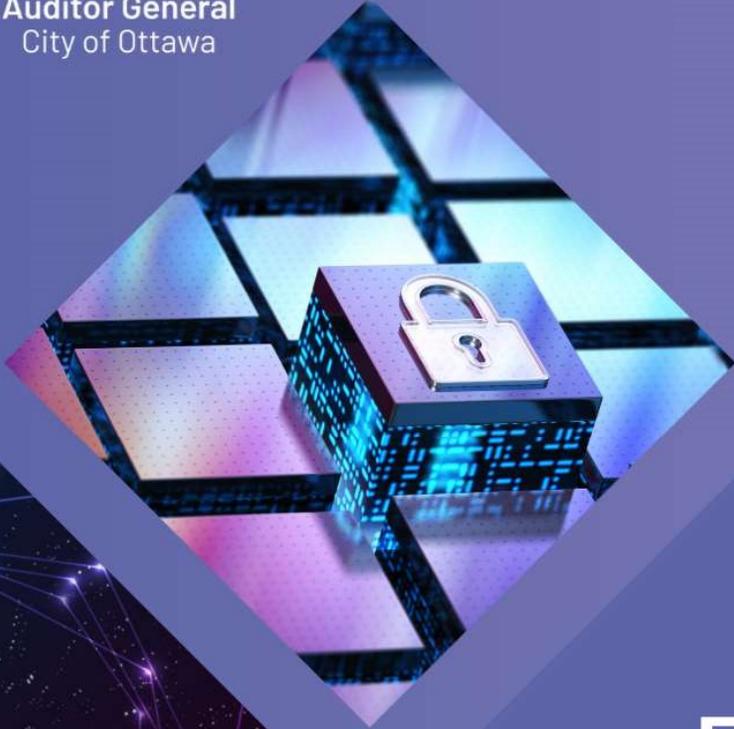




Office of the
Auditor General
City of Ottawa



REPORT ON THE FRAUD AND WASTE HOTLINE 2025

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Acknowledgement

My colleagues and I would like to thank those individuals who contributed to investigations as well as those who supported the continued operation of the Fraud and Waste Hotline. We would also like to thank those individuals who came forward and filed a report.

Respectfully,



Nathalie Gougeon, CPA, CA, CIA, CRMA, B. Comm
Auditor General



Program Overview

Purpose

The City's Fraud and Waste Hotline (FWHL) is a confidential and anonymous service that allows any employee or member of the public to report suspected instances of fraud, waste, or serious wrongdoing involving City personnel, resources, operations, or vendors. The FWHL reporting tool is operated independently by a third party, and is accessible 24 hours a day, 7 days a week, either by phone or the internet. All reports filed through the FWHL are received by the Office of the Auditor General (OAG or Office) for preliminary review and action, as outlined in the City's Fraud and Waste Policy (the Policy).

The Fraud and Waste Program (the Program) empowers all City of Ottawa employees and members of the public to support the OAG's commitment to the core values of integrity and accountability.

Confidentiality and Whistleblower Protection

The Policy outlines the protection and support afforded to employees who report, in good faith, allegations of fraud, waste, or serious wrongdoing. It is a violation of the Policy to retaliate against an employee who alleged fraud, waste, or serious wrongdoing; participated in an investigation conducted under the Policy; or was the subject of a report submitted through the Hotline.

Value Added

The FWHL helps to reduce waste, recover assets, and protect against future losses by:

- reducing fear of retribution for reporting by providing an anonymous reporting tool;
- enabling all employees and members of the public to discourage acts of fraud, waste, or serious wrongdoing by strengthening core values of accountability and integrity;
- identifying trends and risk areas that enables our Office to make recommendations that strengthen internal controls, policies, and procedures; and,
- informing the risk-based assessment which is used to identify audit priorities.



Impact

Instances of fraud, waste, and serious wrongdoing result in direct impacts on the City through administrative costs of fraud prevention, detection, investigation, and reporting. There are also impacts on departmental operations such as time loss, financial loss, and

the administrative costs of corrective actions. Additionally, there are indirect impacts that are not easily measured, such as employee morale and the reputation of the City. The FWHL is an important tool that adds value by reducing the instances of fraud, waste, or serious wrongdoing.

Application

The FWHL Policy applies to all employees of the City of Ottawa and to employees of local boards 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.

If a report is received that is not within the jurisdiction of the OAG or if there is a more appropriate mechanism outside of the City, the reporter is redirected accordingly. In 2025, the OAG received 8 reports related to OCHC, 5 reports related to Social Assistance, 4 reports related to OPH, 2 reports related to OPL, and 1 report related to Elected Officials that were redirected.

Continuous Improvement

As part of the OAG's commitment to continuous improvement, a review of the Policy was performed, in collaboration with the City Manager. We provided recommendations to the City Manager, as the owner of the Policy, aimed at increasing alignment with best practices of comparable fraud and waste programs, improve its clarity and readability, and enhance the Program's overall transparency. The revised policy was finalized and circulated by management in May 2025. Additionally, in 2025 the OAG designed an awareness campaign, in collaboration with the City Manager's Office, to increase awareness amongst employees and residents of the City about the Program and its intended purpose. As of the issuance of this report, the campaign has been completed.

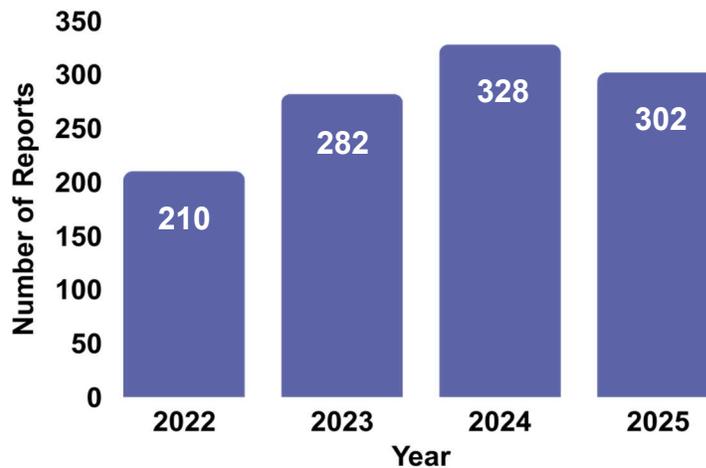
2025 Fraud and Waste Hotline Results

Reports Received

In 2025, a total of 302 reports were received through the Fraud and Waste Hotline, representing an 8% decrease compared to the total reports received in the prior year.

Over the past four years, the FWHL has seen fluctuations in the volume of incoming reports with a realized average annual growth rate of 14%¹ from 2022 to 2025 (see **Figure 1**).

Figure 1: Number of reports by year (2022 to 2025)

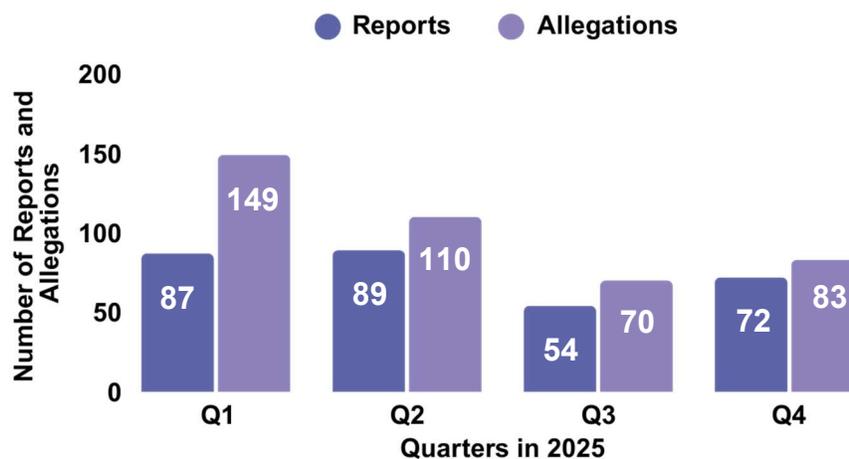


Allegations Received

Reports with multiple allegations (i.e., reports containing more than one incident or act to investigate) generally take more time to assess, action, and investigate. This results in an increased demand on FWHL resources and City staff time.

In 2025, the OAG received a total of 412 allegations (see **Figure 2**), which is a 37% decrease² from 2024. This results in an average of 1.4 allegations per report (2 in 2024).

Figure 2: 2025 reports received vs allegations received by quarter



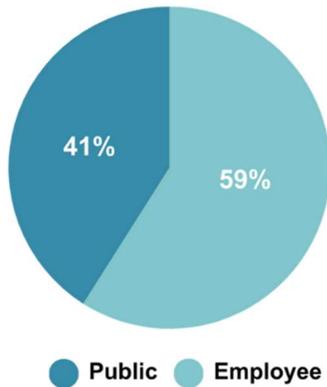
¹ The average annual growth rate (AAGR) is the average annualized rate of change over time.

² The decrease in allegations corresponds with the decrease in reports of similar nature the OAG has received in the current year pertaining to alleged compliance violations of OC Transpo bus operators.

Source of Reports

Report Type

Figure 3: Reports received from public vs employee



Reports can be filed anonymously; however, self-identification as an employee or member of the public is required. During 2025, 59% of reporters identified as being an employee of the City, and 41% were members of the public (see **Figure 3**).

Consistent with historic trends, these figures have fluctuated by plus or minus 10% over the past few years.

The reports submitted by employees also include cases reported by management as required by the Fraud and Waste Policy. In 2025, management reported 6 such cases.

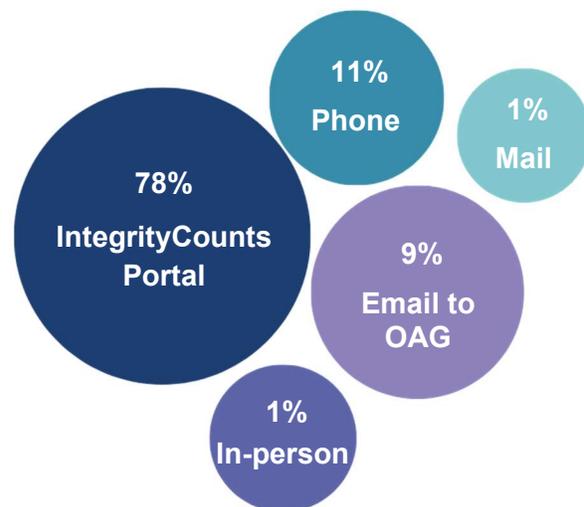
Report Intake Method

Reports are filed through a variety of methods including:

- the IntegrityCounts web portal;
- by phone to the Hotline or the OAG; or
- by email, mail, or in-person to the OAG.

Consistent with prior years, the most common method of reporting is online through the web portal (see **Figure 4**).

Figure 4: Reporting methods



Reports by Department

When a report is received through the FWHL, our Office assesses which department may be impacted or involved. We highlight reports received by department to further inform the impact of fraud, waste, and serious wrongdoing allegations across City departments (see **Table 1**). Transit Services continues to be the department with the most reports. However, it is important to note that the percentage of total reports related to Transit Services decreased from 42% in 2024 to 30% in 2025 demonstrating a positive change.

Table 11: Fraud and Waste Hotline reports received by department in 2025

Department	Reports Received	% of Total Reports
Transit Services	90	30%
Public Works	25	8%
Emergency and Protective Services	19	6%
Infrastructure and Water Services	15	5%
Planning, Development and Building Services	15	5%
Community and Social Services	15	5%
Recreation, Cultural, and Facility Services	13	4%
Finance and Corporate Services	8	2%
City Manager's Office	2	1%
Office of the City Solicitor	2	1%
Strategic Initiatives	2	1%
Other		
Not City Operations	24	8%
Not within OAG Jurisdiction or referred to external mechanism	20	6%
Department Unknown	11	4%
Sub-total of reports received by department	261	86%
In progress ³	41	14%
Total	302	

³ Internal FWHL processes have been updated, and the department is determined at case closure.

Reports by Category

The nature of the allegation(s) received are assessed and categorized at case closure. **Table 2** below provides a breakdown of the number of reports closed from 2023 to 2025 by report category. Report category descriptions can be found in [Appendix 1](#).

Table 22: Reports received by category from 2023 to 2025

Reporting Category	2023	2024	2025
Misuse or Misappropriation of Assets	75	117	103
Business Integrity or Compliance	64	140	102
Human Resources	12	7	28
Health, Safety and Environment	18	12	21
Financial Reporting and Accounting	3	3	1
Other	110	49	6
Sub-total of reporting categories	282	328	261
In progress - cases received in 2025 ⁴	-	-	41
Total	282	328	302

Resolution of Reports

In 2025, the OAG performed work on a total of 409 reports, which included 107 investigations that were in progress as at January 1, 2025, as well as 302 new reports received throughout the year. **Table 3** provides an overview of the resolution methods used to address the reports processed in 2025. Resolution method descriptions can be found in [Appendix 2](#).

Table 3: Resolution methods used to address reports processed in 2025

Resolution Method	2025
Investigated	138
Redirected reporter to City Department or union representative	70
Insufficient information or no response	68

⁴ Internal FWHL processes have been updated and report category is determined at case closure. Prior year data (2023 – 2024) not adjusted as reporting is on a go forward basis.

Resolution Method	2025
Not applicable under the FWHL Policy	54
Suggested areas for audit or improvement	19
Received for information	15
Sub-total of resolution methods	364
In progress – all cases received (i.e. 2025 and prior years)	45
Total	409

Investigations in Progress

On average, investigations related to FWHL reports are expected to take up to nine weeks. Investigations that are more complex, or where additional information is required before proceeding with an investigation, may take more time. As at December 31, 2025, there were 45 reports with investigations in progress (see **Table 4**).

Table 43: Investigations in progress at the end of 2025

Investigations in progress	Number of Reports
As at December 31, 2024	107
Add: reports received in 2025	302
Less: reports closed in 2025	(364)
Total investigations in progress as at December 31, 2025	45

While less reports were received in 2025 (302 compared to 328 in 2024), the OAG worked on a total of 409 reports (379 in 2024). Additionally, the OAG closed a total of 364 reports (272 in 2024), representing a **34% increase in workload/productivity**. As at December 31, 2025, there were 45 reports with investigations in progress (107 in 2024).

Closed Reports

This section provides an overview of reports closed by outcome in 2025. Note, that on occasion, we receive more than one report on the same matter, and each report is counted as an individual case (see **Table 5**). In 2025, the OAG closed 57 reports as substantiated, which is a **15% increase from 2024**.

Table 5: Assessment of reports closed in 2025

Reports closed in 2025 by outcome	# of Reports	Percentage
Investigated reports		
Substantiated (one or more allegations included in the report were accurate and constituted fraud, waste, or serious wrongdoing)	57	41%
Accurate but compliant (one or more allegations were accurate but did not constitute fraud, waste, or serious wrongdoing)	44	32%
Inaccurate (none of the allegations included in the report were accurate)	26	19%
Insufficient information to conclude (there was insufficient evidence to support all allegations included in the report, or there was insufficient evidence to determine a conclusion)	11	8%
Sub-total	138	100%
Non-investigated reports		
Not applicable (all allegations included in the report were not under the OAG's purview per the FWHL Policy)	137	61%
Insufficient information to investigate (all allegations included in the report were unclear and/or lacked sufficient information to be investigated)	70	31%
Consideration for Future Audit Planning (all allegations included in the report will be taken into consideration as part of the risk-based audit planning process for future OAG Audit Work Plans)	19	8%
Sub-total	226	100%
Total Reports Closed in 2025	364	--

Substantiated Investigations

Reports are considered substantiated when one or more of the allegation(s) are found to be accurate and constitute fraud, waste, or serious wrongdoing. **Table 6** below summarizes the substantiated reports that were closed during 2025 by report category.

Table 6: Category of substantiated investigations

Report Category	Number of Reports
Business Integrity or Compliance	42
Misuse or Misappropriation of Assets	15
Total	57

Each of the above-noted categories are summarized below to provide an overview and examples of the nature of the investigation(s).

[Business Integrity or Compliance](#)

There was a total of **42 substantiated investigations** in this category. Examples within this category include:

- City staff were found to have been hired into roles without the necessary qualifications or sufficient training to conduct the responsibilities outlined in the job description. See further information in the [Investigations Conducted by the OAG section](#).
- City employees were found to be in violation of the applicable collective agreements as it pertains to hours of work, resulting in excessive amounts of overtime, and supervisors were found to not have taken appropriate action as a result of a lack of staff monitoring and policy enforcement.
- City employees were found to have violated standard operating procedures by not starting their shifts on time, taking unauthorized breaks, parking and/or stopping City vehicles in impermissible locations, and deviating from their assigned tasks.
- A City employee was found to have improperly included a relative in a hiring pool, violating the City's *Employee Code of Conduct* and HR hiring processes.
- An external vendor was found to have not completed work appropriately or in alignment with their agreement with the City.

- City employees were found to be operating City vehicles in a manner that was in violation of the *Ontario Highway Traffic Act* and City policy.

Misuse or Misappropriation of Assets

There was a total of **15 substantiated investigations** in this category. Examples within this category include:

- A City employee was working a second job with an outside employer while on paid sick leave with the City.
- City employees were found to be working a second job during their working hours with the City.
- City employees misrepresented their hours worked, resulting in overtime payments that exceeded their actual time worked.
- City employees were found using their City vehicles for personal use during work hours.
- City employees were found to be sleeping while on shift.

Corrective Actions

Corrective actions are taken as a result of investigated reports and are the responsibility of management. Multiple corrective actions may be issued as a result of one report. Additionally, management may deem it necessary to take corrective actions to address gaps identified during investigations that were not substantiated (e.g., process improvements or additional communications). Where management has taken action following an investigation, the outcomes are provided below (see **Table 7**). If the OAG decides not to forward reported allegations to management for investigation and conducts the investigation in house, we may issue recommendations for corrective actions to management via a report or a management letter (see **Table 7**). When corrective actions are deemed necessary, the OAG performs follow-up procedures with management to verify that the actions have been completed.

Table 7: Corrective actions taken in 2025.

Corrective actions issued by management	Instances
Mandatory review of specific policy(s) and procedure(s)	37
Written communication to all department staff	15
Other process improvements	11
Letters of warning issued to employees	11

Corrective actions issued by management	Instances
Verbal warnings to communicate expectations and corrective action	10
Increased performance management	7
Letters of expectation issued to employees	7
Days of suspension issued (paid)	5
Termination	5
Letters of discipline issued to employees	3
Repayments and recoveries	1
Sub-total of corrective actions issued by management	112
OAG recommendations	
Recommendations resulting from investigations conducted by the OAG	10
Recommendations provided via management letter	2
Sub-total of recommendations issued by the OAG	12
Total Corrective Actions Taken in 2025	124

Investigations Conducted by the OAG

The OAG may decide not to forward reported allegations to management for investigation and conduct the investigation in house. Larger investigations that resulted in a report tabled at Audit Committee in 2025 are listed below:

- [Investigation of Building Code Services](#)
- [Investigation of the Trillium Line Training Program](#)

Appendix 1 – FWHL Reporting Categories

Report Category	Definition
Misuse or Misappropriation of Assets	<p>Items related to the unauthorized use, misuse, harm, or threat of harm to City property, equipment, materials, records, or network. This includes the abuse of work time or fraudulent use of sick leave.</p> <p>In addition, this includes any act of stealing from the City or an individual, by whatever means, and attempts to conceal it.</p> <p>Examples may include:</p> <ul style="list-style-type: none"> • Theft of time or assets • Inefficient use / misuse of City resources • Misuse / misappropriation of City funds
Business Integrity or Compliance	<p>Reports in this category include:</p> <ul style="list-style-type: none"> • Changes made to data, information, records, reports, contracts, or payment documents to cover mistakes or fraud, or to gain financial advantage or an unfair advantage in a contract. • Unethical or dishonest conduct by any person at any level of the organization and any situation or action of an employee that puts them in conflict, or could be perceived as putting them in conflict, with the interests of the organization. • Violation of any law, rule, or policy established by the City, a regulatory authority, or any level of government.
Financial Reporting and Accounting	<p>Items related to the accuracy and completeness of financial statements and other financial information. Examples may include inappropriate reporting of expenses, or manipulation / falsification of financial data.</p>
Human Resources	<p>Reports related to human resource issues and practices. Examples may include workplace culture or labour relations issues.</p>

Report Category	Definition
<p>Health, Safety and Environment</p>	<p>Reports in this category include:</p> <ul style="list-style-type: none"> • Concerns related to physical or mental harm or potential harm to employees or others relating to violence, threats, discrimination, or harassment. • Items related to the safety of people and the protection of the environment in which they work and live. • Issues related to alcohol or drug use or other substance abuse.
<p>Other</p>	<p>Reports in this category include allegations that are:</p> <ul style="list-style-type: none"> • Not applicable under the FWHL Policy • Unable to be classified due to insufficient information

Appendix 2 – FWHL Resolution Methods

Resolution Methods	Definition
In progress	Reports that are currently in triage by the OAG or are actively under investigation.
Investigated	Reports that have been investigated and are included in the Summary of Reports Closed .
Insufficient information or no response	Reports that are submitted without sufficient information to facilitate a review of the allegations.
Not applicable under the FWHL Policy	The reported allegations do not meet the definition of fraud, waste, or serious wrongdoing per the Policy or are not related to the City. Where possible, the OAG will redirect the Reporter to the appropriate external organization.
Received for information	The report is received for informational purposes only. The OAG may choose to forward to management for their information.
Redirected Reporter to City Department or union representative	The Reporter has been redirected to the appropriate reporting resource within the City (e.g., 3-1-1, Union Representative(s), or OC Transpo complaint line, etc.).
Suggested areas for audit or improvement	The report includes allegations that identify areas of risk that will be included in the future audit planning as a consideration, or the reporter has requested that a specific topic or area of the organization be audited.

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The **Fraud and Waste Hotline** is a confidential and anonymous service that allows City of Ottawa employees and members of the general public to report suspected or witnessed cases of fraud, waste or serious wrongdoing 24 hours a day, seven days a week.

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