WHISTLEBLOWING MECHANISMS IN MUNICIPALITIES

QUERY

What are some best practices and good examples of whistleblowing systems that are in place in cities around the world?

PURPOSE

To support the development of a whistleblowing mechanism for the city of Helsinki.

CONTENT

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Municipalities, like all forms of government, have an inherent potential risk of corruption. They administer large amounts of public funds, and have decision-making power that affects the lives of many people.

At the same time, decentralised power allows for greater opportunities for corruption to occur, and municipalities tend to have less robust and developed accountability mechanisms that can identify, punish and prevent corruption than national governments.

In such circumstances, whistleblowing can play an important role in filling this accountability gap, as it allows both the public and lower level public and business employees to report on wrongdoing.

Internationally, there is a large consensus on what constitutes good whistleblowing practice. This includes comprehensive whistleblowing legislation, varied and safe channels of reporting, and strong and effective protection for those who chose to blow the whistle.

There are a number of municipalities that have, in recent years, begun to implement their own whistleblowing policies. These are often open to both staff members and members of the public, and in the majority of cases seem to have been used for their intended purpose.

SUMMARY
WHISTLEBLOWING MECHANISMS IN MUNICIPALITIES

1 WHISTLEBLOWING MECHANISMS IN MUNICIPALITIES

Background

Encouraging employees to report corruption and malpractice within their organisation has proven to be a successful way to avoid the loss of large amounts of corporate and public funds.

As corruption is a clandestine act, the role of whistleblowers in uncovering cases of wrongdoing and abuse is very important. Whistleblowers are well placed to detect corruption within their organisations, and they are crucial to increasing accountability, integrity and in fighting corruption. For example, from 2002 to 2012, the South Korean Anti-Corruption and Civil Rights Commission recovered about US$50m after whistleblowers reported corruption (Transparency International 2013a).

However, whistleblowers regularly face retaliation and persecution for their roles in uncovering corruption. Without sufficient legal protection, safe and reliable avenues to report wrongdoing, employees face being fired, demoted or harassed, and this can discourage whistleblowers from coming forward (Worth 2013).

Whistleblowing in municipalities

Local governments often have a high risk of corruption. Municipalities usually administer large amounts of public funds, taxpayer money, public property and environmental resources. Moreover, they are tasked with creating a system of resource allocation that allows them to efficiently deliver services to the people who need them most (Gonzales de Asis 2000). All of this can be at risk of corruption from officials attempting to manipulate the system for personal gain.

Local government officials may have greater vested interests based on family, friendships and business ties that can influence their decision-making, and remuneration at the local government level is, in many cases, lower than at the national level, creating a greater incentive to take and request bribes. Monitoring by the media and civic institutions can also be weak. Moreover, contact between local government officials and the public is highest at the local level, which increases the opportunities for corruption in the form of bribery (Ferreira da Cruz & Gary 2015).

Municipalities, however, do not always have the highly developed accountability and oversight mechanisms that are in place in central governments, and the institutions that are designed to hold public officials to account at the local level are not always as robust as those at higher levels of government (Ferreira da Cruz & Gary 2015). This might be due to a lack of funding, or due to perceptions that such mechanisms are not needed/too large or cumbersome for smaller organisations.

As well as weaker formal accountability mechanisms than other forms of government, employees at municipal governments are often directly appointed by the elected officials rather than being elected to their roles (Bowman & Menzel 1998). This means that corruption and malpractice cannot be punished by the electorate, and puts a greater onus on a municipality’s internal anti-corruption frameworks.

Therefore, whistleblowing in the public sector in municipalities is vital to providing an additional level of oversight. This can complement existing reporting mechanisms of other enforcement bodies, such as ombudsmen offices (Ferreira da Cruz & Gary 2015). Allowing officials, employees and aggrieved citizens to report instances of ethical misconduct, waste, fraud and other forms of corruption in local government helps to reduce the risk of such corrupt practices continuing (UN-HABITAT and Transparency International 2004).

Since the mid-2000s, there has been an increasing number of cities that have implemented whistleblowing systems aimed at promoting whistleblowing among their employees and members of the public, in an attempt to tackle graft.

2 PRINCIPLES FOR COMPLAINTS MECHANISMS IN LOCAL GOVERNMENT

Whistleblowing is a topic that has received a large
amount of attention, and a number of principles and best practice guides exist to give a better understanding of what makes an effective and strong whistleblowing mechanism. It is agreed that there is a need for strong legislation that enshrines in a country's law the rights of and protection of whistleblowers in all areas of life. Within the framework and guidance of robust national legislation, companies, governments and all other organisations must then produce a whistleblowing mechanism, including clear reporting channels and robust and effective protection for whistleblowers, within which their employees, customers and members of the public can blow the whistle.

**Wider whistleblowing legislation**

The whistleblowing mechanism for municipalities must comply with and be integrated into the broader national legislation and whistleblowing framework, which should include (UNODC 2004, Transparency International 2013b):

- **Strong whistleblowing protection laws.** Protection against retaliation will make potential whistleblowers more likely to raise concerns and report corrupt activities. Such protection should include protection from retribution, preservation of confidentiality, burden of proof on the employer, right to refuse participation in wrongdoing, anonymity and personal protection.

- **The creation of a whistleblowing complaints authority.** Such a body would be an independent agency and would receive and investigate complaints of retaliation and improper investigations of whistleblowing cases. The agency would be empowered to issue binding recommendations, and should also be able to provide advice and support, monitor and review whistleblower frameworks, raise public awareness to encourage the use of whistleblower provisions, and enhance cultural acceptance of whistleblowing. Crucially, any such whistleblower complaints authority should be allowed the resources and capacity necessary to carry out its functions.

- **Tough and enforceable penalties.** If employers or other colleagues are found guilty of retaliation against a whistleblower, that entity or person should be subject to employment/professional sanctions and, potentially, civil penalties.

**Whistleblowing system**

Principles developed by Transparency International suggest that formal and clear complaint mechanisms should be set up that include guidelines and protection for whistleblowers. Transparency International Italia (TI Italia), having worked closely with the government of Italy and the City of Milan on developing whistleblowing regulations and guidelines, has developed six specific recommendations for creating effective whistleblowing frameworks in public institutions. These include the establishment of confidential reporting channels, specific procedures for whistleblowing reporting, impartial investigations and interaction between public institutions (Transparency International Italy 2013a).

Such mechanisms should allow citizens to complain against local government officials, while at the same time obliging local civil servants to report corruption (Ferreira da Cruz & Gary 2015).

In addition, there should be an independent complaints office located within the local government. The office should be effective and respected, and its presence and role should be known to the public and to staff.

The complaints procedure should also be independent, and be tailored to fit the specific local government jurisdiction that it applies to. It should also be as simple as possible, and complaints should be processed as quickly and fairly as possible. Moreover, the mechanism should be fully available to the public so that members of the public can learn exactly what their rights are.

Finally, local government staff should be provided with effective training on the mechanism and their duties within it (Ferreira da Cruz & Gary 2015).

**Reporting channels**
Specific reporting mechanisms must be provided for people to use to blow the whistle on corruption that they encounter. Having multiple and varied reporting pathways allows for employees to choose the best method to suit their needs. This could be internal, directly to line managers or others within the organisation, or external to designated contractors (Roberts et al. 2009).

There are a number of different mechanisms that are regularly used to facilitate reporting channels, which include telephone or e-mail hotlines, websites and online portals, suggestion boxes, as well as directly reporting a complaint face to face with the officers in charge of the whistleblowing mechanism (Eaton & Ackers 2007).

As well as internal whistleblowing channels, there should also be at least one external whistleblowing channel that can be used as an alternative. Such channels can include regulatory authorities, law enforcement or investigative agencies, elected officials or specialised agencies, such as ombudspersons. External channels can also be provided by external companies and contractors, but may not be viable if resources are tight (Transparency International 2013b).

**Anonymity and confidentiality**

It is vital that all complaints can be made anonymously, and that the organisation that receives the complaints can guarantee the anonymity of the whistleblower if requested (Worth 2013). In most cases, whistleblowers are able to report anonymously on wrongdoing they may be witness of.

However, truly anonymous reporting makes it difficult to follow up and investigate cases. Instead, offers of confidentiality can be made, with some guarantees of protection against retaliation. The right to anonymity, however, should only be possible to relinquish at the explicit request of the whistleblowers themselves (Transparency International 2013b).

TI Italia also advocate for establishing dialogue with whistleblowers and using whistleblowing reports as a warning. Establishing dialogue with the person blowing the whistle can allow for a more holistic understanding of their complaint, and deeper insights can be gained from such an approach. Anonymity should still be provided for whistleblowers if requested, but this is an acknowledgement that more effective action can be taken when it is possible to get as much information as possible from whistleblowers. The recommendation to use reports gained from whistleblowing as warnings means that the focus of investigations can be on the root causes of corruption in the public institution, not solely on the specific instance of corruption that is reported (Transparency International Italy 2013a).

**Criteria for corruption reports**

Specific criteria should be used to assess cases or accept reports as valid (Roberts et al. 2009). These criteria should be clearly identified and should be published on the website of the municipality but are likely to be at least in part defined by national legislation. Criteria should be a mixture between clearly defined issues that can be reported on, but also include some broader provisions that allow employees to blow the whistle safely if they are in doubt (Roberts et al. 2009).

It is important to make clear the level of information that is required for a whistleblowing report to be accepted, although this is a difficult balance to strike. Too high a barrier to submission can discourage potential whistleblowers, while a low threshold could allow for a surfeit of reports that are unfounded or overly petty. The literature recommends fostering an ‘if in doubt, report’ culture alongside a clearly defined set of parameters that cover most potential whistleblowing scenarios (Roberts et al. 2009).

Policies and procedures should also clearly differentiate between personal grievances and genuine whistleblower reports, to ensure that the mechanism is correctly used (Transparency International 2010). However, too narrow a definition can risk damaging the effectiveness of the mechanism (Lewis & Vandekerckhove 2011).

Many organisations chose to make reporting wrongdoing a duty of their employees, in an attempt
to incentivise employees to blow the whistle (Worth 2013). However, it is not always guaranteed that introducing a duty to report is an effective approach to encourage reporting, especially in the absence of corresponding strong whistleblowing protection policies (Roberts et al. 2009).

**Procedure for handling complaints**

Moreover, to effectively, efficiently and fairly manage a whistleblowing system, an organisation must have a clear and well defined system for managing the complaints received. This includes staff who have a clearly defined role to process complaints, and an independent and transparent hierarchy (Chamunorwa 2015). Developing complaints handling guidelines and policies may be advisable to ensure that stakeholders have a common understanding of the mechanism (World Vision 2009).

The Complaints Handling System may consist of one or more complaints board bodies that decide on the complaint and remedy. The institutional setup needs to ensure that “complaints are processed by a competent body guided by transparency, confidentiality and impartiality” (Danish Refugee Council 2008).

In addition, investigation procedures should be fair and free from bias, and all parts of the disclosure should be fully analysed and thoroughly investigated to ensure a fair and correct outcome (Chamunorwa 2015). The municipality should focus on the nature and substance of a report, and not on the person making it, and suitable corrective action should be taken when a report is well-founded. A record should be kept on how a report was managed so the municipality can learn from the experience (Transparency International 2010).

**Capacity**

An effective whistleblowing mechanism must have enough resources and adequately trained staff to ensure that all complaints can be dealt with in a quick, efficient and fair manner.

This includes ensuring that roles and responsibilities are clear and that sufficient resources are allocated to the complaints mechanism in terms of staff, staff training, community awareness raising, and physical space, as well as for the mechanisms themselves. In particular, for effective management of complaints, it is important to have accountability staff responsible for soliciting and collecting complaints, entering and maintaining the complaints database, and following up on complaints (Save the Children 2011).

Regular, comprehensive training should be organised for public sector staff and management, in which whistleblowing procedure and legislation should be made clear and understandable. Moreover, such procedures should also be publicly displayed in all places they apply (Transparency International 2013b). Additionally, staff working on the whistleblowing mechanism, in particular those working on investigating claims, should be provided with professional training to ensure they can fully carry out their duties (Roberts et al. 2009).

### 3 EXAMPLES OF WHISTLEBLOWING MECHANISMS IN MUNICIPALITIES

There are a number of examples from cities around the world that have adopted whistleblowing policies that apply directly to their employees. These have, for the most part, taken inspiration from the international norms laid out before. However, each municipality has created a unique set of whistleblowing regulations that are targeted specifically for the contexts in which they are used.

**Cape Town, South Africa**

In December 2006, the city of Cape Town, South Africa officially launched its anti-corruption hotline, designed to allow whistleblowers to anonymously report cases of corruption in the municipality. The mechanism comprises of a free 24/7 telephone hotline, and is open to employees of the City, as well as business people and the citizens of Cape Town (City of Cape Town 2006). This was part of a reaction to the City reportedly recording a loss of R330 million (US$21.73 million) in the previous financial year to suspected fraudulent and corrupt activity (City of Cape Town 2006).
To supplement the whistleblower mechanism in the city, public sector staff were given specific ethics training when they are recruited, and the departments of the city administration were also invited to sessions that present all of the city’s anti-corruption initiatives (De Lille 2015). Staff are also explicitly responsible for reporting corruption to their line manager or the director of the City’s Forensics, Ethics and Integrity Department (City of Cape Town 2014).

It was reported that in the first quarter of 2014-15 financial year, 20 per cent of complaints to the whistleblower hotline concerned illegal and corrupt acts, quickly rising to 76 per cent by the third quarter of the same year (Pillay 2015).

**Calgary, Canada**

Calgary introduced its whistleblowing policy in 2007, and the whistleblowing programme that was developed began operation in July of that year. This was then amended in 2013 to extend the reach of the programme to include members of the council and council staff (City of Calgary Auditor’s Office 2015). Currently, the whistleblower programme allows employees, suppliers and members of the public to confidentially report suspected acts of wrongdoing. However, the policy does not specifically mention corruption per se, although it does highlight violations of public trust or duty and the misuses of positions for private gain as actions that are covered by the policy (City of Calgary 2007).

The mechanisms included in the whistleblower programme include an external service provider, which can be contacted via an online form or a telephone hotline. Whistleblowers can also file reports internally to the city auditor’s office via e-mail, traditional mail, fax or telephone. Usage data suggests that the external service provider has been used most by whistleblowers, making up 42 per cent of all reports received in 2014 (City of Calgary Auditor’s Office 2015).

**Sacramento, United States of America**

In the 2011-12 audit plan of the American city of Sacramento, the Office of the City Auditor was requested to complete an assessment as to whether it would be worthwhile creating a whistleblower hotline in the city. The assessment estimated that running a whistleblower hotline in Sacramento could cost over US$200,000 per year, but that it could yield larger benefits. It was unclear how much money the City of Sacramento was losing per year from fraud and corruption, but it was suggested that if its losses were in line with the Association of Certified Fraud Examiners’ estimates, they would total around US$30.3 million per year (Oseguera & Herbstman 2012).

Since 2012, this hotline has been active and maintained by the Office of the City Auditor, who reports directly to the mayor and the city council. It operates 24 hours a day, 365 days a year (City Auditor 2013). The hotline allows members of the public and public officials of the city to submit allegations of fraud, waste and/or abuse. The hotline includes multiple methods of blowing the whistle, including a toll-free phone number, an online form, and complaints that can be made directly to the city auditor or any audit office staff member (City of Sacramento 2013). The hotline also allows for complainants to choose to keep their identity confidential, and this right can only be waived if the complainant declares so in writing.

Importantly, the hotline is based upon the California Government Code Section 53087.6, which has clear definitions of the kind of actions that are covered by the hotline. Key among these is the definition of “abuse”: “[t]his is the use of an employee’s position in the City to obtain personal gain for that employee or for someone else like a family member or friend” (California Government 2008). This is very close to Transparency International’s definition of corruption¹, and is wide-ranging enough to cover the different types of corruption that may occur.

Due to a lack of resources, the Office of the City Auditor cannot conduct full investigations into all tips

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¹ Transparency International defines corruption as: “The abuse of entrusted power for private gain. Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs.” (Transparency International 2009):
they receive. Therefore, complaints are ranked into three priority risk levels:

- **high**: reports that include safety concerns, loss to the City of Sacramento of up to US$75,000, criminal activity resulting in a loss of at least US$400, high-level involvement, collusion of multiple wrongdoers, major department-wide issues, or need for immediate action to prevent major issues
- **medium**: reports that pertain to a potential loss to the City of more than $25,000, abuse of authority, medium-to-low level employee involvement, minor department-wide issues, or patterns of small problems that could become serious when considered together
- **low**: allegations that could result in losses of less than US$25,000, isolated instances of abuse, wasteful practice that would have limited gains if corrected, and allegations that lack credibility/evidence (City of Sacramento 2013)

Despite the aforementioned lack of resources, over 80 per cent of reports the hotline received between 2012 and 2015 have been processed and closed. Moreover, use of the hotline has grown since its creation in 2012: 2012 saw 20 reports received, while 2014 saw 173 (Oseguera et al. 2015).

**Milan, Italy**

Italy passed legislation to protect public sector whistleblowers in 2012. Following this, in 2012 Milan became the first municipality in Italy to adopt its own whistleblowing policy that specifically aims to protect municipal workers that blow the whistle (Worth 2013). The adoption of these provisions in Milan came after close work with civil society group Transparency International Italia (Transparency International Italia 2013b).

Following the adoption of the whistleblowing policy, in 2015 the City of Milan created a dedicated online platform for whistleblowing. This allows over 15,000 employees of the city to report corruption online. The platform guarantees anonymity for whistleblowers, and encrypts any reports it receives to ensure that reports cannot be traced (City of Milan 2015). The City has also started a training programme aimed at around 5000 employees of all levels in the municipality with a high corruption risk. The training aims to encourage the sharing of ideas about anti-corruption and transparency (Transparency International Italia no date). Since the activation of the new intranet reporting tool in January 2015, 13 reports had been received (City of Milan 2015).

**Manchester, United Kingdom**

Manchester City Council introduced their whistleblowing policy in 2012. The policy is easily available on the council’s website and is for use by council staff as well as members of the public who can report instances of corruption via a dedicated e-mail address, a telephone hotline, an online reporting form, and via a confidential letter to the head of internal audit and risk management at the council. Employees of the council can also submit complaints via their managers if they feel able to do so (Manchester City Council 2015).

The reporting system, and the instances in which an employee can make a complaint are clearly explained, including specific guidelines for members of the public and council staff who work within the education system. The whistleblowing policy also explicitly mentions corruption as a reason that someone might use the various hotlines, but does not define the term, thereby making it unclear as to what constitutes an acceptable complaint. However, the whistleblowing framework is not external to the council, and all complaints filed via the council’s hotlines go directly to the council. To offer alternative methods for whistleblowers who do not want to risk going directly to their employer, the council website and whistleblower policy does provide the contact details for regional and national alternatives for whistleblowers to use (Manchester City Council 2015).

Finally, Manchester City Council’s whistleblower policy provides provision for employees who blow the whistle to remain anonymous, although it does make note that anonymous complaints are harder to follow up and it therefore encourages whistleblowers to provide as much information as possible.
It is difficult to find data on how successful the whistleblowing mechanisms in Manchester are, as the council does not publish reports on the cases that it receives.

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