



THE CITY OF
CALGARY
CITY AUDITOR'S OFFICE

Whistle-Blower Program 2013 Annual Report

February 10, 2014

How to Reach Us

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1. Introduction

On May 28, 2007, City Council approved Council Policy CC026 - Whistle-Blower Policy. The policy reflects The City's ongoing effort to support ethical, accountable, and transparent local government. The purpose of this policy is to establish specific program responsibilities regarding the reporting and investigation of allegations of waste and/or wrongdoing within The City of Calgary. The Whistle-Blower Policy (Policy) directs the City Auditor and the City Manager to develop, implement, and maintain an effective Whistle-Blower Program. The Whistle-Blower Program began operations on July 5, 2007.

On May 27, 2013, the Council approved the amendments to the Whistle-Blower Policy as proposed by the Legislative Governance Task Force. The policy was revised to include Members of Council and Council staff.

The Policy also directs the City Auditor to report annually, information related to reports received and investigations conducted during the year to Council through the Audit Committee. Therefore, the City Auditor's Office has prepared this Annual Report representing activity from January 1, 2013 to December 31, 2013.

2. Program Overview

The City of Calgary's Whistle-Blower Program (Program) provides an additional mechanism for employees, suppliers or members of the public to report suspected acts of waste and/or wrongdoing. The Whistle-Blower Policy (Policy) applies to all employees, managers, contractors, suppliers, agencies or commissions over which Council has the authority to require general policies to be followed. The Program provides an anonymous, independent channel within the City Auditor's Office to ensure all concerns are objectively reviewed and appropriately investigated without fear of reprisal or management intervention.

This report summarizes only activities and concerns received through the Whistle-Blower Program. Employees are required to report allegations of criminal activity, breaches of security or administrative policy to their supervisor, HR or Corporate Security. The Whistle-Blower Program Annual Report does not contain information related to concerns received through other channels.

2.1 Sensitive Reports

In May 2012, the Whistle-Blower Program added a “Sensitive Report” feature for reports submitted through the external service provider – ClearView Connects. This feature provides reporters with an alternative route to submit concerns that are directed at or cannot be objectively reviewed by the City Auditor and/or the Manager of the Whistle-Blower Program. If a report is marked as Sensitive, ClearView Connects sends an email directly to the Audit Committee Chair. The Chair is responsible to assess the concern and where appropriate, initiate investigations. If requested, the City Auditor will assess and investigate reports implicating the Manager of the Whistle-Blower Program.

2.2 Triage Team

In 2011, the Whistle-Blower Program established a triage team and in 2013, the triage team continued to meet. The purpose of the triage team is to review reports submitted through the Whistle-Blower Program to determine initial assessment strategies. The team has advisory responsibilities and no decision-making authority. The team provides advice and support to the City Auditor to ensure that all concerns and allegations are subject to an appropriate investigation and resolution. The team meets on a bi-weekly basis to discuss any new Whistle-Blower Program reports. The team consists of the City Auditor; the Manager of the Whistle-Blower Program; the Director from the City Manager’s Office; and representatives from Corporate Security, including the Chief Security Officer.

2.3 Confidentiality and Whistle-Blower Protection

The Program treats all information received as confidential and will protect the identity of the reporter to the extent possible by law.

We do not disclose the specific information related to individual investigations or the nature of any disciplinary action taken by Management as a result of the investigation. We protect this information due to the sensitive and personal nature of the information collected during our investigations. Whistle-Blower investigations are conducted in accordance with the provisions of the Alberta Freedom of Information and Protection of Privacy (FOIP) Act.

The Whistle-Blower Policy includes Whistle-Blower Protection. The Policy prohibits reprisal against any individual making an allegation in good faith. Any individual who believes they are the subject of such reprisals should contact the City Auditor. Management is also required to inform the City Auditor should they become aware of possible reprisals. Any allegations of reprisal will be investigated immediately and, where substantiated, will be referred to the City Manager for disciplinary action.

2.4 Program Budget

The Program was established within the existing approved budget for the City Auditor's Office without incremental funding. In 2013, the approximate costs to support the program amounted to \$176,000. This included the contractor costs and the salary of the Manager of the Whistle-blower. The adequacy of this budget to provide timely and effective management of the program will be reassessed as part of budget planning for the City of Calgary Action Plan 2015-2018.

2.5 Communication of the Whistle-Blower Program

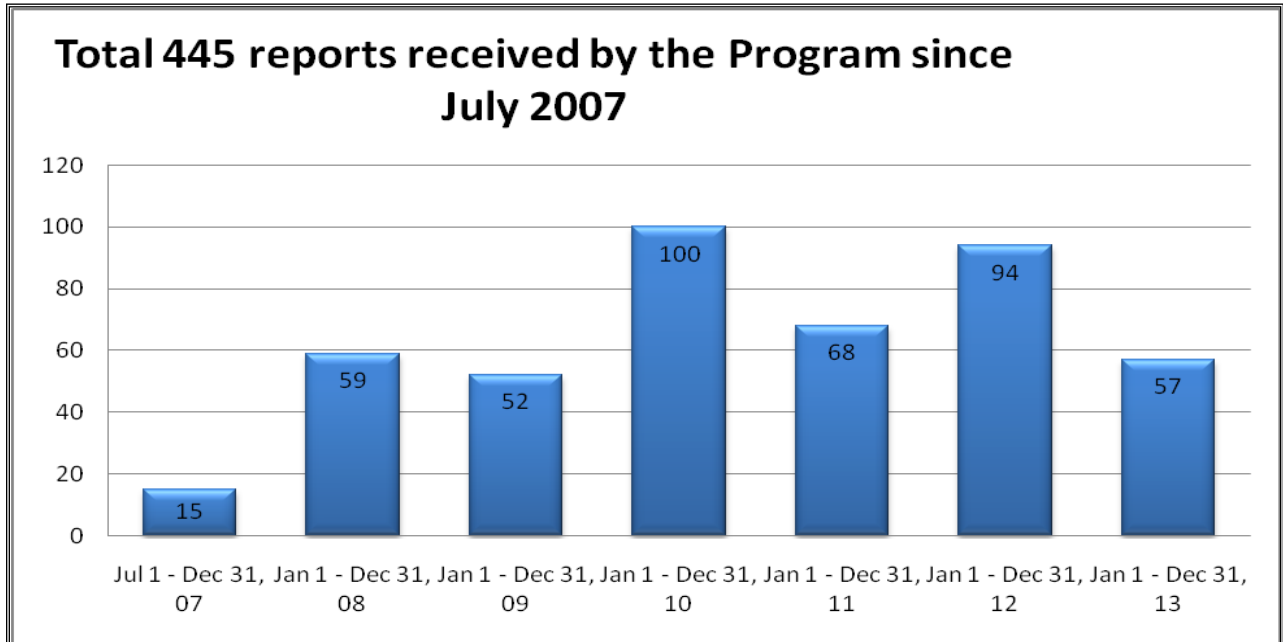
Ensuring employee and citizen awareness of the Whistle-Blower Program is a critical activity of the City Auditor's Office and is essential to ensuring the effectiveness of the Program. A communications strategy was developed as part of the Program launch and is ongoing. Key elements of the strategy included:

- Developing and maintaining Program information as provided within:
<http://www.calgary.ca/Auditor/Pages/Whistle-Blower-Program.aspx>
- Continued display of a Whistle-Blower poster in City workspaces.
- Presentations to business units as requested.
- Annual Report to City Council through Audit Committee and subsequent posting on the public City Auditor's Office website.

All reports received through the Whistle-Blower Program are assigned an individual file number and fully accounted for through the Whistle-Blower Annual Report to Audit Committee and Council.

3. Total Reports Received by the Program

Since its inception in July 2007, the Program has received 445 reports as follows:



In 2010, the Whistle-Blower Program saw a spike in the reports due to a reaction to comments made about misappropriation at the City.

Overall, the volume of Whistle-Blower Program activity slightly decreased in 2013 especially during the flood. The Whistle-Blower Program received only four reports from the end of June to the beginning of September. Normal volume is 4 – 5 reports per month.

4. 2013 Program Activity

4.1 Source of Reports

The City Auditor’s Office received 57 reports through the Whistle-Blower program in 2013.

As discussed earlier, numerous mechanisms exist to submit a report to the Whistle-Blower program. **Table 1** shows the various mechanisms used by reporters in 2013 to submit Whistle-Blower reports.

Table 1: How Reports Were Received - 2013

Source of Report	Number	%
Program Office		
Email - whistle@calgary.ca	12	21.05
Telephone	11	19.30
Other Sources (faxes, walk-ins)	1	1.75
Letters	5	8.77
External Service Provider	28	49.12
Referrals from Councillors	0	0.00
Total Reports Received	57	100

Forty nine per cent of all reports received through the external service provider’s hotline service, ClearView Connects. The hotline consists of a call centre and a web-based report form. When submitting a report, ClearView assigns the individual a case file number and password. This provides the City Auditor’s Office the ability to communicate with the reporter if further information is required while retaining the anonymity of the reporter if desired.

4.2 Status of Reports

The City Auditor’s Office receives and assesses all reports in accordance with the Council Policy, internal protocols, and guidelines. The unique circumstance of each report requires the application of professional knowledge and judgment to determine the appropriate action to address each case. The preliminary assessment includes assessing whether the report falls within the scope of the Policy, as well as the validity and sufficiency of the information provided.

Table 2 summarizes the status of the reports received in 2013, as of December 31, 2013.

Table 2: Report Status - December 31, 2013

Action	Reports Received	Open	Closed
No Action Required	16	0	16
Referred to Outside Agencies	4	0	4
Refer to Calgary Police	1	0	1
Referred to Management	8	2	6
Referred for Potential Audit	1	0	1
City Auditor Investigation	15	15	0
Referred to Audit Committee Chair	5	1	4
Not yet Assessed	7	7	0
Total	57	25	32

No Action Required – No further action can be taken as the report contains insufficient information to proceed with an assessment or investigation. This category also includes the receipt of comments and requests for information about the Program. The report is closed.

Referred to Outside Agencies – Reports not related to the City of Calgary are forwarded to the appropriate agency and closed. This category includes agencies such as the federal and provincial governments, etc.

Calgary Police – Reports relating to the Calgary Police Service are referred in accordance with Section 43 of the Alberta Police Act. Each report is forwarded upon receipt, as follows:

- Reports with respect to Calgary Police Service staff, other than the Chief of Police, are forwarded to the Chief of Police.
- Reports received with respect to the Chief of Police are forwarded to the Chair of the Calgary Police Commission.

Once forwarded, the report is closed.

Referred to Management – Reports that are more appropriately addressed by management are referred to the City Manager’s Office for further review and action. The files are closed once a memo has been received from the City Manager outlining the results of management’s review and any actions taken. Some reports do not require a response from management and therefore, the file is closed once it has been referred.

Referred for Potential Audit – The City Auditor’s Office may receive reports that identify areas where City procedures are seen to be wasteful or inefficient. In general, these relate to systemic or procedural issues rather than a specific incident or situation that can be investigated. Such reports are useful for identifying potential audit areas and are considered for future audit plans or amendments to the current plan. Once referred, these reports are closed.

City Auditor Investigation – A formal investigation has been initiated by the City Auditor’s Office. The file is closed when a discussion is held with the General Manager of the Business Unit.

Refer to Audit Committee Chair – Reports received relating to the City Auditor are forwarded to the Chair of Audit Committee. The Whistle-Blower Manager closes the report when the Audit Committee Chair has advised that the report has been addressed.

Not yet Assessed – Reports received prior to the reporting date where the preliminary assessment is in progress.

5. Investigations

Of the 57 reports received in 2013, 25 resulted in further investigation¹. The City Auditor’s Office investigated fifteen, five were referred to Management and five were referred to the Audit Committee Chair.

5.1 Investigations by Business Unit

Table 3 presents a breakdown of the investigated reports by business unit.

¹ Includes reports investigated by the Audit Committee Chair.

**Table 3: Investigations by Departments
January 1 to December 31, 2013**

Business Unit	Number
Chief Financial Officer	1
Community Services and Protective Services	4
Corporate Services	4
Planning Development and Assessment	1
Transportation	6
Utilities and Environment Protection	3
Members of Council and Council Staff	1
City Auditor's Office	5
Total	25

5.2 Types of Allegations Received

Table 4 illustrates the types of allegations that resulted in further investigation in 2013.

**Table 4: Investigations by Allegation
January 1 to December 31, 2013**

Description	Number
Health and Safety	5
Conflict of Interest	2
Time Reporting	4
Human Resources Policies	4
Procedures	1
Smoking Policy	0
Contracting Policy	1
Leadership/Management	2
Sensitive Reports	5
Procurement	1
Total	25

6. Investigation Status

All investigations are conducted on a confidential basis in order to protect the identity of the reporter as well as the staff member. This is to ensure the integrity of the investigation, avoid compromising any evidence, and to minimize the potential damage from reports that cannot be substantiated.

The determination of how the investigation will be conducted, including the nature, extent, and order of procedures is made by the assigned investigator based on the circumstances of the case. Investigative procedures are developed for each case and may include identifying sources and types of evidence, gathering and reviewing relevant information, interviewing various parties, as well as completing analysis on the information gathered to reach a conclusion. Information may be obtained from a business unit, subject matter experts, the reporter, witnesses and anyone with specific knowledge relating to the nature of the allegation.

Investigations remain in progress until an appropriate conclusion is reached. **Table 5** presents the status of the 25 investigations undertaken during 2013, in addition to the status of the 62 investigations underway at the beginning of 2013 from prior years.

Table 5: Investigation Status as at December 31, 2013

Description/Status	Number
Current Year Investigations	25
Files Open from Previous Year	62
Total Open	87
Closed	
No further action	7
Substantiated	3
Unsubstantiated	5
Refer to Outside Agency	1
Refer to Management	5
Total Closed	21
Files Outstanding for 2013	66

As of December 31, 2013, 66 investigations remained open.

An unsubstantiated report does not necessarily mean the report is without merit. In one investigation, we could not substantiate the allegation and therefore the report was classified as unsubstantiated. However, we determined that the employee did not follow proper procurement policies resulting in ineffective oversight and monitoring of credit card purchases. As a result of the investigation, the business unit committed to providing additional training to staff on proper procurement policies, education of staff on credit card purchases and the monitoring of credit card spending.

In 2013, the Whistle-Blower Program found allegations on three investigations substantiated. See **Appendix A** for a summary of the substantiated files.

Appendix A - Synopsis of Substantiated Reports

The following are summaries of substantiated reports completed during 2013.

2010 – 036 – Substantiated

The Whistle-Blower Program (WBP) received a complaint related to the lack of tendering process that occurred in 2008 for a large project. The WBP confirmed the complaint and determined that there was no tendering process and the City used sole/single sourcing.

Administration Policy # FA-036 “Using a Sole or Single Source Vendor” became effective on April 1, 2010. This new policy does not permit sole or single source procurement for a value of \$75,000 or over unless a valid exception exists in accordance with the TILMA exceptions. The new policy should ensure that sole sourcing of a large project would not occur in the future.

2012 – 088 – Substantiated

The WBP received a complaint that two employees used their credit cards to make a large number of purchases from one vendor and they did not follow the proper procurement policies. The WBP confirmed the complaint.

As a result of the investigation, Management agreed to the following commitments:

- 1) Issue a RFP for the services provided by the vendor.
- 2) Monitor credit spending.
- 3) Educate staff on procurement procedures.
- 4) Strengthen internal control procedures to record, track and approve procured work and services.

2012 – 089 – Substantiated

The WBP received a complaint related to a tender. The complaint felt that the bids for a tender were not evaluated based on the criteria as stated in the document. The WBP found the complaint substantiated and as a result of the Investigation, the wholly owned subsidiary has revised their processes.