

# AUDITOR GENERAL TORONTO

## 2018 ANNUAL REPORT ON THE 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

### RESPONSIBILITY TO REPORT WRONGDOING

The *Disclosure of Wrongdoing and Reprisal Protection* policy, part of the *Toronto Public Service By-law* (the By-law), outlines the responsibility for employees to report wrongdoing.

The By-law requires:

- all City employees who are aware that wrongdoing has occurred to immediately notify their manager, their Division Head, or the Auditor General's Office;
- allegations of wrongdoing received by Division Heads, Deputy City Managers or the City Manager to be immediately reported to the Auditor General.

There were several instances this year where allegations of wrongdoing were not immediately reported to the Auditor General as required under the By-law.

The Auditor General's Office will refresh our communication initiatives for 2019 to raise awareness on employee responsibility to report wrongdoing.

### BY THE NUMBERS – 2018 Annual Results

- More than 9,600 complaints received since 2002
- 643 complaints in 2018 made up of approximately 1,000 allegations
- 100% of complaints reviewed
- 89% of complaints involved a preliminary investigation
- 37% (239 complaints) fully investigated; 15% of those complaints were substantiated in whole or in part
- 26% of substantiated complaints were anonymous
- Actions taken include:
  - 6 employment relationships terminated
  - 4 employees disciplined
- \$635,000 actual loss in 2018. This amount is expected to increase as outstanding 2018 complaints are concluded in 2019

#### Complaint Sources



Hotline  
250



Online form  
189



Letter/Email  
145



Referrals  
50



Other  
9

#### Complaint Outcomes

**15%**  
Substantiated



Discipline imposed in  
**10**  
complaints



**26%**  
Substantiated  
Complaints  
were Anonymous



#### Dollar Impact

**\$14.8m**  
Actual  
Loss for 5  
years



**\$3.2m**  
Potential  
Loss for 5  
years

**\$1m**  
Recovery  
for 5  
years



### WHAT'S NEW?

- A major investigation that resulted in a report being issued to Audit Committee was entitled "*Raising the Alarm: Fraud Investigation of a Vendor Providing Life Safety Inspection Services*". The report contained 17 recommendations for management action.
- Ongoing implementation of a new complaint management system to modernize the tracking and documentation of complaints.