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## For Information Only

### Whistle Blower Hotline Costs and Management Options

#### Recommendation

For Information Only

#### **Recommendation**

For Information Only.

#### **Finance Implications**

No financial implications

#### **Background**

The purpose of this report is:

1. To respond to questions raised during the previous presentation on “Whistle-Blower” hotline on August 11, 2015 and
2. Highlight experiences of other Municipalities and key operational statistics from service providers of Whistle-Blower hotlines.

This report is prepared based on preliminary information and informal discussions with two service providers (**A** and **B**) and two municipalities that operate a whistleblower hotline.

While service provider ‘**A**’ charges a fixed annual fee, ‘**B**’ provides basic services gratis as a lead for future service for a fee.

The differences between their service levels are more clearly explained in the attached flow charts ‘**A**’ and ‘**B**’ read in conjunction with accompanying notes.

#### **Process and Cost options:**

##### **Process:**

The attached flow chart and notes in Appendix to this report provides an overview of the steps through which reported incidents flow for services provided by ‘**A**’ and ‘**B**’.

##### **Costs:**

#### Signed By

##### **Report Prepared By**

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*Digitally Signed Oct 7, 15*

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The costs comprise of a fixed annual cost and a variable cost that is directly proportional to the number and complexity of issue reported.

### **1. Fixed costs:**

#### *Service provider 'A':*

The fixed costs comprise of cost of receiving reports, secure maintenance of the database, record of communication amongst users/reviewers, provision of restricted access privileges to multiple users based on their area of expertise and maintain record of a secure audit log of every action on the database.

The cost of operation of an anonymous communication line is based on the total number and type of individuals that could report into the system. A differential pricing structure exists for internal stake holders as employees and vendors/suppliers and external stakeholders as members of the public.

#### Initial approximate costs (Per annum)

Hotline restricted to internal stake holders only:	\$ 12,500
Additional costs for external stake holders/public:	\$ 5,000
Total	: \$ 17,500

#### Service provider 'B':

Service provided gratis.

### **2. Variable costs:**

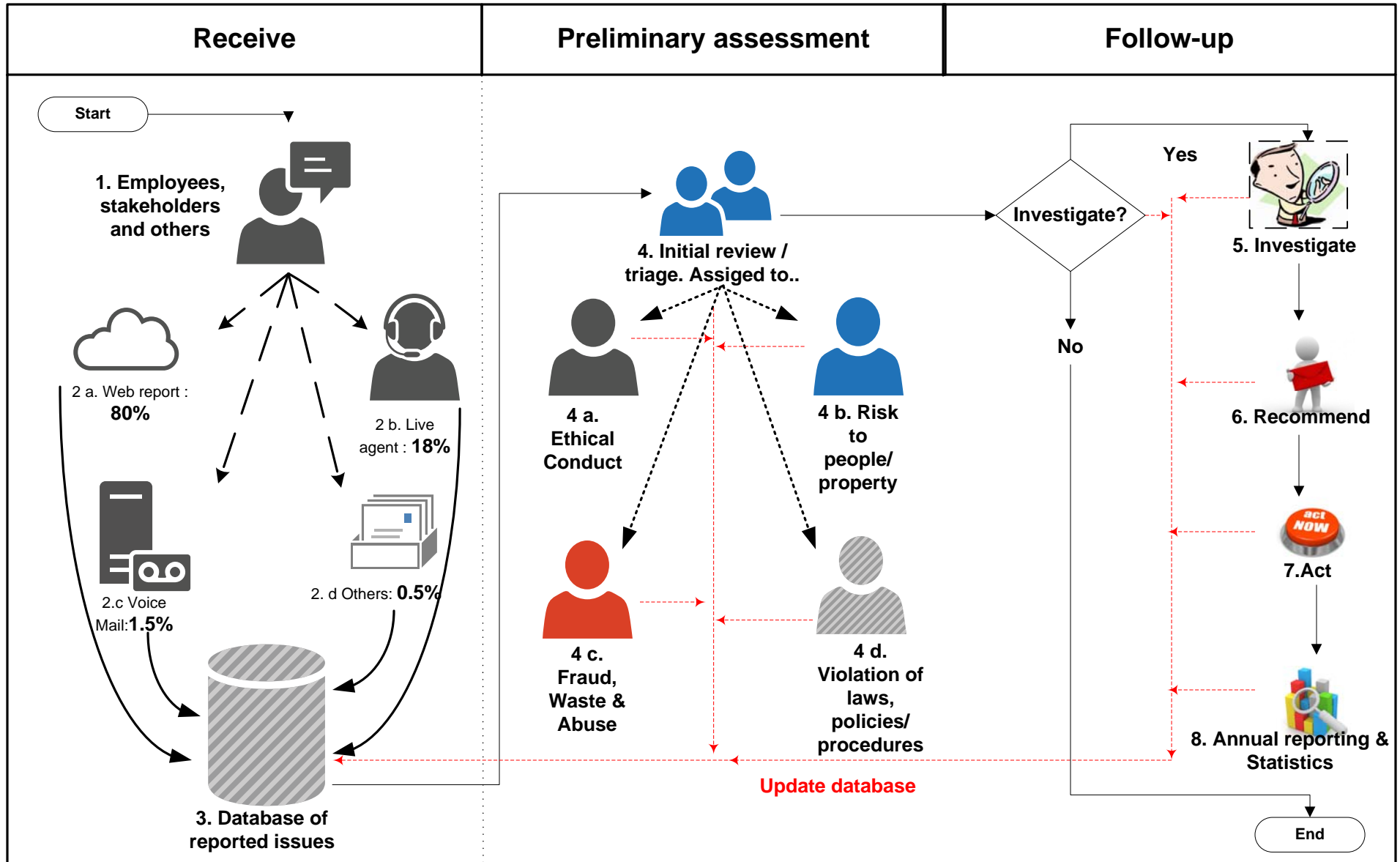
The variable costs comprise of the actual cost of employee time that may be devoted for:

- i. Initial preliminary review,
- ii. Assignment to the right investigation group
- iii. Investigation
- iv. Recommendation
- v. Implementing the decision
- vi. Updating the data base and
- vii. Periodic reporting.

The above variable costs would be difficult to estimate and based on time devoted by various individuals in an organization to investigate and follow-up reported instances.

# A. Whistle Blower Flowchart & estimated costs

For paid service provider



**Fixed cost :**  
 \$12,500 p.a. – Internal stakeholders  
 \$ 5,000 p.a. - External stakeholders

**Variable cost:** In proportion to the number, complexity of issues reported and cost of employee time devoted. An option to outsource specific investigation exists.

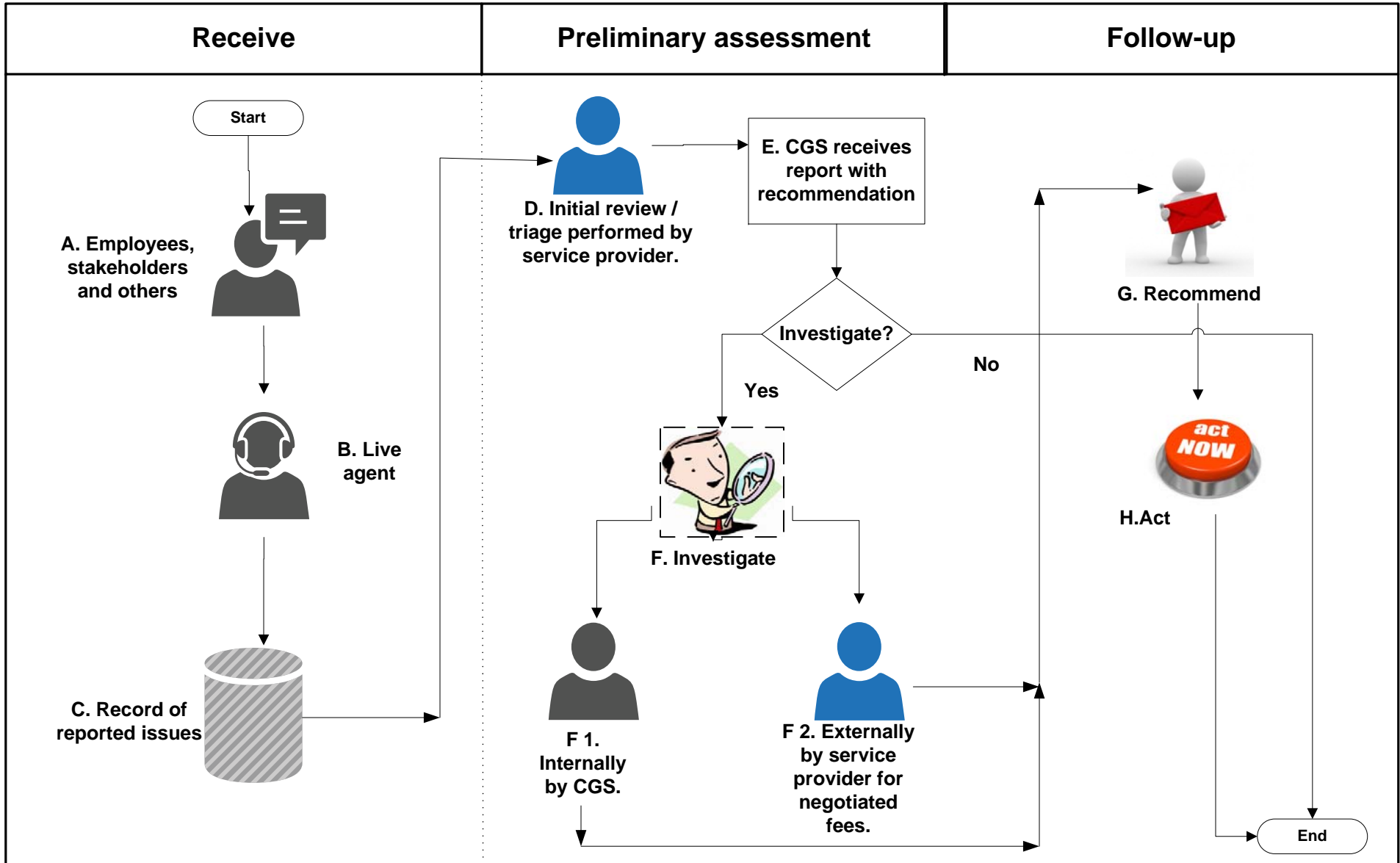
**A. Whistle Blower Flowchart notes**

**(Service for fee)**

Ref. #	Narration
1	<p>Communication to whistle blower lines may be made by any of the following persons:</p> <ul style="list-style-type: none"> <li>a. All category of employees (Full/part time, casual, temporary or contractors)</li> <li>b. Suppliers of goods and services and</li> <li>c. Residents</li> </ul> <p>Usage pattern range from 1 – 1.5% of the population. Assuming this trend CGS can expect 350 – 525 complaints in a year.</p>
2	<p>Communication/complaints could be received by following modes that support multiple languages (Information provided by the external service provider for annual fee and based on experience):</p> <ul style="list-style-type: none"> <li>i. Web reporting – 80%</li> <li>ii. Telephone call transcribed by a live agent – 18%</li> <li>iii. Voice mail – 1.5% and</li> <li>iv. Others including surface mail – 0.5%</li> </ul> <p>Each of the above modes offers an option to communicate anonymously.</p>
3	<p>The information received is input into a secure database that assigns a unique case number and key for follow-up and facilitates two way communications with anonymous reporters.</p>
4	<p>An initial/preliminary review of reported cases by designated individuals occurs to decide on:</p> <ul style="list-style-type: none"> <li>a. Need for further investigation,</li> <li>b. Assignment to the relevant investigation group – e.g. Audit, HR &amp; Legal.</li> </ul> <p>Among the features of the software are:</p> <ul style="list-style-type: none"> <li>i. Ability to make initial and investigation notes,</li> <li>ii. Email update to reviewers for new reports submitted/ and notes made,</li> <li>iii. Secure maintenance of audit trail etc.</li> </ul>
5	<p>On completion of investigation (by the assigned group for those cases that could be investigated), the database is updated. Based on past experience, only 30% of reported instances are generally investigated. Based on this trend, CGS could expect to investigate 105 – 158 cases annually.</p>
6	<p>The investigation report with findings/recommendations is forwarded to decision making authority and updates the database.</p>
7	<p>Appropriate authority initiates action and updates database.</p>
8	<p>Periodic/annual reporting analyzing trends/patterns.</p>

# B. Whistle Blower Flowchart & estimated costs

Use of free collection service



**Fixed cost :** \$ 1,000 initial one time setup and training cost.

**Variable cost:** Varies in proportion to the number, complexity of issues reported and outsourcing costs.

## B. Whistle Blower Flowchart notes

4/4

(When provided free)

Ref. #	Narration
A	Communication to whistle blower lines may be made by any of the following: a. All category of employees (Full/part time, casual, temporary or contractors) b. Suppliers of goods and services and c. Residents
B	Communication/complaints could be received only by telephone. Information is collected by a live agent with opportunity for caller to communicate anonymously.
C	The information received is input into a file.
D	An initial/preliminary review of reported cases is performed by the service provider, who in turn recommends: a. Further investigation – by the service provider for an agreed fees or b. Investigation internally by assigned group – e.g. Audit, HR & Legal.
E	CGS receives report with recommendation and decides on investigation.
F	A decision to investigate results in forwarding the facts to relevant internal group or to the service provider.
G	Investigator recommends suitable action based on review of the case.
H	Appropriate authority initiates action.