

**Presentation to Audit Committee
February 22, 2019
Agenda Item AU1.5**

**AUDITOR
GENERAL**

TORONTO

2018 Annual Report – Fraud and Waste Hotline

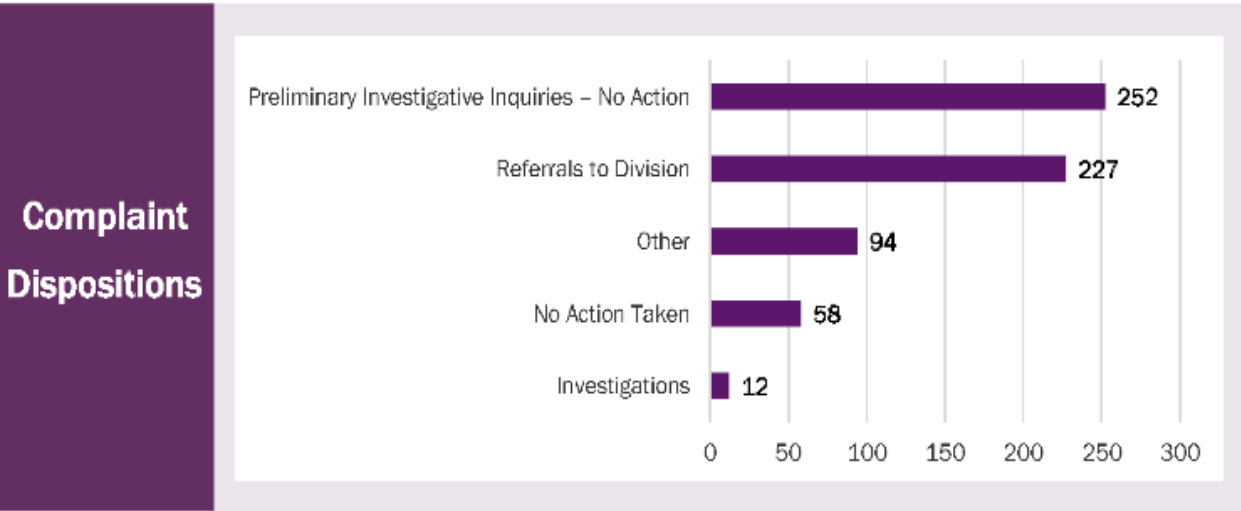
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2018 Annual Report – Fraud & Waste Hotline

1. Key Statistics
2. By the Numbers – Beyond the Numbers
3. Accomplishments and Challenges

Key Statistics



By the Numbers

- **Volume of Complaints**

- 643 Complaints = 1,000 Allegations
- 100% Complaints Reviewed
- 89% AG Preliminary Investigative Work

- **Substantiated**

- 15% Substantiated as at December 31, 2018
- % will increase as 2018 complaints conclude in 2019
- 26% of substantiated complaints were anonymous

By the Numbers continued...

- **Losses and Recoveries Last 5 Years**

- \$14.8 million actual losses
- \$3.2 million potential losses
- Over \$1 million in recoveries

- **Losses 2018**

- \$635,000 actual losses (amount is expected to increase as outstanding complaints are closed in 2018)
- Over \$450,000 in recoveries

Beyond the Numbers

- **Discipline**

- 6 employment relationships terminated
- 4 employees disciplined
- 25 cases of other management actions

- **Information Gathering**

- Data trends
- Inform audit projects / Referrals for future audits
- Proactive monitoring

- **Other Benefits**

- Deterrence and detection of wrongdoing increased
- Internal controls strengthened
- Operational efficiencies

Accomplishments in 2018

1. 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"
 - 17 recommendations for management action
2. Implementation of a new complaint management system to modernize the tracking and documentation of complaints

Challenges

- Disclosure of Wrongdoing and Reprisal Protection Policy assigns sole responsibility of reprisal investigations to the Auditor General
- Difficult to predict the number and complexity of fraud allegations and reprisal complaints each year
- The Forensic Unit team is small for the City's size and complexity

Thank You

QUESTIONS?

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