



Fraud and Waste Hotline is a Preventative Tool to Mitigate Unethical Behaviour



The Company

The City of Hamilton is a Government Administration with an open, transparent and accessible approach to City government that engages and empowers all citizens to be involved in their community.



The Challenge

The City had a whistleblower by-law for almost a decade, but this mechanism was rarely used, and received extremely low volumes of reports for an organization of its size.



The Result

Effective and confidential place for employees and citizens to share their commitment to protecting the City and its assets from potential harm.

"The Fraud and Waste Hotline is a secure, independent reporting channel for citizens or employees to report concerns about fraud or waste. Offering this preventive tool is a valuable deterrent that helps mitigate the risk of unethical behaviour, and it reinforces the City's commitment to corporate governance and accountability. The number of reports related to fraud and waste continues to exceed expectations, highlighting that the Hotline remains a well-used and valuable tool fostering the City's commitment to being transparent and accountable."

- Charles Brown, City Auditor & Auditor General, Office of the City Auditor

Many municipalities implement a Fraud and Waste Hotline using the confidential services of a third-party provider. This allows for an efficient and effective overall approach by making confidential reporting available to citizens, municipal employees, and contractors/agents seven days a week, 24 hours a day for reporting their suspicions, or proof of fraud, waste or wrongdoing.

When using a Fraud and Waste Reporting Hotline, users can provide anonymous information using an on-line web form or through trained live agents via a toll-free telephone service.

Public Expects High Standards

Municipal governments are always scrutinized by the public. Because of this endless scrutiny, ethics and compliance remains a priority focus in daily business operations because public trust can quickly diminish if unethical behaviour is not stopped.

Trust in government means maintaining a positive perception about the actions of council and employees. To accomplish this, municipalities commit to improving transparency and accountability to their residents.

Before the adoption of their Fraud and Waste Hotline, The City of Hamilton already had a whistleblower bylaw in place for almost a decade. However, this mechanism was rarely being used, and when it was, netted extremely low volumes of reports received for an organization of its size.

In July 2019, the City adopted their *IntegrityCounts* Fraud and Waste Hotline which provides a confidential and anonymous service that allows members of the public and City employees to report suspected or witnessed cases of fraud or waste involving City resources. The hotline is available 24 hours a day, seven days a week and city employees can use the hotline without fear of reprisal.

With WhistleBlower Security's *IntegrityCounts*, the City of Hamilton is able to:

- **Quickly discover and mitigate** unethical behaviour across its municipality
- **Provide a preventive tool** as another valuable deterrent to minimize fraud and waste
- **Accurately reinforce** the City's commitment to corporate governance and accountability

How the *IntegrityCounts* Fraud and Waste Hotline Keeps Things Ethical

The City of Hamilton is committed to providing City employees, contractors, vendors and members of the public with a convenient, confidential and anonymous way to report suspicion or proof of wrongdoing. That's why their Fraud and Waste Hotline was established as a means to help protect City assets and reduce losses. The City uses WhistleBlower Security's *IntegrityCounts* Fraud and Waste Hotline to:

- Help mitigate the risk of unethical behaviour and reinforces the City's commitment to corporate governance and accountability
- Offer a preventive tool that can be a valuable deterrent to minimize risks related to fraud and waste
- Increase the potential for early detection of issues which affords greater opportunity for loss recovery and minimizing overall loss
- Provide an efficient mechanism for administrating intake
- Enable 24/7 coverage accessible to both employees and members of the public
- Provide a secure, independent reporting channel for employees or citizens who are reluctant to report concerns because of possible compromise to their anonymity
- Identify areas where internal controls need to be modified or enhanced
- Assist the Office of the City Auditor in evaluating risks, identifying potential audits and formulating its risk-based work plan

Adoption of the Fraud and Waste Hotline helped the City address any previous shortcomings. The hotline provides more options for reporting, giving staff and residents a safe method for filing reports anonymously. The hotline is now well-used with 24/7 availability and a variety of reporting methods that have helped the City solve their challenges.

Most importantly, the number of reports to the hotline continue to exceed the City's expectations. The City now has a centralized and cost-efficient platform for receiving, processing, distributing, managing, and tracking fraud and waste incidents across the municipality.



Some Notable Statistics:

Over three years, the City has seen an ROI of 1,150%.

Since launching the Fraud and Waste Hotline, the City saw an increase of over 100% of fraud and waste reports received in the first year.

Fraud and Waste Annual Report – Reporting Period July 1, 2020 to June 30, 2021

- There have been a total of 165 reports since Fraud and Waste Hotline Launched July 1, 2019
- 80 reports were submitted for the period July 1, 2020 to June 30, 2021
- Action taken by the Office of the City Auditor for the 80 reports:
 - Referral – Response Required – 28
 - Referral – No Action Required – 19
 - No Response Required/Out of Jurisdiction/Not Enough Information – 15
 - Investigations Launched – 24 (18 for the current period plus 6 investigations launched from Carryforward Reports from the prior reporting period)
- Investigation Type:
 - Fraud – 1
 - Waste/Mismanagement – 13
 - Combined Fraud and Waste/Mismanagement – 8
 - Whistleblower – 2
- Substantiation Rate: 32%
- Report Outcomes:
 - 8 terminations
 - 1 disciplinary action
 - 5 other actions taken (employee letter of counsel, letter of expectations, meeting held and outcome pending)
 - \$235,000 Loss or Waste Substantiated since last Annual Report (\$439,000 since Fraud and Waste Hotline Launched July 1, 2019)
 - \$5,000 Losses recovered by the City of Hamilton

Without a Fraud and Waste Hotline in place, it is likely that many of these reports would not have been received by the Office of the City Auditor and wrongdoing involving City resources may have continued. Generally speaking, it indicates the City of Hamilton and employees alike share the commitment in protecting the City's revenue, property, information and other assets and resources from fraud, waste and other wrongdoing.