

This Government Paid Deloitte \$1 Million for a Report That Included Fake AI Citations

Key Takeaways

- A Deloitte report commissioned by the Canadian government featured fake citations generated from fictional academic papers.
- Deloitte Canada says that “AI was not used to write the report,” but was instead used to write a limited number of erroneous research citations.
- The company says it “stands behind” the report and is reviewing it to correct the citations.

A Deloitte healthcare report that cost the Canadian government nearly \$1.6 million CAD (\$1.13 million USD) has now been found to contain AI-generated errors.

The 526-page report, released by the Canadian government in May, focused on the recruitment and retention of the healthcare workforce, highlighting topics like virtual care. The government’s Department of Health and Community Services commissioned the report to advise the department as it contends with staffing shortages among nurses and doctors.

The Independent, a Canadian news outlet, first spotted errors in the report on Saturday. The outlet found that the Deloitte report featured at least four fake citations generated from fictional academic papers. The report also tied real researchers to fake papers they hadn’t worked on, and paired researchers together on made-up papers when they had never

worked together before.

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The report additionally cited an academic paper from the *Canadian Journal of Respiratory Therapy* that cannot be found in a search of its database.

“Deloitte Canada firmly stands behind the recommendations put forward in our report,” a Deloitte Canada spokesperson told *Fortune* in a statement on Tuesday. “We are revising the report to make a small number of citation corrections, which do not impact the report findings. AI was not used to write the report; it was selectively used to support a small number of research citations.”

The report remains accessible on the Canadian government’s website as of Tuesday.

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An access-to-information request submitted last week and published in a blog post reveals that the Canadian government spent \$1,598,485 CAD (\$1,133,205.98 USD) on the report, paid to Deloitte in eight installments between March 2023 and March 2025.

Deloitte was previously under fire for using AI in a \$290,000 report published in July advising the Australian government on welfare. Last month, an Australian government researcher found at least 20 instances of AI hallucinations or inaccuracies in the 237-page study, flagging citations of non-existent academic research papers and a made-up quote from a federal judge.

Deloitte has since submitted an updated study with the disclaimer that it had used the generative AI program Azure

OpenAI GPT-4o to help write the report. The firm has agreed to partially refund the Australian government for the errors, though the refund amount is unknown.

Deloitte's global revenue was \$70.5 billion for the fiscal year ending May 31, a 4.8% increase from the previous year. The consulting firm's global headcount increased to 470,000 employees, up from 460,000 a year prior.

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