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**Date** September 6, 2022 **Report No.** 2022-586

**To** Chair and Members  
Combined Committee of the Whole – Operations and Planning and  
Administration

**From** Heidi de Vries  
General Manager of People Legislated Services and Planning

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## 1.0 Type of Report

Consent Item ☐  
Item For Consideration ☒

**2.0 Topic** Safe Reporting Program and Hotline [Financial Impact  
- \$5,500 - \$9,000 per year.]

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## 3.0 Recommendation

- A. THAT Report 2022-586 Safe Reporting Program and Hotline BE RECEIVED; and
- B. That Corporate Policy 052 – Safe Reporting Program, attached as “Appendix A” to this Report, BE APPROVED; and
- C. THAT the necessary by-law to amend by-law 70-2010, being a by-law to adopt various City of Brantford policies and to create a corporate policy manual BE PRESENTED to City Council for adoption; and
- D. THAT the annual cost of \$9000.00 to pay for the cost of the independent third party service provider required by Corporate Policy 052 – Safe Reporting Program BE INCLUDED as an unavoidable increase to the 2023 operating budget.

## 4.0 Executive Summary

This Report recommends that Council adopt a new corporate policy, CORPORATE-052 Safe Reporting Program. This Policy will establish a new policy that will require and encourage City staff, elected officials and committee/task force members to report suspected wrongdoing. The policy will also establish a confidential mechanism for staff to submit complaints with a view to encouraging staff, elected officials, and committee/task force members to speak up while protecting the identity of complainants and reducing the risk of reprisal/retribution.

## **5.0 Purpose and Overview**

At present, the City does not have a formal safe reporting program and does not have a reliable system for receiving reports of suspected wrongdoing which also fully protects the identity of complainants. As a result, some staff, elected officials or committee/task force members may feel uncomfortable reporting suspected instances of wrongdoing by other members of the City's workplace community for fear of reprisal/retribution.

As a result, it is possible that the City has not been made aware of misconduct committed by staff, elected officials or committee/task force members for fear that the complainant would suffer reprisal or retribution.

This potential underreporting is concerning because it may prevent or hinder the City's ability to respond to and manage misconduct that could negatively impact the City and erode the public trust in the City's administration.

The proposed policy establishes a positive obligation on all staff, elected officials and committee/taskforce members to report suspected incidents of wrongdoing and provides a safe and confidential means to make a complaint. The intent is to foster a level of trust in the reporting system amongst staff, elected officials, and committee/task force members to ensure that the City is made aware of, and can appropriately investigate any instance of suspected wrongdoing which could negatively impact the City or reduce the public trust in the City's administration.

## **6.0 Background**

At present, the City does not have a process or program that would permit a City employee, elected official or task force/committee member to anonymously report a suspected incident of wrongdoing. All of the City's current reporting tools would require a complainant to identify themselves to at least one other person in order to initiate an investigation into a suspected incident of wrongdoing.

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Independent research has shown that one of the most important and critical components of a safe reporting program is the manner and extent to which an organization is able to protect complainants from reprisal/retaliation. The fear of reprisal/retaliation is a primary reason that individuals do not report incidents of suspected wrongdoing.

Fear of reprisal, and its chilling effect on reporting can have a significant negative impact on an organization. Some international research suggests that the most effective mechanism for detecting incidents of wrongdoing is through reports made by employees. For example, the National Whistleblower Center, a United States based advocacy organization reported that private auditors were only able expose 19% of confirmed corporate frauds on private corporations, whereas whistleblowers exposed 43% of confirmed corporate frauds based on a 2007 Price Waterhouse Coopers survey.

Similar results were reported by the Association of Certified Fraud Examiners (ACFE) in 2008. In the ACFE's *2008 Report to the Nation on Occupational Fraud and Abuse* it was reported that occupational frauds are much more likely to be detected by a tip then by audits, controls or any other means. Significantly, the ACFE found that 46.2% of all frauds were uncovered by tipsters, while only 3.2% were detected by law enforcement.

Although the proposed program will be responsive to incidents other than fraud (violations of corporate policies, criminal activity other than fraud, harassment, bullying, etc.) the statistics presented above should illustrate the corporate value of a well-designed and anonymous reporting program.

Tipsters/internal complainants can represent significant value to an organization. It is the intent of the proposed program to provide a safe and anonymous reporting system that will help to remove barriers (such as fear of reprisal/retaliation) for those that are considering reporting a suspected incident of wrongdoing. The City does not currently have such a program and this may result in under reporting of suspected wrongdoing, which is not in the City's best interests.

## **7.0 Corporate Policy Context**

This report aligns with Council Priority #4

- There is a high trust in the City through demonstrated progress in taxpayer affordability and value for money

This report also aligns with the following existing corporate policies

- Corporate-029 Employee Code of Conduct
- Corporate-030 Respectful Workplace
- HSS-026 Respectful Workplace Standard

## **8.0 Input From Other Sources**

No input was received from other sources.

## **9.0 Analysis**

Establishing the proposed policy and retaining an independent third party to administer a safe reporting and case management system is a prudent and cost effective tool to:

1. Provide staff, elected officials and committee/taskforce members with a safe and confidential way to report suspected incidents of misconduct on the part of other staff, elected officials or committee/taskforce members; and
2. Increase the likelihood that the City will be made aware of, and be given a reasonable opportunity to effectively uncover and investigate suspected incidents of wrongdoing that could harm the City or cause the public to lose confidence in the City's administration.

Creating a comfortable environment for staff, elected officials and committee/task force members to report suspected wrongdoing is desirable from a corporate perspective.

Some of the key benefits associated with a safe reporting policy/system such as the one prepared by staff include:

- Early detection and reduced costs associated with misconduct or wrongdoing;
- Safeguarding the integrity of the management system;
- Deterrence of misconduct or wrongdoing;
- Maintaining the public trust and confidence;
- ensuring compliance with legal requirements; and

- promoting employee engagement, enfranchisement and well being

In order to implement an effective safe reporting program it is extremely important to design a system that can effectively protect the identity of complainants. Several guidance documents and academic researchers have identified the anonymity element of the safe reporting program as the primary driver for the success of the system.

The most significant deterrent which prevents individuals from speaking up and reporting perceived or suspected wrongdoing/misconduct is the fear of reprisal or retribution. Unless complainants are confident that they will not suffer reprisal or retribution, they are unlikely to come forward and make a report.<sup>1</sup>

With that in mind staff have prepared a policy which will require the City to procure the services of an independent service provider to operate a reporting system which will provide complainants/tipsters with the ability to anonymously report suspected incidents of wrongdoing, by phone, using a secure online portal or by mail.

Acquiring an independent service provider has several benefits.

First, the independent service provider will provide a “turn key” safe reporting system which will function to receive complaints and distribute those complaints to pre-determined City staff. The independent service provider will be able to categorize complaints which will allow staff to make appropriate decisions as to whether a complaint will be investigated, and who will conduct the investigation.

Second, the independent service provider will be able to guarantee the anonymity of the tipster. It is often difficult, if not impossible to completely anonymize complaints that are received by staff through established channels. This reality leads to under reporting, particularly where complaints deal with sensitive subject matter or would be directed at immediate superiors or high ranking officials within the City’s administration. Underreporting, or non-reporting does not serve the City’s interests and removing that barrier to reporting is desirable.

Third, the independent service provider will be at arms’ length. This is an important consideration with respect to requests for access to documents. Any

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<sup>1</sup> CSA Group – EXP01-16, Whistleblowing systems – A guide

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documents or information that are maintained by the independent service provider will not be subject to FOI requests.

Fourth, establishing a relationship with an independent service provider will assist in tracking the nature of the complaints the City is receiving and to provide reports to Council regarding the nature of the complaints that the City is receiving. The information would not be detailed and would not disclose enough information to compromise the anonymity of the process, however, the information may assist the City to initiate organizational change if a particular commission, department or type of claim is repeatedly identified.

Staff have canvassed several service providers that offer the type of functionality described above. Each of the service providers have developed systems that will meet the City's needs and provide the type of functionality required by the proposed policy.

In recent years several other municipalities and public sector organizations have implemented similar policies and have contracted with an independent service provider to offer an anonymous whistleblower reporting system. Some of those organizations and municipalities include: City of Mississauga, Brock University, City of Red Deer, City of Calgary, City of Edmonton, City of Winnipeg (including it's citizens), TTC, OLG, LCBO, Canada Revenue Agency, CIBC, BMO, RBC, Canada Lands Company, Calgary Public Library, Loblaws, Sobey's, SNC-Lavalin, MGE Entertainment/Fallsvew Casino, Russel Metals, Women's College Hospital, Medavie, Bell Canada, Xplornet Communications, Cogeco, Mohawk College, Peel Regional Police and Hamilton Health Sciences.

Implementing an anonymized safe reporting program, such as the one described above, is a popular and cost effective way to realize the corporate value that tipsters present.

## **10.0 Financial Implications**

Staff have canvassed several service providers regarding the cost to implement a safe reporting system. Quoted costs range from approximately \$5,500 - \$9,000 per year, plus HST.

The following services are included in the annual subscription fee:

- Implementation of the system

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- 24/7 North America toll free number and on-line/mail reporting
  - Unlimited number of reports annually
  - Case management functionality and annual reporting
  - Training for City staff that will receive and process reports
  - Communication material that can be distributed to staff, elected officials and committee/task force members to promote the service
  - Some customization to allow the /city to manage the type of reports that are received.

## **11.0 Climate and Environmental Implications**

N/A

## **12.0 Conclusion**

Implementing an anonymous safe reporting program that is coordinated by an independent third party is a cost effective and prudent way to help the City detect fraud and other incidents of suspected wrongdoing. Independent research has consistently found that internal reports of suspected wrongdoing are the most effective way for an organization to discover fraud or other incidents of wrongdoing and to respond appropriately. Tipsters can represent significant value to their organizations if there is a safe and anonymous way to report suspected wrongdoing. If employees are concerned that they may suffer reprisal/retaliation they are unlikely to report suspected incidents of wrongdoing. As a result, the best way to realize the corporate value of tipsters is to implement a safe reporting program which permits anonymous reporting and which can address any issue of reprisal/retaliation.

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Heidi de Vries  
General Manager of People, Legislated Services and Planning

Prepared By:

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Geoff Daley, Legal Counsel & Head of Litigation

Attachments (if applicable)

Corporate Policy 052 – Safe Reporting Program

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required ☒ yes ☐ no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk ☐ yes ☒ no

Is the necessary by-law or agreement being sent concurrently to Council? ☒ yes ☐ no