

**OFFICE OF  
THE CITY AUDITOR**

**REPORT**  
**FRAUD RISK  
MANAGEMENT AUDIT**

**NOVEMBER 7, 2024**

# Report Summary

## BACKGROUND

Fraud risk management is a proactive approach taken by an organization to mitigate exposure to fraudulent activities. This includes the policies, procedures, and processes that guide employees to identify, address, and manage fraud risks.

## AUDIT OBJECTIVE & SCOPE<sup>1</sup>

The objective of this audit was to determine the maturity level of the City's overall Fraud Risk Management Program against best practices.

The scope of this audit included all areas of the City under the authority of the City Manager and City Auditor. The audit was conducted from April to July, 2024.

## USE OF A SUBJECT MATTER EXPERT

The Office of the City Auditor plays a role in the City's fraud risk management. To avoid potential biases in this audit, we engaged an external subject matter expert to conduct a maturity assessment. The findings and conclusions included in this report are based on the subject matter expert's findings.

## MATURITY ASSESSMENT SCALE

This audit assessed the maturity of the core components of the City's approach to fraud risk management:

1. Fraud Risk Governance
2. Fraud Risk Assessment
3. Fraud Control Activity
4. Fraud Investigation and Corrective Action
5. Fraud Risk Management Monitoring Activities

For this audit, we adapted a maturity scale<sup>2</sup> developed to assess enterprise anti-fraud programs. See Figure 3 (page 10) for descriptions of the following five phases of maturity in a

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<sup>1</sup> We (the Office of the City Auditor) conducted this engagement in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

<sup>2</sup> Adapted from the Enterprise Anti-Fraud Maturity Assessment Model developed by Grant Thornton LLP and the Association of Certified Fraud Examiners in the Anti-Fraud Playbook *The Best Defense is a Good Offense* 2020.

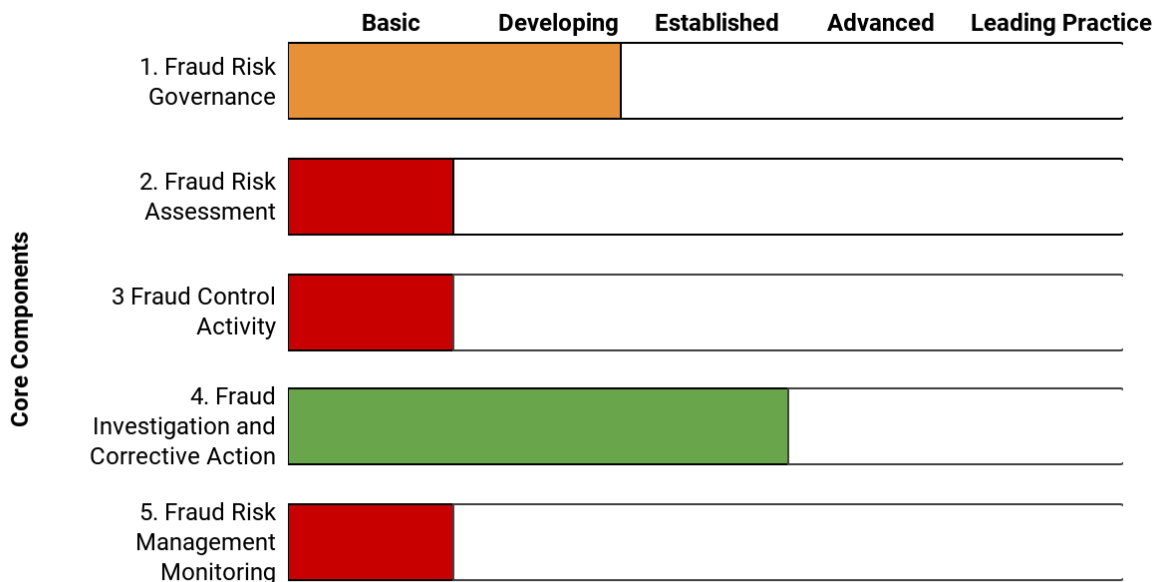
Fraud Risk Management Program:

1. Basic
2. Developing
3. Established
4. Advanced
5. Leading Practice

**WHAT WE FOUND -  
MATURITY ASSESSMENT  
RESULTS**

Overall, we found the City has some parts of a fraud risk management program in place. However, it lacks necessary components of a mature, formal program. This is reflected in the maturity assessment for each of the core components. See Figure 1.

**Figure 1: City of Edmonton Fraud Risk Management Maturity Scorecard**



**Fraud Risk Governance**

We assessed the City to be in the Developing Phase for fraud risk governance. Although the City has some formal components of a program, it lacks a defined Fraud Risk Management Program. To address the key risks associated with

remaining in this phase, the City will need to improve its governance over fraud risk management. Formal governance would include:

- Assigning an overall owner to fraud risk management.
- Creating guiding documents for risk assessment, monitoring and control, investigation and corrective action, and assessment of the program's overall effectiveness.
- Defining the City's fraud risk appetite.
- Developing fraud awareness training that ensures employees are aware of their role in fraud prevention and detection.

**Fraud Risk Assessment**

We assessed the City to be in the Basic Phase for fraud risk assessments. The City has not identified formal methods for assessing its fraud risk. To address the key risks associated with being in this phase, the City will need to develop methods that include processes to identify risks and controls, and monitor and evaluate those controls.

**Fraud Control Activity**

We assessed the City to be in the Basic Phase for fraud control activities. The maturity and distribution of fraud risk controls is uneven across the City. In addition, fraud controls are not linked to any fraud risk assessments or to a defined Fraud Risk Management Program. To address the key risks associated with being in this phase, the City needs to develop ways to monitor and evaluate controls that apply to identified risks and clearly defined risk appetite.

**Fraud Investigation and Corrective Action**

We assessed the City to be in the Established Phase for fraud investigation and corrective actions. We found the City has the following in place:

- A Fraud and Whistleblower Administrative Directive
- A Fraud and Whistleblower Hotline
- A Fraud Investigation Guideline

To address the key risks associated with being in this phase, the City needs to update the Fraud and Whistleblower Administrative Directive.

### **Fraud Risk Management Monitoring Activities**

We assessed the City to be in the Basic Phase for fraud risk management monitoring activities. The City lacks organization-wide reporting tools or dashboards for monitoring the effectiveness of its fraud risk management efforts.

To address the key risks associated with being in this phase, the City needs a defined Fraud Risk Management Program that includes guiding documents that identify key performance indicators and fraud risk management monitoring.

Our recommendations are intended to address the key risks associated with the ratings for each component.

## **RECOMMENDATIONS**

### **Recommendation 1**

We recommend the City Manager and the Financial and Corporate Services Department develop a Fraud Risk Management Program that includes:

- An overall owner of fraud risk management.
- Guiding documents that identify key stakeholders, roles and responsibilities, key performance indicators, and fraud risk management monitoring.

### **Recommendation 2**

We recommend the City Manager, as part of the City's Fraud Risk Management Program, define the City's fraud risk appetite.

### **Recommendation 3**

We recommend the City Manager, as part of the City's Fraud Risk Management Program, develop and implement fraud awareness education that ensures employees are aware of their role in fraud prevention and detection.

Recommendation 4 We recommend the City Manager develop risk assessment methods that include processes to identify risks and controls, and monitor and evaluate those controls.

Recommendation 5 We recommend the Financial and Corporate Services Department work with the Office of the City Auditor to review and update the Fraud and Whistleblower Administrative Directive.

**WHY THIS IS IMPORTANT**

Without a well-defined Fraud Risk Management Program, the City exposes itself to an increased vulnerability of fraud activities, corporate misconduct, and unethical behaviour. There is a risk that insufficient fraud awareness training could lead to fraud incidents going unreported because staff do not understand their roles and responsibilities.

Implementing a Fraud Risk Management Program will help the organization identify current and potential risks, associated controls to mitigate those risks, and assess the severity of incidents. Without fraud risk monitoring to assess the program's overall effectiveness, the City will be unable to track how fraud risks are evolving and how its Fraud Risk Management Program is performing.

# City of Edmonton Fraud Risk Management Details

## BACKGROUND

Fraud risk management is a proactive approach taken by an organization to mitigate exposure to fraudulent activities. This includes the policies, procedures, and processes that guide employees to identify, address, and manage fraud risks.

Fraud occurs in all organizations, of every size, in every industry, and in every City. The City of Edmonton has also experienced fraud. For example:

- An [ETS driving instructor was wrongly issuing driving certifications](#). (January 14, 2019)
- [Approximately \\$1.6 million was stolen from the City of Edmonton between 2015 and 2019](#). This was achieved through a false invoicing scheme that took advantage of control weakness in the City's procurement and payment processes. (March 25, 2020)

The best way to fight fraud is to prevent it from happening. It is much more cost effective to proactively address fraud risks than to suffer preventable fraud and spend valuable resources trying to detect, investigate, prosecute, and recover from it.

Addressing fraud risk in the City of Edmonton is a shared responsibility for everyone, starting with Council and extending to personnel at all levels of the City.

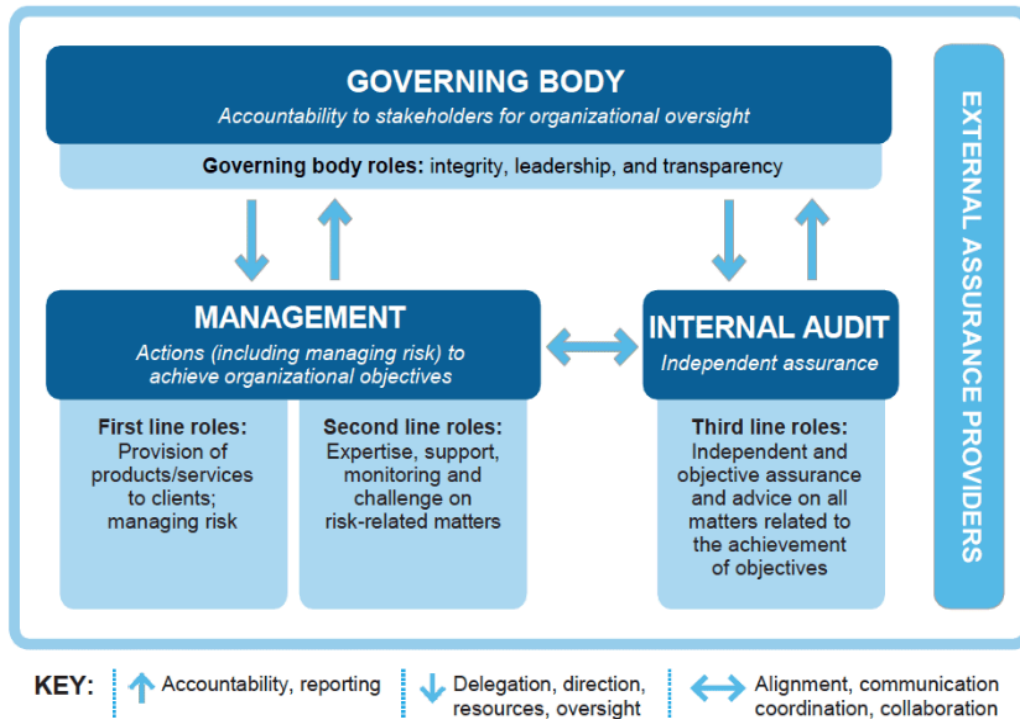
## THREE LINES MODEL

The three-lines model is a risk management approach to help organizations identify and manage risks effectively by creating three different lines of defense.

The model is based on the idea that there are three lines of

defense in an organization that work together to provide structure around risk management and internal governance (see Figure 2).

**Figure 2: Three Lines Model**



Source: Institute of Internal Auditors (2024) - *The IIA's Three Lines Model, An Update of the Three Lines of Defense*

This project was undertaken as part of the Office of the City Auditor's responsibility as the third line of defense. Any actions resulting from this audit will be undertaken as part of management's first and second line roles.

### **FRAUD RISK MANAGEMENT BEST PRACTICE**

We used the Association of Certified Fraud Examiners (ACFE) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Fraud Risk Management Guide as best practice for a Fraud Risk Management Program. The Guide includes five principles relating to the following core components:

1. Fraud Risk Governance
2. Fraud Risk Assessment



3. Fraud Control Activity
4. Fraud Investigation and Corrective Action
5. Fraud Risk Management Monitoring Activities

In the following sections of this report, we provide a brief description of each principle related to the core components, our key findings related to the component, and our recommendations to address the findings.

**MATURITY ASSESSMENT SCALE**

We used the maturity scale shown in Figure 3 to assess the City's maturity in the five core components of a Fraud Risk Management Program.

**Figure 3: Fraud Risk Management Maturity Scale<sup>3</sup>**

			<b>Advanced</b>	<b>Leading Practice</b>
<b>Basic</b>	<b>Developing</b>	<b>Established</b>		
Ad-hoc or siloed processes or functions which lack defined roles and responsibilities.  Higher risk of fraud threats and delayed discovery and response to fraud incidents.	No formal fraud program so existing security processes or functions are leveraged to prevent fraud threats.  Limited capabilities and inconsistent ability to respond.	Formal fraud program with dedicated and documented policies and processes.  Fraud programs align with and leverage existing information security and corporate security programs.	Well established playbooks that are tested, routinely leveraged and updated.  Iterative approach that provides continuous improvement.	Fraud program fully integrated into the enterprise risk management strategy, with increased focus on defending against and responding to fraud threats.

<sup>3</sup> This scale was adapted from the Enterprise Anti-Fraud Maturity Assessment Model developed by Grant Thornton LLP and the Association of Certified Fraud Examiners in the Anti-Fraud Playbook The Best Defense is a Good Offense 2020.

# Component 1: Fraud Risk Governance - Developing Phase

## COMPONENT PRINCIPLE

The organization establishes and communicates a Fraud Risk Management Program that demonstrates the expectations of the Board (City Council) and senior management (the City's Executive Leadership Team) and their commitment to high integrity and ethical values regarding managing fraud risk.

## KEY FINDINGS

We assessed the City to be in the Developing Phase for fraud risk governance. The City has documented certain parts of a Fraud Risk Management Program. For example:

- The City's Fraud and Whistleblower policy sets the procedures to investigate and report fraud.
- The Code of Conduct describes procedures for reporting suspected fraud and Code of Conduct training includes a fraud component.

However, we found the City does not have a defined Fraud Risk Management Program. Specifically, it does not have:

- An overall owner of fraud risk management.
- Guiding documents that identify key stakeholders, roles and responsibilities, key performance indicators, and fraud risk management monitoring.
- A clear and formally defined fraud risk appetite. This is the amount and type of fraud risk that the City is willing to accept or tolerate in pursuit of its objectives.
- Fraud awareness training that ensures employees are aware of their role in fraud prevention and detection.

## LACK OF FRAUD RISK OWNERSHIP

The City does not have one person assigned as owner of fraud risk management. Best practice states it is critical to the success

of a Fraud Risk Management Program to assign overall responsibility for fraud risk management (ownership) to one executive-level member of management.

**LACK OF FRAUD RISK  
MANAGEMENT GUIDING  
DOCUMENTS**

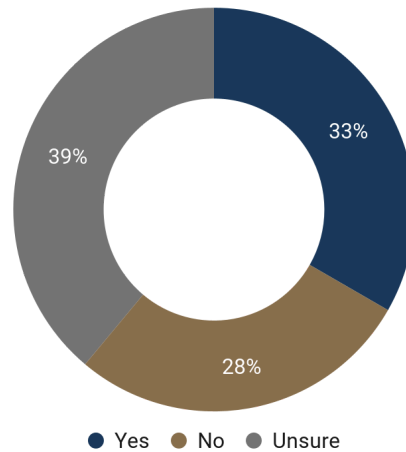
The City does not have complete fraud risk management guiding documents. We found the City does have some documents detailing certain parts of a Fraud Risk Management Program (e.g., Enterprise Risk Management (ERM) Framework, Fraud Investigation Guideline). However, there are no guiding documents for naming key stakeholders, describing their roles and responsibilities, training, identifying fraud risk, and monitoring the effectiveness of the fraud risk management effort.

The City does have a risk committee, as part of its Enterprise Risk Management practice. This committee does have terms of reference. However, the committee focuses on corporate risks in general and not on fraud specifically.

We surveyed the City's branch managers and directors. Of the 54 (34 percent) who responded, 67 percent either disagreed or were unsure if roles and responsibilities when it comes to fraud risk management in their Department or Branch are clear. This suggests that there may not be sufficient fraud awareness on how to manage fraud risk across the organization. This lack of awareness could be mitigated by stronger guidance.

**Chart 1: Survey Results - Clarity of Fraud Risk Management Roles and Responsibilities**

**Survey Question:**  
In your Department/Branch, are roles and responsibilities when it comes to fraud risk management clear?



### **LACK OF CLEAR AND FORMALLY DEFINED FRAUD RISK APPETITE**

The City does not have a clear and formally defined fraud risk appetite. Fraud risk appetite refers to the amount and type of fraud risk the organization is willing to accept or tolerate in pursuit of its objectives. It sets the point at which an organization would consider addressing the risk through avoidance, controls and mitigation, or transference.

We interviewed 15 senior management individuals identified as having a role in fraud risk management at the City. Only one specifically mentioned the City has not defined a fraud risk appetite. The remaining interviewees did not mention fraud risk appetite at all.

### **DEVELOP FRAUD AWARENESS EDUCATION**

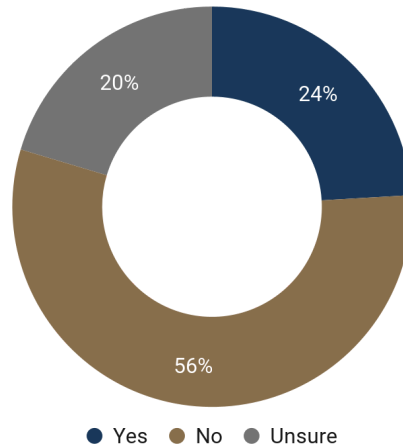
The City's fraud awareness education is not ensuring employees are aware of their role in fraud prevention and detection. The City's fraud awareness training includes:

- Code of Conduct training. This mandatory training has a fraud component.
- Optional e-learning course on fraud awareness.
- Optional fraud awareness training, facilitated by experts from within the City.

However, only 24 percent of the branch managers and directors who responded to our survey said they received periodic fraud awareness training.

**Chart 2: Survey Results - Periodic Fraud Awareness Training**

**Survey Question:**  
Do you and your team receive periodic fraud awareness training?



Developing fraud awareness education can help an organization mitigate its fraud risks, increase the effectiveness of anti-fraud controls, improve identification of potential fraud events, and ensure staff follow anti-fraud policies and reporting protocols.

### **WHY THIS IS IMPORTANT**

Without a defined Fraud Risk Management Program, the City is at risk of increased vulnerability to fraudulent activities, corporate misconduct, and unethical behaviour across the City.

Without a defined fraud risk appetite, the City is not able to appropriately allocate resources to identify, control and mitigate, or respond to potential fraud events.

There is a risk that fraud incidents go unreported due to employees not being aware of their role in fraud prevention and detection.

**RECOMMENDATION 1**

Develop a Fraud Risk Management Program that includes:

- An overall owner of fraud risk management.
- Guiding documents that identify key stakeholders, roles and responsibilities, key performance indicators, and fraud risk management monitoring.

**Responsible Party**

City Manager and Deputy City Manager, Financial and Corporate Services Department



Accepted

**Management Response**

The City Manager and Deputy City Manager, Financial and Corporate Services will develop a fraud risk management program that includes guiding documents, identification of and input from key stakeholders. Program development will consider roles and responsibilities, performance indicators, monitoring and reporting.

**Implementation Date**

June 30, 2025

**RECOMMENDATION 2**

As part of the City's Fraud Risk Management Program, define the City's fraud risk appetite.

**Responsible Party**

City Manager



Accepted

**Management Response**

In conjunction with the development of a fraud risk management program the City Manager will define the City's fraud risk appetite.

**Implementation Date**

June 30, 2025

**RECOMMENDATION 3**

As part of the City's Fraud Risk Management Program, develop and implement fraud awareness education that ensures employees are aware of their role in fraud prevention and detection.

**Responsible Party**

City Manager



Accepted

**Management Response**

The City Manager, working with the Deputy City Manager Financial and Corporate Services will develop and implement a fraud awareness education that considers the roles and responsibilities of different employees across the

City and the most effective method of educating individuals. Education development will consider developing new training, enhancing existing training, and developing educational campaigns through email, onecity, posters and digital content.



**Implementation Date**

December 31, 2025



# Component 2: Fraud Risk Assessment - **BASIC PHASE**

## **COMPONENT PRINCIPLE**

The organization performs comprehensive fraud risk assessments to identify specific fraud schemes and risks, assess their likelihood and significance, evaluate existing fraud control activities, and implement actions to mitigate residual fraud risk.

## **KEY FINDINGS**

We assessed the City to be in the Basic Phase for fraud risk assessment.

The City completes risk assessments at the branch, department, and organization-wide level as part of the City's Enterprise Risk Management Program. However, these risk assessments only include fraud as part of the financial risk category, not on its own. The City has not identified formal fraud risk assessment methods.

## **LACK OF FRAUD RISK ASSESSMENT**

The City does not have formal methods or processes in place for identifying significant fraud risks, either designed or implemented as part of the Enterprise Risk Management Program or a separate Fraud Risk Management Program.

Fraud risk assessment helps an organization understand its fraud exposure, the associated risks, and evaluate existing controls.

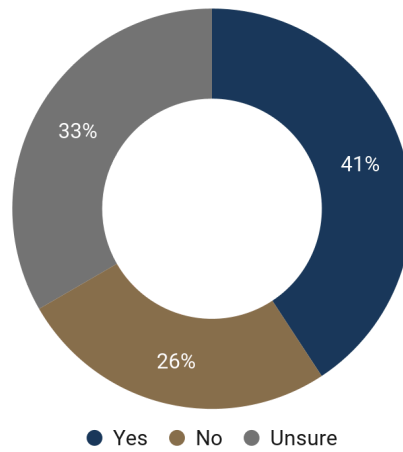
We found the City's Enterprise Risk Management Framework includes an eight-stage approach to risk assessment. However, this risk assessment process only included fraud as a component under the financial risk category and not as a separate component on its own. Therefore, business areas might only consider the risk of financial fraud and not other

types of fraud risks (e.g., conflict of interest, purchasing schemes, bribery, or misuse of City information).

Of the 15 senior management individuals interviewed, only six mentioned branches complete risk assessments as part of the Enterprise Risk Management program.

As well, only 41 percent of branch managers and directors who responded to our survey said their branch or department is actively tracking and reviewing fraud risks.

**Chart 3: Survey Results - Tracking and Reviewing Fraud Risks**



**Survey Question:**  
Does your Department/Branch actively track and review fraud risks on an ongoing basis?

**WHY THIS IS IMPORTANT**

Without fraud risk assessments there is a risk the City is unable to identify current and potential fraud risks, associated controls to mitigate those risks, and assess the severity of incidents.

**RECOMMENDATION 4**

	Develop risk assessment methods that include processes to identify risks, define controls, and then monitor and evaluate those controls.
<b>Do</b>	<b>Responsible Party</b> City Manager



Accepted

#### **Management Response**

The City Manager will work with the Deputy City Manager Financial and Corporate services to develop a methodology to identify fraud risk. The methodology will include processes to identify risks, internal controls to prevent, detect and mitigate fraud risk, evaluation of controls and monitoring and reporting.



#### **Implementation Date**

September 30, 2025

# Component 3: Fraud Control Activities - Basic Phase

## COMPONENT PRINCIPLE

The organization selects, develops, and deploys preventative and detective fraud control activities to mitigate the risk of fraud events occurring or not being detected in a timely manner.

## KEY FINDINGS

We assessed the City to be in the Basic Phase for fraud control activities.

We found the maturity of fraud risk controls is inconsistent across the City. Some branches, such as the Financial Services Branch, the Corporate Procurement and Supply Branch, and the Open City and Technology Branch, have multiple fraud controls in place. However, the lack of such controls in other branches leads to an uneven distribution of controls across the organization.

In addition, as mentioned earlier in this report, fraud controls are not linked to any fraud risk assessments or a defined Fraud Risk Management Program.

## INCONSISTENT FRAUD CONTROLS

Fraud prevention and detection controls vary significantly within the City. Preventative controls are put in place to prevent fraud from occurring in the first place. Detective controls are used to discover fraud, should it occur despite the preventative controls in place.

We found some branches have specific fraud prevention and detection controls in place. For example:

- The Financial Services Branch uses fraud detection controls such as ongoing monitoring and analysis of

cash handling and payment transactions, vendor due diligence, and review of financial reporting.

- The Corporate Procurement and Supply Branch has clear processes which detail how it handles procurement, competitive processes, and conflict of interest scenarios. These help to prevent instances of fraud.
- The Open City and Technology Branch has a quarterly phishing campaign, which targets all employees and is used to help train employees to prevent fraud committed through email phishing. Multiple email filters are also in place to prevent phishing and other email threats. The Branch also oversees a cyber security program that includes controls to prevent data theft and unapproved data transfers.

However, there are branches that lack such controls or have not defined them and linked them to fraud risk. This disparity leads to an uneven distribution of controls across the organization.

As well, 8 of the 15 senior management individuals interviewed were not able to identify a specific fraud control in their area.

As stated in the previous component, the City does not have methods in place for identifying significant fraud risks.

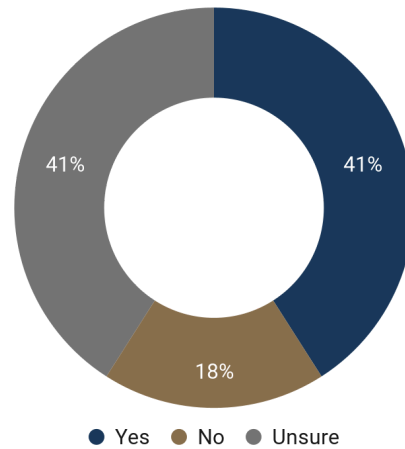
Therefore, the controls in place cannot be directly correlated to potential fraud risks. Also, there could be unidentified fraud risks that are under controlled or not controlled at all.

Alternatively, there could be fraud risks that are overcontrolled and may not be the best use of resources.

The results of our survey of branch managers and directors also supports that fraud controls are inconsistent in the City. Only 41 percent of those who responded said their department/branch had specific controls in place to detect fraud.

**Chart 4: Survey Results - Controls in Place to Detect Fraud**

**Survey Question:**  
In your Department/Branch do you have specific controls in place to detect fraud?



**WHY THIS IS IMPORTANT**

The uneven distribution of fraud controls across the organization could lead to an increase in fraudulent activities as resources may not be deployed in the most effective place to prevent or detect that fraudulent activity.

Linking control activities to fraud risk assessments could identify fraud risks that have been undercontrolled or not controlled at all. Or there could be fraud risks that are overcontrolled, meaning excessive resources are being directed towards fraud risks that are within the City's fraud risk appetite.

**RECOMMENDATION**

See Recommendation 4

# Component 4: Fraud Investigation and Corrective Action - Established Phase

## COMPONENT PRINCIPLE

The organization establishes a communication process to obtain information about potential fraud, and deploys a coordinated approach to investigation and corrective action to address fraud appropriately and in a timely manner.

## KEY FINDINGS

We assessed the City to be in the Established Phase for fraud investigation and corrective action.

The City has a Fraud and Whistleblower Administrative Directive, which tasks the Office of the City Auditor with investigating and reporting on fraud. The City also has the Fraud and Whistleblower Hotline, which is monitored by a third party and allows employees to report suspicions or allegations of fraud.

The Office of the City Auditor has a Fraud Investigation Guideline, which sets the process for triaging, investigating, and reporting all suspicions or allegations of fraud. The guideline also sets out the process for the Office of the City Auditor to work with Administration when investigating fraud.

However, the Fraud and Whistleblower Administrative Directive was last reviewed in January 2017 and is no longer in compliance with the City's Corporate Policy Framework.

## UPDATE FRAUD AND WHISTLEBLOWER ADMINISTRATIVE DIRECTIVE

The Fraud and Whistleblower Administrative Directive provides the process for the reporting and investigation of suspected fraud within the City. The current version of the administrative directive was last reviewed on January 19, 2017 and was scheduled for another review in January 2020. This review has

not occurred. The administrative directive needs to be updated to bring it in line with the City's Corporate Policy Framework, which was rolled out in 2021.

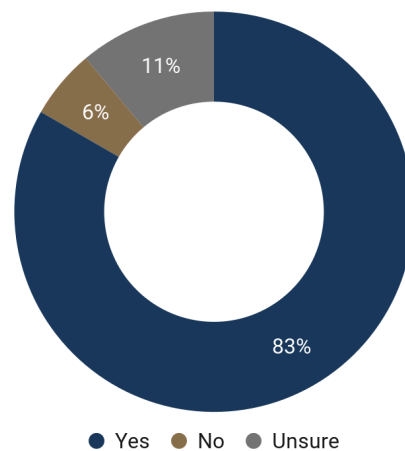
The administrative directive has two streams. The first is fraud reporting and investigation, which dictates how to report suspicions of fraud, who will lead the investigation, how the investigation will be conducted, and the disclosure of any investigations. The second stream provides the processes for the reporting and resolution of any retaliation against a whistleblower.

The results of our survey of branch managers and directors supports the assessment of this component as established. Of the branch managers and directors who responded to our survey, 83 percent agreed there is a clear channel to report fraud concerns directly to the City Manager, City Auditor, or a Deputy City Manager (see chart 5).

As well, 65 percent of the branch managers and directors who responded to our survey said there are documented protections for individuals who report suspected fraud (see chart 6).

**Chart 5: Survey Results - Clear Reporting Channels**

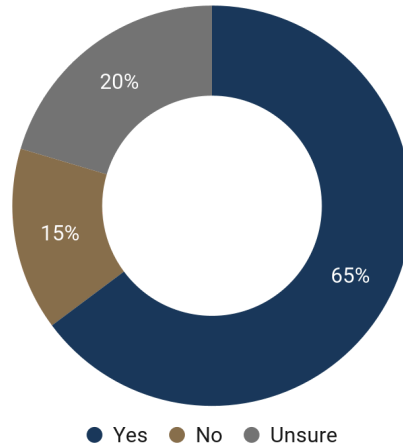
**Survey Question:**  
Is there a clear channel for employees to report fraud concerns directly to the City Manager, City Auditor, or Deputy City Manager?





**Chart 6: Survey Results - Documented Whistleblower Protections**

**Survey Question:**  
Are protections for individuals who report suspected fraud clearly documented and communicated?



**WHY THIS IS IMPORTANT**

Regularly reviewing and updating guiding documents is important to ensure procedures are clear, consistent and in alignment with other organizational documents and industry best practices.

**RECOMMENDATION 5**

Work with the Office of the City Auditor to review and update the Fraud and Whistleblower Administrative Directive.



**Responsible Party**

Deputy City Manager Financial and Corporate Services Department



Accepted

**Management Response**

The City Manager will work with the City Auditor and the Deputy City Manager Financial and Corporate Services to review and update the Fraud and Whistleblower administrative directive. These updates will be done in conjunction with other recommendations.

**Implementation Date**

June 30, 2025

# Component 5: Fraud Risk Monitoring - Basic Phase

## COMPONENT PRINCIPLE

The organization selects, develops, and performs ongoing evaluations to ascertain whether each of the five principles of fraud risk management is present and functioning, and communicates Fraud Risk Management Program deficiencies in a timely manner to parties responsible for taking corrective action, including senior management (the City's Executive Leadership Team) and the board of directors (Council).

## KEY FINDINGS

We assessed the City to be in the Basic Phase for fraud risk monitoring.

The Office of the City Auditor Fraud and Misconduct dashboard provides information on reporting and investigation activities at the City.

However, the City lacks an organization-wide reporting tool or dashboards for monitoring the effectiveness of its fraud risk management efforts.

## LACK OF FRAUD RISK MANAGEMENT MONITORING

The City does not have an organization-wide reporting tool or dashboard that tracks the development of fraud risk, the effectiveness of fraud controls, and the overall efficiency of fraud risk monitoring and mitigation.

Fraud risk monitoring is the process of selecting, developing, and performing ongoing and/or separate evaluations to ascertain whether the components of a Fraud Risk Management Program are present and functioning.

The use of analytics and dashboards could assist management in these monitoring efforts. The key performance indicators developed as part of the guiding documents will form the basis

for these analytics and dashboards. However, other measures could include criteria to monitor and improve fraud prevention and detection, such as the number of known fraud schemes committed against the City, the extent of losses, or the number of employees who haven't completed the code of conduct training. This could also include benchmarking from fraud surveys or other municipalities.

Lastly, the results from the analytics or dashboards should be reviewed and any Fraud Risk Management Program deficiencies should be communicated to those who can take corrective action.

**WHY THIS IS IMPORTANT**

Without fraud risk monitoring to assess the effectiveness of the City's Fraud Risk Management Program, the City will be unable to track how fraud risks are evolving and how the broader fraud risk program is performing.

**RECOMMENDATION**

See Recommendation 1

**ACKNOWLEDGEMENT**

We would like to thank all the staff and management we dealt with for their cooperation during this audit.