



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	July 11, 2019
SUBJECT/REPORT NO:	Fraud and Waste Hotline Launch (AUD19011) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brigitte Minard CPA, CA, CIA, CGAP (905) 546-2424 x3107 Sana Malik CIA, CCSA, CFE 905-546-2424 x4886
SUBMITTED BY:	Charles Brown CPA, CA, CPA (Illinois) Director, Audit Services City Manager's Office
SIGNATURE:	

RECOMMENDATIONS

- (a) That Report AUD19011 respecting the launch of the City of Hamilton's Fraud and Waste Hotline be received;
- (b) That the name of the Audit Services Division be amended to the Office of the City Auditor in all corporate systems, so that the independent and objective nature of the work performed is more easily understood by the public and staff.
- (c) That the position Director of Audit Services be known as the City Auditor and this be updated in all corporate systems.
- (d) That the relevant By-laws be updated (By-law 12-073 and By-law 09-227) to reflect the change from Audit Services Division to Office of the City Auditor and Director of Audit Services to City Auditor.

EXECUTIVE SUMMARY

The Fraud and Waste Hotline is now available for the public, employees, and vendors that do business with the City of Hamilton.

The Fraud and Waste Hotline accepts reports via a toll-free telephone number, an online submission form, email, fax and mail. All reporters have the option to remain anonymous, if they choose.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Beginning on July 15, 2019 various communications tactics will be activated, including posters in all city facilities and workplace, print advertisements and on the City of Hamilton's website.

The Fraud and Waste Hotline is operated by an independent third-party, Whistleblower Security Inc. A competitive RFP process was conducted to obtain the vendor.

As part of the hotline launch, the Audit Services Division is being re-branded as the Office of the City Auditor, in order to better reflect the independent and objective work that the team performs. The Director, Audit Services position will be known as the City Auditor. This is consistent with how other cities' audit functions brand themselves.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Council had previously approved a budget of up to \$30,000 annually for three years, plus one-time set-up costs of \$4,500 (total of \$94,500) to pilot a Fraud and Waste Hotline. This budget will not be exceeded, as the hotline launch is currently tracking under budget.

Staffing: No new FTE's are being requested for the Hotline launch.

Legal: None.

HISTORICAL BACKGROUND

In July 2018, Council approved the funding and implementation of a Fraud and Waste Hotline for a three-year pilot (via Report AUD18007).

Since approval was received, Audit Services has been working to plan and implement the hotline. This report provides details on the Fraud and Waste Hotline launch and the ongoing operation and reporting of the hotline.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Municipal Act, 2001 sections 222.19 to 223.23

Municipal Freedom of Information and Protection of Privacy Act

City of Hamilton By-law 12-073 (Director of Audit Services By-law)

City of Hamilton Fraud Protocol

City of Hamilton By-law 09-227 (Whistleblower By-law)

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RELEVANT CONSULTATION

All City of Hamilton Divisions were informed of the hotline launch. All Director's and General Manager's were informed via an information session provided to the Department Leadership Teams (DLTs).

Detailed work was performed with the following Divisions to delineate processes:

- Customer Service and POA
- Ontario Works
- Human Resources
- Clerk's

Many thanks to the following organizations for sharing information and their ongoing support during the planning and development of our Hotline:

- Auditor General's Office, City of Toronto (Auditor General Beverly Romeo-Beehler and team)
- Office of the Auditor General, City of Ottawa (Deputy Auditor General Ed Miner and team)
- Office of the City Auditor, City of Winnipeg (City Auditor Bryan Mansky and team)

City of Hamilton Integrity Commissioner

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Submit a Report

The Fraud and Waste Hotline is now available for the public, employees, and vendors that do business with the City of Hamilton.

The Fraud and Waste Hotline accepts reports via the following methods:

- **Online:** www.hamilton.ca/fraud, there is a button that links through to the third-party vendor page
- **Email:** cityofhamilton@integritycounts.ca
- **Phone:** 1-888-390-0393
- **Mail:** PO Box 91880, West Vancouver, BC V7V 4S4
- **Fax:** 1-604-926-5668

If any complaints are received directly by the Office of the City Auditor via telephone, email, fax, mail, or the web-based suggestions form (www.hamilton.ca/audit) these complaints will be entered directly into the case management system for the Hotline and assessed similar to any other complaint.

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Hotline Operation

The Fraud and Waste Hotline is operated by an independent third-party, Whistleblower Security Inc. A competitive Request for Proposal (RFP) process was conducted to obtain the vendor. All intake is conducted by trained staff at Whistleblower Security Inc. Intake received is then assessed by the Office of the City Auditor. Preliminary inquiries are made, and investigations are launched as needed.

Duty of Confidentiality

Per the Municipal Act, in their role as a designated Auditor General, the City Auditor has a duty of confidentiality for work undertaken. What this means from a practical perspective is that the records relating to the operation of the Fraud and Waste Hotline and related working papers are not responsive records in the event that a Freedom of Information request is received per the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA).

Office of the City Auditor

As part of the hotline launch, the Audit Services Division is being re-branded as the Office of the City Auditor, in order to better reflect the independent and objective work that the team performs. The Director, Audit Services position will be known as the City Auditor. This is consistent with how other cities' audit function brand themselves.

Communications Plan

Beginning on July 15, 2019 various communications tactics will be activated, including posters in all city facilities and workplace, print advertisements and on the City of Hamilton's website. These tactics include the new "Office of the City Auditor" brand.

Reporting

Quarterly reporting of volume will continue. A detailed report that summarizes the achievements of the hotline will be provided to Council at the end of the 3-year pilot. It is anticipated that a more detailed report will be provided as part of the Q4/year-end report that is already provided to Council.

Whistleblower By-law Impact (By-law 09-227)

Reports received via the hotline from City of Hamilton employees, and that meet the criteria of a "disclosure of serious wrongdoing" per the By-law (identifies themselves and their position with the City or their work title) will be subject to all protections listed in the By-law.

The Whistleblower By-law has been revised (administrative revisions to reflect the name "Office of the City Auditor) and the Fraud and Waste Hotline has been included as a method to make a "disclosure of serious wrongdoing" and has been submitted for Council approval. All existing criteria to evaluate if the item is a qualifying disclosure continue to apply. A written notice of receipt of a disclosure of serious wrongdoing to the employee who made such disclosure will continue to occur.

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All “disclosures of serious wrongdoing” will be assessed by the Office of the City Auditor to determine if they are a “qualifying disclosure” per the By-law.

All reports assessed as not being a “qualifying disclosure” will be considered as a standard Fraud and Waste Hotline complaint and investigations will be launched on an as-needed basis.

Director of Audit Services By-law Impact (By-law 12-073)

As a result of the Audit function being re-branded as the “Office of the City Auditor” and the Director of Audit Services position to be known as the “City Auditor”, the Director of Audit Services By-law (12-073) has been revised with administrative updates only that reflect the change in position being known as the “City Auditor”. There is no impact on the authority granted to the position, it is solely an administrative change.

Integrity Commissioner Impact

Any complaints received that fall under the purview of the Integrity Commissioner will be directed to the formal process that currently exists at the City of Hamilton. The Office of the City Auditor will not be assessing complaints that relate to the Integrity Commissioner—they will all be routed for direct referral to the City’s standard process for making a complaint to the Integrity Commissioner.

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report AUD 19011– Hotline Poster

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