

Auditor General's 2025 Annual Report on the Fraud and Waste Hotline

Date: January 29, 2026

To: Audit Committee

From: Auditor General

Wards: All

SUMMARY

The Auditor General's 2025 annual report on fraud, waste and wrongdoing at the City highlights information about Fraud and Waste Hotline (the Hotline) activity, including background information, detailed statistics, and complaint summaries. It represents an overview of fraud that was reported to us through the Hotline.

In 2025, the Auditor General's Fraud and Waste Hotline received 697 complaints representing approximately 1,150 allegations. This is similar to the number of complaints received in 2024 (679 complaints and 1,050 allegations). We continue to manage a high volume of allegations, which has remained relatively consistent over the past five years, averaging approximately 1,210 allegations per year.

With almost 15,350 complaints received since 2002, the Hotline has helped reduce the City's losses and protect its assets. The actual and potential losses from complaints received from 2021 to 2025 are \$6.3 million (actual losses) plus \$4 million (potential losses) had fraud not been detected. Additional non-quantifiable benefits include:

- the deterrence of fraud or wrongdoing
- strengthened internal controls
- policy and procedure improvements
- increased operational efficiencies
- using complaint data to identify trends and emerging issues, make results-oriented recommendations to management, and inform our Audit Work Plan

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council receive this report for information.

FINANCIAL IMPACT

The recommendation in this report has no financial impact.

DECISION HISTORY

The *City of Toronto Act, 2006* identifies that, as part of her responsibilities, "the Auditor General is responsible for assisting City Council in holding itself and city administrators accountable for the quality of stewardship over public funds..."

Stewardship over public funds includes reviewing controls and verifying that allegations of fraud and waste are addressed.

The Fraud and Waste Hotline began as a six-month pilot program starting on March 1, 2002. City Council approved it as a permanent program at its meeting on November 6, 2002, along with the recommendation that the Auditor General report annually on the Hotline's operation and activities to Council through the Audit Committee.

COMMENTS

The Hotline is managed by the Auditor General's Forensic Unit, comprising a team of professionals with the expertise to triage and address a broad range of complaints, and conduct investigative work into complex allegations.

The Forensic Unit also provides independent oversight of management-led investigations by reviewing the adequacy of work conducted, including steps taken to detect and deter fraud, reduce losses, and protect City assets.

One benefit of the annual report is to demonstrate to employees and the public that the City of Toronto is committed to taking action when issues of fraud, waste, or other wrongdoing are reported to the Auditor General's Office.

In 2025, the Hotline received 697 complaints representing approximately 1,150 allegations. In addition to reviewing these complaints, the Auditor General continued to focus on conducting investigations.

Over the past few years, we received an increased number of complaints that are complex in nature. These complaints have multiple allegations, which can in turn affect multiple Divisions, Agencies and Corporations. While the overall volume of complaints in 2025 is comparable to the prior year, complex complaints with multiple allegations require more time and effort to review and address.

This trend reflects the multifaceted nature of complaints reported to the Hotline and highlights why the Hotline is a critical and reliable mechanism for City employees and the public to report suspected fraud, waste or wrongdoing.

The *Auditor General's 2025 Annual Report on the Fraud and Waste Hotline* is attached as Attachment 1.

Detailed statistics on the Hotline are included in the Annual Report as Exhibit 1. Exhibit 2 summarizes a major investigation and resulting public report. Exhibit 3 summarizes various reviews and investigations concluded in 2025.

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SIGNATURE

Tara Anderson
Auditor General

ATTACHMENTS

Attachment 1: Auditor General's 2025 Annual Report on the Fraud and Waste Hotline