

**Presentation to the Audit  
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# **2016 Annual Report on the Fraud and Waste Hotline**

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**Auditor General's Office  
Integrity, Excellence and Innovation**

# Fraud and Waste...What's New?

1. Streamlining operations & restructuring
2. Conducting more major investigations
3. 24/7 independent and confidential call-answer service

# By the Numbers

## ▶ Volume of Complaints

1. 552 Complaints = 900 Allegations
2. 100% Complaints Reviewed
3. 81% AG Preliminary Investigative Work

## ▶ Substantiated

1. 17% Substantiated as at December 31, 2016
2. % will increase as 2016 complaints conclude in 2017
3. 47% of substantiated complaints were anonymous

# By the Numbers continued...

## ▶ Losses and Recoveries Last 5 Years

1. \$4.5 million actual losses
2. \$1.8 million potential losses (could have resulted in actual losses had the wrongdoing not been detected)
3. \$800,000 recoveries

## ▶ Losses and Recoveries 2016

1. \$290,000 actual losses
2. \$50,000 potential losses
3. \$72,000 recoveries

## ▶ 58% of organizations do not recover losses

# Beyond the Numbers

## ▶ Discipline

1. 12 employment relationships being terminated
2. 13 employees being disciplined
3. 17 cases other management actions

## ▶ Use Data to Identify Trends

1. Subsidy Fraud, Time Theft, Conflict of Interest, Benefits Fraud
2. Inform Audit Projects

## ▶ Non-Quantifiable Benefits

1. Deterrence of Fraud or Wrongdoing
2. Internal Controls Strengthened
3. Operational Efficiencies

# Reinforcing Importance of Using the Hotline

1. The Auditor General held information sessions with more than 600 staff
2. The sessions highlighted:
  - ▶ the results of the *Improving the Tendering Process for Paving Contracts* audit
  - ▶ reminding staff of the Fraud and Waste Hotline and their responsibility to report wrongdoing
3. **In 2017, the Auditor General will continue to reinforce reporting wrongdoing responsibilities for Division Heads and Management.**

# Looking Forward – Cohesive Disclosure of Wrongdoing Framework across the City

1. City adopted a *Disclosure of Wrongdoing and Reprisal Protection* framework  
City of Toronto Public Service By-Law
2. Agencies and Corporations required to adopt framework
3. In 2017, the Auditor General will evaluate the cohesiveness of the framework across the City, including the Agencies and Corporations

# QUESTIONS?