

City of Hamilton  
Office of the City Auditor

# FRAUD AND WASTE ANNUAL REPORT

January 1, 2019 to June 30, 2020



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City Auditor  
City of Hamilton



Hamilton

Office of the City Auditor

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

The Fraud and Waste Hotline and the work of the Office of the City Auditor aligns to the City of Hamilton Strategic Plan Priorities by supporting City Services.

## About the Fraud and Waste Hotline

The Fraud and Waste Hotline provides City of Hamilton employees, contractors, vendors, and members of the public a convenient, confidential, and anonymous way to report suspicion or proof of wrongdoing. Wrongdoing is defined as any activity that could be illegal, dishonest, wasteful, or violates a City of Hamilton policy.



**Fraud** encompasses any array of irregularities and illegal acts characterized by intentional deception.



**Waste** involves taxpayers not receiving reasonable value for money in connection with any government funded activities, due to mismanagement or an inappropriate or careless act or omission by those with control over or access to government resources.



**Whistleblower** By-law No. 19-181 is intended to help uncover serious wrongdoing at the City, by bringing it to the attention of management and the City Auditor or their designate, and to ensure it is addressed appropriately, including by means of an investigation where required.

The Fraud and Waste Hotline enables the City of Hamilton to operate with a high level of honesty and integrity. The Fraud and Waste Hotline is managed by the Office of the City Auditor (OCA), an independent and objective office accountable to Council.

The Office of the City Auditor reviews and assesses every Hotline report to ensure it was made in good faith and if necessary, launch an investigation. The Office of the City Auditor conducts an objective and impartial assessment of each report, regardless of the alleged wrongdoer's position, title, length of service, or relationship with the City.

## 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.

## Introduction

This is the Fraud and Waste Annual Report on fraud, waste and whistleblower matters at the City of Hamilton and includes information about the activities of the Fraud and Waste Hotline. It highlights the reports that have been communicated to the Office of the City Auditor in the 18-month period January 2019 to June 2020. It does not represent an overall picture of fraud, waste, or other wrongdoing across the City of Hamilton.

## Fraud and Waste Hotline Program

**Pilot launched  
July 2019**

The Fraud and Waste Hotline was established to help protect City of Hamilton assets and reduce losses. Since its pilot launch in July 2019, the cumulative total of actual and potential losses investigated is approximately \$202,000. Additionally, the Fraud and Waste Hotline provides the following benefits that cannot be quantified:

- Deterring fraud, waste, and wrongdoing,
- Strengthening internal controls and mitigation of risks,
- Improving policies and standard operating procedures,
- Better value in service delivery through increasing operational efficiencies,
- Using hotline report data to identify trends, manage risks, make results-oriented recommendations to management, and inform future audits for the Office of the City Auditor work plan.

**No dedicated Fraud and  
Waste team**

The Office of the City Auditor operates the Fraud and Waste program in addition to their other audit, risk assessment, and consulting project assignments. The Office of the City Auditor are a team of professionals who collectively possess the expertise to assess a broad range of reports and conduct investigative work into allegations ranging from simple to complex. When required, the Office of the City Auditor engages outside experts to assist on complex investigations or specialty work due to the small size of the team. Investigation costs are recovered from the home department, per the Fraud Policy and Protocol.

**Independent oversight**

The Office of the City Auditor also provides independent oversight of management-led investigations by reviewing the adequacy of work performed and evaluating mitigation plans to protect City of Hamilton assets, reduce the risk of future losses, and prevent and deter future fraud, waste, or wrongdoing.

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## Anonymity of the Fraud and Waste Hotline

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Fraud and Waste Hotline intake is independently operated by a third party, Whistleblower Security Inc. Whistleblower Security Inc. provides IntegrityCounts, a Certified Ethics Reporting System, which is a confidential way to report important information and ethical misconduct. Providing any personal information, such as your name, is optional. For any person willing to identify themselves, their information will remain confidential and will not be disclosed unless, the City Auditor is compelled to do so by law.

The Office of the City Auditor may have questions or require additional information about a reported incident and will communicate using the Fraud and Waste Hotline anonymous messaging system.

All participants in a fraud and waste investigation are required to keep the investigation details and results confidential.

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## Role of the City Auditor

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The City of Hamilton has appointed the City Auditor as an Auditor General under the Municipal Act. This position has the responsibility to assist City Council in holding itself and its administrators accountable for stewardship over public funds and value for money in City operations. This responsibility is fulfilled by completing audits, operating the Fraud and Waste Hotline and conducting investigations as required.

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## Report Sources

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Reports in good faith are made in one of the following ways:



**Online** at [integritycounts.ca/org/cityofhamilton](https://integritycounts.ca/org/cityofhamilton)



**Email** to [cityofhamilton@integritycounts.ca](mailto:cityofhamilton@integritycounts.ca)



**Phone** 1-888-390-0393



**Mail** to PO Box 91880, West Vancouver, BC V7V 4S4



**Fax** to 1-604-926-5668

## Overview

## Number of Reports Since Hotline Launch

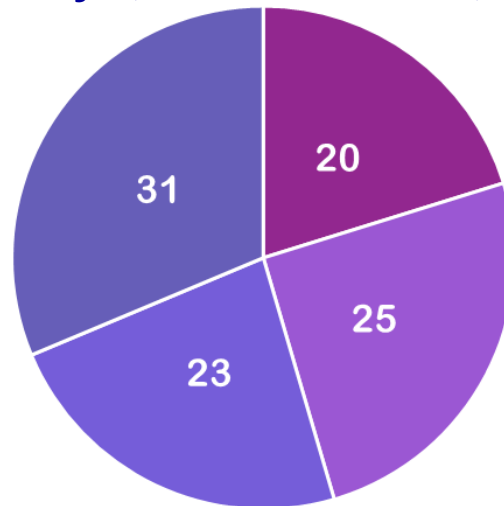
85

## Number of Reports by Source



## Report Types

January 1, 2019 to June 30, 2020



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

## Investigation Type



\$202K

### Loss or Waste Substantiated

Fraud - \$100K

Waste - \$45K

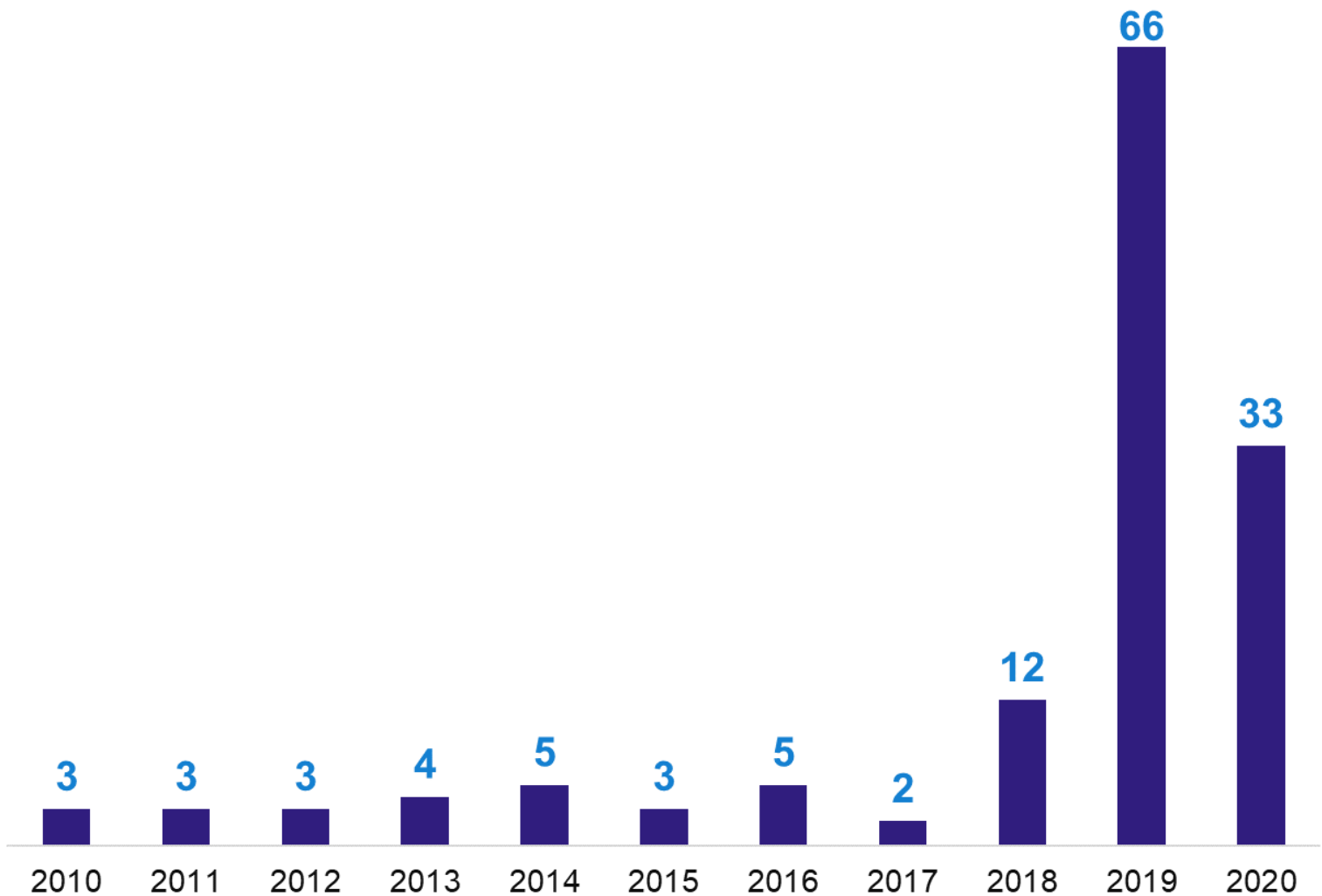
Unable to Determine Most  
Appropriate Category - \$57K

## Historical Volume

This chart depicts the number of fraud, waste, and whistleblower reports from 2010 to June 2020. Between 2018 to 2019, the Office of the City Auditor saw a large increase in reports since the Fraud and Waste Hotline launched in July 2019. This trend continued into the first half of 2020.

### Fraud, Waste, and Whistleblower Report Volume

January 1, 2010 to June 30, 2020



In the first half of 2019, 14 reports were received by the Office of the City Auditor. After the Fraud and Waste Hotline launched in July 2019, there were 52 reports submitted to the Office of the City Auditor using the Fraud and Waste Hotline, for a total of 66 reports in 2019. In the first half of 2020, 33 reports were received. There were a total of 85 reports received in the first 12 months of the Fraud and Waste Hotline being operational.



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## Work Volume

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A total of 99 reports were assessed by the Office of the City Auditor between January 1, 2019 and June 30, 2020.

There are no staff dedicated solely to the Fraud and Waste Hotline Pilot Program. Existing staff were used to complete assessments and investigations, with some limited usage of external specialty expertise for investigations that required additional support.

In total, about 2,750 hours were spent on Fraud and Waste Hotline administration, assessment, investigations and reporting during this 18-month period. This is approximately equivalent to 1.2 frontline audit FTEs annually (excluding management's time spent on hotline matters). Another way of looking at the resource requirements, the effort is similar to having completed 3 audits of average scope and complexity. There are a total of 5 frontline employees in the OCA.

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## Reports

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From January 2019 to June 2020, a total of 99 reports were received and assessed. 85 of these reports were received and assessed by the Office of the City Auditor in the first 12 months of the Fraud and Waste Hotline being launched, from July 2019 to June 2020.

Of the 85 reports received, 65 reports were received via the third party hotline operation. Another 20 reports were received directly by the Office of the City Auditor and were entered as a proxy into the case management system that is provided as part of the IntegrityCounts service contract. Of the 20 proxy reports received directly by the OCA, 11 were made by employees, with 8 of the 11 received from Management, Finance, HR and Procurement.

For reports received regarding Ontario Works (OW) social assistance matters, these were referred to OW for assessment and investigation. The investigations were handled by OW, not the OCA and those investigations are excluded from the scope of this report. This will be re-evaluated for the next Fraud and Waste Annual report.



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## Employee Reports

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39 of these 85 reports were reported by City of Hamilton employees (46%). This is consistent with the overall percentage of employee reports (45%) for the 18-month period included in this report for the 99 reports received from January 2019 to June 2020.

27 of the 39 employee reports were made anonymously (69%). The remaining 12 reports were employees that identified themselves. Many of these 12 reports (8 of 12) where the employee identified themselves were employees working in HR, Finance and Management where they had an awareness of the Fraud Policy and Protocol and their responsibility to report matters to the Office of the City Auditor.

The Office of the City Auditor continues to encourage employees and management to submit reports and thanks all those that submitted reports for this reporting period, and for their cooperation during report assessments and investigations.

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## Reports from the Public

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All reports received from the public were assessed and investigated as appropriate. The Office of the City Auditor continues to encourage members of the public to submit reports and thanks all those that submitted reports for this reporting period and for providing additional information as requested.

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## Anonymous Reports

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When a report is made anonymously, it automatically does not qualify as a whistleblower disclosure per the Whistleblower By-law, although may meet the definition of serious wrongdoing. The vast majority of the reports the Office of the City Auditor received do not qualify as a whistleblower matter due to the anonymity of the employee. Therefore the majority of employee reports made would not be able to qualify as a whistleblower disclosure. 49 of the 99 reports received were anonymous. Since the Hotline launch, 48 of 85 reports received were anonymous.

It should be noted that anonymous reports are able to be effectively assessed and investigated if the Reporter provides a sufficient level of information. The OCA is able to communicate with an anonymous reporter in the case management system if the Reporter has chosen to enable this feature. Based on the first twelve months operation of the Fraud and Waste Hotline, City of Hamilton employees appear to prefer making anonymous reports to the Hotline. While anonymity is not necessarily a constraint to the Office of the City Auditor investigations, the ability to dialogue with a Reporter through the IntegrityCounts online messaging system has proven effective in assisting with investigations.

## Whistleblower Disclosure

By-law 19-181 (Whistleblower By-law), Section 19 - Responsibility of the City Auditor requires reporting to Council semi-annually, in the aggregate, on the number, nature and outcome of disclosures of serious wrongdoing made under this By-law. Previously, there was a quarterly reporting requirement. Q3 2019 activity was reported to Council in January 2020. Reporting of Q4 2019 activity was delayed due to high Hotline volume and COVID-19 response.

There were two Whistleblower disclosures in Q4 (October to December) 2019. One was a qualifying disclosure and the other is pending assessment as it is related to the outcome of other reports and assessment is in progress. There were zero Whistleblower disclosures in Q1 (January to March) 2020 and Q2 (April to June) 2020.



### 2019 Reports Involving Whistleblower

2

Q1 to Q3

(Previously Reported)

2

Q4

### 2020 Reports Involving Whistleblower

0

Q1

0

Q2

## Report Categories

A wide variety of reports were received by the Office of the City Auditor for the 18-months covered in this reporting period. The top most common report categories were the following:

### Top Report Categories



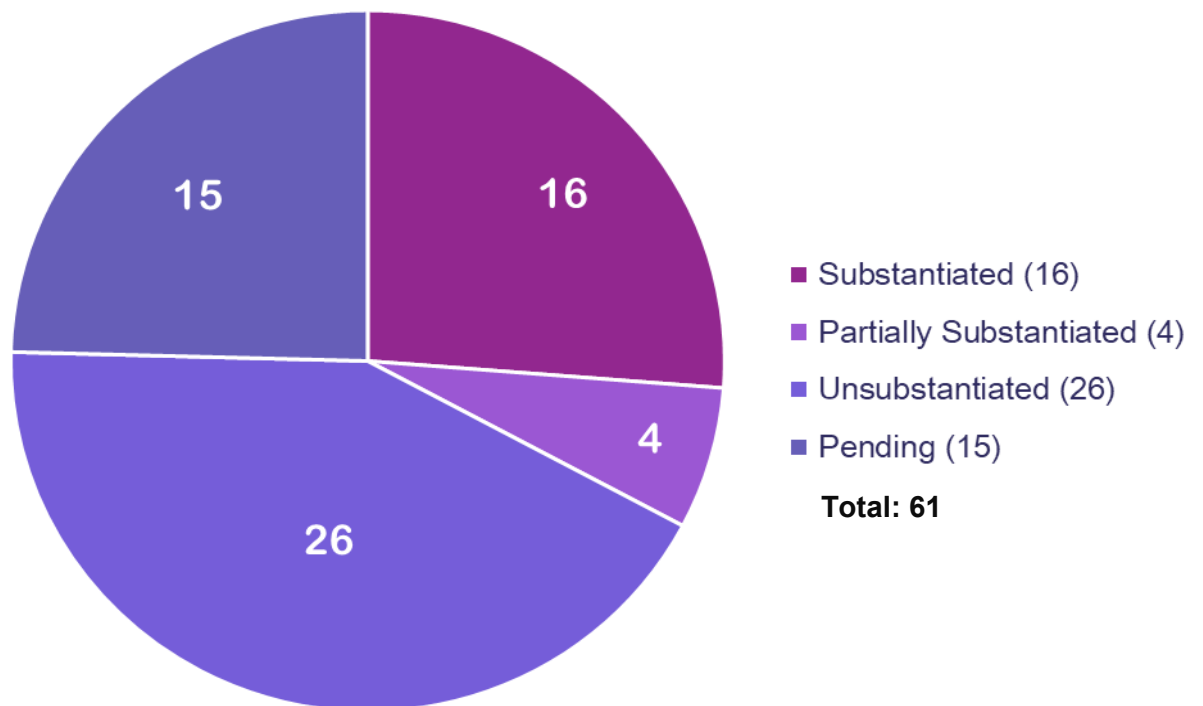
Other report categories with lower volumes included: Conflict of Interest, Nepotism, Phishing/Identity Theft, Reprisal, Vendor Fraud/Wrongdoing. These categories each had less than five reports received during the reporting period.

**Reprisal reports** are particularly challenging to investigate as they require a high level of time and effort to properly adjudicate. Top of mind for these case types includes determining if action was taken against a Reporter because they made a Whistleblower disclosure.

## Substantiation

One way of summarizing outcomes is to report on the volume of reports that were substantiated, that is the number of reports where the allegation(s) were found to have merit and were able to be proven by reviewing evidence or with findings from interviews.

Of the reports received from January 2019 to June 2020, the following is a summary of substantiated status. A substantiation result is not applicable (N/A) if a report was out of jurisdiction, the assessment result was that no action was to be taken, or if the report was to be referred elsewhere. Of the 8 reports received directly by the OCA from employees working in HR, Finance and Management, the outcomes were as follows: 4 were substantiated, 2 were unsubstantiated and 2 have outcomes pending.



Typically, a result is “pending” if the report is still in process of being assessed and/or investigated.

## Loss or Waste Substantiated

It is difficult to measure or substantiate a precise cost of fraud and waste. Incidents sometimes remain undetected for long periods of time. It is also challenging at times to determine the time period that a fraud or waste was occurring, which makes it hard to quantify losses.

As at September 22, 2020, the amount of confirmed loss or waste substantiated by the Office of the City Auditor was \$202,000. Of this this amount, \$100,000 was fraud, \$45,000 was waste, and \$57,000 was unable to be determined which category was most appropriate.



# 202K

\$100K - Fraud

\$45K - Waste

\$57K - Unable to Determine Most  
Appropriate category

## Disciplinary Action

The Office of the City Auditor is not responsible for disciplinary actions (including terminations). Investigation results are shared with Management and Human Resources. The Office of the City Auditor is informed of terminations and disciplinary actions, and this information is tracked and compiled for reporting purposes.

As at September 22, 2020, the following disciplinary actions related to investigations had been confirmed by the Office of the City Auditor:

- 5 Terminations,
- 3 Disciplinary Actions,
- 2 Other (includes employee retirement).

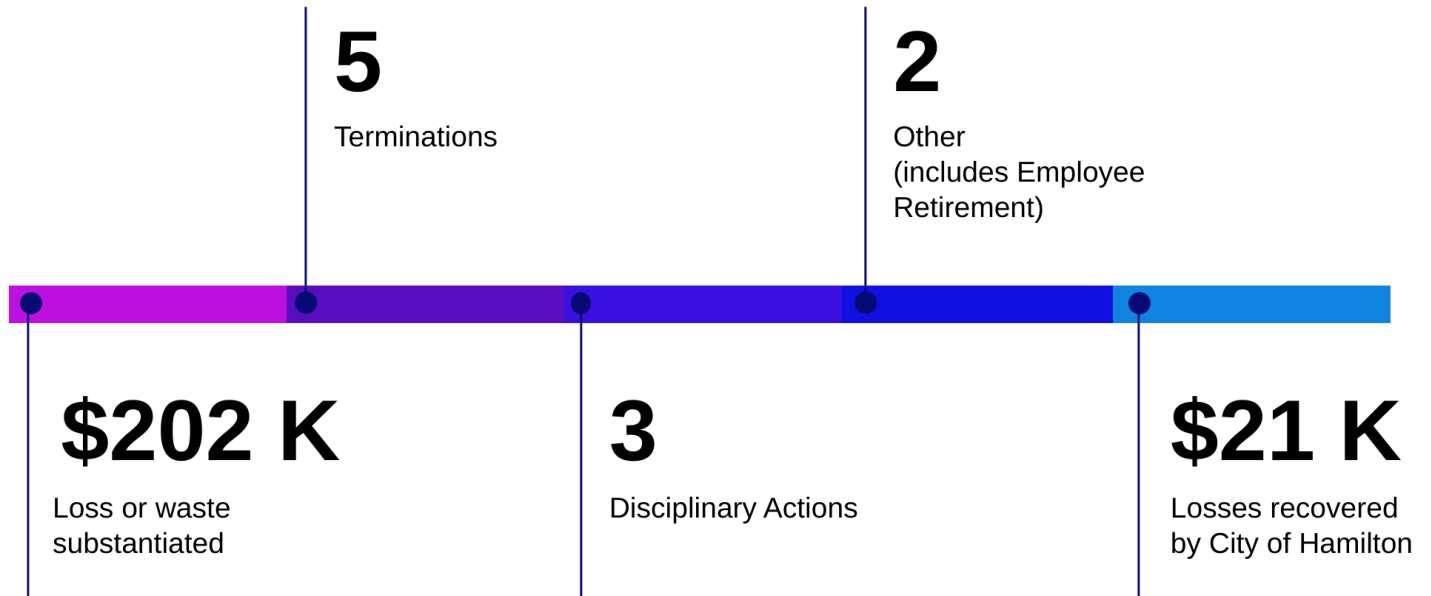
## Recoveries and Impact

As at September 22, 2020, \$21,000 of losses had been recovered by the City of Hamilton. There is an additional potential recovery of \$55,000 pending resolution with a service provider.

The impact of fraud and waste to an organization goes well beyond financial impact. There are also non-financial impacts such as impact to reputation, impact to other staff working in an affected area. The level of effort to investigate allegations of fraud and waste are quite high.

Sometimes there is a time lag for the completion of an investigation and calculating the losses. As there are 15 open reports at report issuance, there may be additional losses and recoveries that will be reported in the next Fraud and Waste Annual Report.

## Report Outcomes - As at September 22, 2020



### Report Examples - Introduction

To provide more information about the type of reports that the Office of the City Auditor receives and assesses, several report examples are provided in pages 15-22 of this annual report.

The reports included here provide examples of:

- fraud,
- waste/mismanagement; and,
- combined fraud and waste/mismanagement reports.

All items qualifying as a "Serious Matter" per the "City Auditor Reporting of Serious Matters to Council Policy" for the reporting period have been previously reported to Council. There were two items that qualified under this Policy, since it was approved by Council.

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## Report Examples

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### Missing Cash and Fare Media

A customer care representative handling cash and various forms of saleable fare media (e.g. bus tickets, taxi scrips, etc.) was found to have misappropriated and/or failed to account for approximately \$4,000 in cash and fare media stock over the course of several months. A report was issued to management outlining the weaknesses in the internal controls respecting fraud prevention and detection, and recommendations were made, all of which were actioned by management.

Human Resources and management handled this matter in accordance with the disciplinary process, and it is our understanding that partial restitution of the amounts was made by the employee.

### Conflict of Interest and Waste

A Manager was found to have received an estimated \$10,000 to \$15,000 worth of complimentary leadership coaching with a vendor the City does significant business with, and during the receipt of this coaching a conflict of interest situation developed. The Manager became dependent on this vendor for coaching sessions while being the primary procurer and approver of contracts and payments to them. Over the past four years, the City has done about \$400,000 worth of business with this vendor, none of which was procured using a competitive procurement method. In addition to the personal benefit received by this Manager from the vendor, payments were found to have been made to the vendor in advance of services being performed.

Issues were also found with another vendor that this same Manager had dealings with, where an unnecessary contract amendment worth close to \$40,000 was made on an initial contract of \$68,000 and paid to the vendor. This was despite the fact that the additional services secured with the amendment could have been covered or obtained under the original contract. The Manager no longer works for the City.

### Misappropriation

An employee who processed cash receipts misappropriated funds over a four-year period. The investigation undertaken by the Office of the City Auditor revealed that the total amount stolen was estimated to be \$21,000. Although the City obtained restitution for the full amount, the employee was terminated, and the matter was referred to the Hamilton Police Service. The Office of the City Auditor also performed a review of the financial controls and related monitoring associated with this service area.

Management accepted the 11 recommendations made by the Office of the City Auditor and has started implementing the revised controls to minimize the risk of further misappropriation.



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## Report Examples

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### Theft from Safe

A department notified the OCA of a theft of cash at one of their locations. In response, an unannounced Cash Handling Compliance Spot Audit was conducted at this site. The OCA identified several issues including: inadequate segregation of duties, insufficient management review, and a safe combination that was not changed periodically. A safe combination was written on a sticky note in a location close to the safe.

Management provided a response and mitigation plan for these issues, and compliance may be reassessed in the future.

### Payroll Phishing Incident

An individual, impersonating a new City employee, sent an email to another City employee requesting a change to their payroll direct deposit banking information. The individual was successful in diverting the new employee's pay cheque to their own bank account. The amount stolen surpassed \$4,000. Human Resources, in conjunction with IT and Legal Services, took immediate measures to suspend further payments and implement safeguards. The Office of the City Auditor referred this incident to the Hamilton Police Service.

The OCA also carried out an audit of controls related to the risk of fraud and the ability to make changes within several payroll processes and the vendor payment process to identify gaps that may increase the City's risk exposure. The Office of the City Auditor brought forward several recommendations to help strengthen safeguards and increase process efficiencies.

### Discarded and Missing Inventory

Management alerted the Office of the City Auditor about the discarding of potentially reusable and valuable inventory such as signs and copper wire at a Public Works location. In addition, there were discrepancies between inventory actually on hand (which was significantly less) and what was showing in the inventory tracking system.

The OCA confirmed to management that there was a missing inventory discrepancy of \$52,000, and further, that about \$5,000 in valuable wire inventory had been discarded in a dumpster. The Office of the City Auditor initiated an audit of inventory processes at the request of management and made 33 recommendations which are being reported to Audit, Finance, and Administration Committee in a separate report.

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## Report Examples

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### Long Term Disability Overpayment

Human Resources informed the Office of the City Auditor that a now former City of Hamilton employee was erroneously being paid both full salary and Long Term Disability (LTD) benefits at the same time for over a year. The overpayment was about \$55,000 and the employee accepted these payments without saying anything to the City.

The employee was terminated, however, the amount of overpayment has not been recovered. The Office of the City Auditor chose to investigate this matter further to determine the exact circumstances and the City's risk exposure to similar incidents related to LTD. The City's LTD administrator has been making recovery efforts of these funds using a collection agency since March 2020.

On the part of the administration, OCA found that there was a process breakdown that resulted in the above occurring, and a failure on the part of the City to detect the administrator's error. Oversight procedures were not reliable and have since been strengthened.

### Recruitment Irregularities

A Director participated in the recruitment process in which their child was a candidate in the competition. The Director recused themselves from the final panel interview of their child but nevertheless participated in the panel interviews for all the other candidates. This Director also had access to the complete set of interview questions. This was for a high-profile recruitment process that typically attracts many candidates in each recruitment cycle.

While the allegation that the child received advance knowledge of the panel questions was not substantiated, OCA took issue with the appropriateness of the Director failing to recuse themselves from the entire process. It was not consistent with City policies and procedures relating to Nepotism and the Code of Conduct and does not meet the public's expectations for accountability and transparency in recruitment.

Several recommendations were made to the service area and HR regarding improved administration of the recruitment process so as to ensure it is adequately controlled to maintain the integrity and transparency of the process.

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## Report Examples

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### Seniors Tax Rebate Program

The City of Hamilton offers a \$198 property tax credit for seniors (65+) if the program qualifications are met. A report was received from a member of the public that this program was not correctly applying the income splitting provisions for seniors that began to be permitted by the Canada Revenue Agency in 2007.

The concern raised by the Reporter was that the City was not properly considering income nor asking for sufficient information when performing the income calculations. The method that the City has been using since 2007 to calculate income does not adequately consider the split pension amounts. As a result, there is high risk of the City double counting split pension income. This would result in unfair denial of a rebate because the applicant's income would erroneously exceed the program's low income threshold.

OCA confirmed that the City's process of applications would indeed be erroneous in such situations of split income and likely led to unwarranted denial of the tax rebate. How many persons were affected is unknown because applications over the years have not been saved. It is the Office of the City Auditor's expectation that management will continue to work to resolve this matter, as outlined in their management responses to the OCA.

### Shed Built and Subsequently Torn Down

An anonymous report alleged that a City Maintenance Supervisor authorized the construction of an accessory structure (i.e. work shed) without first obtaining the required Building Permit.

The Office of the City Auditor confirmed that such a structure was built without a building permit. The Building Division received a report about this structure and issued an order to either obtain a building permit, detach the structure from the main building, or tear it down. Subsequently, the structure was demolished. The net cost to the City of building such a structure, only to demolish it less than a year later, totaled approximately \$1,800. City funds appear to have been wasted.

An assessment and investigation was completed and a Management Memo was issued. This case was closed.

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## Report Examples

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### **Inappropriate Employer Paid Parking**

An employee was alleged to be receiving employer-provided parking even though they did not meet the trip requirements or qualify for an exemption outlined in the Employer-Provided Parking Policy. This parking benefit is valued at approximately \$1,200 annually.

The Office of the City Auditor investigated the issue and substantiated the allegation that trip requirements were not met. Management provided an explanation that the employee should nevertheless continue to receive parking as it was verbally discussed as part of their compensation package and intended to be provided at General Manager's discretion; however, the OCA was unable to initially locate an offer letter or business case to support this, as required by the Policy.

After further discussions and communications with Management, they subsequently provided a business case to support the GM discretion decision that was made. This case has been closed and the sufficiency of business cases across the organization will be reviewed during a Follow Up Audit for Employer Paid Parking.

### **Cancelled Parking Tickets**

The OCA received a report from HR and Management in Parking Enforcement of an employee that was allegedly cancelling Parking Penalty Notices (PPN) for their own vehicle.

Labour Relations and Management conducted the investigation and it was found that the employee had cancelled several PPN's for their own vehicle and their partner's vehicle.

Management reviewed 24 months worth of data and this was found to be an isolated incident. Total value of this incident was \$565.

HR and Management handled this matter via the disciplinary process. Management has put additional process controls in place to prevent this from occurring in the future.

## Other Report Examples

Although the Office of the City Auditor may find some reports not to be substantiated, there are reports that show significant control weaknesses. Some unsubstantiated examples are also provided for insight into the varying outcomes that can occur when cases are assessed and investigated.

### Electric Vehicle Charging

A report was received that a City of Hamilton employee was allegedly using a non-publicly accessible electric vehicle (EV) charging station owned by the City to charge their personal vehicle while also claiming mileage expenses for traveling on City business.

OCA was unable to substantiate whether specific individuals were charging their vehicles at City facilities while claiming mileage. However, it does appear that employees may do so without violating current City policy. Accordingly, we recommended management take action to review existing policies and develop a new policy that resolves this matter.

### Market Rate Units

The Office of the City Auditor received several reports of employees of CityHousing Hamilton renting market rate units and allegations were made that they had by-passed a waiting list and received preferential treatment. The OCA gathered information and conducted an analysis of the rental requirements for market rent units. Some of the City's social housing market rate units are rented by employees and use of a legally mandated waitlist applies to rent geared-to-income units, not market rate units. Additionally, there is no legislation governing the renting of market rate units.

Although we found no evidence of preferential treatment, there is an opportunity for a policy and/or process to be created to ensure there are adequate controls over market rate unit allocation to ensure there is no conflict of interest or unfairness in the process.

## Other Report Examples

### Unsubstantiated Privacy Breach

A report was received that a City of Hamilton employee had allegedly utilized their knowledge and position to access and obtain information about a neighbour that had filed a complaint relating to a Municipal By-law matter. The OCA reviewed information and evidence relevant to this report and found that this particular report was unsubstantiated.

However, OCA did identify that persons could potentially access information that is not related to the performance of their duties. Accordingly, the OCA made a recommendation to management that the issue be resolved.

### Theft of Equipment

A theft of valuable equipment was alleged to have occurred at one of the City's Public Works sites. The Office of the City Auditor was given specific information about time and location of the theft so that video surveillance tapes could be accessed and reviewed. However, the OCA found that the surveillance information was only retained for a month and had been destroyed.

Subsequently, the OCA found that the inventory was not missing and could be satisfactorily accounted for, but nevertheless made recommendations to management to improve security and video surveillance.

### Time Theft Allegation

A report was made that alleged two employees at a City-operated facility were not physically present to perform cleaning duties and were "stealing time". The OCA investigated the matter and the allegations of waste and time theft were unsubstantiated. The OCA also conducted two unannounced site inspections and found that the location appeared clean and cleaning staff were present.

Some opportunities for process improvements were noted during the OCA's investigation and recommendations were made to and accepted by management in this service area.

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## Other Report Examples

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### Vehicle Usage

Reports were submitted to the hotline regarding employee personal usage of City vehicles. The OCA assessed each report and conducted investigative work as appropriate, including GPS data. Allegations were not substantiated, however inconsistent practices in monitoring were evident. Follow up with management was performed as necessary.

There was a significant standard operating procedure update made by Management in Q4 2019 which should improve practices.

### Reprisal Allegation #1

It was reported to the Office of the City Auditor that an employee that had previously made a report to the OCA in a prior year that they felt they were being reprisal against. The OCA reviewed the matter, the previously reported matter was not a whistleblower disclosure and the current report was being handled by Human Resources via the grievance and arbitration process.

Given that the report was already being addressed via another process, the OCA determined that it should not be reviewed further.

### Reprisal Allegation #2

It was reported to the Office of the City Auditor, that an employee that had previously made a qualifying whistleblower disclosure, felt that they were being reprisal against. The OCA reviewed the matter. It was determined that the matter was best investigated by Human Resources (HR). Human Resources conducted the investigations and kept the OCA informed throughout the investigation.

The Office of the City Auditor reviewed the investigation summary provided by HR. It was found that the reprisal allegation was unsubstantiated, and therefore the case was closed by the OCA.



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## Conclusion

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The Fraud and Waste Hotline has been operational since July 2019 as a 3-year pilot. During the first year of the pilot period, July 2019 to June 2020, the volume of reports received by the Office of the City Auditor exceeded the initial expectations, with 85 reports received. It was forecasted that 50 to 70 reports would likely be received, based on the experiences of other Canadian cities that operate similar fraud and waste hotlines.

Overall, the first twelve months of the Fraud and Waste Hotline operation have been successful, by and large, with a high volume of reports assessed and investigations launched as appropriate.

An evaluation of the Fraud and Waste Hotline and its accomplishments will be performed at the end of the pilot. The next Fraud and Waste Annual Report will provide an update on the reports received by the OCA between July 2020 and June 2021.

Without a Fraud and Waste Hotline in place, it is likely that many of these reports would not have been received by the Office of the City Auditor and wrongdoing involving City resources may have continued. Generally speaking, it indicates Hamiltonians and employees alike share the commitment in protecting the City of Hamilton's revenue, property, information and other assets and resources from fraud, waste and other wrongdoing.

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## Office of the City Auditor

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**Brigitte Minard** CPA, CA, CIA, CGAP

Deputy City Auditor/Manager Performance and Internal Control

**Amy Bodner** CPA, CA, CIA

Performance Auditor

**Domenic Pellegrini** CPA, CMA, CIA

Senior Internal Auditor

**Sophy Lian** CISA

Senior IT Auditor

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**Website:** [hamilton.ca/audit](http://hamilton.ca/audit)

### **SPEAK UP - Reporting Fraud and Waste**

**Online:** [hamilton.ca/fraud](http://hamilton.ca/fraud)

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Copies of our audit reports are available at:  
[hamilton.ca/audit](http://hamilton.ca/audit)

Alternate report formats available upon request