

Bureau du  
vérificateur  
général

## III. Accountability Report for the Ethics Hotline





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#### INTRODUCTION

On April 27<sup>th</sup> 2009, in keeping with the recommendation of the general auditor's 2008 annual report, city council adopted resolution CM09 0293 requesting that the office of the general auditor set up an ethics hotline to prevent fraud and waste. This same resolution asked the executive committee, pursuant to the legislation, to authorize any budgetary funds required by the general auditor to diligently execute this assignment without imposing any repercussions on his main duties, as defined by the legislation.

The general auditor's ethics hotline became operational on Monday, December 14<sup>th</sup> 2009.

#### PRINCIPLES AND GOALS OF THE ETHICS HOTLINE

The ethics hotline allows employees, elected officials, mayoral staff and suppliers to anonymously and confidentially report any instance of "observed or suspected" wrongdoing in relation to the management of city business or any activities in violation of the *Guide de conduite*. Reportable wrongdoing includes the violation of any law, regulation, contract, agreement, rule, practice or internal guideline involving the City or an agency under its control. Examples of wrongdoing that should be reported include:

- falsification or unauthorized alteration and destruction of documents;
- unauthorized manipulation of computer or other data;
- improper use of city property, facilities and files;
- embezzlement;
- acceptance of bribes or kickbacks;
- theft or vandalism of city property;
- real, potential or apparent conflict of interest;
- payment for goods not supplied or services not rendered.

The ethics hotline is designed to protect its users from any subsequent act of retaliation against them. First and foremost, tipsters remain anonymous. In addition, the existing audit and investigation process prevents the disclosure of information about any reported cases and parties who may be involved.

Essentially, the ethics hotline serves as a means of communicating with the general auditor. We already receive information on problematic situations through e-mails, letters (anonymous and signed) and even private meetings. This information comes to us from city employees, elected officials and external parties. The general auditor's office is fully committed to protecting the confidentiality of this information and the identity of those who contact us.

## MAIN FEATURES OF THE ETHICS HOTLINE

Upon adoption of the above-mentioned resolution, we undertook the measures necessary to set up the ethics hotline. Its main features are described below:

- the hotline consists of a dedicated telephone line and secure Web site, available 24 hours a day, seven days a week;
- the telephone line and Web site are managed by Clearview, an external firm that operates independently of the City of Montréal and acts as the authorized agent of the general auditor for the purpose of collecting information;
- on behalf of the general auditor, Clearview ensures the confidentiality of the information submitted and the anonymity of the ethics hotline users. It administers a system for compiling the reports after they are received. These reports are stored on a server that belongs to the firm and is not linked in any way to the city network. Clearview notifies the duly authorized representatives of the general auditor by e-mail whenever a report is received;
- these individuals then process the submitted reports, in an impartial and confidential manner, via direct access to the Clearview site, which is secured using proven encryption techniques;
- once their report is submitted, ethics hotline users receive a user ID and password that allow them to track the status of their file at any time and to respond to any requests for additional information from the general auditor.

## INFORMATION CAMPAIGN

In order to inform potential users of the availability of the ethics hotline and the manner in which it operates, an internal information campaign was carried out in the fall of 2009. This campaign included:

- meetings with union representatives;
- a presentation to the management committee of the City of Montréal;
- a meeting with the ombudsman;
- a meeting with the chairman of the city council;
- the drafting and distribution of an information brochure on the ethics hotline to all employees;
- the distribution of posters throughout the internal city network;

- the posting of general ethics hotline information on the City's intranet;
- the posting of a document entitled *Processus régissant l'utilisation de la ligne éthique du vérificateur général* on the City's intranet for on-line consultation by employees and elected officials.

At the end of 2009, we launched an information campaign targeting external stakeholders, mainly suppliers. To this end, the City incorporated a link to the general auditor's ethics hotline in the "Business" and "Directory of service providers" pages of its Web site. In addition, a press release was issued on December 15<sup>th</sup> 2009 to announce the activation of the ethics hotline.

Starting in January 2010, we approached the various central departments of the City and the boroughs and offered to deliver a presentation on the workings of the ethics hotline to their respective management committee. From our perspective, these meetings were very productive as they allowed us to resolve certain doubts and provide further details about the hotline. As of April 15<sup>th</sup> 2010, we had delivered a total of 17 presentations to the central departments and boroughs.

On March 25<sup>th</sup> 2010, an internal memo was sent to clarify certain elements and facilitate the processing of all cases reported through the ethics hotline. Periodic follow-up communications will be issued to promote the visibility of the general auditor's ethics hotline.

**Among others, we plan on extending our information campaign to all agencies under the City's jurisdiction. We will be contacting the following organizations in the near future and offer to deliver them a presentation on the ethics hotline:**

- **the Société de transport de Montréal;**
- **the Société d'habitation et de développement de Montréal;**
- **Technoparc Montréal;**
- **the Société du parc Jean-Drapeau;**
- **the Conseil des arts de Montréal;**
- **the Conseil interculturel de Montréal;**
- **the Office de consultation publique de Montréal;**
- **the Société de gestion Nauberges de Lachine;**
- **Anjou 80.**

**Ultimately, the general auditor expects all city managers and those within the various city-controlled agencies to contribute constructively to the success of the ethics hotline. They can do this by confirming to their employees that this is a legitimate service and explaining the reasons**

for its existence, i.e. to foster a healthy working environment and ensure that the City is beyond reproach in all of its business dealings.

The general auditor invites all employees, elected officials, mayoral staff, members of city council committees and suppliers to remain attentive to anything that may point to wrongdoing. Their co-operation is also essential during the investigation process.

**STATUS OF CASES REPORTED THROUGH THE ETHICS HOTLINE AS OF MARCH 31<sup>st</sup> 2010**

As of March 31<sup>st</sup> 2010, 53 cases had been reported. Table 1 provides an overview of their status.

**Table 1—Status of Cases Reported Through the Ethics Hotline as of March 31<sup>st</sup> 2010**

<b>Case status</b>	<b>Number</b>	<b>Comments</b>
Closed	20	Sixteen of these cases were not consistent with the purpose of the ethics hotline because they did not involve any wrongdoing, they did not involve organizations under the jurisdiction of the City, they dealt with labour relations issues that first needed to be addressed by the usual authorities, etc. Five of these reports concerned topics that may give rise to more general management audits in the normal course of our operations. As for the other four, they were groundless or insufficiently substantiated.
Awaiting information	4	We have contacted those who reported the incident through the secure Clearview system. We are waiting for further information. However, if these people do not log into the Clearview system using their user ID and password, they will not see the follow-up messages and we will probably be unable to pursue our investigation.
Under investigation	29	These reports are currently undergoing a preliminary review to identify whether there are sufficient grounds to justify an in-depth audit or investigation requiring the services of in-house or even external resources. A budget request has been submitted for these resources in order to avoid hindering our ability to execute the other aspects of our mission.

Table 2 features a breakdown, by category, of cases awaiting information and under investigation.

**Table 2—Breakdown of Ethics Hotline Reported Cases by Category**

Category	Number
Unethical conduct or conflict of interest	14
Unauthorized manipulation or falsification of data	0
Theft, embezzlement, fraud	5
Breach of laws, regulations, policies or procedures	8
Others	6

Table 3 indicates the source of the 53 reported cases.

**Table 3—Breakdown of Ethics Hotline Reported Cases by Source**

Source who reported the case	Number
Elected municipal official	1
City employees	32
City suppliers (current or potential)	1
Residents	8
Unknown (status not identified by the reporting party)	11

## BUDGET REQUEST

In March 2010, we presented the executive committee with a request to obtain an additional recurring budget of \$650,000 to cover the following expenditures:

- fixed expenses related to the ethics hotline;
- the hiring of additional resources;
- the hiring, as necessary, of external resources to provide extra support.

The operating costs of the ethics hotline include fixed and variable expenses that cannot be assumed by the general auditor's office through its current operating budget without affecting the execution of its main duties under the *Cities and Towns Act*.

We have clearly documented our needs on the basis of the anticipated number of cases to be reported in 2010. This projection is predicated primarily on the number of reported cases during the first three months that the line was in operation and the estimated workload derived from the time spent processing reported cases to date. We expect that the annual volume of reported cases will be roughly 150 to 200.

This budget is subject to an annual review based on the number of cases actually reported and the efforts required to process them. **At the time these comments were written, we still had not received a favourable response to this request from the executive committee.**