Reference Committee Staff Report

To	Finance and Responsible Governance Committee
Subject	2024 Fraud and Wrongdoing Program Activity, 2024 Summary of Internal Audit Activity, and 2025 Internal Audit Work Plan
Date	March 5, 2025
Ward	All
From	S. MacGregor, Director of Internal Audit
Executive Member Approval	Not Applicable
CAO Approval	M. Prowse, Chief Administrative Officer

Recommendation(s):

1. That the 2024 Fraud and Wrongdoing Program Activity be received as information.

2. That the 2024 Summary of Internal Audit Activity attached as Appendix "A" to the Report to the Finance and Responsible Governance Committee dated March 5, 2025 be received as information.

3. That the 2025 Internal Audit Work Plan attached as Appendix "B" to the Report to the Finance and Responsible Governance Committee dated March 5, 2025 be approved.

Executive Summary:

The purpose of this staff report is to: provide a summary of the 2024 Fraud and Wrongdoing Program Activity, provide a summary of all 2024 Internal Audit Activity, and approve the 2025 Internal Audit Work Plan.

Key Findings:

2024 Fraud & Wrongdoing Program Summary

The Fraud & Wrongdoing Program continues to provide City staff with options for reporting concerns which resulted in corrective action and improved internal controls at the City.

The Fraud & Wrongdoing Program formalizes how City staff can report concerns of fraud or wrongdoing without fear of retaliation. In addition to the ability to report concerns directly to supervisors or other City employees, staff are also able to report with

anonymity if desired by phone, through a website, or a P.O. Box, all of which are operated by an independent third party. The Director of Internal Audit and Director of Legal Services are “Primary Reviewers” of reports received by the third party. If a reporter does not want the Primary Reviewers to see their report, they have the option of submitting a “Sensitive” report which is sent directly to the Chief Administrative Officer for review. The statistics presented do not include any Sensitive reports that may have been received.

The number and method of submission for reports received by the City’s Fraud & Wrongdoing Program since its inception are set out below:

Method of Submission	# of Reports							
	2018	2019	2020	2021	2022	2023	2024	Total
Website	15	6	3	5	1	6	4	40
Phone	4	0	3	0	1	1	0	9
P.O. Box	0	0	0	0	0	0	0	0
Direct to staff	3	6	8	5	9	1	3	35
Total	**22**	**12**	**14**	**10**	**11**	**8**	**7**	**84**

The types of reports received by the Fraud & Wrongdoing Program are set out below:

Report Type	# of Reports							
	2018	2019	2020	2021	2022	2023	2024	Total
Unethical conduct	8	2	2	3	1	0	3	19
Violation of laws, regulations, policies, and procedures	4	3	3	1	4	3	2	20
Management/supervisor	3	0	0	1	0	0	0	4
Conflict of interest	3	2	3	2	2	2	0	14
Compensation and benefits	3	1	0	0	0	0	0	4
Workplace harassment	0	0	0	1	0	1	2	4
Fraud and theft	1	4	6	1	3	1	0	16
Harm to people/health & safety	0	0	0	0	1	1	0	2
Data and Privacy	0	0	0	1	0	0	0	1
Total	**22**	**12**	**14**	**10**	**11**	**8**	**7**	**84**

A summary of outcomes from reports received is set out below:

Outcomes	# of Reports							
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Substantiated	7	4	6	4	8	6	1	36
Unsubstantiated	10	8	6	5	3	2	6	40
Insufficient information	2	0	0	0	0	0	0	2
Not applicable to Fraud & Wrongdoing	3	0	2	1	0	0	0	6
Total	**22**	**12**	**14**	**10**	**11**	**8**	**7**	**84**

Note: Reports previously identified as an "Investigation in progress" from prior years have been completed and the outcome has been reflected in the table above.

Outcome descriptions include:

a) "Substantiated" refers to reports found through internal review to be accurate. Not all substantiated reports reflect unethical conduct but can identify the need for enhanced controls to reduce the risk of fraud or wrongdoing. In the 1 report substantiated in 2024, 1 employee was terminated and improvements were made to City processes.

b) "Unsubstantiated" refers to reports found through internal review not to be accurate. An unsubstantiated report can still highlight potential risks and control weaknesses that may need to be addressed.

c) "Insufficient information" refers to reports that could not be fully reviewed due to limited information provided by the anonymous reporter.

d) "Not applicable to Fraud & Wrongdoing" include questions related to third party system access or business questions for City departments rather than concerns related to ethics or violations of the Code of Conduct.

Summary of 2024 Internal Audit Activity

A summary of the 2024 Internal Audit activity is attached in Appendix "A".

The Internal Audit Charter states that Internal Audit will prepare an annual report to the Finance and Corporate Services Committee summarizing all activity for the previous year showing the status of work against the approved plan.

Internal Audit Work Plan for 2025

The Internal Audit Work Plan for 2025 included in Appendix "B" contains projects developed from identified areas of risk for the City. The Internal Audit Work Plan for 2025 was developed from an identification of risk areas by the Director of Internal Audit with input from the Executive Management Team (EMT) and the Chair of the Finance & Responsible Governance Committee in 2024. The 2024 approved Work Plan was not fully completed due to resource limitations therefore remaining projects are being carried forward to the 2025 Work Plan.

There is flexibility in the Work Plan to allow Internal Audit to address projects that may arise during the year as requested by Council or EMT.

Financial Implications:

There are no financial implications for The Corporation resulting from the proposed recommendations.

Alternatives:

The following alternatives are available for consideration by the Finance and Responsible Governance Committee:

Alternative #1 – The Finance and Responsible Governance Committee could not approve the proposed 2025 Internal Audit Work Plan. This alternative is not recommended as the proposed plan was prepared to prioritize projects which will meet the strategic objectives of Council and address identified risk areas. The Committee could decide to add/delete/replace projects from the proposed work plan understanding that the plan was prepared with input from EMT.

Additional Background Information and Analysis:

There is no additional background information and analysis as part of this staff report.

Strategic Plan Alignment:

Affordable Place to Live		
Community Safety		
Thriving Community		
Infrastructure Investments		
Responsible Governance	X	Implementation of recommendations identified in the Internal Audit projects will strengthen internal controls to protect the City's assets as well as achieve efficiencies in the delivery of services to improve financial stewardship.

Consultation and Engagement:

No public consultation was required in relation to this staff report.

Environmental and Climate Change Impact Matters:

There are no environmental and/or climate change impact matters related to the recommendations.

Appendix:

Appendix A – Summary of 2024 Internal Audit Activity
Appendix B – 2025 Internal Audit Work Plan

Report Author:

S. MacGregor, Director of Internal Audit, Business Performance and Internal Audit Department

File #:

Not Applicable

Pending #:

Not Applicable

Appendix "A" – 2024 Internal Audit Activity

#	Project	Area	Audit Focus	Status
1	**PCard and Expense Reimbursement** – annual assessment of compliance with City policies and procedures for PCards and expense reimbursement.	Various	Compliance	Complete
2	**Integrated Project Delivery (IPD) Audits** – perform audits in 2024 as required to ensure project costs are accurate and compliant with agreements.	Infrastructure	Compliance	Complete
3	**Non-Standard Procurement** – assess compliance of non-standard procurements with the Procurement By-Law.	Finance/Various	Compliance	Deferred to 2025
4	**Building Inspections** – review of the efficiency and effectiveness of inspection reporting performed by Building Services.	Building	Process Review	Complete
5	**APLI Payments** – review the processes and controls to ensure the accuracy and completeness of customer payments received by the City through APLI.	Various	Process Review	Deferred to 2025
6	**MTO Driver Certification Program** – conduct mandatory MTO audit for ongoing licensing requirements.	Fleet	Compliance	Complete
7	**Staff Overtime** – assess the adequacy and effectiveness of internal controls for the City's use of staff overtime, including compliance with City policies and procedures.	Human Resources/ Various	Process Review	Deferred to 2025

#	Project	Area	Audit Focus	Status
8	**Vendor Reviews** – annual assessment as to whether vendors are invoicing the City at the agreed upon prices/rates outlined in the contract.	Finance/Various	Compliance	Complete
9	**Barrie Public Library** – assess whether the BPL is operating in an economical, efficient, and effective manner.	Barrie Public Library	Value for Money	Complete
10	**Fraud Prevention Month** – provide education to City staff about fraud prevention.	Organization wide	Entity Level Controls	Complete
11	**Follow Up Audits** – assess the status of past Internal Audit recommendations.	Various	Follow Up	Complete
12	**Confidential investigations/ Fraud & Wrongdoing Program oversight**	As needed	Consulting	Ongoing

Appendix "B" – 2025 Internal Audit Work Plan

#	Project	Area	Audit Focus
1	**PCard and Expense Reimbursement** – annual assessment of compliance with City policies and procedures for PCards and expense reimbursement.	Various	Compliance
2	**Integrated Project Delivery (IPD) Audits** – perform audits in 2025 as required to ensure project costs are accurate and compliant with agreements.	Infrastructure	Compliance
3	**Non-Standard Procurement** – assess compliance of non-standard procurements with the Procurement By-Law.	Finance/Various	Compliance
4	**APLI Payments** – review the processes and controls to ensure the accuracy and completeness of customer payments received by the City through APLI.	Various	Process Review
5	**Staff Overtime** – assess the adequacy and effectiveness of internal controls for the City's use of staff overtime, including compliance with City policies and procedures.	Human Resources/Various	Process Review
6	**Vendor Reviews** – annual assessment as to whether vendors are invoicing the City at the agreed upon prices/rates outlined in the contract.	Finance/Various	Compliance
7	**Follow Up Audits** – assess the status of past Internal Audit recommendations.	Various	Follow Up
8	**Confidential investigations/Fraud & Wrongdoing Program oversight**	As needed	Consulting