




**CITY OF HAMILTON**  
**OFFICE OF THE AUDITOR GENERAL**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	November 21, 2024
<b>SUBJECT/REPORT NO:</b>	Fraud and Waste Annual Report (AUD24006) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Brigitte Minard CPA, CA, CIA, CGAP, CFE (905) 546-2424 Ext. 3107  Cindy Purnomo Stuive IAP (905) 546-2424 Ext. 8627
<b>SUBMITTED BY:</b>	Charles Brown CPA, CA Auditor General Office of the Auditor General
<b>SIGNATURE:</b>	

### RECOMMENDATION

- (a) That Appendices “A”, “B”, and “C” to Report AUD24006 be received.

### REPORT HIGHLIGHTS

- **127 Fraud and Waste Reports received between July 2023 and June 2024.**
- **The overall substantiation rate was 33%.**
- **\$2,348,000 in loss or waste was substantiated since the issuance of the last Fraud and Waste Report.**
- **\$11,500 in recoveries or restitution received since the issuance of the last Fraud and Waste Report.**

---

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.

**EXECUTIVE SUMMARY**

This report is the Annual Report of Fraud and Waste activity and includes the reporting period of July 1, 2023 to June 30, 2024. A total of 127 reports were received and assessed by the Office of the Auditor General (OAG) during this reporting period.

Thirteen investigations were launched by the OAG, and there was an overall substantiation rate of 33%.

A detailed report containing the types of reports received, investigations opened, and report examples can be found in Appendix “A” to Report AUD24006.

**Alternatives for Consideration –Not Applicable**

**PREVIOUS REPORTS SUBMITTED:**

Report AUD23011 Fraud and Waste Annual Report

Report AUD23003 Fraud and Waste Annual Report

Report AUD21011 Fraud and Waste Annual Report

Report AUD20007 Fraud and Waste Annual Report

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: None.

Staffing: None.

Legal: None.

**HISTORICAL BACKGROUND**

By-law 19-181 (Whistleblower By-law), Section 19 – Responsibility of the Auditor General 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.

On June 27, 2018, Council directed the Auditor General to implement a Fraud and Waste Hotline with intake performed by an independent third party as part of a three-year pilot project. The City’s Fraud and Waste Hotline launched in July 2019 and was made permanent in March 2023.

---

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.

The fourth Fraud and Waste Annual Report (AUD23011) was presented to the Audit, Finance and Administration Committee on November 16, 2023. Report AUD23011 fulfilled the semi-annual reporting requirement for January to June 2023, as it contained the information required by the Whistleblower By-law.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Whistleblower By-law No. 19-181

To Appoint the City Auditor as an Auditor General under Section 223.19 of the *Municipal Act, 2001* By-law No. 19-180

## **RELEVANT CONSULTATION**

Human Resources and Legal and Risk Management Services were consulted as required during the assessment and investigation of Fraud and Waste Hotline reports.

Management was informed of reports relating to their area of responsibility.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

This report is the Annual Report of Fraud and Waste activity and includes the reporting period of July 1, 2023 to June 30, 2024. The 2023 year-end reporting requirement for whistleblower disclosures was postponed due to the cyber security incident in February 2024, however there were zero whistleblower reports between July and December 2023. This report fulfils the 2024 mid-year reporting requirement for whistleblower disclosures.

Since the Fraud and Waste Hotline launch, there has been an increased level of awareness by employees and management to report fraud, waste and whistleblower matters to the Office of the Auditor General. The Office of the Auditor General would like to acknowledge the reports submitted by employees and management, along with the assistance provided to complete assessments and investigations. Reporting these matters so they can be assessed and investigated increases the City of Hamilton's transparency and accountability.

A detailed report containing the types of reports received, investigations opened, and report examples can be found in Appendix "A" to Report AUD24006. This report does not represent an overall picture of fraud, waste, or other wrongdoing at the City of Hamilton as there may be items that were not reported to the Office of the Auditor General or items that remain undetected.

## **SUBJECT: Fraud and Waste Annual Report (AUD24006) (City Wide) - Page 4 of 4**

An infographic summarizing the activity can be found in Appendix “B” to Report AUD24006.

A summary of the recommendations the OAG made to City of Hamilton Management as a result of Fraud and Waste reports in the current reporting period can be found in Appendix “C” to Report AUD24006.

The Office of the Auditor General would like to thank members of the public that submitted reports and for providing additional information as requested by the Office of the Auditor General.

### **Future Reporting**

The City of Hamilton’s Whistleblower By-law (19-181) has a semi-annual reporting requirement. Information about the number, nature, and volume of whistleblower disclosures for the first six months of 2024 are included in this report. The 2024 year-end reporting requirement will be met with the next Semi-Annual Fraud and Waste Report, which is expected to be presented in March or April 2025.

### **ALTERNATIVES FOR CONSIDERATION**

Not applicable.

### **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report AUD24006 – Fraud and Waste Annual Report 2023-2024

Appendix “B” to Report AUD24006 – Fraud and Waste Annual Report Infographic

Appendix “C” to Report AUD24006 – Fraud and Waste Recommendations to Management