

Auditor General tables Annual Fraud and Waste Hotline Reports

Ottawa, July 4, 2019 – Today, Auditor General Ken Hughes tabled his 2018 Fraud and Waste Hotline Report. There were 190 anonymous reports from employees and the public. This volume is similar to 2017. Three quarters of the reports were received via the internet.

“Today’s report shows that the City of Ottawa continues to strive for a very high level of ethics and integrity,” said Mr. Hughes. “It also gives residents confidence in the City and ensures that staff work in a safe, secure and efficient workplace.”

Among the results from the investigations in this report:

- Four terminations;
- Two resignations;
- One case of potential fraud referred to Ottawa Police Service; and
- Other disciplinary actions ranged from discussions to letters of warning and letters of expectations.

The majority of cases related to unauthorized and misuse of City property, violation of laws and policies and theft, embezzlement and fraud.

Mr. Hughes also tabled three other fraud and waste reports concerning investigations into:

Investigation of OC Transpo Clothing Allowance

In March, a report was received through the Fraud and Waste Hotline regarding the City’s purchase and distribution of prepaid cards to OC Transpo employees. It alleged that the cards constituted a taxable benefit – but were not being treated as such by the City, that ineligible employees were receiving the cards, and there was no control over the distribution of these cards. The clothing allowance is a negotiated benefit in the contracts with three Unions. The investigation determined that a portion of the clothing allowance is a taxable benefit. In January 2019, payroll added the allowance – both taxable and non-taxable portions to the last payroll of the month for affected employees. The taxable portion will now be included on the eligible employee’s T4 slips. OC Transpo has now discontinued the use of prepaid cards. The City agreed with the report’s recommendation.

Review of Emergency Shelter Program – Use of a Specific Hotel

This investigation was in response to allegations and reports to the Fraud and Waste Hotline related to the City's use of certain properties owned by a specific hotel provider for temporary emergency shelter accommodations. The City subsidizes approximately 950 permanent shelter spaces in one City-operated family shelter and funds eight agency-operated community shelters. With an ever-increasing demand for spaces, the City also enters into agreements for overflow/off-site facilities as needed. While one specific hotel provider received 41 per cent of the funding available, in 2018, there was no evidence of any bias towards the selection of this specific hotel provider. The City accepted all nine recommendations.

Report on Investigation of Cash Theft Incident – Meridian Theatres @ Centrepointe

In November 2018, management at the Meridian Theatres @ Centrepointe (MT@C) filed a report with the Fraud and Waste Hotline regarding a theft of cash from a safe in the open area of the administrative offices of the MT@C. The City's Policy and Process Review Branch conducted a review of the cash handling compliance in June 2018. In August, this review recommended that all safes be kept in a restricted area. This had not been done at the MT@C when the incident occurred – and was only done afterwards. Because of the location of the safe and the processes for accessing the safe, at the time of the incident, the perpetrator of the cash theft cannot be determined. In December 2018, MT@C management made a change to the amount of money stolen – a reduction. Only one person had counted the money after this incident. The City agreed to all three recommendations including making sure that at least two people count the cash and ensuring that appropriate video surveillance of the safe is in place.

A full copy of the 2018 Fraud and Waste Hotline Report and the three additional reports are available on the Auditor General's website at ottawa.ca.

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