

## **Toronto Seniors Housing Corporation (TSHC) Fraud Prevention Policy**

**Policy Sponsor:** Finance Lead

**Approver:** Board of Directors

**Initial Approval Date:** February 26, 2025

**Effective Date:** February 26, 2025

### **Policy Statement**

This Policy has been established as part of the Toronto Seniors Housing Corporation's (TSHC's) controls to assist in the prevention and detection of fraud. The Policy sets out responsibilities for reporting suspected fraud and provides guidelines for the conduct of investigations.

TSHC is committed to protecting its revenue, property, information, reputation and other assets from attempts, by those working for, or on behalf of TSHC, to improperly gain either financial or other benefits to the detriment of TSHC or its interested parties. TSHC requires its employees to act with personal integrity, ethics, honesty, and diligence in performing duties, and to safeguard the assets of the corporation. All employees have an obligation to immediately report any activity by a colleague, contractor, or tenant that appears to violate applicable laws, rules, regulations, TSHC Codes of Conduct or policies. This includes neither facilitating or ignoring current and/or past incidents of suspected fraud when identified. Fraud or misuse of TSHC assets will not be tolerated.

TSHC is committed to promoting integrity, ethics, accountability, and transparency, as well as maintaining an environment where people can raise concerns without fear of reprisal. TSHC is also committed to enhancing public trust and confidence in TSHC. TSHC will investigate all allegations of fraud or corruption, including but not limited to tenant misuse of TSHC Community Activities Funds and Rent-Geared-to-Income (RGI) fraud.

Every reasonable effort will be made to recover any gains obtained by, or receive compensation for any damages to TSHC caused by, fraud or misuse. Actions will be taken to deal with those who defraud TSHC or who are found to be corrupt.

TSHC will follow the protocol for housing providers, referenced in the City of Toronto's Rent-Geared-to-Income (RGI) Administration Manual, when instances of fraud by RGI households are identified or comes to the attention of TSHC.

### **Policy Objectives**

This Policy provides a framework within which TSHC 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.
- Provide guidelines and delineate responsibilities for investigations.
- Manage claims diligently with respect and discretion.

## Scope

This policy applies to all current and former members of the Board of Directors, employees (whether they work on a full-time or temporary basis), volunteers, contractors, agencies, and organizations working for TSHC.

## Out of Scope

This Policy covers matters that are in the public interest and for which there are no existing processes or mechanisms for reporting and investigation. For example, it is not intended to address matters through existing procedures where corporate policy and/or collective agreements (if applicable) are generally available to address individual complaints by employees of workplace discrimination or harassment.

Disclosures of fraud (that are not investigated or addressed under the Fraud Prevention Policy) will be referred to the appropriate investigator and/or investigated in accordance with the provisions of TSHC'S Whistleblower Protection Policy.

## Definitions

**Anonymous reporting channel:** is a secure, anonymous and confidential way to raise concerns or report fraud or unethical behaviour to TSHC. Reports involving employees or members of the Board of Directors will be received by the Director, People and Culture. Where the Director, People and Culture is implicated in an allegation the report will be received by the Chief Executive Officer. For more information on how to report possible fraud to the anonymous hotline please refer to the Frequently Asked Questions document.

**Contractor:** Any person or entity, including their employees, that have been contracted, sub-contracted, or otherwise engaged to supply goods or services to the TSHC including a vendor, supplier, consultant, or service provider.

**Fraud:** 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. Fraud includes any misuse, or attempt to misuse:

- One's position in the company, and/or
- TSHC asset or TSHC property for personal gain or purposes unrelated to

company business.

Fraud includes corruption. 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 (including expense claims and time sheets), or other documents required for any accounting purpose with a view to personal gain, or gain for another, any claim for reimbursement of expenses that are not made for the exclusive benefit of TSHC, or any irregularity in the handling or reporting of money transactions.
- Unauthorized use or misuse of TSHC property (including equipment, materials, or records and proprietary or confidential information) and time.
- Any computer-related activity involving the alterations, destruction, forgery, or manipulation of data for fraudulent purposes or misappropriation of TSHC or Toronto Community Housing Corporation owned software.
- 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 TSHC or other parties (including tenants) through fraud, deception, extortion or other illegal means.
- Intentionally destroying or defacing TSHC property or assets, or disclosing confidential information to outside parties.
- 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 TSHC, or from tenants or applicants for housing with TSHC (such as provision of an unauthorized benefit to a tenant including, but not limited to, an unauthorized reduction of the rent payable by a tenant, unauthorized internal transfers to another unit or unauthorized determination of eligibility for rent-geared-to-income assistance).
- Exercising authority or influence over a matter where a conflict of interest exists, including violations of TSHC's Employee Conflict of Interest Policy, TSHC's Board of Directors Conflict of Interest Policy, or violation of the conflict of interest provision in the *Housing Services Act*.
- Conspiracy, to commit fraud with others.
- Any similar or related irregularities.

This Policy also applies to:

- Stealing or removing company assets (theft), any misappropriation of funds,

securities, supplies, furniture, fixtures, equipment, software or other assets, and

- Extortion, such as threatening action, unless some benefit is received.

**Good faith:** means an act which is not done trivially, frivolously, or for a vexatious purpose.

**Investigator:** A staff person or external resource that completes a structured, fact-finding inquiry regarding a fraud, waste, or misuse claim.

**Manager:** The supervisor or manager to whom an employee normally reports; or in the case of a disclosure of fraud involving the supervisor or manager to whom an employee normally reports, the next-above supervisor or manager in the employee's chain of command.

**Property:** TSHC owned, controlled, leased or operated facilities, materials, resources, and assets, including (but not limited to) buildings, land, money, vehicles, phones, phone system, records, files, documentation, office equipment, cell phones, pass cards, computers, computer tools and network, supplies, cheques, and equipment.

**Reprisal:** Actions taken against another person as a direct result or in retaliation for making a report under this Policy, being suspected of making a report under this Policy, or participating in an investigation under this Policy. Examples of reprisal include but are not limited to:

- coercion
- demotion
- discipline
- discrimination
- dismissal
- harassment
- intimidation
- suspension
- termination

In the case of an employee, reprisal could include any other action which adversely affects their working conditions, or a threat to take any such actions and knowingly directing or counselling of another person to engage in reprisal.

**Recovery:** The process of attempting to obtain compensation to the Corporation for financial losses caused by proven acts of fraud and misuse.

**Risk:** the likelihood that there will be a positive or negative deviation from the expected objective. Risks can be threats or opportunities and are measured by likelihood or probability of occurrence and the impact or consequences should they occur.

**Whistleblower:** An employee, member of the Board of Directors, or tenant, who, in good faith and with reasonable belief that wrongdoing has occurred, makes a

report under this Policy or TSHC's Whistleblower Protection Policy.

**Wrongdoing:** in this Policy, refers collectively to any serious act (or failure to act) that is covered by this Policy and which:

- constitutes fraud or waste of TSHC resources or assets as defined under this Policy
- is a violation of TSHC's policies, procedures, or directives
- risks the health or safety of tenants, employees, or visitors to TSHC sites
- is unlawful under any municipal, provincial or federal laws
- knowingly directs or counsels another person to engage in such acts
- is designed or intended to conceal conduct prohibited under this Policy

## Roles and Responsibilities

TSHC's Chief Executive Officer is responsible for:

- Delegating key responsibilities for the administration of this Policy.
- Leading and advancing a culture rooted in the highest ethical standards for TSHC employees.
- Ensuring TSHC employees understand their ethical rights and responsibilities, including their responsibilities under this Policy, and other TSHC policies including Employee Code of Conduct and Employee Conflict of Interest.
- Investigating or referring responsibility to TSHC staff to investigate alleged fraud, and ensure these investigations are appropriately conducted.
- Implementing corrective actions to strengthen management oversight and make improvements to internal control systems and procedures based on findings.
- Informing the Chair and members of the Audit, Finance and Risk Committee of any allegation of fraud involving an employee or member of the Board of Directors of TSHC.
- Ensuring recommendations made by an investigator in their report addressing fraud are implemented on a timely basis including identified systemic issues.

TSHC's Managers/ Department Directors are responsible for:

- Promoting ethical conduct and supporting ethical decision-making in their areas of responsibility.
- Ensuring TSHC employees understand their ethical rights and responsibilities, including their responsibilities under this Policy, and other TSHC policies including Employee Code of Conduct and Employee Conflict of Interest.
- Assisting employees in the administration, interpretation and application of this Policy, where applicable.
- Instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriation, and other irregularities.
- Being familiar with the types of improprieties that might occur within their

area of responsibility and be alert for any indicators of such conduct.

- Ensuring that TSHC employees under their supervision, who in good faith, report fraud are protected from reprisals in accordance with this Policy and TSHC's Whistleblower Protection Policy.
- Immediately reporting allegations of fraud, upon notification from an employee of suspected fraud, or if they have reason to suspect that a fraud has occurred, to the Director of their Department, or to the Chief Executive Officer if the Director of their Department, Director, People and Culture, or Finance Lead are implicated in the allegation.

TSHC's employees and contractors are responsible for:

- Acting honestly and with integrity, protecting company assets and observing internal controls to safeguard assets.
- Understanding and adhering to this Policy, the procedures and associated documentation.
- Certifying their receipt and review of this Policy. Existing employees will be required to certify their receipt and review of this Policy every year.
- Immediately notifying, in good faith, their manager, Director of their Department, or reporting to the ethics hotline (anonymous reporting channel) if they suspect or have knowledge of any occurrence of irregular conduct, fraud, corruption, or have reason to suspect that a fraud has occurred. Employees are encouraged to raise incidents or suspected incidents with their immediate supervisor or manager. However, employees may remain anonymous when reporting suspected fraud. TSHC uses an independent service provider for a secure, anonymous and confidential way (through the reporting channel) to raise concerns or report unethical behaviour to TSHC.
- Immediately notifying, in good faith, the Chief Executive Officer if they suspect or have knowledge of any occurrence of fraud involving the Director of their Department, Finance Lead, or Director, People and Culture.
- Immediately notifying, in good faith, the Director, People and Culture, if they suspect or have any knowledge of any occurrence of fraud involving the 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.
- Co-operating fully, if required, in an investigation under this Policy, and will make all reasonable efforts to be available to assist with the investigation.
- Maintaining confidentiality. Employees shall not attempt to investigate suspected fraud or discuss the matter with anyone other than a person to whom the fraud was reported, TSHC staff conducting the investigation, the police, and any other resources deemed necessary. Employees who improperly breach confidentiality will be subject to legal action or disciplinary action up to and including dismissal as determined by the Chief Executive Officer or their designate.



- Directing individuals who want to report possible fraud or misuse to the hotline or appropriate staff person.
- Immediately notifying the Director, People and Culture if they believe they are the subject of a Reprisal, following a disclosure of fraud. An employee informed of, or who becomes aware of, a Reprisal against an employee has a duty to notify the Director, People and Culture, or Chief Executive Officer so that they will undertake to ensure that the employee is protected from any further reprisal. For more information, please see TSHC's Whistleblower Protection Policy.

TSHC's Finance Lead is responsible for:

- Providing overall direction on the implementation of this Policy.
- Investigating or referring responsibility to appropriate investigator to investigate alleged fraud, and ensure these investigations within scope of this Policy are appropriately conducted.
- Referring allegations that do not constitute fraud under this Policy to the appropriate contact or investigator for investigation and/ or appropriate action.
- Consulting with the Director, People and Culture, legal counsel, Chief Executive Officer, or their delegates, as appropriate.
- Implementing corrective actions to strengthen management oversight and make improvements to internal control systems and procedures based on findings to prevent future occurrences and minimize risk.
- Informing the Chair and members of the Audit, Finance and Risk Committee of any allegation of fraud involving an employee, contractor, member of the Board of Directors, or tenant of TSHC.
- Informing the Director, People and Culture of allegations of fraud in a timely manner. If the complaint involves the Director, People and Culture, or a member of the Board of Directors, then the Chief Executive Officer shall be informed. If the report involves the Chief Executive Officer, the Finance Lead will notify the Director, People and Culture, who shall confer with the Board Chair.

TSHC's Director, People and Culture is responsible for:

- Undertaking preliminary review of allegations of fraud and corruption, and applying the Fraud Prevention Policy definitions, that they receive to determine next steps for allegation in accordance with related procedure.
- Investigating or referring responsibility to an investigator to investigate allegation, and ensuring the responsibility for investigations to be appropriately conducted remains with Finance Lead, or Chief Executive Officer if Finance Lead is implicated in allegation.
- Providing oversight, if required, of alleged fraud investigations led by the investigator. The responsibility to ensure such investigations are appropriately conducted remains with the Finance Lead, or Chief Executive Officer if Finance

Lead is implicated in allegation.

- Ensuring that employees who, in good faith, report wrongdoing are protected from reprisal in accordance with TSHC's Whistleblower Protection Policy.

TSHC's Board of Directors Members are responsible for:

- Understanding and adhering to this Policy, as well as the Board of Directors Code of Ethics and Conduct and Board of Directors Conflict of Interest Policy.
- Immediately notifying the Board Chair if they suspect or have knowledge of any occurrence of fraud.
- Immediately notifying the Vice-Chair of the Board if they suspect or have knowledge of any occurrence of fraud involving the Board Chair.

TSHC's Board of Directors Chair is responsible for:

- Consulting with the Director, People and Culture on the appropriate actions to take when any occurrence of fraud by Chief Executive Officer is reported. The Board Chair will inform the Board of Directors unless there are extenuating circumstances or where the integrity of the investigation might be compromised during the investigation process.

TSHC's Audit, Finance and Risk Committee is responsible for:

- Overseeing management's establishment of an adequate system of internal controls, and procedures and review and monitoring of effective performance of those internal controls and procedures

TSHC's Director, Operations is responsible for:

- Receiving claims of fraud and misuse regarding tenants, (received through the ethics hotline, staff, or tenants).
- Ensuring claims of RGI fraud received and identified by TSHC follows the City of Toronto's Rent-Geared-to-Income Administration Manual protocol for documenting and reporting suspected fraud.
- Redirecting claims of fraud related to the Community Activities Fund to the Manager, Community Programs and Partnerships for investigation

## **Policy Content**

### **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.

TSHC 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 or relationship with TSHC of any party who is, might be or becomes, the subject of such investigation. Investigations may include the participation of Toronto Police Services, management representatives from Finance, and/or People and Culture Departments, or any other resources deemed necessary.

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

## **Confidentiality**

All participants aware of or participating 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 counsel and labour relations (as applicable). Throughout the investigation, TSHC Department Directors 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 acting on behalf of TSHC, including the Board of Directors shall:

- dismiss or threaten to dismiss an employee
- discipline or suspend, or threaten to discipline or suspend, an employee
- discriminate or harass an employee
- demote an employee
- impose any penalty or reprisal upon an employee
- intimidate or coerce an employee because the employee has acted in accordance with the requirements of the policy

Violation of this section may result in discipline up to and including dismissal.

## **Actions Following an Investigation**

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

At the discretion of the Chief Executive Officer or their designate, 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
- referral to police and prosecution, as may be applicable

- discipline that may include termination of employment with TSHC

### **Media Inquiries**

Any staff person or member of the Board of Directors who are contacted by the media regarding an investigation under this Policy must refer all inquiries to the Communications team. For further information, please see the Media and Issues Protocol.

### **Compliance and Monitoring**

If there are any allegations of fraud involving a TSHC employee or member of the Board of Directors, covered by this Policy, the Finance Lead shall prepare a quarterly report to inform the Chair and members of the Audit, Finance and Risk Committee.

### **Related Legislation, Regulations, and TSHC Policies:**

- *Criminal Code*
- *Housing Services Act*
- TSHC Employee Code of Conduct
- TSHC Employee Conflict of Interest Policy
- TSHC Board of Directors Code of Ethics and Conduct
- TSHC Board of Directors Conflict of Interest Policy
- TSHC Procurement Policy and Procedures
- TSHC Board of Directors Reimbursement Policy and Procedures
- TSHC Finance Policies
- TSHC Media and Issues Protocol
- Unions' collective agreements

### **Amendments (Revision History):**

Initial policy approved by Board of Directors on February 26, 2025.

### **Next Scheduled Review Date: 2028**

This Policy will be reviewed once every three years.

### **Policy Contact**

Finance Lead

### **Appendices**

- Frequently Asked Questions (under review)
- TSHC Media and Issues Protocol