

Fraud and Waste Policy

Approved By: City Council

Category: General Administration

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Policy Statement

The City of Ottawa (the City) is committed to protecting its financial resources, property, information, and other assets from any attempt either by members of the public, contractors, sub-contractors, agents, intermediaries, or its own employees, to gain financial or other benefits by deceit or by any other illicit means. The City is committed to protecting its operations from actions that have significant impact on the quality and delivery of its services. The City is committed to implementing measures to detect, investigate, and report incidents of fraud, waste or serious wrongdoing.

Purpose

This Policy sets out specific responsibilities regarding the prevention, detection, investigation, and reporting of fraud, waste, or serious wrongdoing.

Application

This Policy applies to all employees of the City of Ottawa and to employees of local boards¹ over which Council has authority to require that general policies be followed.

This Policy does not apply to:

- the Mayor
- City Councillors
- employees of the Ottawa Police Service and its Board
- employees of the Ottawa Public Library (OPL) and its Board
- employees of Ottawa Public Health (OPH) and its Board
- employees of Ottawa Community Housing Corporation (OCHC) and its Board.

¹ Questions regarding the local boards to which this Policy applies should be directed to the City Clerk.

While this Policy does not apply to OPH and OPL employees, reports concerning these entities can be submitted through the Fraud and Waste Hotline. Such reports will be directed to the respective entity for their review, investigation and reporting. Other reports may be redirected to the appropriate reporting entity at the discretion of the Auditor General, or their designate.

Should the Auditor General receive reports related to Elected Officials, the Auditor General shall refer the complainant to the Integrity Commissioner, who shall determine the appropriate course of action.

Reports Concerning the Office of the Auditor General

Reports concerning the Office of the Auditor General (OAG) include allegation(s) involving employee(s) of the OAG or the Auditor General. Allegation(s) involving employees of the OAG shall be made directly to the Auditor General. The Auditor General will evaluate the allegation(s) and determine how to proceed. The Auditor General will consult with the City Solicitor or the Chair of the Audit Committee on the appropriate course of action to be taken should independence concerns arise.

Allegations involving the Auditor General should be made directly to the Chair of the Audit Committee.

Policy Requirements

It is the City's intent to fully investigate any alleged fraud, waste, or serious wrongdoing. An objective and impartial investigation will be conducted regardless of the position, title, length of service, or relationship with the City, of any party who is involved in, or is the subject of, such investigation. The City will pursue every reasonable effort to obtain recovery of any City losses.

Respectful Communication

The OAG is committed to corresponding in a respectful and professional manner. Similarly, it is expected that those who report fraud, waste or wrongdoing will do the same. Staff within the OAG will not tolerate profane language, threatening, discriminatory or harassing behaviour. Repeated behaviour of this kind will result in our Office restricting communications.

Confidentiality

The Hotline provides an [anonymous](#) and [confidential](#) service to support the City's commitment to honesty and integrity in its operations.

Confidentiality and protection from disclosure is required by the *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA), and other applicable legislation.

Protected information includes, but is not limited to, the following:

- The identity of any individual reporting allegations of fraud, waste or serious wrongdoing.

- The identity of any individual alleged to have committed fraud, waste or serious wrongdoing.
- The identity of any individual involved in an investigation, including [witnesses](#).

It is understood that, where an investigation results in disciplinary action, the disclosure of otherwise confidential information may be required in the context of associated legal proceedings. The Auditor General, in consultation with the City Clerk as the delegated head for the purposes of MFIPPA, may disclose particulars of the investigation if such disclosure would serve to further the investigation, and as appropriate.

Where an investigation is undertaken by or under the instructions of the Auditor General, the information obtained by such investigation shall remain secret in accordance with Section 223.22 of the Municipal Act, 2001 and may only be disclosed in accordance with that Section.

Furthermore, Management may use the matters reported or findings of the investigation to inform internal controls or other procedures under management oversight.

Incident reporting and investigation

Suspected or known instances of fraud, waste, or serious wrongdoing must be reported by City employees and may be reported by members of the public. Reports made are confidential and can be submitted anonymously through the Internet using a secure online form (Fraud and Waste Hotline). Alternatively, submissions may be made to the Office of the Auditor General (OAG) by telephone, e-mail or regular mail.

Fraud: Fraud includes any intentional misuse or attempt to misuse a City asset for personal gain, or unauthorized purposes which are unrelated to City business.

Examples of fraud include, but are not limited to:

- Forgery or alteration of cheques, drafts, promissory notes or securities
- Any misappropriation, embezzlement or theft of funds, securities, supplies or any other asset
- Any intentional mishandling or misreporting of money transactions.
- Any computer-related activity involving the alteration, forgery or manipulation of data for fraudulent purposes
- Any intentional claim for reimbursement of expenses that are fictitious or not eligible under the applicable expense and reimbursements guidelines

Waste: Waste means the inefficient use of City resources in any operation, process or activity where City resources are used without due regard for the value of money and/or opportunities to save money. Examples of waste include, but are not limited to:

- **Significant** misuse of time for non-City related tasks.
- Excess use of time due to **significantly** inefficient business processes.
- Use of public funds to purchase resources that exceed what would be reasonably

expected to be required to perform said service(s).

- Use of public funds to purchase excess or unnecessary resources.

Serious Wrongdoing: Serious wrongdoing is any actions or behaviour that have a significant impact on the quality and delivery of government services, or its reputation. The actions or behaviours may be the result of gross misconduct and/or create a breach of public trust. Examples of serious wrongdoing include, but are not limited to:

- Serious violations of the [Employee Code of Conduct](#)
- Violation of the [Ethical Purchasing Policy](#)
- Destruction or mishandling of data in violation of the [Records Management Policy](#)
- Releasing confidential information to the media
- Conflict of interest between a position held at the City and other responsibilities/roles
- Abuse of power, position, or title for personal gain
- Seeking or accepting anything of material value outside of the established rules set out in the City of Ottawa Employee Code of Conduct from vendors, consultants, or contractors doing business with the City
- Organizing or engaging in schemes or agreements, with corrupt intent, that could influence decision making (e.g., bribes and/or kickbacks)

Responsibilities

Employees

Any employee who reasonably believes that fraud, waste, or serious wrongdoing has occurred shall immediately notify a more senior manager in the department or the Auditor General using the means described above.

Employees may remain anonymous when reporting fraud, waste, or serious wrongdoing, but must maintain strict confidentiality concerning the matter at all times. Employees who knowingly make false allegations will be subject to discipline up to, and including, dismissal.

Supervisors / Management

Reporting fraud, waste, or serious wrongdoing

Supervisors / Managers are responsible for maintaining a system of internal controls that provide reasonable assurance for the prevention and detection of fraud, waste, or serious wrongdoing. They must be familiar with the types of improprieties that might

occur within their area of responsibility and be alert for any indications of such conduct. Supervisors and managers have the same responsibility with respect to reporting fraud and waste as do all other employees of the City, as outlined above.

Investigating fraud, waste, or serious wrongdoing

Managers and supervisors will support and co-operate with the Auditor General, Senior Management, and law enforcement agencies, in the detection, investigation, and reporting of fraud, waste or serious wrongdoing.

Should the Auditor General refer an allegation of fraud, waste, or serious wrongdoing to Management for investigation, such investigation must comply with established Fraud and Waste Investigation Procedures. Management is responsible for reviewing any recommendations made by the Auditor General following an investigation and ensuring that risks are mitigated by applying appropriate controls.

Auditor General

The Auditor General is responsible for the administration of the Fraud and Waste Hotline (the Hotline), including the application of the Fraud and Waste Policy (the Policy). At their discretion, the administration of the Hotline and application of the Policy may be directed to their designate, the staff of the OAG.

The Auditor General, in consultation with the City Clerk and/or City Solicitor, as required, is responsible for receiving and reviewing allegations of fraud, waste or serious wrongdoing and, where appropriate, referring these to Management for investigation.

Investigations by the Auditor General or Designate

Where the Auditor General chooses to retain responsibility for the investigation, the Auditor General may require appropriate City staff to assist in such investigation.

Within the scope of an investigation and as permitted by law, the Auditor General, or a person acting under the instructions of the Auditor General, is entitled to have free access to all staff and information that the Auditor General believes to be necessary to perform their duties under this Policy and as set out in the Auditor General By-Law.

If significant findings occur during an investigation undertaken by the Auditor General, or their designate, the Auditor General will table a report with the Audit Committee.

Investigations referred to City Management or Designate

The Auditor General may refer responsibility for investigation of the allegation(s) to the City Manager. Designated staff in the City Manager's Office manage the overall investigation process, in accordance with established [procedures](#). The Auditor General will continue to monitor, provide advice as requested, and liaise with the reporter to request additional information, as required during the investigation. The Auditor General

may also request updates from Management regarding the progress of the investigation.

When the investigation is concluded, a final investigation report will be provided to the Auditor General by the City Manager's Office for review. After reviewing the report, the Auditor General may make recommendations to Management in order to mitigate future risk. Management is responsible for implementing appropriate controls to prevent reoccurrence.

Refusal to Conduct an Investigation

The Auditor General may refuse to investigate allegations, or may terminate an investigation, if the Auditor General is of the opinion that:

- there are no grounds or insufficient grounds for an investigation;
- the complaint appears to be frivolous or vexatious;
- an investigation, or continuation of an investigation, would serve no useful purpose;
- the allegation(s) have been, are currently being, or would be more appropriately reviewed under another process.

Reports including Criminal Behaviour

Decisions to refer an investigation or investigation results to the Ottawa Police Service, or other enforcement agencies, for independent investigation will be made by the Auditor General, in consultation with the City Solicitor.

Security of Evidence

On receipt of an allegation of fraud, waste, or serious wrongdoing the Auditor General, in consultation with management, shall take immediate action to prevent the theft, alteration, or destruction of relevant evidence including any records. Such actions include, but are not limited to:

- Removing the evidence and placing it in a secure location.
- Limiting access to the location where evidence currently exists.
- Preventing the individual alleged to have committed the fraud, waste, or serious wrongdoing from having access to the evidence.

The evidence must be adequately secured until the Auditor General obtains the evidence in order to begin or refer the investigation.

Whistle-Blower Protection from Reprisal

The City will protect and support employees who report allegations of fraud, waste or serious wrongdoing.

It is a violation of this Policy to subject an individual to [reprisal](#)² for:

- reporting allegations of fraud, waste, or serious wrongdoing
- participating in an investigation conducted under this Policy
- being the subject of a report submitted through the Hotline

Employees who believe they are experiencing reprisal should contact the Auditor General. The allegations of retaliation will be received and immediately investigated in the same manner as an allegation of fraud, waste, or serious wrongdoing under this Policy. Where the investigation substantiates the allegations, the City Manager will be informed, and the employee(s) involved will be subject to disciplinary action.

Employees who knowingly make false allegations will be subject to discipline up to and including dismissal.

Disciplinary Action

If an allegation of fraud, waste, or serious wrongdoing is substantiated by the investigation, disciplinary action, up to and including dismissal, shall be taken by the appropriate level of Management in consultation with Labour Relations. All disciplinary actions shall be applied in compliance with the City's policies and procedures, and any collective agreement requirements.

Annual Reporting

The Auditor General may provide periodic reports summarizing the allegations received through the Hotline and the investigation results to the Mayor, or designate, to the Chair and Vice Chair of the Audit Committee, and to the City Manager.

In addition, the Auditor General will prepare an annual report summarizing the activity of the Fraud and Waste Hotline. The contents of such reports will be compliant with MFIPPA, and other applicable legislation, with respect to personal or otherwise confidential information.

Monitoring/Contraventions

The City Manager, Auditor General, and their designated staff, in conjunction with members of Management and their designated staff, shall monitor the application of this Policy and address contraventions.

Failure to comply with this Policy and/or the supporting Fraud and Waste Investigation Procedures, may result in disciplinary action, up to and including dismissal.

² Reprisal does not include [disciplinary actions](#) taken by Management, in accordance with this policy.

References

[Employee Code of Conduct](#)

[Fraud and Waste Hotline](#)

[Fraud and Waste Investigation Procedures \(Internal Resource\)](#)

[Responsible Computing Policy](#)

[Public Conduct Policy](#)

[Workplace Violence and Harassment Policy](#)

Legislative and Administrative Authorities

[Auditor General By-Law](#)

Council Report Fraud and Other Similar Irregularities, May 24, 2005 ([Ref N° ACS2005-CRS-FIN-0011](#))

[Municipal Freedom of Information and Protection of Privacy Act \(MFIPPA\)](#)

[Municipal Act, 2001](#)

Recordkeeping Requirements

As per the [Records Management Policy](#), Official Business Records generated as a result of the execution of this policy must be declared as such in the appropriate SharePoint site, RMS (Records Management System), or approved business system.

Definitions

Allegation: A clearly articulated claim or assertion that an event or action has occurred which has not yet been proven as true.

Anonymous: The identity of the reporter is not disclosed.

Confidential: Information obtained as a result of a report or investigation is not discussed, disclosed, or otherwise shared, both internal and external to the City, unless required by law. All information shared, within the City, as part of the investigation is restricted to a “need to know” basis.

Fraud and Waste Hotline: The reporting mechanism through which City employees or members of the public may confidentially and anonymously report allegations of fraud, waste, or serious wrongdoing. The Fraud and Waste Hotline is operated independently by a third party, and information received through the Fraud and Waste Hotline is only accessible by the Office of the Auditor General.

Frivolous: The contents of the report are not serious, lacking merit or factual basis.

Reporter: The person(s) who submits a Fraud and Waste Hotline report.

Reprisal: A negative action or threat made by an employee, toward the following:

- A reporter who has submitted a report of fraud, waste, or serious wrongdoing.
- A witness who has provided information or participated in the investigation of a fraud, waste, or serious wrongdoing.
- A respondent of an alleged fraud, waste, or serious wrongdoing.

Respondent: The person(s) who is alleged to have engaged in acts of fraud, waste or serious wrongdoing.

Vexatious: The report was submitted with malicious intent, or on the basis of improper motives, with the intent to harass, embarrass, or defame the respondent.

Witness: A City employee, or other individual, who observed the allegation(s) first-hand.

Keyword Search

Fraud

Fraud and Waste Hotline

Serious wrongdoing

Waste

Whistle-Blower

Enquiries

For more information on this Policy, contact:

Director, City Manager's Office City of Ottawa

Tel: (613) 580-2424 ext. 24200