Policy Contact:**

General Counsel and Corporate Secretary