

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 16, 2015

Item 4, Report No. 11, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on September 16, 2015, as follows:

By receiving Communication C4 from the Director of Internal Audit, dated September 11, 2015.

**4 INTERNAL AUDIT REPORT – ANONYMOUS REPORTING SYSTEM AWARENESS SURVEY -
2015**

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Director of Internal Audit, dated September 8, 2015, be approved; and
- 2) That the presentation by the Audit Project Manager and C4, presentation material titled “*Anonymous Reporting System – Annual Report*”, dated September 8, 2015, be received.

Recommendation

The Director of Internal Audit recommends:

1. That the Internal Audit Report on the Anonymous Reporting System Awareness Survey – 2015 be received.

Contribution to Sustainability

Internal Audit activities and 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. Longer term sustainability needs the support of good, efficient risk mitigation strategies. Internal Audit can provide support for that sustainability by providing independent advice and assurance.

Economic Impact

There are no direct economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To present to the Finance, Administration and Audit Committee the Internal Audit Report on the Anonymous Reporting System Awareness Survey - 2015.

Background - Analysis and Options

The City’s Anonymous Reporting System was introduced in 2014 as part of an organization-wide strategy to address some of the issues identified in the 2013 Corporate Governance and Accountability Survey, such as low levels of trust and fear of reprisal. In an effort to gauge staff awareness and acceptance of the system, Internal Audit conducted the Anonymous Reporting System awareness survey in June 2015, after the first year of operation. Results of the survey will be used to strengthen Internal Audit’s management and promotion of the system by addressing any areas of employee concern or misinformation.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 16, 2015

Item 4, Finance Report No. 11 – Page 2

Relationship to Vaughan Vision 2020/Strategic Plan

This report supports the strategic goal of management excellence through financial stability and effective governance.

Regional Implications

Not applicable.

Conclusion

Survey results indicate that overall, staff and management feel that having an anonymous reporting mechanism is beneficial to the City. However, employee confidence in the ability to remain anonymous and awareness of the system throughout the organization can be improved. Internal Audit has taken steps to enhance promotion of the Anonymous Reporting System and continues to develop initiatives to increase its effectiveness.

Attachment

1. Internal Audit Report – Anonymous Reporting System Awareness Survey - 2015

Report prepared by:

Catherine Atkari, CIA, CFE
Internal Audit Coordinator

(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.)



memorandum

DATE: Friday, September 11, 2015

TO: Honourable Mayor Bevilacqua and Members of Council

FROM: Paul Wallis, Director of Internal Audit

RE: **Communication – Anonymous Reporting System Awareness Survey
Respondent Demographics**

C	4
Item #	4
Report No.	11 (FAA)
Council - September 16/15	

Report #11, Item 4 of the September 8, 2015 Finance, Administration and Audit Committee

Purpose

To provide information requested at the September 8th, 2015 meeting of the Finance, Administration and Audit Committee regarding the demographics of respondents to the Anonymous Reporting System Awareness Survey.

Background

At the September 8, 2015 meeting of the Finance, Administration and Audit Committee, Internal Audit presented two separate reports related to the City's Anonymous Reporting System. The first was the Anonymous Reporting System Annual Report, which provided statistics related to the types of issues that were reported through the system in its first year of operation. Information regarding the identity of individuals filing reports through the system is not collected as this is an anonymous reporting mechanism; accordingly, system user demographics cannot be determined and were therefore not included in the Annual Report.

The second report presented by Internal Audit was the Anonymous Reporting System Awareness Survey (2015) results. Internal Audit surveyed individuals across the organization to gauge the extent to which City staff and management are aware of the Anonymous Reporting System's existence and how they feel about it. While individuals completing the survey were not asked to identify themselves, the survey form did ask respondents to complete certain demographic information for to assist us with enhancing our future communications plans. Respondents were given the option to skip questions related to demographics if they were not comfortable providing this information.

In accordance with a request from the Finance, Administration and Audit Committee on September 8, 2015 Internal Audit is hereby providing demographic information related to the Anonymous Reporting System Awareness Survey respondents. Out of the approximately 1,260

management and staff who were surveyed, 361 responded. Demographic information about survey respondents is presented as follows:

Commission	Number of Respondents	Percentage
Office of the City Manager	11	3%
Vaughan Fire and Rescue Service	34	9%
Office of the Executive Director	41	11%
Finance and City Treasurer	21	6%
Legal and Administrative Services	39	11%
Planning (including Parks Development)	30	8%
Engineering and Public Works (including Parks and Forestry Operations)	122	34%
Strategic and Corporate Services (including Building and Facilities)	49	14%
Did not answer this question	14	4%
Total	361	100%

Gender	Number of Respondents	Percentage
Female	150	41%
Male	201	56%
Did not answer this question	10	3%
Total	361	100%

Union/Non-Union	Number of Respondents	Percentage
Union	184	51%
Non-Union	169	47%
Did not answer this question	8	2%
Total	361	100%

Management/Non-Management	Number of Respondents	Percentage
Management	92	26%
Non-Management	257	71%
Did not answer this question	12	3%
Total	361	100%

Years of Service	Number of Respondents	Percentage
Less Than 1 Year	40	11%
At Least 1 Year but Fewer Than 2 Years	31	8%
2 – 5 Years	77	21%
6 – 10 Years	68	19%
11 – 15 Years	53	15%
16 – 20 Years	24	7%
21 Years or Longer	62	17%
Did not answer this question	6	2%
Total	361	100%

Conclusion

Internal Audit will incorporate survey results into short and long-term communication strategies aimed at improving overall organizational awareness of the system and continuing to build employee trust and confidence in the Anonymous Reporting System and related investigative processes.

Attachments

None.

Respectfully submitted,

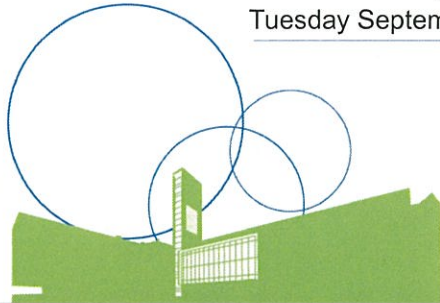
Paul Wallis
on behalf of

Paul Wallis
Director of Internal Audit

C 4
COMMUNICATION
FAA - SEPT 8/15
ITEM - 3 AND 4

Anonymous Reporting System – Annual Report

Tuesday September 8, 2015



Today's Presentation

- Background
- Findings & Themes From Year 1
- Year 2 Initiatives
- Questions



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Background

- **2013 Governance & Accountability Report**
- **Recommendation to Implement an Anonymous Reporting System**



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 VAUGHAN

Anonymous Reporting System

- Two Year Pilot
- For Staff Use Only
- Fully functional as of April 15, 2014
- Outsourced Intake
- Internal Audit [Co-ordination and Reporting]
- Investigating Potential Issues
- Annual Reporting to Council



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 VAUGHAN

Trends & Themes

22 Reports Received:

- 45% Human Resources/Labour Relations
- 32% Misuse or Misappropriation of Assets
- 18% Business Integrity
- 5% Environmental, Health & Safety



Trends & Themes

Elements of a Substantiated Report:

- Reported issues are investigated
- Basis of the report is determined to be accurate.

Elements of an Unsubstantiated Report:

- Reported issues may or may not be investigated
- No evidence was found to substantiate the report.



Trends & Themes

22 Reports Received – 6 Substantiated

- 20% of the Human Resources/Labour Relations Reports
- 14% of the Misuse or Misappropriation Reports
- 50% of the Business Integrity Reports
- 100% of the Environmental, Health & Safety Reports



City-Wide Awareness Survey

- Survey conducted in June 2015
- Available to all staff
- Purpose of survey to gauge:
 - Awareness
 - Level of trust
 - Perceived benefit



Awareness Survey Results

- 29% of employees responded
- Key findings:
 - 74% of respondents believe the system is beneficial.
 - Awareness can be improved.
 - Misapprehension that system is not anonymous or confidential.
 - Reluctance to report due to fear of reprisal.
 - Belief that things will not change.



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Year 2 Initiatives

- Continuous Education and Awareness
- Reduce Case Closure Times & Increase Substantiation
- Formal Policies and Procedures



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Promotional Poster

**Anonymous
REPORTING SYSTEM**

All staff have the responsibility to act in an ethical manner and speak out if something doesn't seem right.

The **Anonymous Reporting System** is:

- completely confidential
- accessible from any phone or computer
- available 24/7

What you can report:

- theft
- bribery
- misuse of City property, equipment or materials
- false expense claims or time reporting
- inappropriate vendor/contractor relationships / violations of the Code of Conduct

How to report: **Questions:**

VAUGHAN

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Questions?

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INTERNAL AUDIT REPORT – ANONYMOUS REPORTING SYSTEM AWARENESS SURVEY - 2015

Recommendation

The Director of Internal Audit recommends:

1. That the Internal Audit Report on the Anonymous Reporting System Awareness Survey – 2015 be received.

Contribution to Sustainability

Internal Audit activities and 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. Longer term sustainability needs the support of good, efficient risk mitigation strategies. Internal Audit can provide support for that sustainability by providing independent advice and assurance.

Economic Impact

There are no direct economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To present to the Finance, Administration and Audit Committee the Internal Audit Report on the Anonymous Reporting System Awareness Survey - 2015.

Background - Analysis and Options

The City's Anonymous Reporting System was introduced in 2014 as part of an organization-wide strategy to address some of the issues identified in the 2013 Corporate Governance and Accountability Survey, such as low levels of trust and fear of reprisal. In an effort to gauge staff awareness and acceptance of the system, Internal Audit conducted the Anonymous Reporting System awareness survey in June 2015, after the first year of operation. Results of the survey will be used to strengthen Internal Audit's management and promotion of the system by addressing any areas of employee concern or misinformation.

Relationship to Vaughan Vision 2020/Strategic Plan

This report supports the strategic goal of management excellence through financial stability and effective governance.

Regional Implications

Not applicable.

Conclusion

Survey results indicate that overall, staff and management feel that having an anonymous reporting mechanism is beneficial to the City. However, employee confidence in the ability to remain anonymous and awareness of the system throughout the organization can be improved. Internal Audit has taken steps to enhance promotion of the Anonymous Reporting System and continues to develop initiatives to increase its effectiveness.

Attachment

1. Internal Audit Report – Anonymous Reporting System Awareness Survey - 2015

Report prepared by:

Catherine Atkari, CIA, CFE
Internal Audit Coordinator

Respectfully submitted,

Paul Wallis, CPA, CMA CIA CISA CRMA
Director Internal Audit



INTERNAL AUDIT REPORT

Anonymous Reporting System Awareness Survey - 2015

July 2015

INTERNAL AUDIT REPORT

Anonymous Reporting System Awareness Survey - 2015

BACKGROUND AND PURPOSE

The City's Anonymous Reporting System was introduced in 2014 as part of an organization-wide strategy to address some of the issues identified in the 2013 Corporate Governance and Accountability Survey, such as low levels of trust and fear of reprisal. In an effort to gauge staff awareness and acceptance of the system, Internal Audit conducted the Anonymous Reporting System awareness survey in June 2015, after the first year of operation. Results of the survey will be used to strengthen Internal Audit's management and promotion of the system by addressing any areas of employee concern or misinformation.

SUMMARY

The majority of survey respondents believe that having an anonymous reporting mechanism is beneficial to the City.

However, the results of the survey indicate that employee awareness of the system can be improved, particularly for those who do not have access to electronic communication such as corporate email, Jostle and VOL.

In addition, just over half of the employees who completed the survey said they would not be likely to use the system to report fraud or misconduct. While a number of reasons were given, the primary factors were a lack of employee confidence in the ability to remain anonymous, and the perceived unlikelihood of bringing about any meaningful change in the current environment.

Based on the results of the survey, Internal Audit has identified some key areas of employee concern and is developing strategies to communicate and clarify the Anonymous Reporting System's purpose and methodology to staff across the organization. It is anticipated that increased promotion using a wider variety of media and providing more specific information about the reporting process may result in greater employee trust and confidence in both the Anonymous Reporting System and the City's commitment to effective governance and accountability.

A copy of the survey that was provided to all staff is attached as an Appendix to the report (Page 6).

Author: Catherine Atkari CIA CFE

Director: Paul Wallis CPA,CMA CIA CISA CRMA

INTERNAL AUDIT REPORT

Anonymous Reporting System Awareness Survey - 2015

DETAILED REPORT

1. *Purpose, Methodology and Approach*

The purpose of the Anonymous Reporting System Awareness Survey was to gauge employee perception and assist us in determining:

- The extent to which employees across the organization are aware of the system and understand its purpose.
- Whether employees believe that a reporting mechanism provides a benefit to the City.
- Whether employees would be willing to report suspected illegal or unethical activities using the system, and if not, what are the obstacles or misperceptions that may discourage employees from doing so.

The survey was distributed in both online and paper formats. In total, approximately 1,260 management and staff were surveyed and 361 employees across all Commissions responded. This represents a response rate of approximately 29 percent with a confidence level of 95 percent and a confidence interval of approximately 4.5 percent, providing us with statistically meaningful information.

2. *Survey Responses*

Awareness of the System

Overall, the results of the survey indicate that the level of awareness among employees can be improved. Of the 361 employees who responded:

- 240 respondents (66 percent) indicated that they were aware of the Anonymous Reporting System prior to the survey. Of these, the majority indicated that they learned about the system from the City-wide emails announcing the launch of the system, and from periodic Jostle postings published by Internal Audit.
- 50 respondents (14 percent) indicated that they were not aware that the City had a reporting mechanism, and a further 58 respondents (16 percent) indicated that they had first learned about the system from the survey itself, for a total of 108 respondents (30 percent) who were not aware of the system before the survey was distributed.
- 13 survey respondents (4 percent) did not respond to this question.

INTERNAL AUDIT REPORT

Anonymous Reporting System Awareness Survey - 2015

Perceived Benefits

Employees were largely positive about having an anonymous reporting mechanism at the City. Of the 361 employees who responded:

- 268 respondents (74 percent) responded favourably when asked whether they believe that having the Anonymous Reporting System is beneficial to the City.
- 69 respondents (19 percent) said they do not believe the system benefits the City.
- 24 survey respondents (7 percent) did not respond to this question.

Willingness to Disclose Information

Despite the number of respondents who feel that the system is beneficial to the City, the majority indicated that they would not report or would hesitate to report suspected fraudulent or unethical activity using the Anonymous Reporting System. Of the 361 employees who responded:

- 145 respondents (40 percent) stated that they would be willing to use the system if they had something to report.
- 203 respondents (56 percent) stated that either they would not use the system, or they would hesitate to use it if they suspected questionable activity.
- 13 survey respondents (4 percent) did not respond to this question.

To better understand why employees would be reluctant to use the system, we asked respondents to provide reasons. Respondents were able to choose one or more of the reasons listed, and were provided space for their own comments as well. Of the 203 respondents who stated that they would not use the system or would hesitate to use it:

- 121 respondents (60 percent) stated that they do not believe their report would remain anonymous or confidential.
- 91 respondents (45 percent) stated that they do not believe any positive change would result from speaking up.
- Several respondents used the comments section to add that they don't know enough about the system to say if they would use it.

INTERNAL AUDIT REPORT

Anonymous Reporting System Awareness Survey - 2015

Promotion of the System

In addition to assessing the current level of awareness of the Anonymous Reporting System, Internal Audit wanted to gauge the effectiveness of promotional activities undertaken since the system was implemented. Of the 361 employees who responded to the survey:

- 199 respondents (55 percent) believe that the system has been effectively communicated to staff.
- 141 respondents (39 percent) do not believe that the system has been effectively communicated to staff.
- 21 survey respondents (6 percent) did not respond to this question.

These results correspond closely with the responses related to awareness of the system.

3. *Analysis and Recommendations*

Based on the survey responses, most of the City's staff and management understand the value in having an anonymous reporting mechanism available to employees and agree that it provides a benefit.

Building Trust

Despite the recognition of its value, there remain a large number of employees who would be reluctant to use the Anonymous Reporting System to report suspected fraudulent or unethical activity because they feel that their anonymity may be compromised or their report will not be kept confidential. This is consistent with the results of the 2015 Governance and Accountability Survey, in which fewer than 50 percent of respondents agreed with the statement that "prompt communication of mistakes, bad news and other related information is given to those who need to know without fear of reprisal"; in that same survey, only 50 percent of respondents agreed with the statement that "the City has established a level of trust sufficient to support the open flow of information and effective performance". An underlying fear of reprisal and reluctance to communicate in an open manner were initially identified in the 2013 Governance and Accountability Survey and served as the impetus for the acquisition of the Anonymous Reporting System the following year.

More information to better educate employees on how the system works and the processes followed by those involved in intake and investigation of reports may help to alleviate concerns regarding confidentiality and anonymity. In addition, documented policies and procedures addressing reprisals, such as a no-retaliation policy, may encourage employees to report questionable activity.

INTERNAL AUDIT REPORT

Anonymous Reporting System Awareness Survey - 2015

Increasing Awareness

While Internal Audit has taken various measures to promote the Anonymous Reporting System over the first year of its operations, survey results indicate that there are still a number of employees who may not be aware of its existence. There is a clear need for enhanced communications, particularly those directed to individuals working in outlying locations and employees who do not have access to electronic communications, such as City email and Jostle, as part of their normal duties.

4. Going Forward

Based on the Anonymous Reporting System Awareness Survey results, Internal Audit has identified several opportunities to strengthen the City's anonymous reporting program, including:

- Enhancing communication and education to address concerns raised by staff and management, including communication of processes already in place to protect the anonymity and confidentiality of individuals using the system.
- Exploring other means of providing assurance to potential users of the system that their rights will be protected, such as creating formal policies and procedures to govern the process.
- Developing enhanced promotional strategies to reach all employees throughout the City, including those who do not have access to electronic communications.

Since the close of the survey in June 2015, Internal Audit has worked with Corporate Communications to develop informational posters that briefly describe the Anonymous Reporting System and provide information on how to file a report. While these posters were primarily intended to reach out to employees who do not normally have access to email, they can be installed in any location that is visible to employees. These posters were distributed to all facilities and departments in July, including City Hall, the Joint Operations Centre, the Woodbridge and Dufferin Works yards, and all community centres.

Further plans are underway to develop an email and Jostle campaign designed to provide more detailed information about the system in an instalment format. In addition, Internal Audit continues to work with Corporate Communications on a promotion strategy, including periodic articles in the City's new Vaughan Connects newsletter, and with HR to introduce newly hired employees to the system.

APPENDIX

Anonymous Reporting System | 2015 Awareness Survey

INTERNAL AUDIT REPORT

Anonymous Reporting System Awareness Survey - 2015

Welcome to the Anonymous Reporting System Awareness Survey.

The Anonymous Reporting System has been available for just over a year and we are interested in getting your thoughts and views on the System.

The City of Vaughan is committed to maintaining an environment where open, honest communications are the expectation, not the exception. The System was introduced as a way to facilitate open and honest communication in a comfortable setting without the fear of reprisal.

Your feedback will help us determine how well the System is working and identify any opportunities to improve the operation and communication of the System. The System is successful if you feel it can truly benefit the City.

Please provide your feedback and thoughts. The more input you provide, the more successful the Anonymous Reporting System will be.

Kindly return completed surveys to:

Paul Wallis
City Hall 4th floor

Thank you for your participation.

INTERNAL AUDIT REPORT

Anonymous Reporting System Awareness Survey - 2015

Background Information (for statistical purposes only)

1. Please select the Commission in which you work:
 - Office of the City Manager
 - Vaughan Fire and Rescue Service
 - Executive Director's Office (including Recreation and Culture)
 - Finance and City Treasurer
 - Legal and Administrative Services
 - Planning (including Parks Development)
 - Engineering and Public Works (including Parks and Forestry Operations)
 - Strategic and Corporate Services (including Building and Facilities)

2. Please indicate your gender:
 - Female
 - Male

3. Please indicate if you belong to a bargaining unit:
 - Yes
 - No

4. Please indicate your role in the City:
 - Management (includes Supervisors, Team Leaders, Managers, Directors, Executive Director, Commissioners and City Manager)
 - Non-Management (includes Specialists/Technicians, Administrative Staff, Clerical Support, Team Members and Front Line Staff)

5. Please indicate your years of service in the City:
 - Less than 1 year
 - At least 1 year but less than 2 years
 - 2 to 5 years
 - 6 to 10 years
 - 11 to 15 years
 - 16 to 20 years
 - 21 years or longer

INTERNAL AUDIT REPORT

Anonymous Reporting System Awareness Survey - 2015

Survey Questions

6. Are you aware of the City's Anonymous Reporting System and its purpose?

- Yes
 No

7. How did you first learn about the Anonymous Reporting System?

- Jostle article
 New hire orientation
 Another employee
 This survey
 Other (please specify)

8. From what you know about the Anonymous Reporting System, would you be comfortable using it to report questionable activity?

- Yes
 No
 Not sure

9. If you answered "No" or "Not sure", why? (Select all that apply)

- I don't believe that I will remain anonymous.
 I don't believe that my report will be treated as confidential.
 I don't want to cause trouble.
 I don't believe things will change anyway.
 I don't think it's my responsibility to report what I know.
 Not applicable. I would be comfortable filing a report if I suspected questionable activity.
 Other (please specify)

INTERNAL AUDIT REPORT

Anonymous Reporting System Awareness Survey - 2015

10. If the City did not have an anonymous reporting mechanism, how would you report fraudulent or unethical activity? (Select all that apply)

- I would talk to my Supervisor.
- I would go to HR.
- I would go to someone in senior management.
- I would not do anything due to fear of retaliation.
- I would not do anything – I don't believe it's my responsibility.
- Other (please specify)

11. Do you feel that having the Anonymous Reporting System is beneficial to the City?

- Yes
- No

12. Do you believe that the Anonymous Reporting System has been communicated effectively?

- Yes
- No

13. Additional Comments (optional):

Thank you for completing the survey.