

Auditor General reports on a fraud at City of Ottawa

Ottawa, April 8, 2019 – Auditor General Ken Hughes reports that the City of Ottawa was caught up in a wire transfer fraud that could have ended up costing nearly \$100,000 US.

The Fake CEO Scam, as it is called, involved an email request to wire \$97,797 US to a phony American supplier. The City Treasurer (believed the request was legitimate) and sent the payment, but a later demand for an additional \$154,000 US was halted when the Treasurer and City Manager became suspicious.

“This incident highlights dangerous control weaknesses in the City’s policies and procedures that must be immediately corrected,” Mr. Hughes concluded in his report to the Audit Committee this morning.

The money transfer went to an American bank account and subsequently to another bank account that was under surveillance by the U.S. Secret Service. Roughly, \$88,000 US was seized from that account; however, that represents the proceeds from the City as well as other targets, so it is unclear how much, if any, might eventually be recovered.

The Auditor General concluded there was no fraudulent wrongdoing by City staff, and no other “phoney money transfers” were discovered.

The Auditor General also published the 2019 Audit Work Plan and tabled it at Committee.

To review the reports tabled today at Audit Committee, visit the Auditor General’s website at ottawa.ca.

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