



Working together with our community

Council-In-Committee Meeting – June 10, 2025

Subject: Whistleblower, Waste and Fraud Hotline Report
Report Number: CAO-25-076
Division: Office of the Chief Administrative Officer
Department: CAO Administration
Ward: All Wards
Purpose: For Decision

Recommendation(s):

That CAO-25-076 – Whistleblower, Waste and Fraud Hotline Report be received as information;

And That Council approves the creation of a Waste and Fraud Hotline to allow Norfolk County employees and community members to have a discrete and effective way to report inefficiencies and incidents of wrongdoing.

And That upon Council approval of report CAO-25-076 the Whistleblower/Waste and Fraud recommendation proceeds to the budget processes in the fall for financial analysis and inclusion in the 2026 budget.

Executive Summary:

The purpose of this report is to provide information and direct staff to begin the establishment and implementation of a Whistleblower/Waste and Fraud Hotline and Report form that is an independent resource for employees and community members to report wrongdoing involving the County's operations.

Norfolk County is committed to open, ethical, accountable and transparent local government. To maintain public trust and confidence, given the County's responsibility for managing significant public funds and making decisions that affect residents' lives, robust accountability mechanisms are essential.

One effective tool to strengthen integrity is a Waste and Fraud Hotline. For example, Whistleblower Security Inc.'s IntegrityCounts portal, used by the City of Hamilton, which offers a secure, customizable platform for submitting complaints. It allows users to control their level of anonymity, provides instant email alerts to reviewers, including special alerts for emergency complaints, and uses data encryption to ensure system integrity. Customization options are available through the IntegrityCounts platform to meet the County's specific needs.

A Hotline would allow individuals to report allegations of wrongdoing related to the County's operations and resources. It would help identify, investigate, and prevent potential corruption and/or waste.

Management options for the Hotline are outlined in the Discussion section of this report. Whichever approach is taken, reports would be reviewed and investigated impartially – regardless of the alleged wrongdoer's position, title, length of service, of their relationship with the County or any party who might be involved. Investigations would follow an objective process to ensure fairness and integrity.

Staff recommend a phased implementation, beginning with an internal-only hotline to test and refine the system before expanding it to the public. This ensures that when made public, the system and staff are equipped to handle reports effectively and responsibly.

The Hotline will empower employees, and eventually, the public to report concerns, enabling the County to operate more transparently and efficiently. It will enhance fraud detection, support early intervention, and minimize potential impacts of wrongdoing, ultimately reinforcing Norfolk County's commitment to ethical governance.

Discussion:

A Hotline can help to protect the County's assets and resources and reduce the amount of potential losses. The Hotline could provide the following qualitative benefits:

- Deterring fraud, waste, and wrongdoing;
- Strengthening internal controls and mitigation of risks;
- Improving policies and standard operating procedures;
- Building a culture of accountability;
- Better value in service delivery through increasing operational efficiencies; and
- Using data to identify trends, manage risks, make results-oriented recommendations to management, and inform future audits for the Integrity Commissioner work plan.

Accordingly, many municipalities across Canada have implemented a Waste and Fraud Hotline or similar program to enhance their fraud detection processes and improve their performance through early discovery of wrongdoing. Refer to Attachment 1 for information/details regarding these Hotlines and similar programs operated by different municipalities across Ontario.

The implementation of a Hotline, where citizens and employees are able to confidently and anonymously report suspicions of wrongdoing, almost always results in significant increases in the reporting and detection of instances of fraud. The City of Winnipeg, for example, adopted a more formal process under their Fraud, Theft or Regulated Irregularities standard, but the investigative uptake on their policy resulted in only about

1 complaint each year. However, once they implemented their Waste and Fraud Hotline, the number of reported issues rose by 42%. Additionally, for the City of Hamilton's Fraud, Waste and Abuse Hotline, in the first year it was implemented, resulted in 5 terminations, 3 disciplinary actions, and 2 referrals to police as a result of the 85 reports they received that year. In 2 years, the City identified \$439,000 in fraud and waste, resulting in a 1,150% return on the cost of their program. This data reflects the benefits that are obtained by implementing such a Hotline.

During staff research, it was discovered that many municipalities implemented their Hotlines or programs using the confidential services of a third-party provider, like the one noted above used by the City of Hamilton. This allows for an efficient and effective overall approach by making confidential reporting available to citizens, municipal employees, and contractors/agents.

Staff contacted Whistleblower Security Inc. to get a stronger understanding of their services and an expectation of what the anticipated costs would be to the County. There would be an annual subscription fee charged to the County that incorporates intakes and the number of cases that are received. Costs are based on multiple factors, including the size of the municipality (number of staff), the number of cases received, whether the service is available to the public or just employees, etc. Staff were informed that it normally takes between 2 to 3 weeks to get it set-up, and it includes a toll-free number that is available 24/7 for individuals to access. There might be some one-time charges incurred if the County decides to use a custom landing page or adds other customized features. However, Whistleblower Security Inc. mentioned that most municipalities do not add many or any customizations. Therefore, it is estimated that it will cost between \$3,000 to \$4,000 per year to have Whistleblower Security Inc. set up the platform, manage the intakes, and redirect complaints to the appropriate staff. They also confirmed that it was possible for the County to initially just offer the service to internal staff and eventually transition it out to include community members as well. They deal with companies with more than 800,000 employees, meaning they would have the capabilities to sustain that expansion.

Through a platform like this, reporters can provide anonymous information using an online web reporting tool or through trained live agents via a toll-free telephone service. These complaints/reports are vetted and classified by the appropriate service organizations and screened by an internal department for disposition. These service providers also provide interactive dialogue capabilities that allow reporters to log on securely through a confidential pass number. Through such capabilities, the corresponding investigative department can pose additional questions to the reporters within the security of a web-based application while maintaining anonymity.

Overall, there are several benefits to setting up the Hotline in this way:

- Helps mitigate the risk of unethical behavior and reinforces the County's commitment to strong corporate governance and accountability;
- Offers a preventative tool that can be a valuable deterrent to minimize risks related to fraud and waste;

- Increases the potential for early detection of issues which affords greater opportunity for loss recovery and minimizing overall loss;
- Provides an efficient mechanism for administration intake;
- Enables 24/7 coverage accessible to both employees and members of the public;
- Provides a secure, independent reporting channel for employees or citizens who are reluctant to report concerns because of possible compromise to their anonymity for fear of reprisal;
- Identifies areas where internal controls need to be modified or enhanced; and,
- Assists in evaluating risks and informing reviews of internal controls, identifying potential audit areas and formulating an appropriate risk-based work plan.

Options for Consideration:

Option 1: Carry on with current processes.

Current Processes:

- Members of the public can provide feedback or submit a complaint through our Norfolk County Customer Service Portal. The portal is connected to our Customer Relationship Manager (CRM) software, ensuring that all the information is documented, assigned and followed-up with in a timely manner. Customer service management staff are notified immediately when a complaint comes through the portal. The complaint is then triaged and escalated for follow-up where required. Some complaints are resolved immediately without escalation.
- Currently there is no option for residents to provide feedback or submit a complaint anonymously. This is to ensure staff can follow up with them to indicate that their concerns are being addressed and further connect with them when a resolution has been found.
- In the future, residents will be able to make anonymous reports; however, staff will lose the ability to close the interaction loop and confirm that action has been taken with a report.
- The current model does not allow for anonymity or confidentiality for staff internally. For example, someone can report anonymously, but internal staff still have to triage these complaints. This can be a problem when dealing with reports of a sensitive nature or relating to themselves or team members.
- There is an internal complaint process through HR where staff can bring forward complaints. We have had members of the public reach out directly as well, not anonymously though.

Financial: None.

Staffing: None.

Legal: None.

Pros:

- No costs would be incurred as this option does not require the setup of a reporting platform or hiring of a company to manage reports and complaints.

Cons:

- The Current processes do not provide complete anonymity and may deter people from using it since there may be employees or community members that want to report wrongdoing but are fearful of doing so due to fear of judgment or reprisal.
- Potentially serious and substantial wrongdoing could go underreported or unreported altogether, eroding trust and confidence in the County's governance.
- Current complaint processes are not formalized and therefore could result in some complaints being unaddressed or unnecessarily overburdening certain divisions or departments attempting to deal with complaints outside of their scope.
- Staff time would need to be considered for including this additional task onto their daily workload

Option 2: Implement a Waste and Fraud Hotline in-house that is exclusively managed by County staff.

Staff in the division of the Office of the CAO or another division/department could utilize a separate, partially staffed phone line, voicemail for after-hours messages, and some form of web-based reporting. This would allow wrongdoing to be reported at any time and recorded separately from other divisional/departmental responsibilities. Awareness of the County's Hotline can be increased by advertising this service, which may help to ensure the County's return on investment of implementing this service.

Financial: An in-house Hotline will still require a separate phone line and a staff member to answer, as well as an online platform/portal. This will require staff time and other capital costs to be incurred that are relatively higher than those provided by a third party. Furthermore, it would likely take longer to implement than if it was outsourced. At this stage, it is not possible to quantify the extent of the costs to be incurred, but it will likely impact multiple divisions/departments as a result.

Staffing: To set up and create a separate phonenumber and online platform/portal, will require staff time and resources. Furthermore, as the service becomes better known, and if the number of incoming reports increases, additional staff may be required to assist in addressing reports/complaints.

Legal: Assistance may be required from the Clerks department to update the existing by-law and create the policy/procedure document for the new Waste and Fraud Hotline.

Pros:

- As internal staff are simultaneously collecting and analyzing the incoming tips, there is a greater probability that wrongdoing patterns will be uncovered more quickly.
- Because the online platform/portal will be created in-house, it allows for the system be customized in a way that is unique to Norfolk County.

Cons:

- Since County staff would be the ones reviewing and investigating all incoming reports, it would not be possible for reporters, many of whom are expected to be County employees, to remain anonymous. The reporter's phone number and email address could easily be tracked, or the staff retrieving the phone messages could recognize the reporter's voice. Since the potential reporters are aware of this, the lack of anonymity would deter them from calling in due to fear of reprisal.
- Costs will escalate as the service becomes better known and additional measures are implemented to help support the anonymity of the reporters.

While this alternative is a viable option, the concern raised about potentially compromising the anonymity of reporters would likely substantially deter individuals from filing reports/complaints. Furthermore, this would add further burdens to certain departments, who might not necessarily have all the staff needed as of now to address reports/complaints in the first place.

Option 3: Implement the Waste and Fraud Hotline using an independent third-party service provider.

This option involves the hiring of an independent third-party service provider to receive, record, and report on the wrongdoing identified by County employees and residents. The reporter's anonymity would be protected since their identity is only known by the service provider. As part of the investigative process, personal identities do not need to be divulged to anyone in the County unless it is a specific individualized circumstance making it necessary to do so. If additional information is required, then the service provider continues to act as a go-between, obtaining additional information from the reporter and conveying it back to the County as needed.

Financial: It is not possible to quantify the dollar amount of such costs at this time. However, IntegrityCounts, for example, annual fees are based on a number of factors, including how many employees the County has, whether the County needs dedicated phonelines, or whether the County will require custom features

like site branding. Their base level subscription is less than \$1/employee/month, which is the same for most companies.

Staffing: This option includes four staffing suggestions outlined in Attachment 2.

Legal: Assistance may be required from the Clerks department to update or add a by-law and create a policy/procedure document for the new Waste and Fraud Hotline.

Pros:

- Staff will be encouraged to report wrongdoing as this option provides greater anonymity than the other two alternatives. Thus, this assists in decreasing the likelihood of reprisal against the reporter.
- Advertising this service will increase staff awareness of the Hotline. Therefore, it is reasonable to expect an increase in the number of wrongdoing reports being submitted, ultimately improving the efficiency and effectiveness of the County's operations.
- Set-up time would be faster, and it will likely be easier to navigate initial start-up challenges as that will predominantly fall on the service provider themselves to address.

Cons:

- This may be costlier than the other options, as it would require payment of fees to the service provider's provision of their services.
- County staff may not be equipped with sufficient staff or resources to deal with these complaints once they are directed by the service provider to the appropriate divisions/departments.

This alternative is recommended as a two-year pilot project. This will be beneficial in determining whether it is worthwhile to continue offering this type of service. If it is determined that further staff or other resources are required, then this can be modified and addressed at that time.

Finance Comments:

Reliable budget/financial impacts are difficult to quantify at this preliminary stage based on the information provided.

Option 1 - Continuing with current practices (Option 1) would not produce any immediate, tangible financial impacts, and likely would not drive outcomes beyond current state given the aforementioned cons associated with this option.

Option 2 - High level cost estimates for custom website development for an online platform and implementation of a dedicated whistleblower hotline are approximately \$1,000-\$3,000 annually based on input provided by IT and Communications staff. Staffing considerations have not been reviewed or considered as part of this option

however, it may be reasonable to expect that additional dedicated staff would be required once the service reaches peak awareness in the community due to current resource constraints within various departments.

Option 3 - Sub-options 1-4 (see Attachment 2) – Actual costs may vary significantly between alternatives, however, as outlined in the report, a basic third-party managed solution may cost between \$3,000-\$10,000 annually based on research conducted by staff. This range assumes no additional staff resources are required for investigations. FTE requirements for sub-option 2 would need to be investigated further if Council chooses to support this option and would depend on the volume of requests, with limited ability to scale operations quickly.

Annual costs could easily exceed \$50,000-\$100,000 if Council chooses to support sub-options 3 or 4 which would rely on independent third-party Integrity Commissioner or Auditor General services for investigations and to manage intake. Regional firms with the required qualifications to carry out this function would likely be limited and the cost to retain a professional services firm could escalate quickly.

If Council directs staff to proceed with some version of Option 2 or 3, a more fulsome business case will be provided as a New Budget Initiative within the 2026 Levy Operating Budget for Council's consideration.

Interdepartmental Implications:

None.

Consultation(s):

Staff in the Office of the CAO, Accessibility and Special Projects and Human Resources department were consulted.

Strategic Plan Linkage:

This report aligns with the 2022-2026 Council Strategic Priority Serving Norfolk - Ensuring a fiscally responsible organization with engaged employees who value excellent service.

Explanation: This Hotline would assist in ensuring the delivery of high-quality services to Norfolk County's community members, in a cost-effective and reasonable manner. This Hotline would also help to establish further accountability among County employees to ensure they operate with honesty and integrity in managing and maintaining community resources.

Conclusion:

Overall, given Norfolk County's commitment to protecting its revenue streams, property, information, and other assets and resources from fraud, waste, and other forms of wrongdoing, implementing a Waste and Fraud Hotline may further contribute to this goal.

Attachment(s):

- Attachment 1: Fraud and Waste Policies Comparison
- Attachment 2: Staff Options for Consideration if Option 3 is Adopted
- Attachment 3: Reportable and Unreportable Items

Approval:

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