

# 2023 Report on the Fraud and Waste Hotline

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**Office of the Auditor General**  
City of Ottawa

**Bureau de la vérificatrice générale**  
Ville d'Ottawa

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## Acknowledgement

My colleagues and I would like to thank those individuals who contributed to investigations as well as those who supported the continued operation of the Fraud and Waste Hotline. We would also like to thank those individuals who came forward and filed a report.

Respectfully,



Nathalie Gougeon, CPA, CA, CIA, CRMA, B. Comm  
Auditor General



## Program Overview

### Purpose

The City's Fraud and Waste Hotline (FWHL) is a confidential and anonymous service that allows any employee or member of the public to report suspected instances of fraud or waste involving City personnel, resources, operations, or vendors. The FWHL reporting tool is operated independently by a third party, and is accessible 24 hours a day, 7 days a week by either phone or the internet. All reports filed through the FWHL are received by the Office of the Auditor General (OAG or Office) for preliminary review and action, as outlined in the City's Fraud and Waste Policy (the Policy).

The Fraud and Waste Program (the Program) empowers all City of Ottawa employees and members of the public to support the OAG's commitment to the core values of integrity and accountability.

### Confidentiality and Whistleblower Protection

The Policy outlines the protection and support afforded to employees who report, in good faith, allegations of fraud or waste. It is a violation of the Policy to retaliate against an employee who alleged fraud or waste, or who participated in an investigation conducted under the Policy.

### Value Added

The FWHL helps to reduce waste, recover assets, and protect against future losses by:

- reducing fear of retribution for reporting by providing an anonymous reporting tool;
- enabling all employees and members of the public to discourage acts of fraud or waste by strengthening core values of accountability and integrity;
- identifying trends and risk areas that enables our Office to make recommendations that strengthen internal controls, policies, and procedures; and,
- informing the risk-based assessment to identify audit priorities.

### Impact

Instances of fraud and waste result in direct impacts on the City through administrative costs of fraud prevention, detection, investigation, and reporting. There are also impacts on departmental operations such as time loss, financial loss, and the administrative costs of corrective actions. Additionally, there are indirect impacts that are not easily measured, such as employee morale and the reputation of the City. The FWHL is an important tool that adds value by reducing the instances of fraud or waste and by minimizing the impacts of such incidents when they occur.

### Application

The FWHL Policy applies to all employees of the City of Ottawa and to employees of local boards over which Council has authority to require that general policies be

followed. If a report is received that is not within the jurisdiction of the OAG, we refer the reporter to the appropriate reporting authority or mechanism.

This Policy does not apply to

- the Mayor, City Councillors, or their political office staff;
- the Ottawa Police Services Board (OPSB) or Ottawa Police Services employees;
- the Ottawa Public Library Board (OPLB) or the Ottawa Public Library employees;
- the Board of Health for the City of Ottawa Public Health Unit and Ottawa Public Health (OPH); or,
- the Ottawa Community Housing Corporation (OCHC).

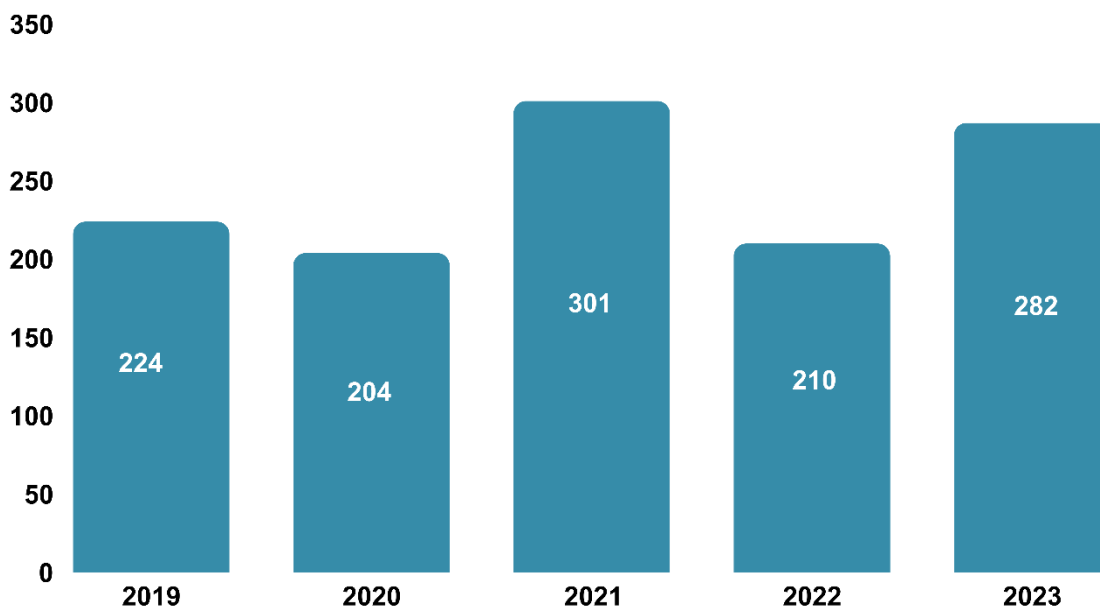
In 2023, there were 7 reports received in relation to social assistance, including reports related to OCHC, and 5 reports received in relation to OPH. These cases were forwarded to management for review.

## 2023 Fraud and Waste Hotline Results

### Summary of Total Reports Received

In 2023, a total of 282 reports were received through the Fraud and Waste Hotline. Over the past five years, the FWHL has seen a fluctuation in the volume of incoming reports. In 2023 there was a 34% increase in total reports received and an average annual growth rate of 11%<sup>1</sup> from 2019 to 2023.

**Figure 1: Number of Reports by Year (2019 to 2023)**

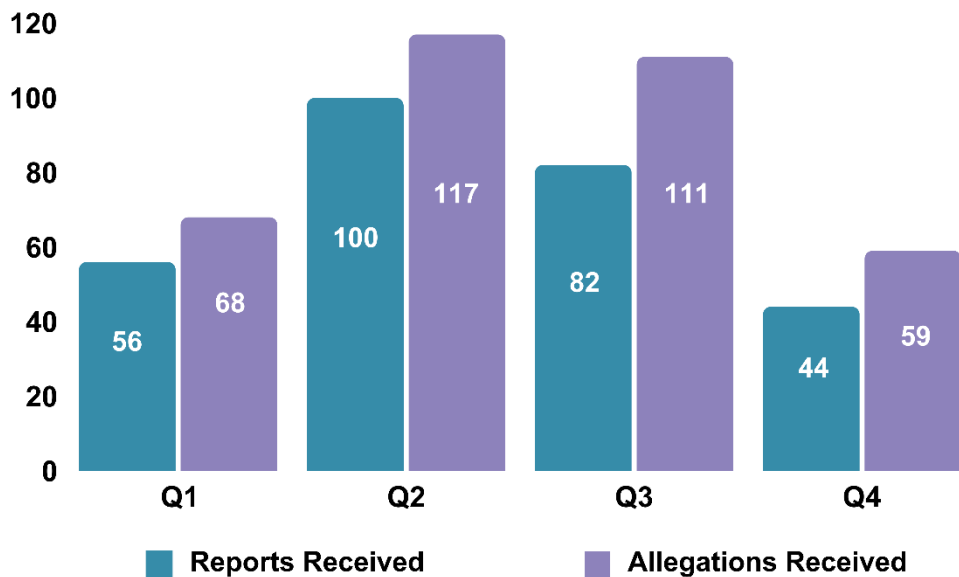


<sup>1</sup> The average annual growth rate (AAGR) is the average annualized rate of change over time.

## Summary of Total Allegations Received

In 2023, the OAG noticed an increased trend of reports containing multiple allegations (i.e., reports containing more than one incident or act to investigate). Reports with multiple allegations generally take more time to assess, action, and investigate. This resulted in an increased demand on FWHL resources this past year. The 282 reports received in 2023 contained a total of 355 allegations resulting in an average of 1.3 allegations per report (See Figure 2).

**Figure 2: 2023 Reports Received vs Allegations Received**

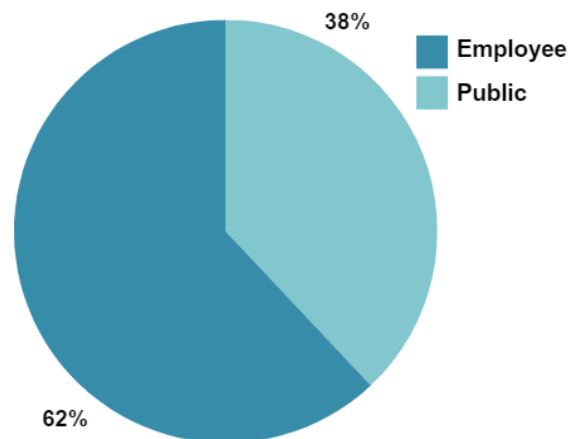


## Summary of Report Sources

### Report Type

Reports are filed anonymously; however, individuals reporting can choose to self-identify as an employee or member of the public. During 2023, 62% of reporters identified as being an employee of the City, and 38% were members of the public (See Figure 3). The percentage of reports filed by employees has remained consistent over the past few years with minor fluctuations. The 2021 and 2022 Reports on the FWHL reported 67% and 63% of reports were filed by employees, respectively.

**Figure 3: Reports Received from Public vs Employee**



## Report Intake Method

Reports are filed through a variety of methods including:

- the IntegrityCounts web portal;
- by phone to the Hotline or the OAG; or
- by email or by mail to the OAG

Consistent with prior years, the most common method of reporting instances of fraud or waste is online through the web portal (see Figure 4).

**Figure 4: Reporting Methods**





## Summary of Reports by Department

When a report is received through the FWHL, our Office assesses which department(s) may be impacted or involved. New in 2023, we have decided to highlight cases received by department in order to further inform the impact of fraud and waste allegations across City departments (See Table 1). The three departments with the highest report levels account for 59% of reports received in 2023. These departments included:

- Transit Services - 37%
- Emergency and Protective Services - 12%, and
- Public Works - 10%

**Table 11: Fraud and Waste Hotline reports received by department in 2023**

Department	Reports Received	% of Total Reports
Transit Services	103	37%
Emergency and Protective Services	33	12%
Public Works	29	10%
Community and Social Services	23	8%
Planning, Real Estate, and Economic Development	15	5%
Infrastructure and Water Services	11	4%
Finance and Corporate Services	10	3%
Recreation, Cultural, and Facility Services	10	3%
Office of the City Clerk	1	1%
Other – Department Unknown	31	11%
Other – Not City Operations	16	6%
<b>Total</b>	<b>282</b>	<b>100%</b>



## Summary of Reports Received by Category

Table 2 below provides a breakdown of the number of reports received from 2021 to 2023 by report category. The report category reflects the nature of the allegations received. Report category descriptions can be found in [Appendix 1](#).

In 2023, the OAG noticed an increase in reports received that did not fall under the FWHL Policy. When reports of this nature were received, we referred the reporter to the appropriate reporting authority or mechanism. The rise in these types of reports further supported our decision to conduct an awareness campaign over the next two years.

**Table 22: Fraud and Waste Hotline reports received from 2021 to 2023**

Report Category	2021	2022	2023
Unauthorized use or misuse of City property, information, or time	94	61	65
Violation of laws, regulations, policies, procedures	68	31	45
Harm to people or potential harm to people	6	11	16
Unethical conduct or conflict of interest	6	6	14
Management/Supervisor	4	6	12
Theft, embezzlement, fraud	20	12	10
Manipulation or falsification of any data	6	6	5
Financial report and accounting	0	3	3
Health and safety, environment	6	5	1
Alcohol or drug use or other substance abuse	3	4	1
Other			
Not applicable under the FWHL Policy	77	63	88
Suggested areas for audit	3	0	13
Social Assistance	2	1	7
Suggestions for improvement	4	1	1
Insufficient information to classify	2	0	1
<b>Total</b>	<b>301</b>	<b>210</b>	<b>282</b>

## Summary of Investigations in Progress

On average, investigations related to Fraud and Waste Hotline reports are expected to take nine weeks. Investigations that are more complex, or where additional information is required before proceeding with an investigation, may take more time. As at December 31, 2023, there were 51 reports with investigations in progress (See Table 3).

**Table 33: Investigations in progress at the end of 2023**

Investigations in progress	Number of Reports
As at December 31, 2022	51
Add: reports received in 2023 <sup>2</sup>	282
Less: reports closed in 2023	(282)
<b>Total investigations in progress as at December 31, 2023</b>	<b>51</b>

## Summary of Reports Closed

This section provides an overview of reports closed by outcome in 2023. Note, that on occasion, we receive more than one report on the same matter, resulting in more than one report for a substantiated case.

**Table 4: Assessment of reports closed in 2023**

Reports Closed in 2023 by Outcome	Reports	Percentage
<b>Substantiated</b> (one or more allegations included in the report were accurate and constituted fraud or waste)	54	46%
<b>Accurate but compliant</b> (one or more allegations were accurate but did not constitute fraud or waste)	20	17%
<b>Inaccurate</b> (none of the allegations included in the report were accurate)	38	32%
<b>Insufficient information to conclude</b> <sup>3</sup> (there was insufficient evidence to support all allegations included in the report, or there was insufficient evidence to determine a conclusion)	6	5%

<sup>2</sup> Does not include the 955 reports similar in nature received and closed during 2023.

<sup>3</sup> Insufficient information to conclude is a new category in 2023. This category was created to provide increased transparency of the investigation outcomes by separating reports that were inaccurate from reports that did not have sufficient evidence to support allegations or conclude.

Reports Closed in 2023 by Outcome	Reports	Percentage
<b>Total Investigated Reports Closed in 2023</b>	<b>118</b>	<b>100%</b>
<b>Not applicable</b> (all allegations included in the report were not under OAG's purview per the FWHL Policy)	99	--
<b>Insufficient information to investigate</b> (all allegations included in the report were unclear and/or lacked sufficient information to be investigated)	52	--
<b>Consideration for Future Audit Planning</b> (all allegations included in the report will be taken into consideration as part of the Risk Based Audit Planning Process for future OAG Audit Workplans)	13	--
<b>Total Reports Closed in 2023</b>	<b>282</b>	<b>--</b>

## Summary of Substantiated Investigations

Table 5 below summarizes the substantiated fraud and waste reports that were closed during 2023 by report category. Reports are substantiated when one or more of the allegation(s) are found to be accurate and constitute fraud or waste.

**Table 5: Category of Substantiated Investigations**

Report Category	Number of Reports
Violation of Laws, Regulations, Policies, Procedures	20
Unauthorized Use or Misuse of City Property, Information or Time	20
Harm to People or Potential Harm to People	10
Theft, Embezzlement, Fraud	2
Unethical Conduct or Conflict of Interest	1
<b>Total</b>	<b>54</b>

Each of the above-noted categories is summarized below to provide an overview of the nature of the investigation(s).

## **Violation of Laws, Regulations, Policies, Procedures**

Cases included in this category had allegation(s) of behaviour that were found to be in violation of a law, rule, or policy set by the City, a regulatory authority, or any level of government. This would include all City of Ottawa policies and procedures.

There was a total of 20 substantiated investigations in this category, which included:

- 14 employee violations of the Ontario Highway Traffic Act (HTA) and the City policies and procedures;
- an employee who was found to have worked out of province, without authorization, in violation of the City's Hybrid Work Procedures;
- an external vendor under contract with the City that was found to have completed a vehicle safety inspection that did not meet Ontario Ministry of Transportation standards, the City's inspection checklist, or the terms of the standing offer; and
- the Investigation of Allegations Related to Planning Activities for the Conservancy Development. Further details about the report can be found on [our website](#).

## **Unauthorized Use or Misuse of City Property, Information or Time**

Cases included in this category relate to the unauthorized use, misuse, harm, or threat of harm to City property, equipment, materials, records, or network. This includes the abuse of work time or fraudulent use of sick leave.

There was a total of 20 substantiated investigations in this category. Investigations within this category included:

- bus operators leaving buses unattended during their shifts and blocking a lane of traffic or road visibility;
- employee time theft (e.g., leaving before the end of the shift, unauthorized breaks or leave);
- misuse of sick leave by employees; and
- unauthorized use or misuse of City equipment, uniforms, or vehicles.

Also included in this category was the Investigation into the Use of City Resources and Equipment conducted by our Office. The investigation summary is included on page 15 of this report.

## **Harm to People or Potential Harm to People**

Cases included in this category had allegation(s) of physical or mental harm, or potential harm, to employees or others relating to violence, threat, discrimination, or harassment.

There was a total of 10 substantiated investigations in this category. Please see the Investigation Related to Long-Term Care on page 14 of this report for additional detail.

## **Theft, Embezzlement, Fraud**

Cases included in this category had allegation(s) of acts of stealing from the City or an individual, and attempts to conceal it.

There was a total of two substantiated investigations in this category. Investigations within this category included:

- an employee who was found to have removed items from a City facility, for personal use and resale; and,
- the Investigation of the Manotick Business Improvement Area Expenses. Further details about the report can be found on [our website](#).

### Unethical Conduct or Conflict of Interest

Cases included in this category had allegation(s) of unethical or dishonest conduct by a person, and any situation or action of an employee that puts them in conflict, or could be perceived as putting them in conflict, with the interests of the organization.

There was one substantiated investigation in this category, which involved an employee using their City of Ottawa position title to promote their private business.

### Summary of Corrective Action

Corrective actions are taken as a result of investigated reports and are the responsibility of management. Multiple corrective actions may be issued as a result of one report. Additionally, management may deem it necessary to take corrective actions to address gaps identified during investigations that were not substantiated (e.g., process improvements or additional communications). Where management has taken action following a substantiated investigation, outcomes are provided below (See Table 6). When corrective actions are deemed necessary, the OAG performs follow-up procedures with management to verify that the actions have been completed.

**Table 6: Aggregation of corrective actions taken in 2023.**

Corrective Actions	Instances
Days of suspension issued (paid and unpaid)	34
Increased performance management including, but not limited to, monitoring, coaching, increased oversight, and assignment redistribution.	20
Letters of expectation issued to employees	20
Verbal warnings to communicate expectations and corrective action	13
Progressive discipline measures overseen per employee(s) union agreement	12
Mandatory review of specific policy(s) and procedure(s)	7
Written communication to all department staff to communicate expectations, policy(s), and/or procedure(s)	5
Letters of warning issued to employees	3

Corrective Actions	Instances
Repayment of one day of salary for misused time	2
Mandatory re-training through training modules	1
Vendor issued credit of \$1,430 back to the City for service hours not billable. Management had a discussion of expectations and increased quality control measures over vendors' work completion.	1
Termination(s)	0
Resignation(s)	0
<b>Total Corrective Actions Taken in 2023</b>	<b>118</b>

## Investigations Conducted by the OAG

The OAG may decide not to forward reported allegations to management for investigation and conduct the investigation in house. Larger investigations that resulted in a report tabled at Audit Committee are listed below.

- [Investigation of Allegations Related to Planning Activities for the Conservancy Development](#)
- [Investigation of Manotick Business Improvement Area Expenses](#)
- [Investigation of Manotick Business Improvement Area Expenses – Role of the City of Ottawa](#)
- [Investigation of Allegations Related to Carleton Lodge Long-Term Care Home](#)

In addition to the investigations linked above, the OAG conducted two investigations that were not the subject of a report tabled at Audit Committee: an investigation related to long-term care and an investigation into the use of city resources and equipment. Further details are noted below.

## Investigation Related to Long-Term Care

### Background

Since 2021, the OAG has received several FWHL reports pertaining to the Carleton Lodge Long Term Care Home. Due to the number and nature of the allegations, in March 2023, we decided to initiate a culture audit for this Long-Term Care Home. For specific reports, the nature of the allegations required us to notify management so that an immediate investigation could be conducted, including notification to the Ministry of Long-Term Care. By summer 2023, management had chosen to conduct a more holistic investigation to assess the merits of the allegations received via the FWHL. Based on the OAG's understanding of management's approach to this investigation, it was confirmed that there would be overlap between management's work and the culture audit underway. After much discussion with management, we cancelled our audit to avoid duplication of

effort and allow for management's investigation. We agreed with management to receive ongoing updates on the investigation and action plans, and we reserved the right to reinstate our audit at any point.

### **Results**

Management's investigation concluded that most of the specific allegations found in the reports could not be substantiated; however, management acknowledged that there were culture issues present at the Long-Term Care Home and has established a work-plan to address the issues identified from their investigation. There have been management changes, organizational changes, additional education and training and staff engagement sessions to address employee survey results. This work-plan will take time and effort, but management is moving in the right direction and as a result, by December 2023, the OAG confirmed that the culture audit would be officially cancelled to allow management to focus on actioning their work-plan.

## **Investigation into the use of City Resources and Equipment**

### **Background**

The OAG received allegations of the use of City resources and equipment, by both employees and volunteers, for personal use. Our office undertook an investigation to assess the concerns raised in the FWHL report and to determine whether the allegations had any merit.

### **Results**

The work performed resulted in the observation of City resources and equipment being used for personal use. Management undertook actions informed by the Employee Code of Conduct, the City of Ottawa's Use of City Vehicles Policy, and internal standard operating procedures, as applicable. As a result, five letters of expectation were issued to the employees and volunteers involved, and monetary compensation was recovered for the cost of the resources used. Management has updated its operational handbook to address the use of equipment and resources within this department.



## Update on Previously Reported Investigations

### Limited Review of OC Transpo Bus Operator Compliance with Regulations

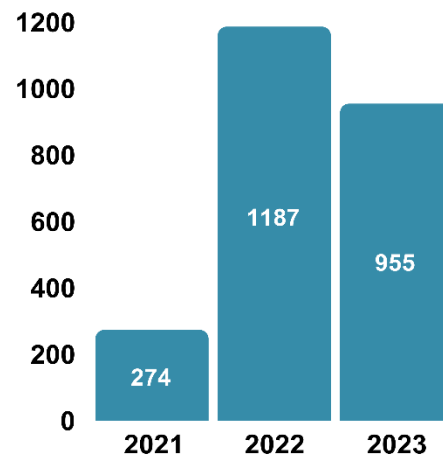
#### Background

Beginning in 2021, the FWHL received a high volume of reports that were similar in nature, alleging violations of the Ontario Highway Traffic Act (HTA) and internal City of Ottawa policies and procedures.

The total number of reports received, that were similar in nature, was 274 reports in 2021, 1187 reports in 2022, and 955 reports in 2023 (See Figure 5). The administrative processing of these ongoing reports continued to represent a significant demand of OAG resources.

Management investigated the alleged HTA violations by OC Transpo Bus Operators and issued a memo to Operators in March 2022. As the OAG continued to receive frequent reports alleging the continuation of these issues, we undertook our own limited review, which resulted in a report tabled at Audit Committee in June 2022, containing one recommendation agreed to by management.

Figure 5: Reports Similar in Nature



#### Results

Management has indicated that a 1-day refresher training was developed and implemented as of June 2023 and that additional skill building training is being provided to some bus operators. The OAG will be reviewing the results of these actions in the coming months.

As of June 9, 2023, the Auditor General made the decision that the OAG would stop the intake of specific OC Transpo reports similar in nature as they were repetitive, and no further value would be derived by the execution of additional investigative procedures.

### Program Review

As part of the Office of the Auditor General’s commitment to continuous improvement, the Fraud and Waste Hotline Program will be undergoing a review to streamline the program in 2024. An awareness campaign, and related activities, will commence in 2024-2025 to increase awareness amongst employees and residents of the City about the Program and its intended purpose.

## Appendix 1 – Fraud and Waste Hotline Reporting Categories

Report Category	Definition
<b>Harm to people or potential harm to people</b>	Concerns related to physical or mental harm or potential harm to employees or others relating to violence, threat, discrimination, or harassment.
<b>Health and safety, environment</b>	Items related to the safety of people and the protection of the environment in which they work and live.
<b>Alcohol or drug use or other substance abuse</b>	Issues related to alcohol or drug use or other substance abuse.
<b>Theft, embezzlement, fraud</b>	Any act of stealing from the City or an individual, by whatever means, and attempts to conceal it.
<b>Unauthorized use or misuse of city property, information, or time</b>	Items related to the unauthorized use, misuse, harm, or threat of harm to City property, equipment, materials, records, or network. This includes the abuse of work time or fraudulent use of sick leave.
<b>Manipulation or falsification of any data</b>	Changes (unauthorized or authorized) made to any data, information, records, reports, contracts, or payment documents possibly to cover mistakes or fraud, improve financial / operating / statistical results or to gain financial advantage or unfair advantage in a contract.
<b>Unethical conduct and conflict of interest</b>	Unethical or dishonest conduct by any person at any level of the organization and any situation or action of an employee that puts them in conflict, or could be perceived as putting them in conflict, with the interests of the organization.
<b>Violation of laws, regulations, policies, procedures</b>	Violation of any law, rule, or policy set down by the City, a regulatory authority including securities commissions, or any level of government.

Report Category	Definition
<b>Financial reporting and accounting</b>	Items related to the accuracy and completeness of financial statements and other financial reporting to Council or other governing body, and to regulatory bodies or the public (e.g., securities regulators, tax authorities, government departments, annual public reports).
<b>Management/ Supervisor</b>	Any issues, concerns or comments related to the level of support received through the actions or inactions of direct managers and/or supervisors.
<b>Suggestions for improvement</b>	Suggestions to improve any aspect of the organization including ideas, concerns, or comments related to Municipal Services and Products, Customer Service, and any other suggestions, to aid the attainment of its objectives, or to manage its risks.
<b>Suggested areas for audit</b>	Any suggestion to audit any area of the organization.

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The **Fraud and Waste Hotline** is a confidential and anonymous service that allows City of Ottawa employees and members of the general public to report suspected or witnessed cases of fraud or waste 24 hours a day, seven days a week.

[www.ottawa.fraudwaste-fraudeabus.ca](http://www.ottawa.fraudwaste-fraudeabus.ca) / 1-866-959-9309