

2024 Report on the Fraud and Waste Hotline



Office of the Auditor General
City of Ottawa

Bureau de la vérificatrice générale
Ville d'Ottawa



Table of Contents

Acknowledgement.....	3
Program Overview.....	4
2024 Fraud and Waste Hotline Results.....	6
Investigations Conducted by the OAG	14
Appendix 1 – FWHL Updated Reporting Categories.....	15
Appendix 2 – FWHL Resolution Methods.....	17

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 which is used 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.

Application

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

This Policy does not apply to

- the Mayor, City Councillors, or their political office staff;
- the Ottawa Police Services Board or Ottawa Police Services (OPS) employees;
- the Ottawa Public Library Board 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).

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. In 2024, there were a total of 12 reports received that were not within OAG jurisdiction. These were comprised of 3 cases related to Social Assistance, 5 cases related to OCHC, 2 cases related to OPS, 1 case related to Elected Officials, and 1 case related to quasi-judicial tribunals.

Continuous Improvement

As part of the OAG's commitment to continuous improvement, the Program underwent a review in 2024 to identify opportunities to streamline the program and internal processes.

The OAG performed a review of the Policy, in collaboration with the City Manager. We provided recommendations to the City Manager, as the owner of the Policy, aimed at increasing alignment with best practices of comparable fraud and waste programs, improve its clarity and readability, and enhance the Program's overall transparency. The revised Policy is in the final stages of review and will be circulated by management early this year. Upon finalization and communication of the revised Policy, the OAG is planning a campaign to increase awareness amongst employees and residents of the City about the Program and its intended purpose. The execution of this campaign will be performed, in collaboration with the City Manager.

As part of our review of the OAG's internal FWHL procedures, we identified additional areas for improvement. Our review resulted in the following:

- We reviewed and streamlined report categories to ensure clearer and more concise classification. The updated categories enable more efficient and effective identification of trends; and
- Starting in January 2025, additional features in SharePoint are being utilized for case management which will enhance our internal tracking processes and increase the quality of data available for trend analysis and reporting.

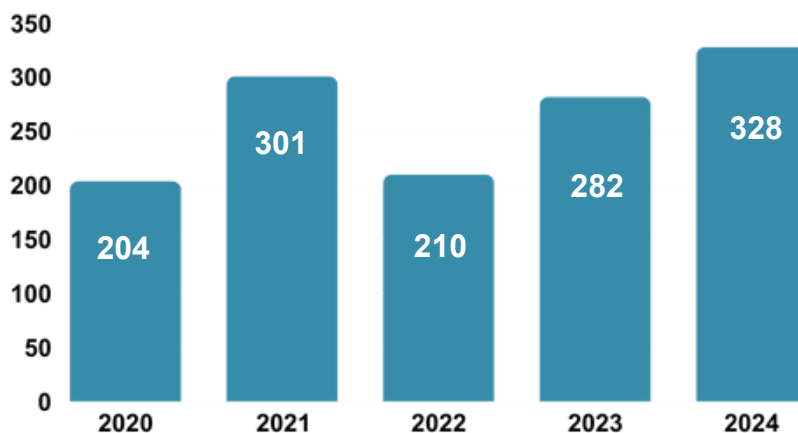
This will also provide efficiencies to our Office in the time it takes to report on elements of the FWHL.

2024 Fraud and Waste Hotline Results

Reports Received

In 2024, a total of 328¹ reports were received through the Fraud and Waste Hotline, representing a 16% increase compared to the total reports received in the prior year. Over the past five years, the FWHL has seen a fluctuation in the volume of incoming reports with a realized average annual growth rate of 17%² from 2020 to 2024 (see **Figure 1**).

Figure 1: Number of reports by year (2020 to 2024)



Allegations Received

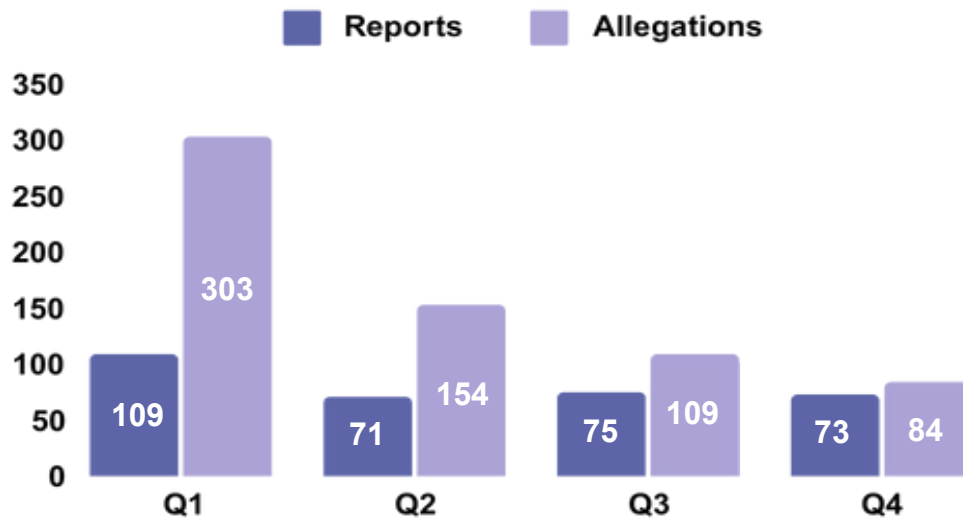
Starting in 2023, the OAG identified an increased trend of reports containing multiple allegations (i.e., reports containing more than one incident or act to investigate). Reports with multiple allegations generally take more time to assess, action, and investigate. This trend intensified in 2024, resulting in an increased demand on FWHL resources and City staff time.

In 2024, the OAG received a total of 650 allegations (see **Figure 2**), which is an 83% increase from 2023. This results in an average of 2 allegations per report (1.3 in 2023).

¹ Consistent with prior year reporting, the total number of reports received does not include the 147 reports (955 reports in 2023) that are similar in nature that were received and closed during 2024.

² The average annual growth rate (AAGR) is the average annualized rate of change over time.

Figure 2: 2024 reports received vs allegations received by quarter

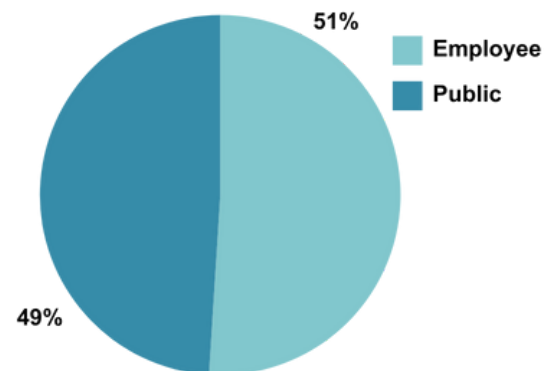


Source of Reports

Report Type

Reports can be filed anonymously; however, self-identification as an employee or member of the public is required. During 2024, 51% of reporters identified as being an employee of the City, and 49% were members of the public (see **Figure 3**). This represents an 11% increase in reports received from members of the public. The reports submitted by employees also include cases reported by management as required by the Fraud and Waste Policy. In 2024, management reported 2 such cases.

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



Reports by Department

When a report is received through the FWHL, our Office assesses which department may be impacted or involved. We 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 **62% of reports** received in 2024. These departments were:

- Transit Services - 42%
- Public Works - 13%; and,
- Community and Social Services – 7%.

Table 11: Fraud and Waste Hotline reports received by department in 2024

Department	Reports Received	% of Total Reports
Transit Services	138	42%
Public Works	42	13%
Community and Social Services	21	7%
Emergency and Protective Services	20	6%
Finance and Corporate Services	18	5%
Planning, Development and Building Services	18	5%
Recreation, Cultural, and Facility Services	14	4%
Infrastructure and Water Services	12	4%
City Manager's Office	1	0%
Other		
Not City Operations	22	7%

Not within OAG Jurisdiction	12	4%
Department Unknown	10	3%
Total	328	100%

Reports by Category

When a report is received, the nature of the allegation(s) is assessed and categorized. During the 2024 program review, the existing categories were consolidated to provide more clear and concise reporting categories. **Table 2** below provides a breakdown of the number of reports received from 2022 to 2024 by report category. Updated report category descriptions can be found in [Appendix 1](#).

Table 22: Reports received by category from 2022 to 2024

Reporting Category	2022	2023	2024
Business Integrity or Compliance	43	64	140
Misuse or Misappropriation of Assets	73	75	117
Health, Safety and Environment	20	18	12
Human Resources	6	12	7
Financial Reporting and Accounting	3	3	3
Other	65	110	49
Total	210	282	328

Resolution of Reports

New this year, the OAG is reporting on how each report received was processed and resolved. Resolution method descriptions can be found in [Appendix 2](#). In 2024, the OAG performed work on a total of 379 reports, which included 51 investigations that were in progress as at January 1, 2024, as well as 328 new reports received throughout the year. **Table 3** provides an overview of the resolution methods used to address the reports processed in 2024. Insights gathered, such as the number of reports closed due to insufficient information and the number of cases where the reporter was redirected to other City Departments will be used to inform the upcoming FWHL awareness campaign.

Table 3: Resolution methods used in 2024

Resolution Method	2024
Investigated	116
Redirected reporter to City Department or union representative	47
Insufficient information or no response	49
Not applicable under the FWHL Policy	33
Suggested areas for audit or improvement	18
Received for information	9
Sub-total of resolution methods	272
In progress	107
Total	379

Investigations in Progress

On average, investigations related to FWHL 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, 2024, there were 107 reports with investigations in progress (see **Table 4**).

Table 43: Investigations in progress at the end of 2024

Investigations in progress	Number of Reports
As at December 31, 2023	51
Add: reports received in 2024	328
Less: reports closed in 2024	(272)
Total investigations in progress as at December 31, 2024	107

Closed Reports

This section provides an overview of reports closed by outcome in 2024. Note, that on occasion, we receive more than one report on the same matter, and each report is counted as an individual case (see **Table 5**).

Table 5: Assessment of reports closed in 2024

Reports closed in 2024 by outcome	# of Reports	Percentage
Investigated reports		
Substantiated (one or more allegations included in the report were accurate and constituted fraud or waste)	30	26%
Accurate but compliant (one or more allegations were accurate but did not constitute fraud or waste)	45	39%
Inaccurate (none of the allegations included in the report were accurate)	33	28%
Insufficient information to conclude (there was insufficient evidence to support all allegations included in the report, or there was insufficient evidence to determine a conclusion)	8	7%
Sub-total	116	100%
Non-investigated reports		
Not applicable (all allegations included in the report were not under the OAG's purview per the FWHL Policy)	85	54%
Insufficient information to investigate (all allegations included in the report were unclear and/or lacked sufficient information to be investigated)	53	34%
Consideration for Future Audit Planning (all allegations included in the report will be taken into consideration as part of the risk-based audit planning process for future OAG Audit Work Plans)	18	12%
Sub-total	156	100%
Total Reports Closed in 2024	272	--

Substantiated Investigations

Reports are considered substantiated when one or more of the allegation(s) are found to be accurate and constitute fraud or waste. **Table 6** below summarizes the substantiated reports that were closed during 2024 by report category.

Table 6: Category of substantiated investigations

Report Category	Number of Reports
Misuse or Misappropriation of Assets	15
Business Integrity or Compliance	12
Health, Safety and Environment	2
Financial Reporting and Accounting	1
Total	30

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

Misuse or Misappropriation of Assets

There was a total of **15 substantiated investigations** in this category. Examples within this category include:

- A City employee was found to be selling City property on Facebook Marketplace in violation of the City's *Employee Code of Conduct*.
- City employees were found to have been completing work for a secondary employer during City working hours in violation of the City's *Employee Code of Conduct*.
- A City employee was found to have removed City equipment and supplies from a City facility for personal use.
- City employees were found to have violated standard operating procedures by being outside of their assigned work zones and at a restaurant-related establishment during working hours.
- City employees were found to not be working the hours as outlined in their employment agreement and not completing tasks as assigned.

Business Integrity or Compliance

There was a total of **12 substantiated investigations** in this category. Examples within this category include:

- A City employee breached the City's *Employee Code of Conduct* due to an undisclosed relationship and dealings with a City vendor, including receipt of payments from this vendor. Additionally, without information to legitimize the payments made by this vendor to the City employee,

multiple factors observed indicated that these payments are consistent with a kickback scheme designed to provide a benefit to both the vendor and the City employee. See further information in the [Investigations Conducted by the OAG](#) section. The results of this investigation were referred to the Ottawa Police Service.

- A City employee had an undisclosed relationship with a City vendor and was found to be in violation of the City of Ottawa's *Employee Code of Conduct*. In addition, the employee had knowledge of a family members inappropriate relationship with a different City vendor and did not report it to the City. See further information in the [Investigations Conducted by the OAG](#) section.
- A City employee was found to have been in violation of the City's *Employee Code of Conduct* and *Responsible Computing Policy* by leaving an unlocked City laptop in an unlocked City vehicle while on a scheduled break.
- A City employee was found to have violated the *Ontario Highway Traffic Act*, various City of Ottawa By-laws, and operating procedures by driving distracted and smoking in prohibited areas.
- A City employee was found to have, in error, distributed personal information of colleagues to an internal email list. The Privacy Office was engaged to assist with the containment and remediation of the information.

Health, Safety and Environment

There was a total of **2 substantiated investigations** in this category, which included City employee(s) found to be contributing to workplace culture issues, non-adherence to safety protocols, bullying/harassment, and staff arriving late or leaving early.

Financial Reporting and Accounting

There was **1 substantiated investigation** in this category which related to gaps in City processes and procedures that resulted in the City inaccurately maintaining service accounts which led to missed service billings in excess of \$70,000.

Corrective Actions

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 an investigation, the outcomes are provided below (see **Table 7**). When corrective actions are deemed necessary, the OAG performs follow-up procedures with management to verify that the actions have been completed.

Table 7: Corrective actions taken in 2024.

Corrective Actions	Instances
Increased performance management	34
Written communication to all department staff	24
Days of suspension issued (unpaid)	21
Verbal warnings to communicate expectations and corrective action	20
Mandatory review of specific policy(s) and procedure(s)	20
Other process improvements	19
Letters of expectation issued to employees	13
Letters of warning issued to employees	5
Repayments and recoveries	3
Termination(s)	2
Letters of discipline issued to employees	1
Progressive discipline measures overseen per employee(s) union agreement	1
Resignation(s)	1
Total Corrective Actions Taken in 2024	164

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 OC Transpo Bus Maintenance](#)
- [Fraud Investigation: Allegations of Kickback Scheme](#)

Appendix 1 – FWHL Updated Reporting Categories

Report Category	Definition
Misuse or Misappropriation of Assets	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. In addition, this includes any act of stealing from the City or an individual, by whatever means, and attempts to conceal it. Examples may include: • Theft of time or assets • Inefficient use / misuse of City resources • Misuse / misappropriation of City funds
Business Integrity or Compliance	Reports in this category include: • Changes made to data, information, records, reports, contracts, or payment documents to cover mistakes or fraud, or to gain financial advantage or an unfair advantage in a contract. • 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. • Violation of any law, rule, or policy established by the City, a regulatory authority, or any level of government.
Financial Reporting and Accounting	Items related to the accuracy and completeness of financial statements and other financial information. Examples may include inappropriate reporting of expenses, or manipulation / falsification of financial data.
Human Resources	Reports related to human resource issues and practices. Examples may include workplace culture or labour relations issues.

Report Category	Definition
Health, Safety and Environment	Reports in this category include: • Concerns related to physical or mental harm or potential harm to employees or others relating to violence, threats, discrimination, or harassment. • Items related to the safety of people and the protection of the environment in which they work and live. • Issues related to alcohol or drug use or other substance abuse.
Other	Reports in this category include allegations that are: • Not applicable under the FWHL Policy • Related to Social Assistance • Suggested areas for audit or improvement • Unable to be classified due to insufficient information

Appendix 2 – FWHL Resolution Methods

Resolution Methods	Definition
In progress	Reports that are currently in triage by the OAG or are actively under investigation.
Investigated	Reports that have been investigated and are included in the Summary of Reports Closed .
Insufficient information or no response	Reports that are submitted without sufficient information to facilitate a review of the allegations.
Not applicable under the FWHL Policy	The reported allegations do not meet the definition fraud or waste per the Policy or are not related to the City. Where possible, the OAG will redirect the Reporter to the appropriate external organization.
Received for information	The report is received for informational purposes only. The OAG may choose to forward to management for their information.
Redirected Reporter to City Department or union representative	The Reporter has been redirected to the appropriate reporting resource within the City (e.g., 3-1-1, Union Representative(s), or OC Transpo complaint line, etc.).
Suggested areas for audit or improvement	The report includes allegations that identify areas of risk that will be included in the future audit planning as a consideration, or the reporter has requested that a specific topic or area of the organization be audited.

Visit us online at www.oagottawa.ca

Follow us on X (formerly Twitter) [@oagottawa](https://twitter.com/oagottawa)

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 / 1-866-959-9309