

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 19, 2013**

Item 1, Report No. 13, of the Finance and Administration Committee, which was adopted, as amended, by the Council of the City of Vaughan on November 19, 2013, as follows:

***By approving the following:***

***That the Information Technology and Legal Departments obtain assurances from the third party supplier that the City will own the data and that the City will be in compliance with Canadian privacy requirements; and***

***That Communication C6 from the Director of Internal Audit, dated November 14, 2013, be received.***

**1                      INTERNAL AUDIT REPORT – ANONYMOUS REPORTING SYSTEM**

**The Finance and Administration Committee recommends:**

- 1)        That the recommendation contained in the following report of the Director of Internal Audit, dated November 4, 2013, be approved, subject to amending recommendation 6 to read as follows:**
  - 6.        The System is implemented as a two year pilot with consideration to include the public after one year and that continuation is based on staff use and value to the City;**
- 2)        That staff review the comments made by members of Committee regarding reporting enhancements and report back to Council; and**
- 3)        That the presentation by the Director of Internal Audit entitled “*Anonymous Reporting System*”, dated November 4, 2013, be received.**

**Recommendation**

The Director of Internal Audit recommends that;

1. The City of Vaughan implements an anonymous reporting system where the intake of employee concerns is done by a third party independent of the City of Vaughan. This will allow for access flexibility, confidentiality and a lower implementation and operating cost.
2. The service, initially, be only offered to Vaughan staff. Use of the anonymous reporting line can be expanded to vendors and the public later depending on initial success with staff and the value to the City.
3. Internal Audit is responsible for co-ordinating intake from the third party supplier and directing issues to the responsible department.
4. Internal Audit, in consultation with each Commission, identify a person that is responsible for making sure that potential issues are investigated within an organizational established timeframe.
5. Internal Audit is responsible for reporting annually, to the Finance and Administration Committee and City management, the overall performance of the anonymous reporting mechanism. This will include a summary of the issues raised, the underlying themes or trends and compliance with reporting line performance measures and sustainability and possible expansion of the reporting system.
6. The System is implemented as a two year pilot and that continuation is based on staff use and value to the City.

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#### **Contribution to Sustainability**

Internal Audit activities and subsequent reports contribute to the sustainability of the City by providing advice and assurance that controls supporting the effective delivery of services and programs are effective. An anonymous reporting system supports good governance and control by providing proactive information that can help the City better manage risk and identify emerging issues.

#### **Economic Impact**

Initial direct implementation and operating costs can be absorbed within the existing Internal Audit budget. The longer range economic impact is the possibility of reducing financial losses by identifying issues and initiating corrective action earlier.

#### **Communications Plan**

A communication strategy will be provided that includes key messaging on how the system is to be used, contact information, follow-up protocol, expected turnaround time and education. The communication strategy will be developed and initiated prior to system implementation.

#### **Purpose**

To present to the Finance and Administration Committee the Internal Audit Report on the Anonymous Reporting System and to recommend an approach for anonymous reporting and outline the steps and processes needed to support successful implementation.

#### **Background - Analysis and Options**

There are a variety of underlying principles that support good governance and control within an organization. One such principle is a strong Code of Conduct/Ethics program. The Governance and Accountability review, presented to the Finance and Administration Committee in June, 2013, indicated that staff had a good awareness of the City's Code of Conduct. However, they also indicated that they were less likely to communicate bad news or code of conduct issues because the current level of organizational trust did not allow for the open flow of information. In addition, there was the fear that reporting issues could result in negative reprisals.

An Anonymous Reporting System is one option available for staff to communicate sensitive issues. Not only does this system help support a Code of Conduct/Ethics program, but it also creates a proactive approach benefiting both the City and citizens.

#### **Relationship to Vaughan Vision 2020/Strategic Plan**

This report is consistent with the priorities previously set by Council and supports the strategic goal of organizational excellence. An effective anonymous reporting system supports a strong code of conduct program which, in turn, helps drive continuous improvement and financial/organizational sustainability.

#### **Regional Implications**

Not applicable.

#### **Conclusion**

The option for staff to report potential code of conduct/ethics issues without fear of reprisal is an emerging trend in a number of organizations. Employees tend to prefer the anonymous reporting option because they can feel more comfortable and confident that the communication cannot be

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traced back to them. Not all reporters, however, choose to remain anonymous. Some may choose to use a reporting system because they may not feel a face to face approach works for them. In any case, an anonymous reporting system provides multiple option for staff and can help further support good governance and accountability for the City

**Attachment**

Internal Audit Report – Anonymous Reporting System

**Report prepared by:**

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Director, Internal Audit

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)