

## FRAUD AND WASTE HOTLINE AT A GLANCE

### BACKGROUND

In 2002, a Fraud and Waste Hotline was established to allow employees, Councillors and members of the public to report allegations of fraud, waste or other wrongdoing without fear of retribution.

### BENEFITS OF THE FRAUD AND WASTE HOTLINE PROGRAM

- Protect City assets
- Reduce losses
- Deter fraud, wrongdoing and waste
- Strengthen internal controls
- Improve policies and procedures
- Increase operational efficiencies
- Identify trends, address risks, make action-oriented recommendations to management and inform the audit work plan

### WHAT'S NEW?

- 680 complaints, approximately 1060 allegations
- 5 major fraud and/or waste investigations resulting in 37 recommendations and millions of dollars in potential savings
- The Hotline implemented a 24/7 independent and confidential call-answer service to support complainants. This service eliminated the need for complainants to leave a voicemail and instead provides complainants the opportunity to speak to a live agent

## 2017 Annual Report on the Fraud and Waste Hotline

### BY THE NUMBERS

- More than 8,900 complaints received since 2002
- \$17 million cumulative actual and potential losses for past 5 years; \$12.4 million actual losses; \$4.6 million potential losses had the frauds not been detected

### 2017 Annual Results

- 680 complaints in 2017 made up of approximately 1,060 allegations
- 100% of complaints reviewed
- 89% of complaints involved an AG preliminary investigation
- 37% or 251 complaints fully investigated
- 12% of 251 complaints investigated were substantiated in whole or in part. This number is expected to increase as outstanding 2017 complaints continue to be concluded in 2018
- Substantiated complaints include employee benefits fraud, subsidy fraud, conflicts of interest, operating a personal business, misuse of City resources, and time theft
- 38% of substantiated complaints were anonymous
- Actions taken include:
  - 2 employment relationships being terminated
  - 5 employees being disciplined
  - 22 cases where other appropriate action was taken, including reinforcing workplace expectations and training
- \$56,000 actual loss in 2017. This amount is expected to increase as outstanding 2017 complaints are concluded in 2018

### 5 Major Investigative Reports Issued in 2017

- **Toronto Building Division – Strengthening System Controls to Safeguard Cash Receipts, March 2017**
  - 1 confidential and 6 public recommendations to strengthen cash receipts controls
- **Auditor General's Observations of a Land Acquisition at Finch Avenue West and Arrow Road by the Toronto Parking Authority – Part 2, June 2017**
  - 6 recommendations to improve processes
  - Estimated overpayment of over \$2 million had the land deal closed
- **Toronto Building Division – Conditional Permits, October 2017**
  - 17 recommendations to improve building conditional permits administration
  - 15 permits reviewed. Development charges – \$8 million lower than if objective criteria had been applied
- **Review of Complaint Regarding the June 29, 2016, Toronto Transit Commission Briefing Note, October 2017**
  - Allegations not substantiated
  - 3 recommendations to improve the preparation and distribution of briefing notes
- **Auditor General's Observations on the Quantity of Product Realized from the City's Single Stream Recyclable Material (Blue Bin) Program, October 2017**
  - 4 recommendations to strengthen the program's controls and oversight