



Hamilton

Office of the City Auditor

FRAUD AND WASTE ANNUAL REPORT

July 1, 2020 to June 30, 2021

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City Auditor

What is a Fraud and Waste Hotline?

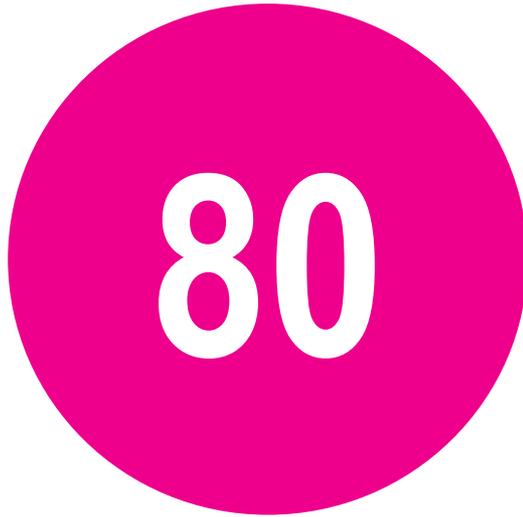
The general public, City staff, and those doing business with the City can report **suspected fraud, waste or wrongdoing involving City resources**.

Confidential and anonymous service

Independently operated by a third party

Accessible by phone or online

Available 24 hours a day 7 days a week



Reports

Received between
July 1, 2020 and June 30, 2021

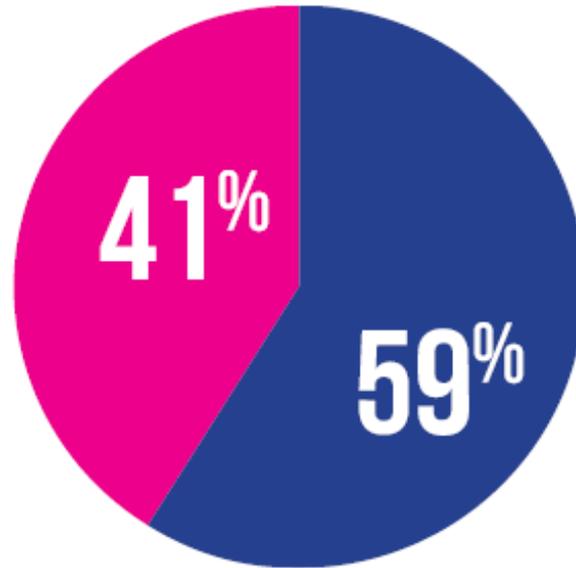


**Substantiation
Rate**

Top Report Categories

Multiple Categories Applicable	17
Employee Time Theft/Misconduct	11
Social Services – Fraud/Wrongdoing	11
Service Complaint/Concern	8
Conflict of Interest	5
Improper Financial Reporting/Budgeting	4
Misuse of City Resources	4
Out of Jurisdiction	3
Theft/Misappropriation	3
Fraud/Wrongdoing	2
Contractor/Vendor Wrongdoing	1
Public Safety	1
Miscellaneous Categories	10
Total Reports	80

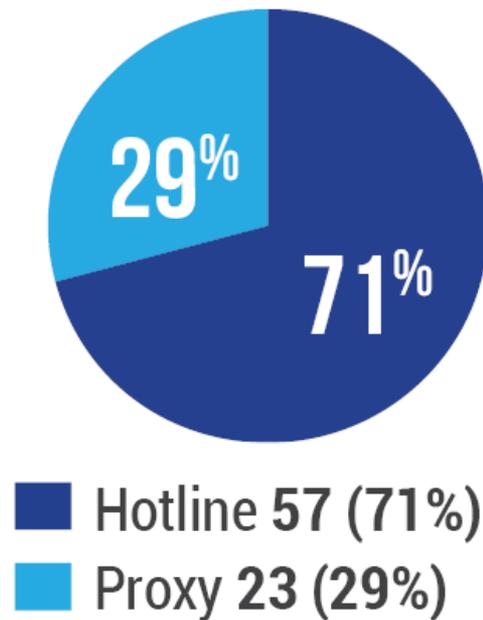
Statistics - Employee Reports



- Self-Identified **47 (59%)**
as an Employee
- Non-Employee **33 (41%)**

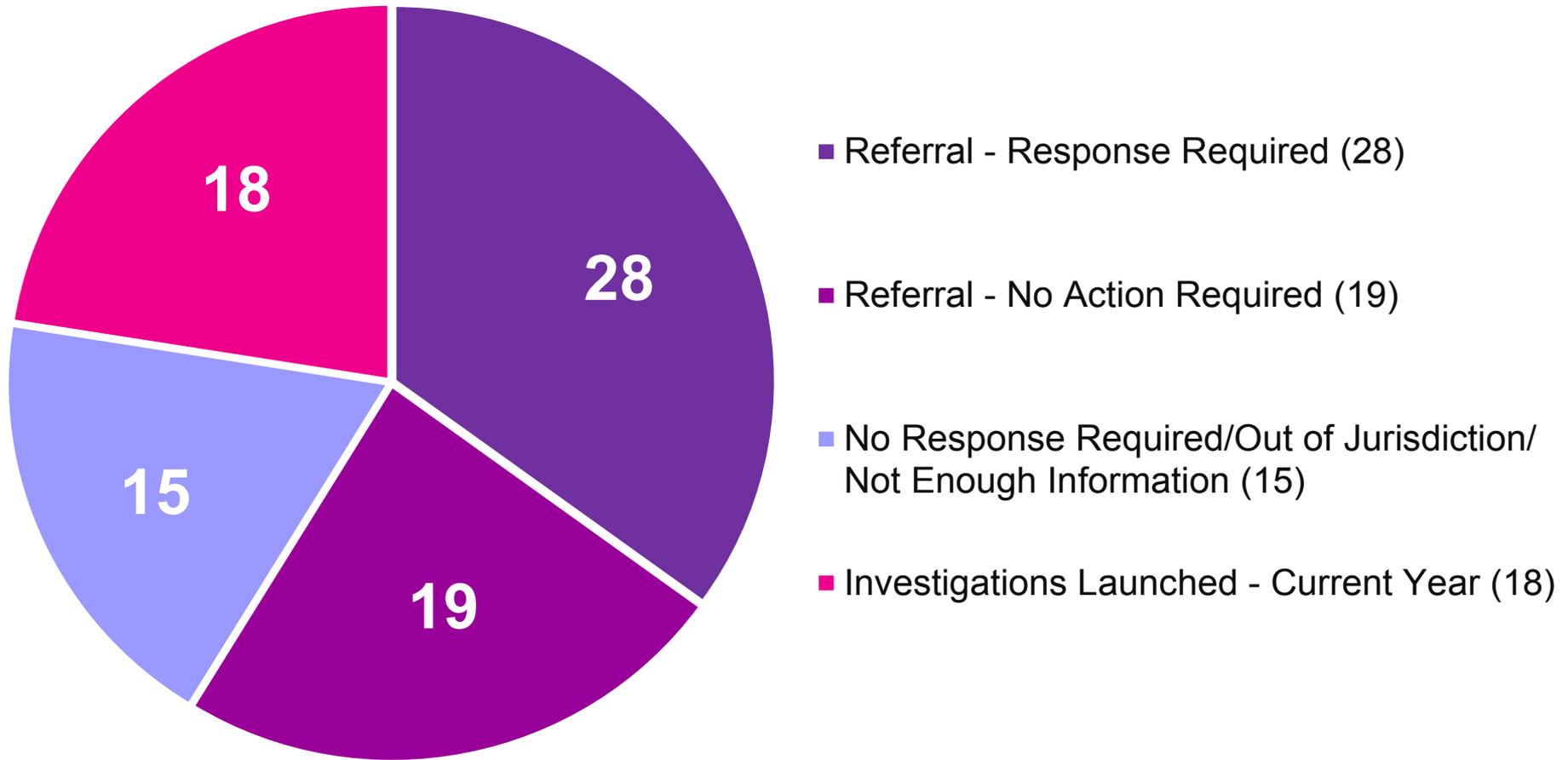
Statistics - Direct vs. Proxy Reports

Of these 80 reports, 23 were made directly to the OCA, remainder were made using the Hotline service provider

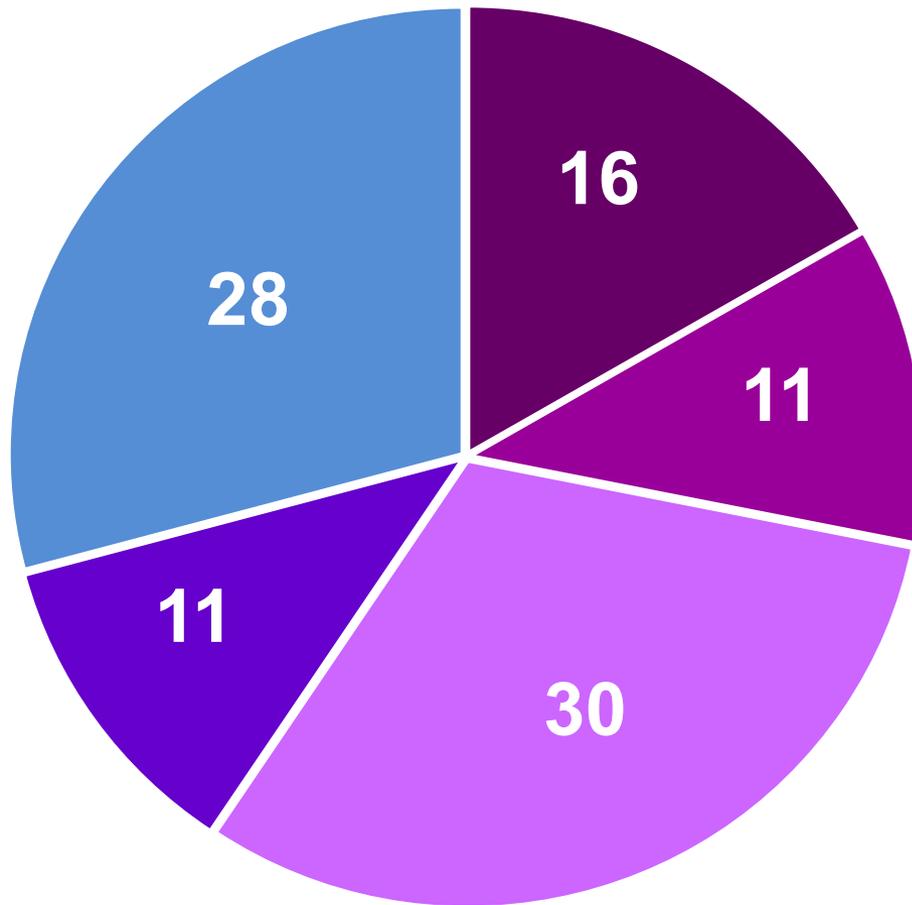


Proxy Reports from Management, Finance, Procurement, Human Resources – **21 of 23**

What We Did With The Reports



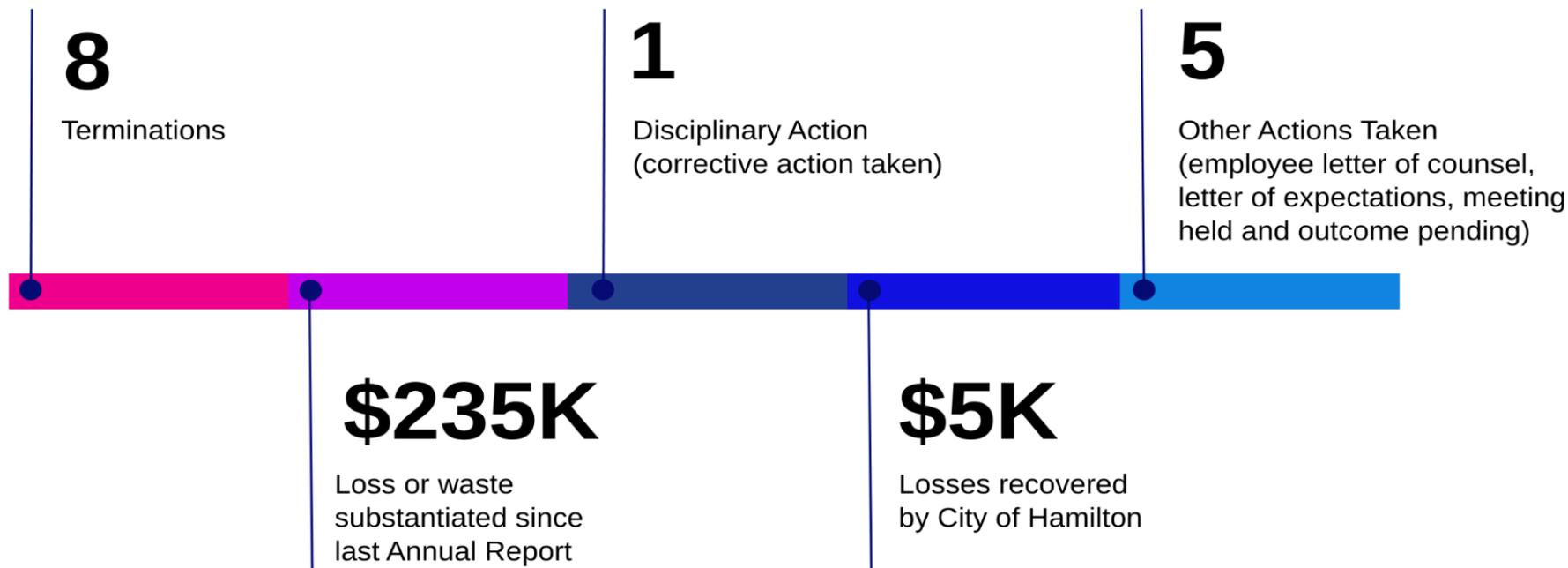
Outcomes



- Substantiated (16)
- Partially Substantiated (11)
- Unsubstantiated (30)
- In Progress (11)
- Not Applicable (28)

Total: 96

Outcomes



Project Costs Allocated to Incorrect Projects

- Budgeted funds from completed projects with unspent/surplus balances were used to pay for two unrelated contracts at different locations where there was no budget remaining, contravening corporate policy.
- Compliance issues with Construction Act also identified.

City Crews Working at Employee's Private Residence

- Alleged that a City employee arranged to have work done at City's expense and by City crews on the approach, curbs and sidewalk in front of their residence, ultimately the work was called off.
- It was substantiated that the work was unnecessary and arranged by the City employee who resided at the work site.

Conflict of Interest with Vendor #2

- Many serious issues substantiated including procurement irregularities, inappropriate socializing with vendors and the receipt of gifts and hospitality by City employees.
- Estimated \$233,000 in waste/management in the form of increased expenses to the City and undisclosed hospitality benefitting employees.

Alleged Equipment Theft and Related Inventory Issues

- Inventory with value under \$1,500 was stolen and charges laid against a (former) City employee.
- An audit was completed and 21 recommendations made.

Report Examples Continued

Contractor Causes Damage to City Street

- Allegation the contractor had caused substantial damage to the local roadway while doing a job in the neighbourhood. Contractor ignored resident claiming to have a relative that worked in the City's Roads Department.
- The allegation about the relative was found to be false, however the damage was confirmed to be significant, and the contractor admitted this to the OCA investigator.

Personal Use of City Vehicle

- Report received regarding high use of City vehicle for personal trips.
- OCA initiated an audit to identify systemic issues which is currently underway

Vexatious Report Made in Bad Faith

- Report was made that alleged time theft and sick time abuse on the part of a City employee. Supporting documentation provided was found to be inadequate by the OCA.
- Reporter was another City employee and found to have engaged in a wide range of inappropriate behaviours, including filing this vexatious report against the innocent employee.

Closing Remarks: City Auditor Reflections

Conflict of Interest (COI)

- 10 instances with issues identified since hotline launch.
- Current policy is not clear.
- Potential conflicts not being reported, if reported, existing processes are inadequate to ensure COIs are properly addressed.
- Objective adjudication of disclosures is needed.
- We recommend that senior leadership review its current processes to rationalize and improve the effectiveness of the COI disclosure and mitigation processes.

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
- Building a culture of accountability
- Better value in service delivery
- Hotline report data can be used to identify trends and inform future audits for the Office of the City Auditor work plan

confidential
anonymous

SPEAK UP

Report any wrongdoing



Hamilton
Office of the City Auditor

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



Email
cityofhamilton@integritycounts.ca



Phone
1-888-390-0393



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



Fax
1-844-785-0699

Thank you

For submitting reports and
cooperating during report
assessments and
investigations