



FRAUD AND WASTE ANNUAL REPORT

January 1, 2019 to June 30, 2020

What is a Fraud and Waste Hotline?

The general public, City staff, and those doing business with the City can report **suspected fraud, waste or wrongdoing involving City resources**.

Confidential and anonymous service

Independently operated by a third party

Accessible by phone or online

Available 24 hours a day 7 days a week

Alignment to the 2016-2025 Strategic Plan

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

The Fraud and Waste Hotline empowers all City of Hamilton Employees and the Public to enable the City of Hamilton to operate with a high level of honesty and integrity.

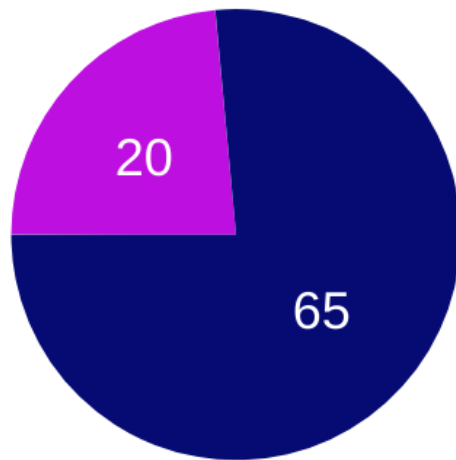
2019-2020 Statistics

- 99 reports were received January 1, 2019 to June 30, 2020
- The Hotline launched in July 2019, 85 reports were received during the first 12 months of operation
- Previously, the all-time high for reports in a calendar year was 12 reports



Statistics

- Of these 85 reports, 20 were made directly to the OCA, remainder were made using the Hotline service provider



■ Proxy (24%)
■ Hotline (76%)

Proxy Reports from
Management, Finance,
Human Resources - 8



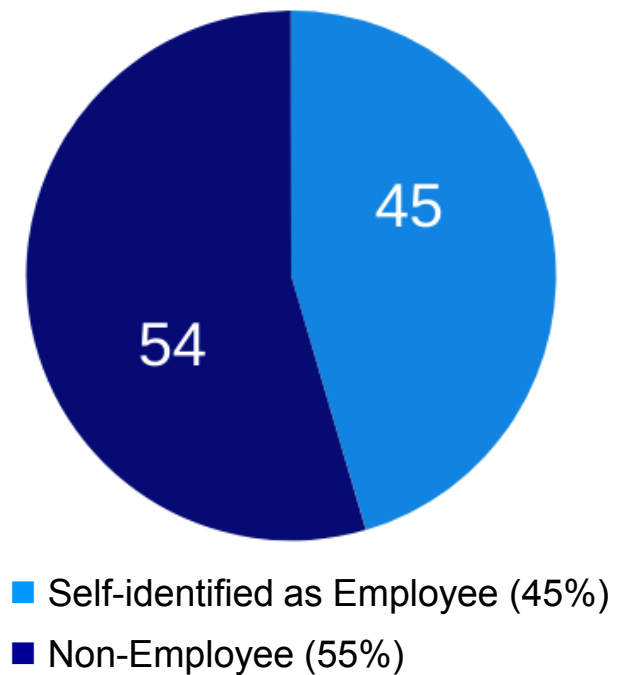
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Top Report Categories



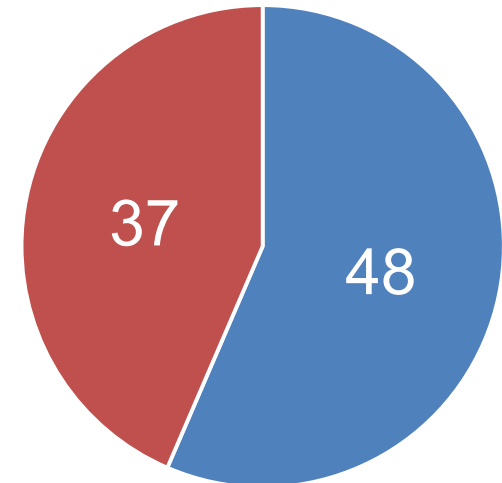
Statistics

- 45% (45 of 99) of reports made by self-identified employees
- 55% (54 of 99) of reports made by non-employees



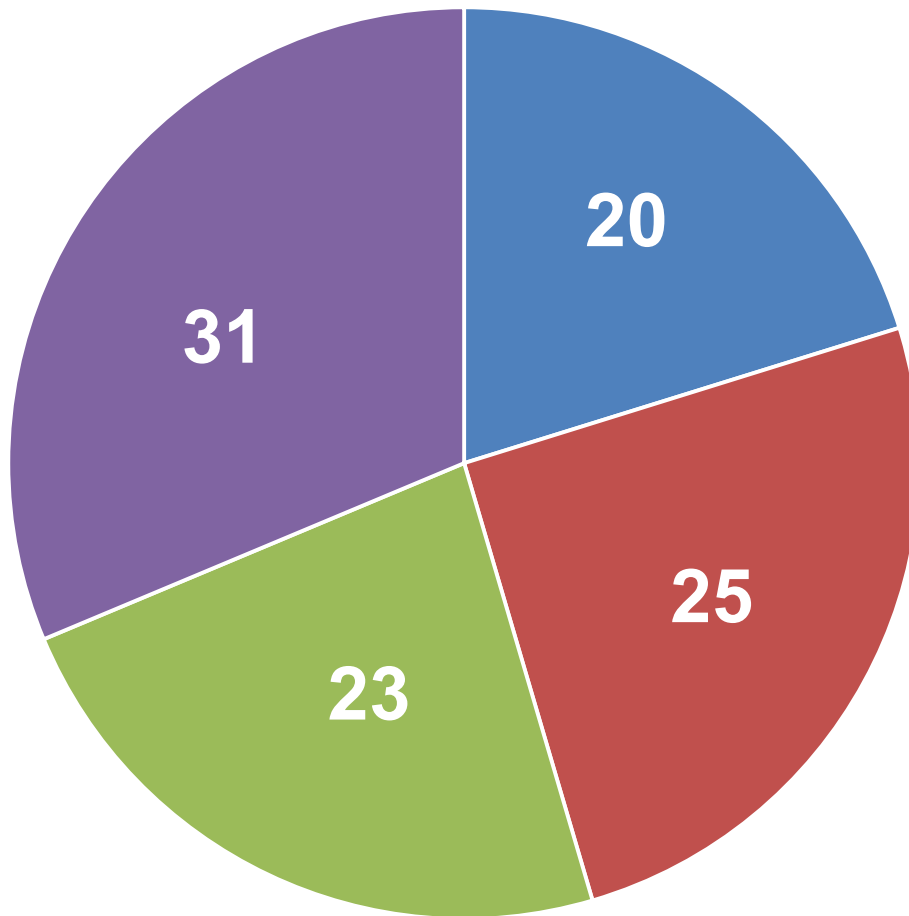
Statistics

- 48 of 85 (56%) reports made anonymously since Hotline launch (July 2019 - June 2020)
- Reporters are choosing to utilize the anonymous option provided by the Hotline



■ Anonymous (56%)
■ Self-Identified (44%)

What We Did With The Reports



- No Response Required / Not Enough Information / Out of Jurisdiction (20)
- Referral - No Action Required (25)
- Referral - Response Required (23)
- Investigations Launched (31)

What types of investigations were undertaken



Fraud – **8**

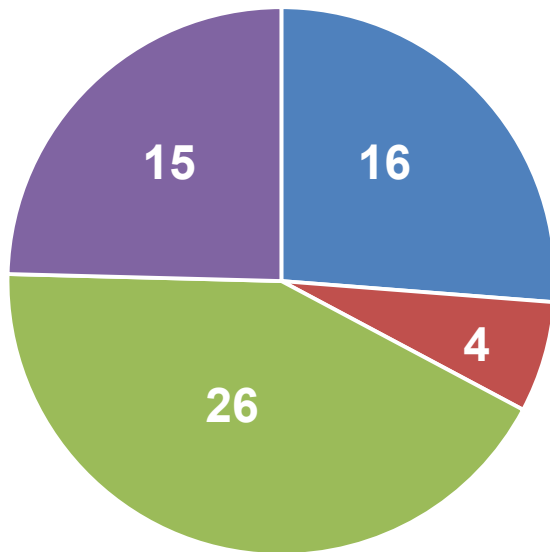


Waste/Mismanagement – **15**



Combined
Fraud and Waste/Mismanagement – **8**

Outcomes



- Substantiated (16)
 - Partially Substantiated (4)
 - Unsubstantiated (26)
 - Pending (15)
- Total: 61

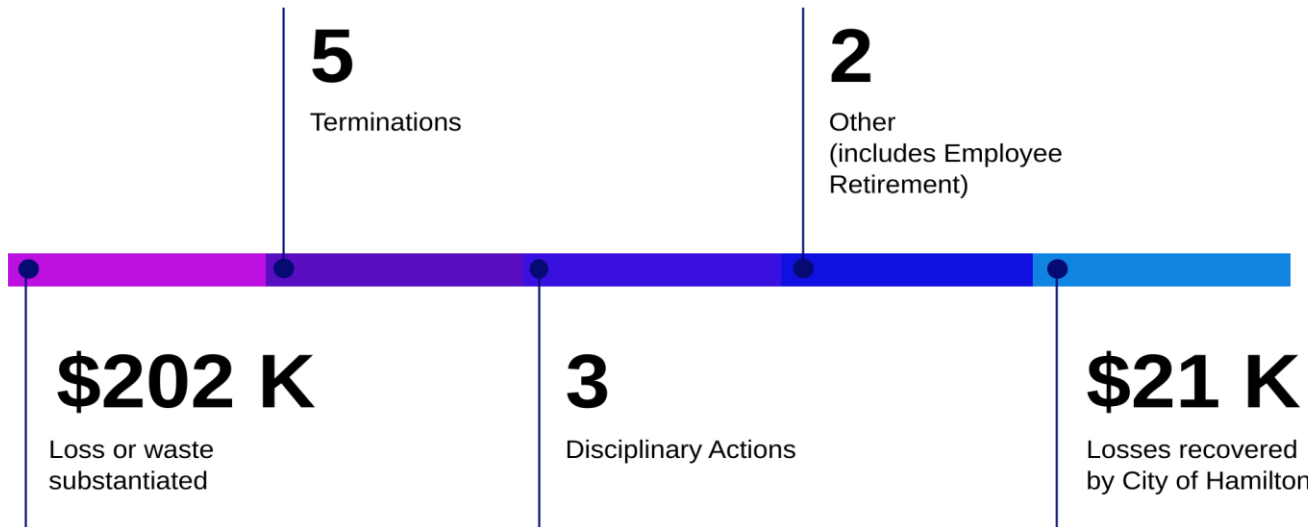
Loss or Waste Substantiated

\$ 202K

Fraud - \$100K

Waste - \$45K

Unable to Determine Most
Appropriate Category - \$57K



As at September 22, 2020

Report Examples

Conflict of Interest and Waste

- \$10K-\$15K (estimated) complimentary leadership coaching received by a Manager from a vendor City conducts significant business
- \$40K (approx.) contract amendment could be covered or obtained under original contract initial payment (\$68K)

Discarded and Missing Inventory

- \$52K missing inventory discrepancy
- \$5K (approx.) wire inventory discarded in dumpster

Long Term Disability (LTD) Overpayment

- \$55K (approx.) LTD overpayment to a former City of Hamilton employee

Misappropriation

- \$21K (estimated) misappropriated over 4 years

Missing Cash and Fare Media

- \$4K (approx.) misappropriated and/or failed to account for cash and fare media stock (e.g. bus tickets, taxi scrips)

Payroll Phishing Incident

- Over \$4K stolen from individual impersonating a new employee

Seniors Tax Rebate Program

- \$198 property tax credit for seniors not properly applying split income provisions for seniors since 2007

12

Closing Remarks: City Auditor Reflections

The Fraud and Waste Hotline provides benefits that cannot always be quantified:

- Deters fraud, waste, and wrongdoing
- Strengthens internal controls and mitigation of risks
- Improves policies and standard operating procedures
- Hotline report data can be used to identify trends and inform future audits for the Office of the City Auditor work plan
- Demonstrates the City's commitment to accountability and transparency



confidential
anonymous

SPEAK UP

Report any wrongdoing

Use the Fraud and Waste Hotline

www.hamilton.ca/Fraud
Call Toll Free 24/7 1-888-390-0393

How to Report



Online

hamilton.ca/fraud
integritycounts.ca/org/cityofhamilton



Email

cityofhamilton@integritycounts.ca



Phone

1-888-390-0393



Mail

PO Box 91880, West Vancouver, BC V7V 4S4



Fax

1-604-926-5668

Thank you

For submitting reports and
cooperating during report
assessments and
investigations