Winnipeg
Audit Department
Service de vérification

Fraud and Waste Hotline Evaluation Report

February 2016

2016 YEAR OF RECONCILIATION
2016, ANNÉE DE LA RÉCONCILIATION

MANDATE OF THE CITY AUDITOR

- The City Auditor is a statutory officer appointed by City Council under *The City of Winnipeg Charter*. The City Auditor is independent of the Public Service and reports directly to Executive Policy Committee, which serves as the City's Audit Committee.
- The City Auditor conducts examinations of the operations of the City and its affiliated bodies to assist Council in its governance role of ensuring the Public Service's accountability for the quality of stewardship over public funds and for the achievement of value for money in City operations.
- Once an audit report has been communicated to Council, it becomes a public document.

BACKGROUND

- The Fraud and Waste Hotline commenced operations on April 30, 2012 and in July 2013 the Hotline was expanded to provide accessibility to citizens of the City of Winnipeg.
- A review of the performance of the Fraud and Waste Hotline was endorsed by the Audit Committee in the City Auditor's *Audit Plan 2015–2018*.

OBJECTIVES

- The objectives of our evaluation were:
  - To determine if the availability of the Hotline is properly communicated to enable it to serve as a preventative mechanism?
  - To assess if the Hotline has been effective at identifying potential unethical behaviour and protecting City property, resources and information?
  - To evaluate if there are opportunities to improve the cost efficiency of the Hotline's operations?

SCOPE

- The scope of our evaluation included all performance information related to the operations of the Hotline since inception in 2012.
- We also compared the Hotline operation to other Canadian jurisdictions.

APPROACH AND CRITERIA

- The following activities were conducted by audit staff to complete this evaluation:
  - Researched and reviewed the leading practices used by organizations for reporting fraud and waste;
  - Researched and reviewed information from other Canadian municipalities that had implemented an anonymous employee hotline for reporting fraud or waste;
  - Researched and reviewed reports on the operations of anonymous fraud and waste hotlines in North America;
  - Reviewed the existing City of Winnipeg *Fraud, Theft, Misappropriation or Related Irregularities Administrative Directive* and related procedures;
  - Discussed with the City of Winnipeg Campus Applications Support Unit the costs associated with developing a web application in house to support the operations of the Fraud and Waste Hotline; and
  - Conducted general research on fraud hotlines.

CONCLUSIONS

Is the availability of the Hotline properly communicated to enable it to serve as a preventative mechanism?

- The communication methods used to promote awareness of the Hotline are similar to other Canadian jurisdictions. Recognizing the opportunity for continuous improvement, the Audit Department will investigate new processes to communicate the availability of the Hotline. These will include identifying opportunities to include Hotline information in any mail sent out to citizens and to evaluate opportunities to provide information packages to the various unions which represent city employees.
- The Audit Department will continue to issue city-wide emails on an annual basis to remind staff of the availability of the Hotline.

Has the Hotline been effective at identifying potential unethical behaviour and protecting City property, resources and information?

- The Hotline has received substantiated reports that did identify unethical behaviour. This illustrates the Hotline is contributing to the protection of City property, resources and information.
- The anonymity of the Hotline further contributes to the City's control environment by acting as a preventative measure by also deterring unethical behaviour. The exact benefit derived from this aspect of the Hotline cannot be easily quantified.

Are there opportunities to improve the cost efficiency of the Hotline operations?

- The Fraud and Waste Hotline received 42 reports in 2015, a significant increase over the previous two years. The report intake and database management aspect of the Hotline could be provided at a lower cost by using City resources; however, the inability to access a live operator 24/7, the lack of a bilingual service option and a perceived impact on independence and anonymity could all negatively impact the report volumes received by the Hotline. Altering the service delivery mechanism is not viewed as a prudent business decision at this point in the lifecycle of the Hotline.
- The Audit Department will continue to contract with an external service provider for the report intake and database management system. The current contract expires in 2017 and the department would issue a new Request for Proposal for a five-year contract, renewable in one year increments.

Fraud and Waste Hotline Background

1.1 Background

- In July 2006, the City of Winnipeg *HR-008: Fraud, Theft, Misappropriation or Related Irregularities* Administrative Standard was approved by the Chief Administrative Officer. The City Auditor also agreed to conduct investigations referred by the Public Service to the Audit Department under this Administrative Standard. Instances in which an employee was aware of fraud or a violation of the City's *Employee Code of Conduct* were to be reported to the employee's manager or supervisor. A formalized process for employees to report instances of fraud or waste anonymously did not exist.

- A research study on fraud and waste hotlines was identified in the City Auditor's Audit Plan for 2009 to 2010, and was presented to Audit Committee in May 2011. On May 25, 2011, Council approved the implementation of a Fraud Hotline (the "Hotline") to be managed by the Audit Department. In conjunction with launching the Fraud Hotline, the City's *Fraud, Theft, Misappropriation or Related Irregularities* Administrative Standard was updated and incorporated three new sections: (1) Confidentiality of Information, (2) Whistleblower Protection and (3) Bad Faith Allegations.

1.2 Fraud and Waste Hotline Operation

- The Fraud Hotline commenced operations on April 30, 2012. In July 2013 the Hotline was expanded to provide accessibility to Winnipeg citizens, and was renamed the Fraud and Waste Hotline. The Fraud and Waste Hotline is a confidential and anonymous service that allows citizens and staff to report incidents of wrongdoing, as well as other issues and concerns, 24 hours a day, 7 days a week. The call intake and report database management system aspect of the Hotline is operated independently by a third party and is accessible by phone or internet. Each report submitted is given a tracking number and a password, so the reporter can follow the progress of the case and see what action has been taken.

- Audit Department staff receives notification of the new report and then initiates a preliminary investigation based on the information provided to determine if the allegations have merit or to obtain additional information to make the matter actionable. The tracking number feature enables Audit Department staff to pose additional questions to the person submitting the report, thereby enabling the reporter to provide additional information if he or she so chooses.

1.3 Enhancements to Whistleblower Protection

- Whistleblower protection is addressed in the City of Winnipeg's Administrative Standard No. HR-008 - *City of Winnipeg Fraud, Theft, Misappropriation or Related Irregularities*. The standard states that the City will protect and support employees who report in good faith any suspected acts of fraud, theft, misappropriation or other related irregularities. A process is in place to address any instances where retaliation has been taken against an employee.

- At the February 25, 2015 Council meeting, Council passed the following motion to further enhance the protection of City of Winnipeg employees as well as members of the public appointed to Boards and Commissions by the City who report instances of fraud and waste:

  - That the Province of Manitoba be requested to amend *The City of Winnipeg Charter* or *The Public Interest Disclosure (Whistle-blower Protection) Act*, to include statutory

whistleblower protection for civic employees and members of the public appointed to Boards and Commissions by the City, consistent with the protections given to employees under The Province of Manitoba's *Public Interest Disclosure (Whistle-blower Protection) Act*.

- New provisions of *The Public Interest Disclosure (Whistle-blower Protection) Act* came into effect on January 1, 2016. The changes require all people involved in the investigation or management of a disclosure to protect the identity of whistleblowers, and prohibit the disclosure of the whistleblower's identity in a civil court proceeding or a proceeding of an administrative tribunal.

- Hotlines by themselves will not succeed in an environment where employees are fearful of retaliation; therefore, a well-articulated and properly communicated whistleblower policy that guarantees protection to employees needs to be in place.[1] The enhancements made to whistleblower protection, and the continued support of the Hotline by City Council and senior management, are important building blocks for an effective Fraud and Waste Hotline.

1.4 Objectives of a Hotline

- Hotlines form part of a comprehensive ethics framework by providing a proactive fraud prevention and detection control process. Typically, hotlines are established as an additional mechanism to report fraud, theft, misappropriations and other related irregularities without the fear of reprisal. While most organizations will have processes in place to report internally to an individual's supervisor or human resource representative, the availability of a hotline ensures reporters also have access to an anonymous process to submit reports.

- The key objectives of a hotline process include:
    - To serve as a deterrent and preventative tool to mitigate the risks related to fraud and waste within the organization.
    - To identify potential unethical behaviour, fraud or waste through anonymous reports.
    - To support the protection of property, resources and information.

1.5 Evaluation Objectives

- The purpose of this report is to determine whether the Fraud and Waste Hotline is achieving the main objectives set out for it, and whether cost efficiencies can be achieved through changes to the report submission process.

- To evaluate whether the Fraud and Waste Hotline is achieving its objectives, we looked at the following questions:
    - Is the availability of the Hotline properly communicated to enable it to serve as a preventative mechanism?
    - Has the Hotline been effective at identifying potential unethical behaviour and protecting City property, resources and information?
    - Are there opportunities to improve the cost efficiency of the Hotline operations?

[1] Fraud Hotlines Can They Succeed on their Own? Research Project for Emerging Issues/Advanced Topic Course; Diploma in Investigative and Forensic Accounting Program; University of Toronto, Prepared by Ruvani Shaubel For Prof. Leonard Brooks; May 31, 2013.

Statistical Overview

2.1 Survey of Comparable Canadian Hotlines

- We looked at the operations of the fraud and waste hotlines in the following five major Canadian cities: Toronto, Calgary, Ottawa, Edmonton and Montreal. Comparable information on those hotlines is presented in the following pages. In some cases comparable metrics could not be obtained, resulting in that specific jurisdiction not being included in the information presented.

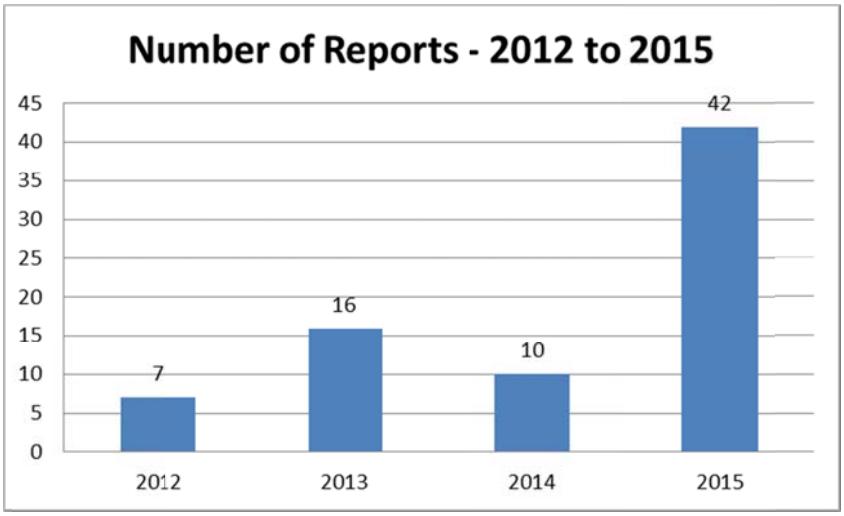
	Winnipeg	Toronto	Calgary	Ottawa	Edmonton	Montreal
Year hotline implemented	2012 [1]	2002	2007	2005	2007	2010
Service Delivery	Report intake is outsourced Investigation is internal	100% Internal	Report intake is outsourced Investigation is internal	Report intake is outsourced Investigation is internal	Report intake is outsourced Investigation is internal	Web-based interface is outsourced Call intake and investigation is internal
Hotline available to Staff and/or Public	Staff and Public	Staff and Public	Staff and Public	Staff and Public	Staff Only	Staff and Public
Department that manages the hotline	Audit Department	Auditor General's Office	Audit Department	Audit Department	Audit Department	City's Inspector General [2]
Number of staff assigned to management of hotline	Approximately .5 FTE	5 FTE hotline staff and .5 FTE administrative staff	2 Full Time Position	1 Full Time Position	Approximately .74 FTE	1 Full Time Position

Note 1: The Hotline commenced operations on April 30, 2012 and in July 2013 the Hotline was expanded to include accessibility to citizens of the City of Winnipeg.
Note 2: From 2010-2014 management of the hotline was the responsibility of the City's Comptroller General who is not independent of administration. In 2014 the operation of the hotline became the responsibility of the City's Inspector General.

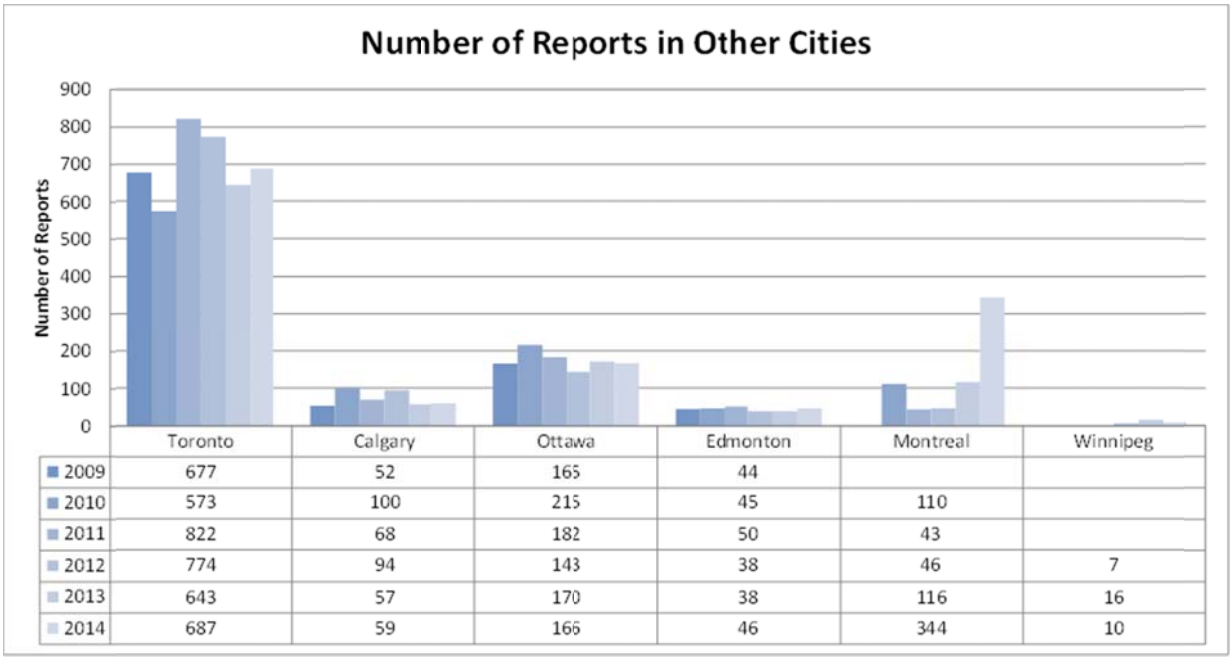
2.2 Activity Statistics

2.2.1 Total Reports

- Prior to the Hotline commencing operation in April 2012, only three reports had been submitted anonymously to the City Auditor. Since the implementation of the Fraud and Waste Hotline, seventy-five reports have been received.



- The number of reports received in other cities is illustrated below. Winnipeg has experienced the lowest level of call activity suggesting there are opportunities to enhance awareness of the availability of the Hotline.



	Toronto	Calgary	Ottawa	Edmonton	Montreal	Winnipeg
2009	677	52	165	44		
2010	573	100	215	45	110	
2011	822	68	182	50	43	
2012	774	94	143	38	46	7
2013	643	57	170	38	116	16
2014	687	59	166	46	344	10

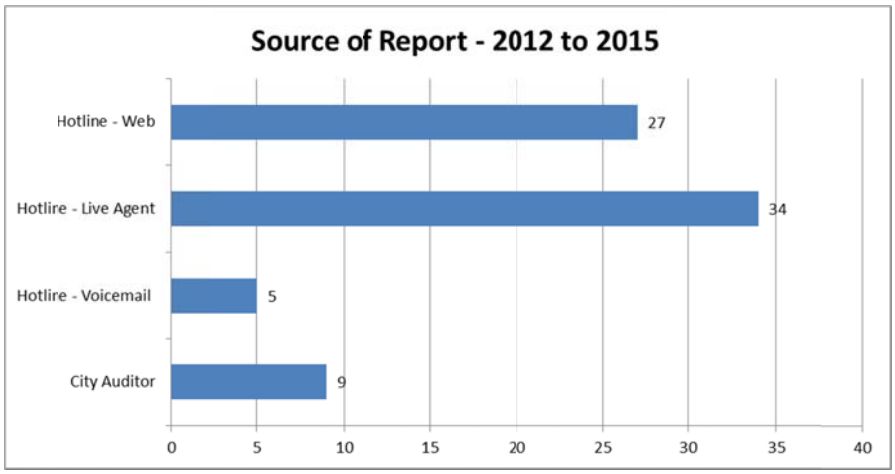
- If Winnipeg's report volume trend mirrors the experiences of other jurisdictions, one would expect the report volume in future years to remain comparable with the 42 reports in 2015.

2.2.2 Source of Reports

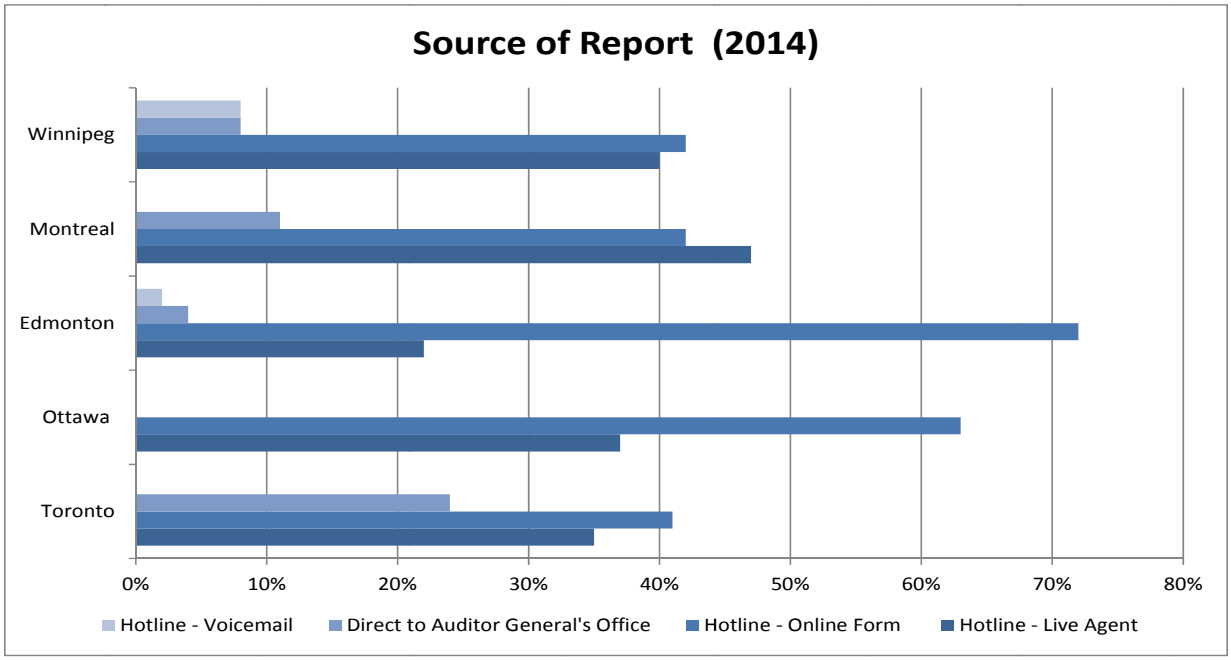
- Reports to a hotline are typically received via a toll free number which offers the option of leaving a voicemail or talking with a live agent. In addition, web-based submission forms are also available. Since the implementation of Winnipeg's Hotline, there have also been reports submitted directly to the Audit Department either through the Audit Department's General Line, to the City Auditor directly, or forwarded from the Office of the Auditor General of Manitoba.

- Between 2012 and 2015, 36% of reports were submitted anonymously through an online form and 45% were received through live agents.

- In other jurisdictions, more reports typically come through web-based forms. The second most common source of reports is



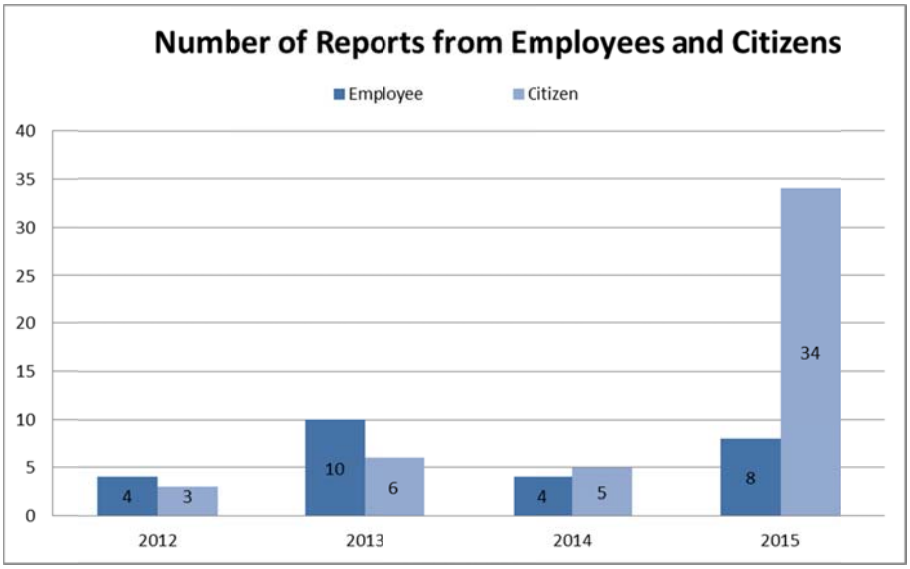
through telephone calls to live agents. Voicemail was a rarely used form of submitting report information. We observed from our jurisdictional survey that Edmonton is the only other city besides Winnipeg to identify receiving reports through voicemail.



- Maintaining multiple report submission options is preferred to allow individuals to submit information to the Hotline conveniently and through a process they find suitable.

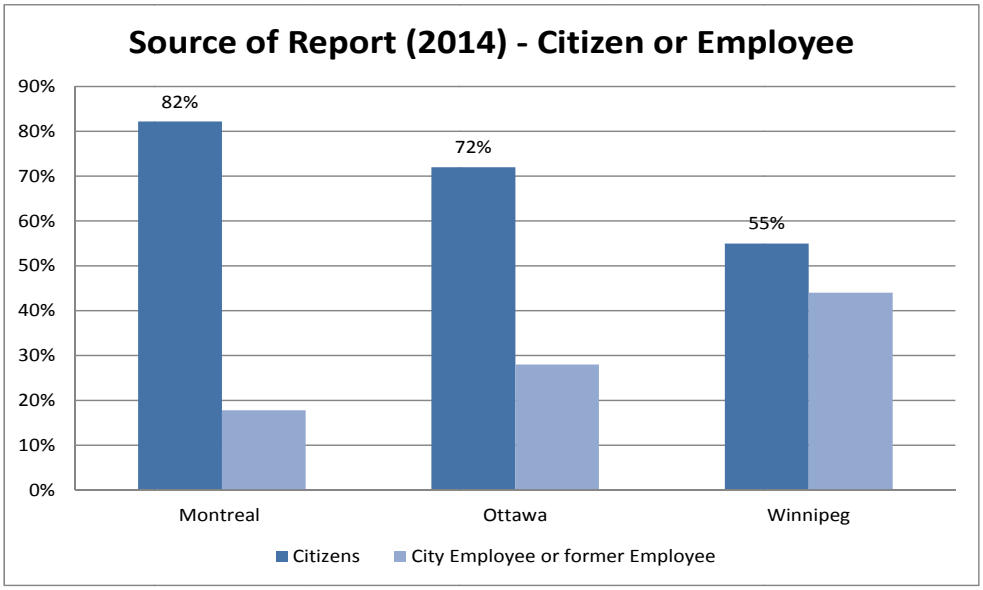
2.2.3 Number of Reports by Citizens and City Employees

- It is important to note that the submission of reports is completely anonymous. The principle of anonymity is a critical principle regardless of whether a jurisdiction manages the report intake process internally or outsources that feature. Voice caller ID or IP addresses are not tracked to support that condition of anonymity. When a report is submitted a caller is requested to identify their relationship to the entity (employee or citizen); however there is no ability to verify this self-disclosure and as a result the integrity of this data set is unknown.



- The majority of reports submitted to Winnipeg's Hotline are from citizens. City of Winnipeg citizens have been

utilizing the Fraud and Waste Hotline, providing a total of 48 reports since 2012 representing 64% of all reports to the Hotline.

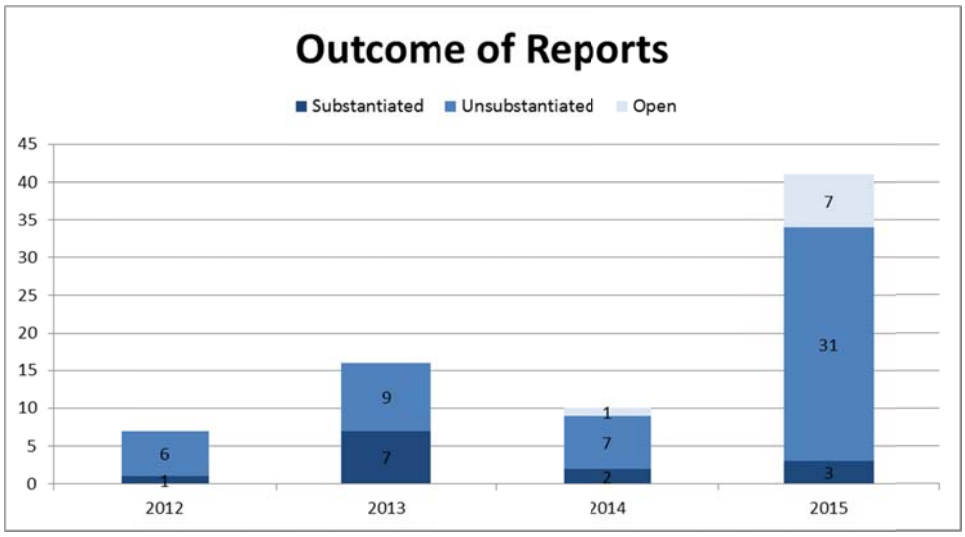


- In 2014, the percentage of reports received from Winnipeg citizens declined slightly to 55%. Both Montreal and Ottawa report receiving a higher percentage of reports from citizens. There is no preferred distribution of reports between citizens and staff. The volume of reports received from individuals who identified themselves as a citizen does demonstrate the value in maintaining the citizen access feature to the Hotline.

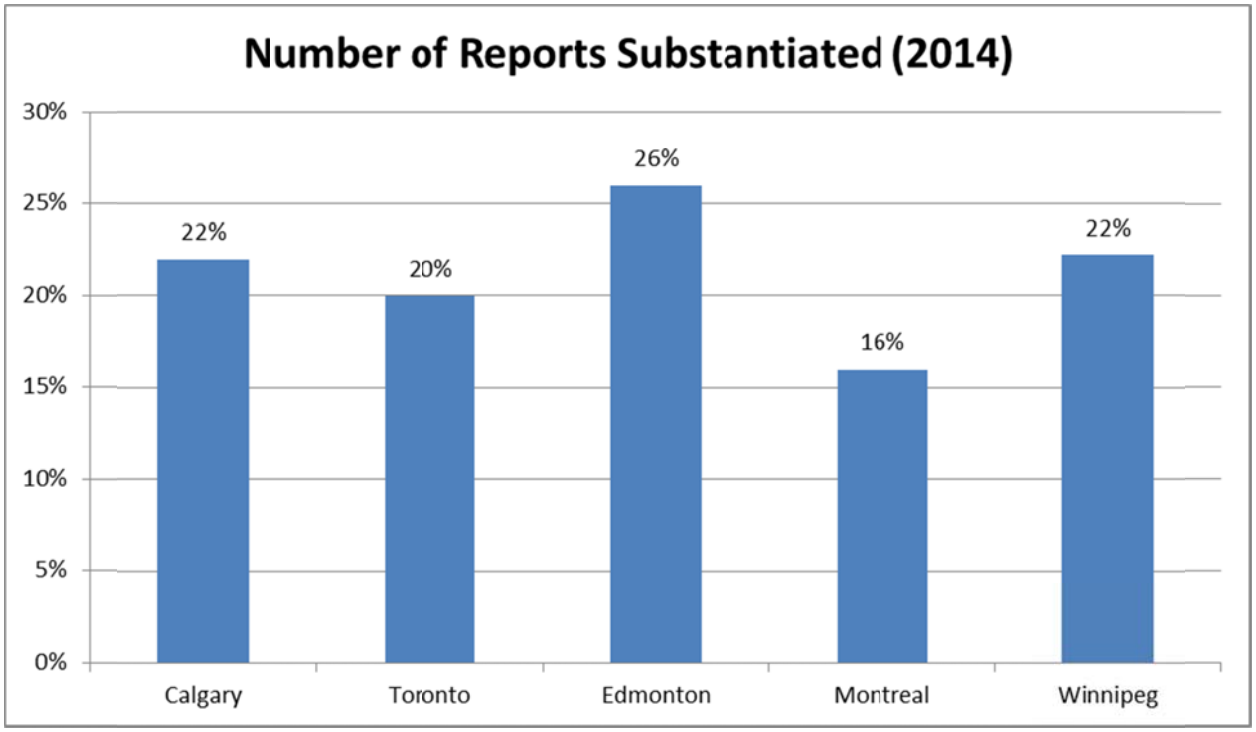
2.2.4 Substantiation Rates

- The ability to substantiate Hotline reports provides the organization with the following benefits:
  - deterrence of fraud and wrongdoing by increasing the visibility of detection;
  - promotion of ethical conduct that in turn strengthens integrity at the City;
  - generation of improvements in internal controls, policies and procedures;
  - mitigations of misuse of City resources; and
  - supply of data to identify trends and address risks.

- Of the 75 reports received from 2012 through to 2015 a total of 13, representing 17%, have been substantiated through an investigation and ultimately resulted in changes such as improvements to internal controls, suspension of staff, changes to department processes, and termination of contractor's staff. As of December 31, 2015, a total of eight reports remained open.



- In all jurisdictions surveyed, the percentage of reports that were substantiated and where action was taken was around 20% of all reports received by the Hotline.



- Winnipeg's overall substantiation rate of 22% in 2014 is similar to the rate experienced in other jurisdictions. The investment of time to investigate reports that are ultimately unsubstantiated should not be viewed as a wasted resource. As stated elsewhere in this report, hotlines provide value by contributing to the overall control and ethical environment of an organization.

2.3 Costs of Report Intake Process of Hotlines

- Costs can be separated into two main components: report intake and investigation. The costs associated with the report intake component would comprise website development and hosting to accept online reports, maintaining a toll-free telephone number and the availability of a live agent (or voicemail) to document reports from callers. These services may be provided by internal staff or contracted out.

	Winnipeg	Toronto	Calgary [1]	Ottawa	Edmonton [1]	Montreal
Report Intake	Fully Outsourced	100% Internal	Fully Outsourced	Partial Outsource	Fully Outsourced	Partial Outsource
Hotline available to Staff and/or Public	Staff and Public	Staff and Public	Staff and Public	Staff and Public	Staff Only	Staff and Public
Estimated Annual External Cost	$51,000	Not Applicable	$55,000	$8,000	$25,000	$8,000

Note 1 – Both Calgary and Edmonton contract with the same third party vendor as Winnipeg. Cost is based on number of staff and citizens allowing for a reasonable estimation.

- Winnipeg, Calgary and Edmonton fully outsource the report intake process to a third party vendor. Ottawa's Fraud and Waste Hotline website was developed and is operated by an independent firm. Telephone calls to the 1-800 Fraud and Waste Hotline numbers in these cities are received by a different external service provider call centre and reports are passed on to the City of Ottawa's Auditor General. The City of Montreal, prior to 2014, had fully contracted out the report intake process. Montreal now contracts with an external service provider for the web-based application only. Incoming calls to the hotline are received by staff in the Auditor General's Office. Telephone calls to the hotline are received during business hours from 8:30 a.m. to 4:30 p.m. and the option of leaving a voicemail is available after 4:30 p.m.

- The costs associated with the investigative component would primarily include internal staff time to review reports and conduct investigations where warranted. On occasion some aspects of a specific investigation may be contracted out where specialty expertise is required. All surveyed jurisdictions conduct the investigative work with internal staff. As such, any cost difference between jurisdictions for this component will relate primarily to report volumes.

Operational Evaluation

3.1 Communication of Hotline

Issue

- Is the availability of the Hotline properly communicated to enable it to serve as a preventative mechanism?

Analysis

- When the City of Winnipeg Fraud and Waste Hotline was first established, it was made available to City of Winnipeg employees only. Access was originally restricted to employees to allow for the assessment of investigative procedures and to gauge the report volume. At that time, the launch of the Hotline was communicated via posters and brochures which were distributed to all departments. A City-wide email was sent out advising of the launch of the Hotline and how to submit a report to the Hotline.
- *Administrative Standard No. HR-008: City of Winnipeg Fraud, Theft, Misappropriation or Related Irregularities* was updated in March of 2012 to include reference to the Fraud and Waste Hotline and to detail the investigation processes. Awareness of the Fraud and Waste Hotline is promoted through the Administrative Standard, and is also promoted through the City's Employee Orientation process.
- The Fraud and Waste Hotline was expanded to receive reports from the public in July 2013. The home page of the City of Winnipeg website was updated to communicate the availability of the Hotline.
- An annual report summarizing the activity of the Fraud and Waste Hotline is communicated to Council. The report is a public document.
- In 2015, an email was sent to all City of Winnipeg staff with a reminder about the Fraud and Waste Hotline and about the methods to report any instances of fraud or waste. As well, posters were updated and distributed to all departments for placement both in high-traffic staff areas and in public locations.
- Information on the Hotline and reporting options is available on both the intranet and internet.
- In our research on other jurisdictions, we observed similar methods used to communicate Fraud and Waste Hotline Programs to employees, as well as other methods. Alternative methods used to promote awareness included:
    - inserting pamphlets into any mail sent out to City employees and citizens,
    - issuing posters through the unions which represent the City employees, and
    - sending out emails on an annual basis.

CONCLUSION			
The communication methods used to promote awareness of the Hotline are similar to other Canadian jurisdictions. Recognizing the opportunity for continuous improvement, the Audit Department will investigate new process to communicate the availability of the Hotline. These will include identifying opportunities to include Hotline information in any mail sent out to citizens and to evaluate opportunities to provide information packages to the various unions which represent city employees. The Audit Department will also continue to issue City-wide emails on an annual basis to remind staff of the availability of the Hotline.			
RISK AREA	Business Process	**ASSESSMENT**	Medium
BASIS OF ASSESSMENT	Enhanced communication will ensure staff and citizens are aware of the availability of a Hotline to report instances of fraud and waste and support the objective to act as a deterrent and preventative tool to mitigate the risks related to fraud and waste within the organization.		

3.2 Effectiveness of Hotline

Issue

- Has the Hotline been effective at identifying potential unethical behaviour and protecting City property, resources and information?

Analysis

- The number of reports has increased from 16 in the first full year (2013) of operation to 42 reports in 2015.
- The majority of reports are from individuals who self-identify as citizens, representing 64% of all reports to the Hotline. This indicates that there is awareness of the Hotline outside of the City organization. Other jurisdictions do report that they receive a higher percentage of reports from citizens (82% in Montreal, 72% in Ottawa).
- The substantiation rate experienced in Winnipeg of 22% in 2014 and 17% since inception is similar to other jurisdictions.
- Examples of impacts from the investigations that have been substantiated include:
    - Enhanced cash handling controls to improve physical security as well as the security surveillance of specific cash handling areas.
    - Mitigated future potential losses by identifying employee abuse of the auto allowance process.
    - Strengthened controls in accounts receivable collection processes.
    - Identification of opportunities to streamline the performance of an internal administrative function.
    - Disciplinary action including suspension and termination of contractor's staff.
    - Revised departmental recruitment process to ensure a fair, open and transparent process is available to all potential applicants.
    - Expanded management monitoring and use of exceptions reporting to verify compliance with a specific internal authority.
- Inappropriate actions that have been prevented by operating the Hotline are not easily identified or quantified.

CONCLUSION			
The Hotline has received substantiated reports that did identify unethical behaviour. This illustrates the Hotline is contributing to the protection of City property, resources and information. The anonymity of the Hotline further contributes to the City's control environment by acting as a preventative measure by also deterring unethical behaviour. The exact benefits derived from the preventative aspect of the Hotline cannot be easily identified or quantified.			
RISK AREA	Business Process	**ASSESSMENT**	Medium
BASIS OF ASSESSMENT	A Hotline process plays an important role in an organization's control and ethical environment of an organization.		

3.3 Cost Efficiency of Hotline

Issue

- Are there opportunities to improve the cost efficiency of the Hotline operations?

Analysis

- Currently the Audit Department contracts with a third party vendor to provide report intake and a database management software system. The cost for these services is slightly in excess of $50,000 annually. The contract with the current service provider will expire in March 2017.
- The City's Campus Applications Support Unit of the Corporate Support Services Department could develop a web application to support the operations of the Fraud and Waste Hotline. The approximate costs with the ongoing hosting of the infrastructure, and maintenance and support of the application, would be approximately $8,000 annually.
- The Audit Department would operate the same 1-800 number that is in place presently, and Audit staff would perform the call intake part of the process. Based on current call volumes, an estimated internal cost would be approximately $5,000. Note this is not a net new cost, but is the expected time for existing staff to be diverted from their regular assignments to answer telephone calls or transcribe voicemails.
- Several other factors aside from cost must also be considered when evaluating the cost efficiency of the current process. Those factors, including cost, are identified and summarized in the table below and discussed in detail in the following sections:

Factor	Internal Service Delivery	Contracted Service Delivery
Estimated costs	$8,000	$50,000 [1]
Database security with access limited to Audit Department Staff	Yes	Yes
Report intake hours – access to live agent	8:30 – 4:30, Monday to Friday	24/7
Access to bilingual live agent	No	Yes
Ability to communicate with anonymous reporter	Yes	Yes
Custom reporting	Yes	Yes
Independence – trust in the system	Perceived lack of independence	Full independence

Note 1 – Future cost increases are based on growth in FTEs and Winnipeg's population.

Database Security

- Currently, all reports are housed in an external database maintained by the contractor and are only accessible by Audit Department staff that have proper access privileges.
- An internal database system would also include appropriate access restrictions, system access would be limited to Audit Department staff and an audit log would track all system access by identifying the user ID along with a date and time stamp.
- The security of the database management software system would be the same whether maintained by an external contractor or by City staff.

Report Intake Hours and Bilingual Service

- Currently, live agents are available 24 hours a day, seven days a week to handle reports. Service is also available in French.
- A specially trained Audit Department staff member would be available to answer and document reports between 8:30 AM and 4:30 PM Monday to Friday. After hours and weekend reporters would be directed to voicemail, the call would be transcribed by Audit staff the next business day.
- Between 2012 and 2015, the City of Winnipeg received 45% of reports through a live agent and 6% through voicemail.
- Research has indicated that the information obtained from a caller is more complete when there is someone to ask them the "who, what, where and why" information. There may also be some percentage of callers who discontinue the call if a live-agent is unavailable and they are directed to voicemail. The inability to contact a live agent 24/7 or to report in French would be viewed as a decrease in the level of service.

Ability to Communicate With Anonymous Reporters

- The current system, either web-based or via live agent, provides reporters with a case ID number and password which they can use to intermittently check on the status of their report. This functionality also provides the ability for the Audit Department to pose additional questions to a reporter to obtain further necessary information. This functionality does not exist for reports provided via voicemail.
- The same functionality for web-based or live agent reports would be maintained with the development of an internal report intake and a database management software system.

System Reporting

- Currently the external system allows the Audit Department to create a number of reports for internal use, which include: report category, method reported, date submitted, priority, report status, date reviewed on, last updated on, date report closed.
- This functionality would remain the same with the development of an internal database management system.

Independence - Ensuring Employees and Citizens Trust the System

- The effectiveness of the Hotline is dependent upon ensuring that City of Winnipeg staff and the public feel comfortable making anonymous reports. It is important that employees and citizens trust the system that is in place to be secure, independent and anonymous. The perception of anonymity and trust in the Hotline system is imperative when soliciting reports on unethical and illegal activity. Any discussion on cost efficiency must include potential impacts on effectiveness.
- A fully outsourced report intake and database management system provides a distinct separation between the City organization and the third party vendor. This eliminates the perception that the Hotline system may not be fully independent of the City organization.
- The investigative aspect of the Hotline reports has been and will remain the responsibility of the Audit Department.
- Transferring the report intake aspect to Audit Department staff would maintain the independence of that process, but some potential callers may be hesitant to make a report to a City administered system.
- Transferring the maintenance of the database to City staff could also have an impact on the perceived independence of the Hotline. This perception of a lack of independence might be mitigated by re-affirming the Audit Department's position in organization and database security measures, but it may still have some impact on report volumes.

Summary

- The externally contracted report intake and database management system is effective as it is independent of the City, is secure and provides an easy method to communicate anonymously with reporters.
- Contracting with an external vendor to provide the report intake and a case management software database does increase annual costs by approximately $40,000.
- The continued ability to contact a live agent 24/7 and to report in French is viewed as integral to maintain the current level of service.
- The number of reports appears to be increasing in Winnipeg and altering the service delivery mechanism at this point may impact the perceived independence and anonymity of the Hotline and the resulting volume of reports.

CONCLUSION			
The Fraud and Waste Hotline received 42 reports in 2015, a significant increase over the previous two years. The report intake and database management aspect of the Hotline could be provided at a lower cost by using City resources; however, the inability to access a live operator 24/7, the lack of a bilingual service option and a perceived impact on independence and anonymity could all negatively impact the report volumes received by the Hotline. Altering the service delivery mechanism is not viewed as a prudent business decision at this point in the lifecycle of the Hotline. The Audit Department will continue to contract with an external service provider for the report intake and database management system. The current contract expires in 2017 and the department would issue a new Request for Proposal for a five-year contract, renewable in one year increments.			
RISK AREA	Business Process	**ASSESSMENT**	Low
BASIS OF ASSESSMENT	System functionality, security, cost and actual and perceived independence are all factors to be considered in the design of a hotline program.		