2018 Annual Report on the Fraud and Waste Hotline

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Auditor General

AUDITOR GENERAL
TORONTO
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Annual report on fraud and hotline activity

This is the 2018 annual report on fraud, waste and wrongdoing at the City, and includes information about the activities of the Fraud and Waste Hotline. It highlights the complaints that have been communicated to the Auditor General’s Office. It does not represent an overall picture of fraud or other wrongdoing across the City.

Role of the Auditor General

The City of Toronto Act assigns the Auditor General the responsibility to assist City Council in holding itself and its administrators accountable for stewardship over public funds and value for money in City operations. This responsibility is fulfilled by completing audits, operating the Hotline and conducting forensic investigations.

Fraud and Waste Hotline Program

Program established in 2002

In 2002, a Hotline was established so that employees, Councillors and members of the public could report allegations of fraud, waste or other wrongdoing without fear of retribution.

Benefits of the Hotline Program

The Hotline Program has helped to reduce losses and resulted in the protection of City assets. The cumulative total of actual and potential losses from complaints received in previous years (2014 to 2018) is more than $14.8 million (actual) plus $3.2 million (potential) had the fraud not been detected. Additional benefits that are not quantifiable include:

- the deterrence of fraud or wrongdoing
- strengthened internal controls
- improvements in policies and procedures
- increased operational efficiencies
- the ability to use complaint data to identify trends, address risks, make action-oriented recommendations to management and inform the audit work plan

Forensic Unit has expertise to investigate a broad range of complex allegations

The Auditor General’s Forensic Unit is comprised of a team of professionals who collectively possess the expertise to triage a broad range of complaints and conduct investigative work into complex allegations. When necessary, the Forensic Unit leverages audit staff or outside experts to assist on complex investigations due to the small size of the team.

Independent oversight

The Forensic Unit also provides independent oversight of management-led investigations to review the adequacy of work conducted, including steps taken to reduce losses, protect City assets and prevent future wrongdoing.
### 2018 Accomplishments

<table>
<thead>
<tr>
<th>Investigative reports in 2018</th>
<th>In 2018, the Auditor General continued to focus on conducting major fraud investigations. Exhibit 2 contains a summary of a major investigation that resulted in a report being issued to Audit Committee. The report contained 17 recommendations for management action.</th>
</tr>
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| Implementation of a new complaint management system | The Forensic Unit uses a complaint management database, which is critical to the operation of the Hotline Program. The database is used to track complaints through their entire lifecycle. Detailed statistical data is also captured for reporting purposes that enables the Auditor General’s Office to identify areas of concern and trends that may point to systemic issues.  

The database is at the end of its useful life after over 15 years. As a result, the Office procured a new complaint management system that is being implemented. Once fully implemented, the enhanced functionality of the new system will help modernize the tracking and documentation of complaints through their lifecycle. |
| Communication initiatives | Operating the Fraud and Waste Hotline also includes coordinating the marketing and communication of the Hotline Program. Raising awareness on the positive benefits of the Hotline Program is essential to its effectiveness.  

Communication initiatives in 2018 have included: |
| --------------------------|---------------------------------------------------------------------------------------------------------------|
| • presented to the Executive Onboarding Program and a Division about the Fraud and Waste Hotline  
• published article on an investigation in the Association of Local Government Auditors’ Winter Quarterly Newsletter  
• presentations at public sector and government related conferences. |
Responsibility to Report Wrongdoing

Employee responsibility to report wrongdoing

The Disclosure of Wrongdoing and Reprisal Protection policy, part of the Toronto Public Service By-law (the By-law), includes a duty for employees to report allegations of wrongdoing.

Specifically, the By-law requires:

1. All City employees who are aware that wrongdoing has occurred to immediately notify their manager, their Division Head, or the Auditor General’s Office.
2. Allegations of wrongdoing received by Division Heads, Deputy City Managers or the City Manager to be immediately reported to the Auditor General.
3. Employees who report wrongdoing in good faith, to be protected from reprisal.

Auditor General has responsibility to investigate reprisal

The fear of reprisal can deter many people from reporting allegations of wrongdoing. Management is responsible for ensuring employees who report allegations of wrongdoing can do so without the fear of reprisal.

The Auditor General has the responsibility to investigate complaints of reprisal against City employees who report wrongdoing.

Not all allegations of wrongdoing were reported

In the course of our work during the year, we noted there were several instances where allegations of wrongdoing were not immediately reported to our Office as required under the By-law.

One specific case was during the Auditor General's investigation entitled “Raising the Alarm: Fraud Investigation of a Vendor Providing Life Safety Inspection Services” that was tabled at the July 13, 2018 Audit Committee.

Letter from Mayor reinforces responsibility to report wrongdoing

In response to the Auditor General's report that outlined issues with certain employees not reporting wrongdoing, the Mayor issued a letter to the Audit Committee Chair stating:

"Any time there is concern of wrongdoing related to public money, it must be reported to the Auditor General."

Raising awareness

In light of the above, the Auditor General's Office will refresh our communication initiatives for 2019. The initiatives will include undertaking an education campaign to raise awareness on employee responsibility to report wrongdoing to the Auditor General's Office, as required under the Toronto Public Service By-law.
Key Statistics Infographic

The infographic provides key statistics at a glance for the Fraud and Waste Hotline program for 2018. The volume of complaints and allegations have remained relatively consistent over 2017.

Figure 1: Key Statistics Infographic

Exhibits

Exhibit 1 – Hotline Statistics
Detailed statistical data summarizing the activities of the Hotline Program is included in this report as Exhibit 1.

Exhibit 2 – Major Investigation Summary
Summarized details of a major investigative report issued by the Auditor General in 2018 are included as Exhibit 2.

Exhibit 3 – Complaint Summaries
Summarized details of a sample of complaints concluded in 2018 are included as Exhibit 3. These summaries are provided as requested by Audit Committee.
EXHIBIT 1 – DETAILED STATISTICAL SUMMARY

Leveraging complaint data

Audit standards require that Fraud and Waste Hotline data be considered in all performance audits. Collecting, monitoring and analyzing data on complaints received may identify areas of concern within the City and trends that may point to more systemic problems in areas such as procurement, overtime, business expenses, sick leave abuse and conflict of interest.

Complaint data influenced audit project selection

Complaint data from the Hotline is also one of the factors considered that may result in an audit being conducted. For example, audits that have been initiated in part due to complaint data from the Hotline include:

- Management of the City’s Long-Term Disability Benefits:
  - Phase One: Improving City Management to Address Growing Trends in Long-Term Disability Benefits
  - Phase Two: The Need for a Proactive and Holistic Approach to Managing Employee Health and Disability

- Management of the City’s Employee Extended Health and Dental Benefits:
  - Phase One: The City Needs to Ensure Adequate Detection and Review of Potentially Excessive and Unusual Drug Claims
  - Phase Two: Ineffective Controls and Plan Design Leaving the City Vulnerable to Potential Benefit Abuse

1. Total Complaints

643 complaints received represent 1,000 allegations

Since the Fraud and Waste Hotline Program was initiated in 2002, the Auditor General’s Office has handled more than 9,600 complaints. Each complaint may include multiple allegations. In 2018, 643 complaints were received representing approximately 1,000 allegations.

Dynamic nature of hotline

Complaint activity may increase or decrease because of the dynamic nature of a hotline program and as a result of various factors, including outreach activities and the nature of issues reported by the media.
Figure 2 outlines the number of complaints reported from 2009 to date.

Figure 2: Complaints Reported – 2009-2018

Figure 3 shows the number of allegations included in complaints received over the past five years. The average number of allegations over the past five years is approximately 1,000 per year.

Figure 3: Complaints and Allegations Reported – 2014 to 2018
In 2018, 643 complaints were received, representing a 5 per cent decrease over the number of complaints received in 2017.

2. Source of Complaints

Figure 4 provides a summary of the methods used to report complaints to the Fraud and Waste Hotline Program in 2018.

Sixty-eight per cent of all complaints were received through direct telephone calls to the Hotline or via the Auditor General's secure online complaint form.

According to the Association of Certified Fraud Examiners 2018 Report to the Nations on Occupational Fraud and Abuse, organizations with reporting hotlines were more likely to detect fraud through tips than organizations without hotlines (46 per cent compared to 30 per cent, respectively).

* Other sources include walk-ins, faxes and referrals from Agencies and Corporations and Accountability Officers.
3. Disposition of Complaints

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
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<tr>
<td>All complaints considered</td>
<td>All complaints received are evaluated by the Forensic Unit to determine the disposition or action to be taken.</td>
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<tr>
<td>Professional judgment used to determine disposition</td>
<td>The unique circumstances of each complaint requires the application of professional judgment, and in certain cases, discussion pertaining to the disposition of complaints is also conducted with the Auditor General.</td>
</tr>
<tr>
<td>Preliminary investigative work conducted in 89% of complaints</td>
<td>Prior to determining the disposition, the Auditor General's Office conducts a significant amount of preliminary investigative work or inquiries on complaints to identify whether allegations have merit.</td>
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In 2018, the Office performed preliminary investigative work on the majority (89 per cent) of complaints received. Preliminary investigative inquiries are also conducted prior to referring complaints to divisions for action.

Allegations with limited detail or merit may be held until further details are received.

Figure 5 provides a breakdown of the disposition of complaints received in 2018 and illustrates that in the majority of complaints (89 per cent) the Auditor General's Office conducts preliminary investigative work.
Investigations

Thirty-nine per cent of complaints received (252 complaints) were closed following preliminary investigative work. Twelve complaints resulted in a full investigation by divisional management or the Auditor General’s Office.

Referrals to divisions

Thirty-five per cent of all complaints (227 complaints) were referred to divisions for review and appropriate action or for information only. Complaints that are significant enough to require a response from divisional management are monitored until the necessary action is taken.

No Action

In nine per cent of complaints (58 complaints), the disposition was “No Action” because of insufficient information or the matter was outside the Fraud and Waste Hotline's jurisdiction.

*Other referrals include to 311, other Accountability Officers and Outside Agencies.

**No Action Taken include complaints with insufficient information or are outside the Hotline's jurisdiction.
4. Complaint Conclusion

Each complaint is managed until it has been resolved or concluded.

Unsubstantiated complaints may highlight issues of concern

In cases where the evidence does not support a finding of wrongdoing, the complaint conclusion is tracked as unsubstantiated. However, this does not mean that the complaint is without merit. In many of these cases, a review or investigation may highlight internal management control issues and risks that need to be addressed.

Substantiated complaints 15%

Fifteen per cent (35 complaints) of the 239 complaints investigated or referred to divisions in 2018 have been substantiated in whole or in part. This number is expected to increase as outstanding 2018 complaints are concluded in 2019.

Anonymous complaints

Twenty-six per cent of substantiated complaints were anonymous.

Internal control weaknesses

Where internal control weaknesses contributed to or facilitated wrongdoing in substantiated complaints, divisions have confirmed that the internal control weaknesses have been addressed.

Previous years complaints concluded in subsequent years

Some complaints cannot be concluded until a future year. In cases where a previous years’ complaint is concluded, statistics are updated in the Auditor General’s database to capture information such as whether the complaint was substantiated and whether there was a loss to the City.

5. Disciplinary Action in Substantiated Complaints

Disciplinary action is a management responsibility

Where investigations indicate fraud or wrongdoing by an employee, the appropriate level of discipline is the sole responsibility of divisional management. Information regarding disciplinary action taken is communicated to and tracked by the Auditor General’s Office.

Discipline imposed in 10 complaints

In 2018, divisional management reported that discipline was imposed in 10 of the substantiated complaints. In an additional 25 instances, divisional management took other appropriate action including reinforcing workplace expectations through training.

An important consideration for management in disciplining employees is to ensure fairness and consistency throughout the City. Management also uses knowledge gained through investigations to provide guidance on and reinforce acceptable conduct for all City employees.
6. Loss and Recovery

Cost of fraud difficult to measure

Measuring the total cost of fraud is difficult because fraud by its nature is concealed and can sometimes go undetected for many years. The standard of proof is high. In some cases, it may not be possible to determine the duration of the fraud, thereby making it difficult to accurately quantify losses.

The Association of Certified Fraud Examiners 2018 Report to the Nations on Occupational Fraud and Abuse reported that 53 per cent of victim organizations do not recover any of their fraud losses.

Impact of fraud exceeds dollar values

The impact of fraud on a corporation includes more than just financial losses. Wrongdoing perpetrated in the workplace can damage the morale of co-workers and can negatively impact the reputation of the corporation. In addition, significant management time is required to investigate instances of fraud.

Actual and potential losses to the City for all complaints received are tracked by our Office.

$635,000 actual losses

For complaints received in 2018, quantifiable actual losses to the City were in the range of $635,000. This amount is expected to increase as outstanding 2018 complaints are concluded in 2019.

Information concerning complaint conclusion, resolution, or the determination of loss and recovery may occur several years after the allegations are received. Amounts reported for complaints received in previous years are adjusted once concluded in subsequent years.

For example, in 2018, 16 complaints from 2017 were concluded as substantiated or substantiated in-part.

$18m cumulative actual and potential losses for 5 years

The cumulative total of actual and potential losses from complaints received in previous years (2014 to 2018) is more than $14.8 million (actual) plus $3.2 million (potential) had the fraud not been detected.
Below is a summary of a major investigation that resulted in a report being issued to Audit Committee in 2018. This summary highlights that a substantial amount of resources is required to conduct investigations.

**Raising the Alarm: Fraud Investigation of a Vendor Providing Life Safety Inspection Services to the City of Toronto**

In the summer of 2017, the Auditor General's Office received multiple serious allegations about a City vendor, York Fire Protection, who was contracted for many years to inspect life safety systems. These services included inspecting emergency lighting, sprinkler systems, fire extinguishers, and other fire prevention/life safety system inspections required under the Ontario Fire Code at hundreds of City-owned buildings across Toronto.

The complaint alleged that the vendor routinely submitted inspection reports and invoices for work that was not done, forged signatures of their own staff, operated as multiple companies, and used false identities as signatories to contracts.

**Objectives of investigation**

As a result of the allegations, the Auditor General launched an investigation to assess:

- whether the complainant's allegations were valid
- whether the Facilities Management Division fulfilled its role in ensuring life safety inspections were completed properly before paying invoices
- if the vendor's work could be relied on to satisfy the City's obligations under the Ontario Fire Code
- given the nature of the vendor's work and the allegations, whether there were any risks to public safety that needed to be followed-up by Toronto Fire Services.
| Investigation identified several key findings | Based on the investigative work conducted, several key findings were identified in the Auditor General's report including:  
- a serious lack of an audit trail to show that safety inspections required under the Fire Code were in fact being performed  
- instances of overbilling and billing for work that was not performed  
- the vendor was operating under multiple false identities  
- broader systemic issues in how the City conducted and oversaw life safety inspections in its buildings. |

| 17 recommendations that, when implemented, will improve City's compliance with Ontario Fire Code requirements and strengthen the procurement process | This report made 17 recommendations in three main areas:  
1. Improving the documentation and audit trail to prove that life safety inspections are done and deficiencies are rectified, and ensuring staff have a better understanding of why documentation is both important and required under the Ontario Fire Code.  
2. Stressing the need to perform sufficient due diligence on vendors before awarding contracts, and addressing issues that are raised. Trust in the vendor must not override the need to perform this due diligence, nor the need to listen to the City's own staff.  
3. The recommendations may assist with strengthening the life safety industry.  


| Impact of investigation leads to conviction | Since issuing this report, the vendor admitted to using pseudonyms and being the "directing mind" behind York Fire. The vendor and multiple associated companies, including York Fire, have been convicted of various Fire Code-related offences and, in total, fined upwards of $77,000. The vendor was placed on probation for two years.  

The press release is available at: [https://www.toronto.ca/home/media-room/news-releases-media-advisories/?nrkey=04BE96D7F40FB2F28525839800510816](https://www.toronto.ca/home/media-room/news-releases-media-advisories/?nrkey=04BE96D7F40FB2F28525839800510816) |
EXHIBIT 3 – COMPLAINT SUMMARIES

Below are summaries of various reviews and investigations concluded in 2018. A sample of summaries has been requested by Audit Committee so that it can better understand the nature of the complaints. These selected summaries are substantiated or substantiated in-part, or are complaints where internal controls were improved as a result of investigative work.

The Auditor General is independent of City operations. The extent and nature of disciplining an employee is the responsibility of management and not the Auditor General. We can say, however, that for the cases we have examined, management is diligent in taking appropriate action to address the situation.

We have included 17 complaint summaries. These complaints resulted in a total loss of over $670,000 and the termination of employment of seven employees. Eight complaints identified internal control weaknesses that were rectified or are in the process of being rectified by management.

1. Conflict of Interest

1.1. Working for a City Contractor

An anonymous complaint was received through the Fraud and Waste Hotline regarding allegations that a City inspector was working for a City contractor on his personal time.

The investigation was led by the Auditor General's Office and involved obtaining and analyzing a significant amount of source documentation and an interview with the employee. The investigation concluded that the City inspector declared they did not have a conflict of interest, however, the inspector was found to have been working part-time for a contractor while also inspecting work that the contractor did for the City.

The Division is currently reviewing the results of the investigation for improvements in their conflict of interest training, and is assessing if disciplinary action is appropriate.

1.2. Operating a Personal Business

The Auditor General identified during a prior investigation that an employee appeared to be performing work for private clients that conflicted with their duties as a City employee.

The Auditor General asked the Division to conduct an initial investigation. The Division did so, in consultation with Legal Services and Labour Relations.

The investigation concluded that the employee was in a conflict of interest by conducting work for their private business within the City of Toronto in a manner that conflicted with their assigned duties. The employee's actions were also in violation of Divisional policy.

Employment was terminated with the City. The Auditor General's investigation into this matter is ongoing, as is the Division's.
2. Expense Claim Concerns

A complaint was received through the Fraud and Waste Hotline regarding allegations that expense claims in a Division were in violation of the City's Business Expense Policy for various reasons, including that the most economical travel was not chosen, the most senior person at a business meal did not pay and that per-diems were not adjusted for meals provided.

The investigation was led by the Auditor General's Office and involved analyzing a sample of expense reports from the Division and follow-up inquiries with employees of the Division. The investigation resulted in four recommendations through a management letter with noted areas of improvements in their expense report process and a suggested change to the City's Business Expense Policy for the most senior person to pay for a business meal.

The Division and the Acting City Treasurer accepted the recommendations.

3. Breach of Public Trust

The Auditor General's Office was advised by a Division of an anonymous telephone call they received alleging an employee altered official City documents and provided them to third parties for monetary gain.

The investigation was led by the Division, in consultation with a Provincial Ministry, Legal Services and Labour Relations. The Auditor General's Office provided oversight on this investigation.

The Division conducted a detailed review of official documentation that the employee had processed. From the review of official documentation, significant concerns arose. The employee was subsequently interviewed and admitted to altering over 100 official documents.

Employment with the City was terminated. The Division is currently taking remedial action on the official documents. The proper authorities have been notified for further follow-up.

4. Conflict of Interest and Fraud – Operating a Pyramid Scheme

The Auditor General's Office was advised by a Division that a City employee was allegedly involved in a pyramid scheme by soliciting a member of the public to participate in a "gifting circle". It was alleged that the member of the public invested $5,000, but later was concerned that it was an illegal pyramid scheme.

The investigation was led by the Division, in consultation with Labour Relations. The investigation concluded that the employee used their position of influence to encourage a member of the public to join a pyramid scheme from which the employee may benefit.

The employee was in violation of the City's Conflict of Interest policy.

Employment with the City was terminated. The matter was reported to the Toronto Police Service, but no criminal charges were laid. The matter was also reported to the governing professional body, which is currently conducting an investigation into the employee's professional conduct.
5. **Collection of Outstanding Balances**

The Auditor General’s Office received numerous complaints through the Fraud and Waste Hotline over the past four years alleging that the City had a number of unclaimed balances being held by the Bank of Canada, including one unclaimed cheque for approximately $124,000.

The investigation was led by the Division beginning in 2015. The Division initially advised in 2016 that they were not able to collect the outstanding amounts due to tightening of the claims process by the Bank of Canada. As part of the oversight role of the Auditor General's Office, it was our view that there were further reasonable steps the Division could take regarding large unclaimed balances and this matter was reported out as a summary in our 2016 Annual Report on the Fraud and Waste Hotline.

The Division updated the Auditor General's Office in 2018 that they were successful in recovering the unclaimed cheque of approximately $124,000. They also informed the Auditor General's Office that a Policy and Procedures document was established to ensure that unclaimed balances at the Bank of Canada related to the City of Toronto are reviewed quarterly and that steps taken to collect balances are documented.

6. **Employee Benefits Fraud**

The Auditor General's Office was advised that the City’s benefits administrator was investigating allegations of fraudulent benefits claims submitted by an employee.

Nine claims submitted were found to be fraudulent as there were no services or products that were rendered or dispensed by the service provider. In addition, follow-up with the service provider confirmed that the documents submitted to support the benefit claims were falsified and not issued by the provider.

The investigation concluded that the employee had submitted fraudulent extended health care benefit claims totalling approximately $700.

Employment with the City was terminated. The full amount was recovered. The employee filed a grievance in regards to the termination.

7. **Employee Time Theft**

The Auditor General's Office was advised by a Division that an employee was allegedly not working their full shift and therefore had committed time theft.

The investigation was led by the Division, in consultation with Labour Relations.

The investigation concluded that the employee was not performing their assigned work during their shift and leaving the workplace without authorization during the shift. The time theft resulted in a loss to the City of approximately $10,000.

Employment with the City was terminated. The employee is currently challenging that decision.
8. Subsidy Claim Fraud

8.1. Falsifying Information

During an audit of a Division, the Auditor General's Office became aware of an allegation that a member of the public was receiving subsidies through fraudulent claims by not providing accurate eligibility information.

The investigation was led by the two affected Divisions and they concluded that the individual had received subsidies for which they were not entitled to. The total amount of the ineligible overpayment was approximately $45,000. The City is pursuing recovery, and one of the affected Divisions received a small initial repayment.

8.2. Fraudulent Disclosure of Income

The Auditor General's Office received an anonymous complaint through the Fraud and Waste Hotline alleging that a member of public was receiving subsidies through fraudulent claims.

The investigation was led by the Division and concluded that the individual received subsidies they were not entitled to. The total amount of ineligible overpayment was approximately $17,000. The City is continuing to pursue recovery with a partial repayment made. As well, the affected Division is in the process of updating its existing policies to include dealing with clients who intentionally defraud the City.

8.3. Failure to Disclose Employment Status

The Auditor General's Office was advised by a Division that an employee was alleged to be inappropriately collecting subsidies, after obtaining full-time employment with the City.

The investigation was led by the Division and concluded that the employee intentionally provided misleading information in order to receive subsidies that they were no longer entitled to. The total overpayment was approximately $12,000.

Employment with the City was terminated and the matter has been referred to the Crown Attorney for criminal prosecution.

8.4. Failure to Follow the Appropriate Subsidy Application Process

The Auditor General's Office received a complaint through the Fraud and Waste Hotline alleging that several members of the public were receiving subsidies they were not entitled to.

The investigation was led by the Division in consultation with Legal Services. The investigation concluded that there were numerous members of the public who had not followed the appropriate application process to receive the subsidy, and therefore, they should not have been entitled to the subsidy.

The investigation is ongoing and the financial loss to the City is still being assessed.

The Auditor General is conducting an audit of waitlist eligibility that will be tabled at an upcoming 2019 Audit Committee.
9. Cheque Fraud

The Auditor General's Office received a complaint through the Fraud and Waste Hotline with allegations of cheque fraud. Specifically, a refund cheque was issued by a Division to a member of the public for approximately $12,000, but was cashed by an unknown third party instead of the intended payee.

The investigation was led by the Division. The investigation concluded that the cheque was not cashed by the intended payee. Therefore, the City's bank issued a replacement cheque to the intended payee and the funds that were inappropriately cashed by the unknown third party have been recovered from the City’s banking institution.

The Division further advised that they have been tracking all instances where refund cheques have been diverted. Over the past two years, a total of 30 cheques were not cashed by the intended payees, totalling approximately $445,000. Of the 30 cheques in question, all have been returned by the bank and replaced other than one where no request for replacement has been made.

The Division has advised that a review of the internal controls in the mailroom will be performed to identify and remediate any potential weaknesses.

10. Vendor Inflating Costs on Invoices

The Auditor General's Office was advised by a Division with allegations that a City vendor was overcharging for their services.

The investigation was led by the Division in consultation with Legal Services. The Auditor General's Office provided oversight on the investigation. The Division obtained timesheets and performed a comparison against paid invoices and determined that the City has been overbilled by approximately $15,000.

The vendor no longer provides services to the City. Legal Services is pursuing recovery of the overpayments.

11. Theft and Misuse of City Resources

11.1. Theft of City Resources

The Auditor General's Office was advised by a Division that an employee was alleged to be stealing food and City equipment.

The investigation was led by the Division, in consultation with Labour Relations.

The investigation concluded that the employee had committed theft and employment was terminated.

Subsequently, the Division has taken a number of steps to strengthen their internal controls, including a management review of staff access to the area where the theft occurred and readjusting the security cameras to reduce blind spots. In addition, the Division is revising their Standards of Employee Conduct to strengthen the standard on theft or borrowing of property belonging to the City.
11.2. Theft of City Resources

The Auditor General's Office received a complaint through the Fraud and Waste Hotline alleging a City employee stole a number of bags of an asphalt product used to repair potholes. The value of the goods allegedly stolen was approximately $100. It was alleged that the material was first loaded into a City truck at a City yard, and then some bags were transferred to the personal vehicle in the employee parking lot.

The Auditor General's Office conducted a first line review of the allegations and then referred the matter to the Division for further investigation.

There was insufficient evidence to make a conclusive determination. However, the investigation revealed that the employee was providing contradictory statements in response to the allegations. As a result, the employee was suspended for 10 days.

The Division has improved controls to help prevent a reoccurrence.

11.3. Inappropriate Use of City Vehicle by a Vendor

The Auditor General's Office received a complaint through the Fraud and Waste Hotline alleging that a vendor was using a City vehicle for non-City purposes.

The investigation, which was led by the Division in consultation with Legal Services, determined that the City vehicles parked at the complainant's building were being driven by an employee of the City vendor. The City uses vendors to support the repair of vehicles.

The investigation concluded that the employee of the City vendor used two City vehicles for purposes not contemplated in their contract and without the City's knowledge or consent.

The contract with the vendor was terminated and the Division identified approximately $250 in fuel used by the vendor for non-City purposes. The City recovered the amount.

Subsequently, the Division's internal controls were strengthened with regards to fuelling and recording of mileage.