



# INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	September 9, 2021
<b>SUBJECT/REPORT NO:</b>	City Auditor Reporting of Serious Matters to Council (Case #39691) (AUD21007) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Brigitte Minard CPA, CA, CIA, CGAP (905) 546-2424 Ext. 3107
<b>SUBMITTED BY:</b>  <b>SIGNATURE:</b>	Charles Brown, CPA, CA, CPA (Illinois) City Auditor Office of the City Auditor

## COUNCIL DIRECTION

On June 24, 2020, Council directed the City Auditor (OCA) to implement a policy on Reporting of Serious Matters to Council. The policy outlines specific situations that require the City Auditor to make a report to Audit, Finance and Administration Committee in order to proactively inform Council about serious matters uncovered through investigations launched under the Fraud, Waste and Whistleblower process or in the course of audits or other engagements.

- Pose a security threat (e.g. cybersecurity exposure) to the organization's information systems/hardware/software applications or involves major privacy breach
- Threaten public safety
- Involve potential fraud over \$100,000
- Could have a significant adverse impact on the City's vulnerable populations
- Result in investigation by OCA and referral to the Police
- In the judgement of the City Auditor are deemed to be of a significant risk to the Corporation

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

This report of a serious matter is the fifth report that implements the new policy. The criteria being applied is that after investigation by the OCA this matter resulted in a referral to the Police.

## **INFORMATION REPORT SUMMARY**

In late July 2021 the Office of the City Auditor received a Fraud and Waste Hotline report from the Customer Service and POA Division (Customer Service). The report was made to notify the OCA of a suspicious “cheque” that was received by Customer Service and flagged for further review during processing by Customer Service front line staff.

The “cheque” was not submitted for processing to the City of Hamilton’s financial institution. The item was segregated, and a detailed review was performed, with staff from Customer Service, Financial Services, Corporate Security and the OCA contributing their respective knowledge and expertise. This item was found to have several irregular characteristics.

Per the Council-approved Fraud Policy and Protocol, of which the Office of the City Auditor has responsibility for, an item such as this suspicious “cheque” falls within the scope of the Protocol.

Upon completion of the internal review, the Office of the City Auditor reported this matter to the Hamilton Police Service in early August 2021 as it is the OCA’s opinion that this item may be in contravention of the Criminal Code.

As part of ongoing continuous improvement efforts, Customer Service completed a review of Standard Operating Procedures (SOP) to ensure there is a consistent process for handling suspicious or unfamiliar items. The OCA, Legal Services, Financial Services and Corporate Security were consulted during this review.

The Office of the City Auditor would like to commend the staff in Customer Service for detecting this suspicious “cheque” during their routine processing work.

## **APPENDICES AND SCHEDULES ATTACHED**

None.