

Good Government Hotline

2021 Annual Report

February 2022



Multnomah County Auditor's Office
Jennifer McGuirk, Multnomah County Auditor

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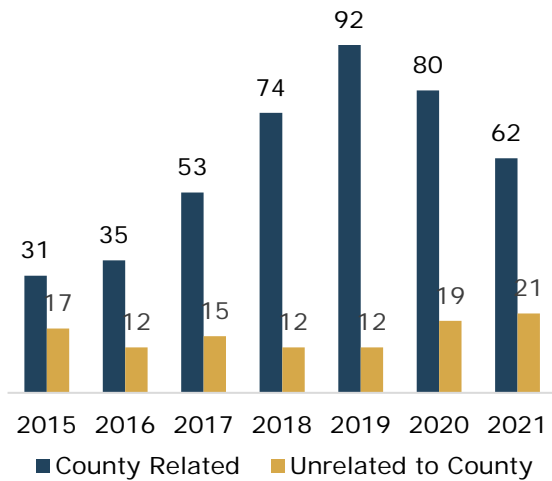
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Good Government Hotline Activity Report 2021

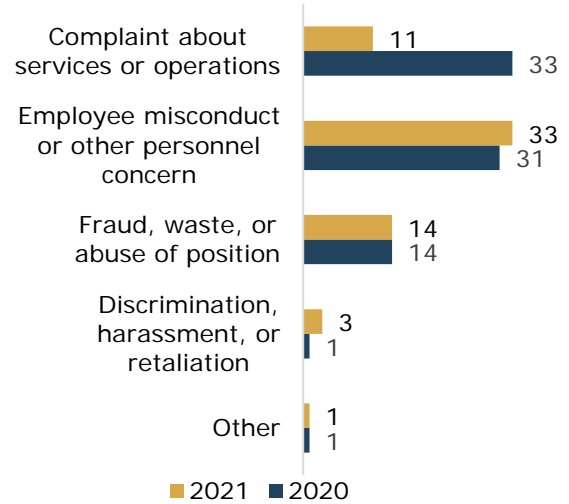


The Multnomah County Auditor's Hotline provides a way for county employees and the public to report concerns of fraud, waste, and abuse of position.

We received 62 unique, county-related reports in 2021, a 23% decrease from 2020. When reports are unrelated to the county, we typically refer the reporter to the appropriate agency or resource.



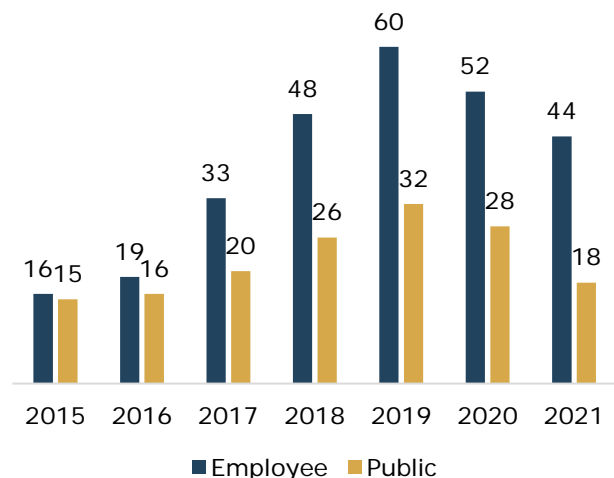
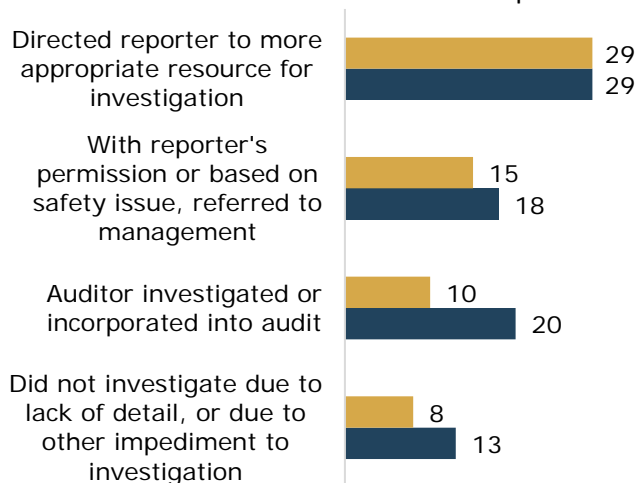
We received only 11 complaints about services or operations in 2021, a 67% decrease from 2020, when we received 33. This decrease is attributable to far fewer reports about COVID-19 workplace safety concerns.



Beginning in July 2019, we changed some of our processes to make the hotline more accountable to employees and community members. Central to this change was a resolve to investigate all reports in house. We did extensive outreach to employees to educate them about the types of reports we investigate, and those that we cannot, which appeared to have an impact. In some cases, we will still forward reports on to management for investigation.

The Auditor's Office investigates reports of fraud, waste, or abuse of position, which includes some complaints about services or operations, but not personnel concerns. Over the past few years, we have increased our efforts to communicate the types of reports we can investigate. The pandemic has limited this outreach. In 2021, the number of reports the Auditor investigated dropped to 10. This reduction was primarily due to a decrease in complaints about services or operations.

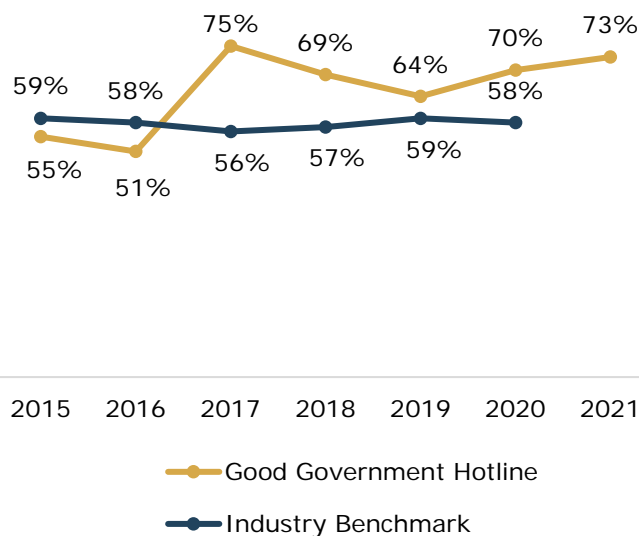
Reports from community members decreased 36% from 2020 to 2021. We need to increase hotline awareness among community members. Community members, including county contractors and vendors, are a strong source for potential reports of fraud, waste, and abuse. Despite the challenge of doing so during the pandemic, we will focus additional efforts to communicate about the hotline to community members in the coming year.



To report suspected fraud, waste, or misuse of County resources, call 1-888-289-6839 or go to goodgovhotline.com

Good Government Hotline Highlights 2021

The rate of anonymous reports increased to 73% in 2021. Because anonymous reports tend to be more difficult to substantiate, we want this rate to be close to the industry benchmark. We always want employees and community members to feel comfortable reporting in good faith. The ability to report anonymously is necessary for an effective hotline. However, a high rate of anonymous reports may be an indicator of distrust between reporters and management. Anonymous reports also tend to be more difficult to substantiate. When reporters leave contact information, we are more likely to be able to ask follow-up questions, which may help substantiate reports.



Reports can be made anonymously. Reporter confidentiality is protected by Oregon Law.

A brief history of the Hotline

The County Auditor established the Good Government Hotline in 2007 to provide County employees and community members with a secure, confidential method for reporting suspected fraud, waste, or abuse of position. The hotline was born partly out of a situation that occurred in 2007, when a County employee allegedly embezzled an estimated \$30,000.

Hotlines are very effective reporting mechanisms and are an integral part of an anti-fraud control system. Organizations with hotlines experience significantly fewer fraud losses than organizations without hotlines. And tips are by far the most effective method for detecting fraud. For governments with hotlines, 66% of fraud cases are detected by tip.

We have also stepped up our communications with employees and the public about the core purpose of the hotline: a place to report suspected fraud, waste, and abuse of position. Those reporting to the hotline believe the Auditor is investigating. We will honor that expectation.

How we process and investigate reports

Upon receiving a hotline report, the Good Government Hotline investigator does an initial review of the report for relevance to County operations, quality of the information provided, and nature of the report, among other considerations. Some reports lack the detail to investigate, and some are really customer-service issues that can be resolved relatively easily without an investigation.

For each County-related report, the investigator conducts a preliminary review. Depending on the type of report, preliminary review may include reviewing documents and/or data, or talking with employees. In that preliminary review phase, our fact finding is used to determine whether the report will be further investigated, and who will investigate. The hotline investigator investigates all reports involving fraud, waste, and abuse of position. We do fact-finding, and don't have disciplinary authority over county employees.

While reporters can report anonymously if they choose, it is worth noting that even if they don't, we protect reporter confidentiality to the fullest legal extent. According to ORS 297.765, reporter identity cannot be disclosed, outside of the investigation process, without the reporter's explicit permission. When referring anonymous reports to management, we summarize details of the report and try to remove any information that would potentially identify the reporter.

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2021 Hotline Report Activity

We analyze hotline activity to improve hotline effectiveness

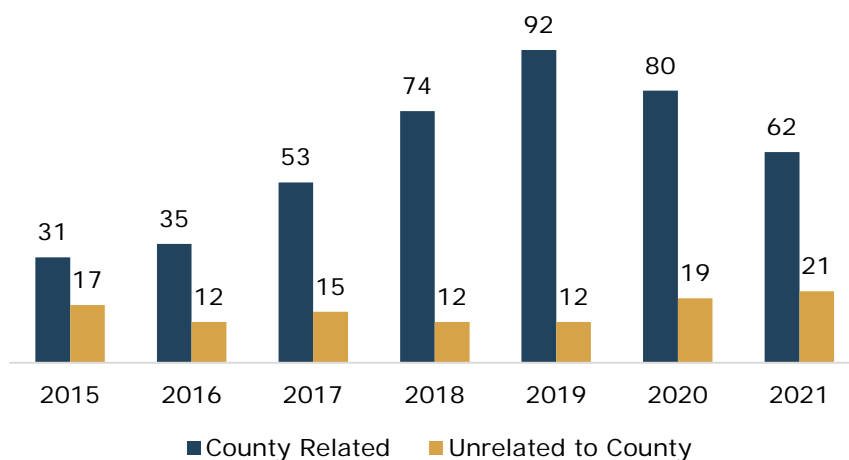
We measure hotline effectiveness in a number of ways, including looking at performance metrics that we track over time. We also recognize that performance metrics don't tell the full story, and certainly don't help individual reporters who may feel the issue they reported wasn't addressed. We appreciate every good-faith report that comes to the hotline.

After increasing for four consecutive years, the number of total reports decreased slightly in 2021

In 2021, the Good Government Hotline received 62 unique, county-related reports, a 23% decrease from the previous year. For reports unrelated to the county, we referred the reporter to another agency or organization if possible. We referred reporters to the Multnomah County Trial Court Administrator, the State of Oregon's Ombuds Office for Oregon Workers, the Gresham Police Department, the Portland City Auditor's Office of the Ombudsman, the Oregon Bureau of Labor and Industries, the Oregon Department of Human Services, and the City of Portland's Bureau of Development Services, among others.

Starting in 2016, the Auditor began more actively promoting the hotline through outreach to employees. From 2015 to 2019, county-related hotline reports increased nearly three-fold. That trend began to reverse in 2020, and we think this reversal is mostly attributable to many county employees working from home during the COVID-19 pandemic, and the way the COVID-19 pandemic has affected our ability to communicate with employees about the hotline. Many of our hotline outreach efforts prior to the pandemic were in person, and that outreach is more difficult to accomplish in a virtual environment.

After increasing for four straight years, the number of county-related reports decreased 13% in 2020, and 23% in 2021



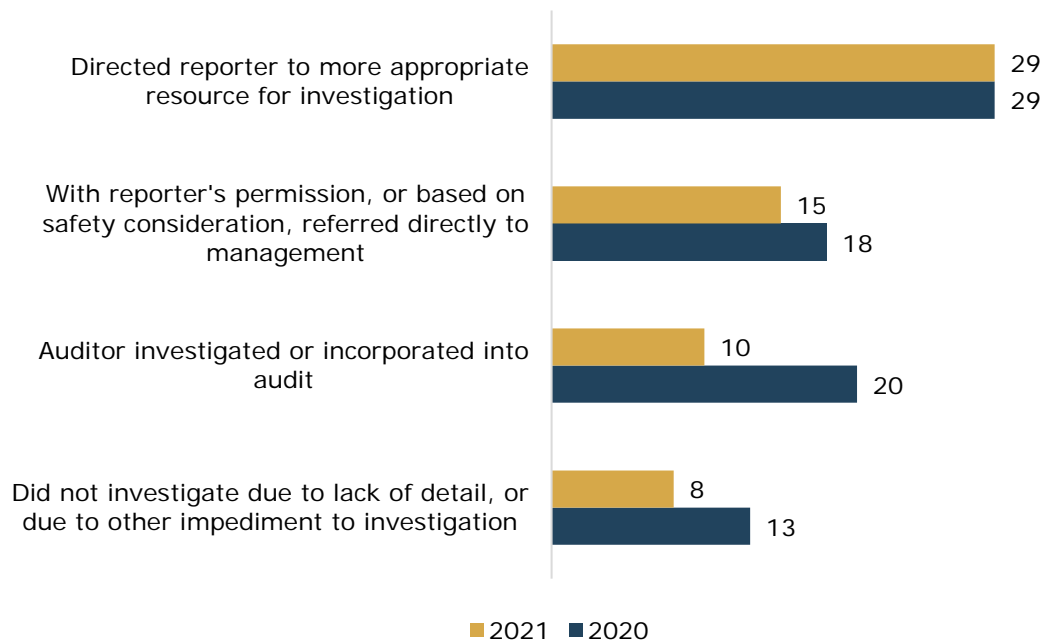
Source: Auditor's Office Analysis

In 2021, fewer reports were within the Auditor’s purview to investigate

Based on employee feedback and to align with best practices, in the second half of 2019 we changed our practice to keep hotline investigations within the Auditor’s Office as much as possible. Prior to that change, we referred most personnel reports to management. We heard from some employees that they feared retaliation if reports were passed on to management; others told us they assumed all hotline reports were investigated by the Auditor, independent of management. To honor employee and community expectations, we decided that the Auditor’s Office would investigate independently whenever possible and we encouraged people to report personnel concerns through established Human Resources and Labor Relations policies and procedures. We still may refer personnel-oriented reports or significant safety concerns to management, but will always seek to connect with the reporter before doing so. After referring 33 reports to management in 2019, we referred just 18 reports in 2020, and 15 in 2021.

We were unable to investigate some reports due to lack of detail provided by the reporter or the report was without merit. In instances where we don’t receive enough initial detail to investigate, we do attempt to connect with reporters to obtain more information.

In 2021, the number of reports the Auditor investigated dropped from 20 to 10. This reduction was primarily due to a large decrease (33 to 11) in complaints about services or operations



Source: Auditor’s Office Analysis

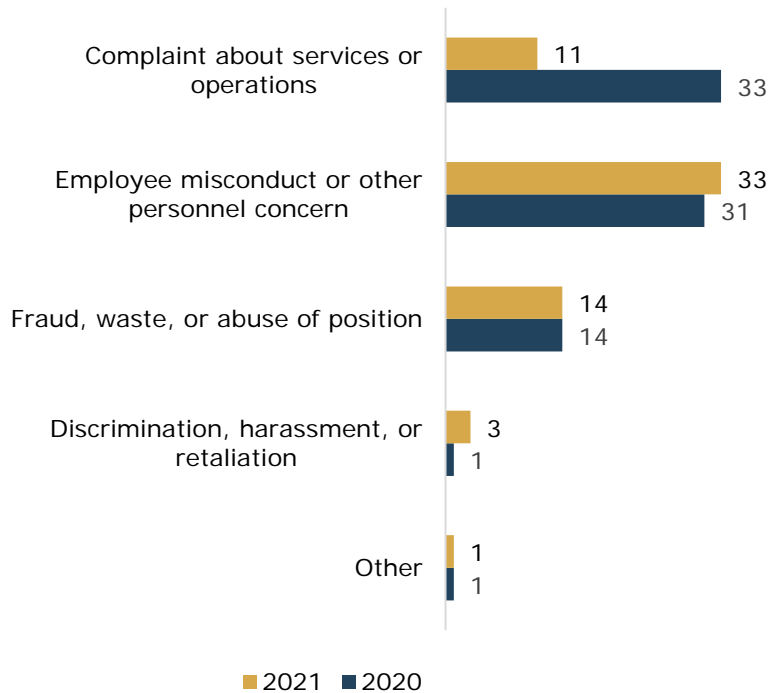
In contrast to 2020, when we received many complaints about services or operations, we received relatively few in 2021

We received only 11 complaints about services or operations in 2021, a 67% decrease from 2020, when we received 33. This decrease is somewhat attributable to fewer reports about COVID-19 workplace concerns.

Traditionally, we have received far more reports regarding personnel issues than those regarding fraud, waste, or abuse of position. Many employees turn to the hotline when it comes to personnel-related concerns, and we encourage employees and community members to make good-faith reports to the hotline. But we also want to be clear that we do not conduct investigations regarding personnel matters, unless related to fraud, waste, or abuse of position.

Beginning in mid-2019, personnel-oriented reports decreased as we messaged that these reports should generally be directed toward county management. In 2020 and 2021, due to the COVID-19 pandemic, we did not have as much opportunity as we have in recent years to promote the hotline and the types of reports we investigate, and we found that personnel-oriented reports increased by 6% in 2021.

We received only 11 complaints about services or operations in 2021, a 67% decrease from 2020, somewhat attributable to fewer COVID-19 workplace concerns

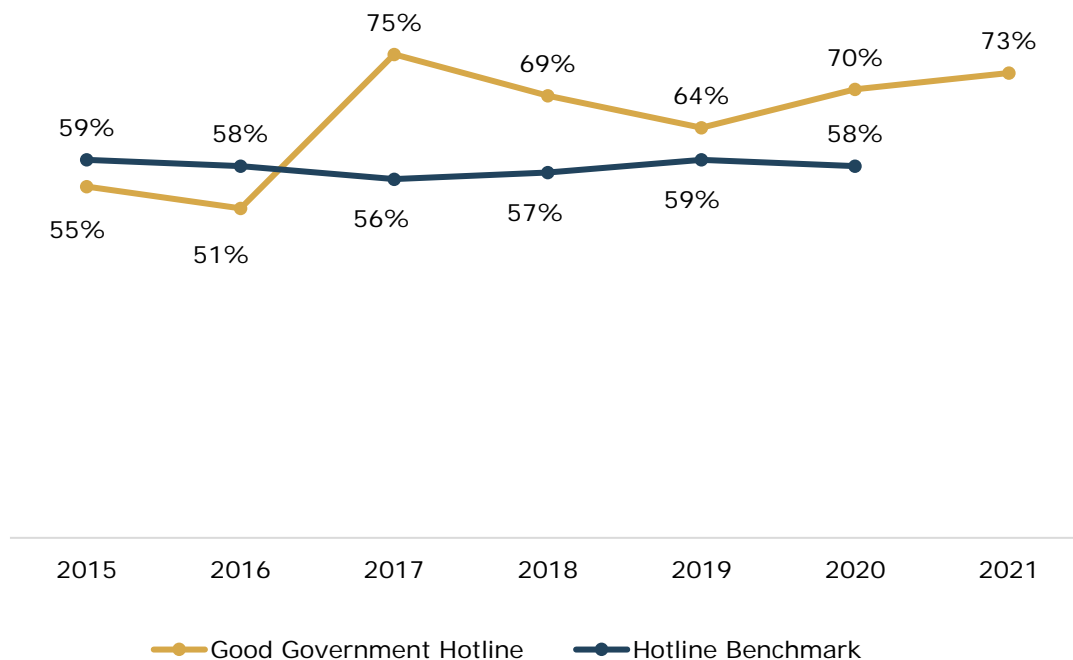


Source: Auditor’s Office Analysis

The anonymous report rate remains relatively high

The rate of overall anonymous reports to the hotline increased slightly in 2021, from 70% to 73%. We offer the option for reporters to report anonymously, because it helps alleviate the fear of retaliation. We always want employees and community members to feel comfortable reporting in good faith. The ability to report anonymously is necessary for an effective hotline. However, a high rate of anonymous reports may be an indicator of distrust between reporters and management. Anonymous reports also tend to be more difficult to substantiate. Based on data provided by our third-party hotline administrator, the average rate of anonymous reports for their hotline customers in 2020 was 58%.

The rate of anonymous reports to the hotline increased slightly to 73% in 2021. Because anonymous reports tend to be more difficult to substantiate, we want this rate to be closer to the hotline benchmark rate, which has been below 60% since at least 2015.



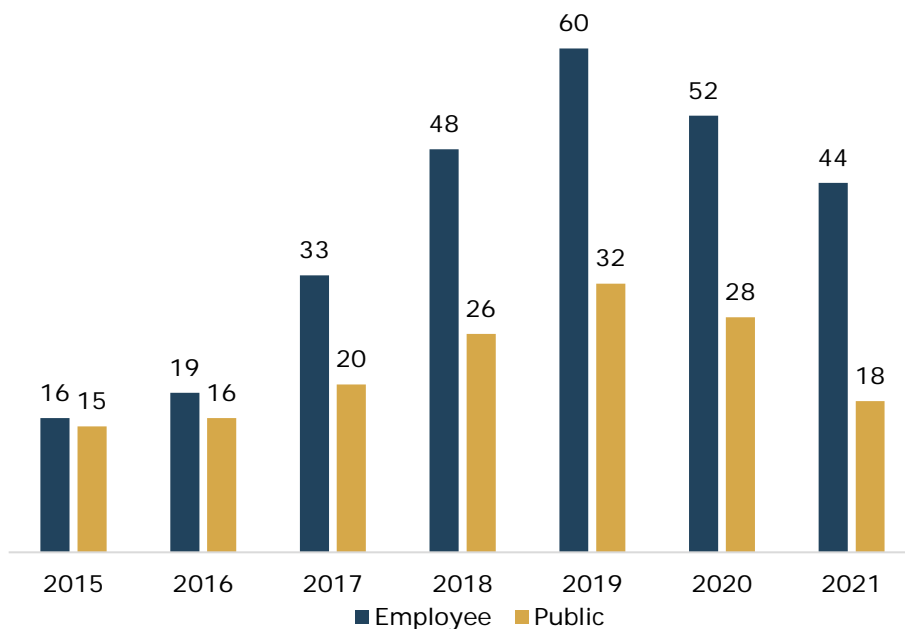
Source: Auditor’s Office and Navex Global Hotline Benchmarking Report. *Benchmark data for 2021 is not yet available.

All hotline reports – anonymous or not – are subject to the privacy safeguards of Oregon local hotline law. According to ORS 297.765, reporter identity cannot be disclosed, outside of the investigation process, without the reporter’s explicit permission. County personnel rules and Oregon law also spell out that hotline reporters are to be protected from retaliation.

We need to reach more community members with information about how to report to the hotline

Reports from community members decreased for the second consecutive year. We need to increase hotline awareness among community members. Community members, including county contractors and vendors, are a strong source for potential reports of fraud, waste, and abuse of position. In 2021, we reached out to all county contractors with detailed information about reporting to the hotline. We will focus additional efforts to communicate about the hotline to community members in the coming year.

Reports from community members decreased 36% from 2020 to 2021



Source: Auditor’s Office Analysis

Overview of Reports the Auditor Investigated

Of the 10 reports the Auditor investigated, four were unsubstantiated, one was unsubstantiated with recommendations, and five are in progress.

Hotline reports can be difficult to substantiate. The substantiation rate is somewhat dependent on high quality reports, with detailed information such as dates, times, names, events.

In the examples below, we received high-quality reports, and were able to interact with the reporters in several instances. However, we found that the reported actions did not result in an ethical or rule violation or lacked detail to confirm a violation had occurred:

Nature of Report	Report Category
Employee using a county vehicle for personal purposes	Abuse of Position
Lack of proper planning for weather led to understaffing at a county work site	Complaint About Services or Operations
County has initiated a project to implement new computer software that is redundant and wasteful	Waste
County contractor is using county funding inappropriately	Fraud

We received several reports about an issue that we investigated and found to be unsubstantiated. We issued recommendations to county management, because we saw the need for a change in rules/process:

Nature of Report:

An employee worked for an outside consulting firm that also did business with the county, which presents a conflict of interest, and may provide the contractor with an inside advantage to county work.

Report Category:

Abuse of position.

Determination:

The employee disclosed their outside employment and thus did not violate county rules.

However, we concluded that the County's Code of Ethics Disclosure form does not adequately address potential conflicts of interest, because the questions asked are not specific enough. In particular, the form does not ask if the employee's outside employer does business with the county.

In terms of county contractors competing for county business, we concluded that it could be perceived as an inside advantage to employ someone who also works for the county.

Recommendations:

The Auditor issued the following recommendations to management.

- 1) Central Human Resources should add additional questions to the Code of Ethics Disclosure form, which will help determine with greater reliability, whether an employee has a conflict of interest due to outside employment. In particular, the form should be modified to ask if the employee does any outside business with the county, and if so, the specific nature of the work.
- 2) During the procurement process, whether for a contract with the county, or for a department/division using a contractor under a general services contract, county management should ask contractors if they employ anyone who they know to be a county employee.

Action Taken*:

Management took no action of which we are aware.

*The Auditor does not have disciplinary authority

Update on 2020 reports

In 2021, we finished investigating two reports we received in 2020. Both were unsubstantiated.

An Overview of the Good Government Hotline

Why do we have a hotline?

The County Auditor established the Good Government Hotline in 2007 to provide county employees and community members with a secure, confidential method for reporting suspected fraud, waste, or abuse of position. The hotline was born partly out of a situation that occurred in 2007, when a county employee embezzled an estimated \$30,000. More recently, in 2015 and 2018, Multnomah County employees were convicted of theft for using their county-issued credit cards for personal purchases. The Auditor's Office provided forensic accounting and investigation services in both of these cases.

Hotlines have proven to be very effective reporting mechanisms and are integral to preventing fraud. Organizations with hotlines experience fraud losses significantly lower than organizations without hotlines. And, tips are by far the most effective method for detecting fraud. For governments with hotlines, 66% of fraud cases are detected by tip.

Recent improvements to how we manage the hotline

In July 2019, we made changes to how we manage the Good Government Hotline to bring it into alignment with best practices for fraud, waste, and abuse hotlines. The Auditor assigned a staff member full-time to the hotline starting July 1, 2019. Prior to that, two staff auditors managed hotline complaints in addition to working on audits. This meant that handling hotline reports could be disruptive to audit work, and had the potential for affecting how we were able to look into reports.

We have also stepped up our communications with employees and the public about the core purpose the hotline has always had – it is a place to report suspected fraud, waste, and abuse of position in county government or by county government contractors. Reporters that report to the hotline believe the Auditor is investigating. We will honor that expectation.

How we process and investigate reports

Upon receiving a hotline report, the Good Government Hotline investigator does an initial review of the report for relevance to County operations, quality of the information provided, and nature of the report, among other considerations. Some reports lack the detail to investigate, and some are really customer-service issues that can be resolved relatively easily without an investigation.

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with employees. In that preliminary review phase, our fact finding is used to determine whether the report will be further investigated, and who will investigate. The hotline investigator investigates all reports involving fraud, waste, and abuse of position. We do fact-finding, and don't have disciplinary authority over county employees.

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How do we handle personnel complaints?

Traditionally, we have received far more reports regarding personnel issues than those regarding inefficiency, fraud, waste, or abuse of position. While the hotline is intended for reports of fraud, waste, and abuse of position, some employees come to the hotline after having exhausted efforts to have their concern addressed in more traditional ways, such as through human resources or management. We accept those types of reports, but we are limited in our ability to act when purely personnel issues are involved.

When we receive reports that are personnel-oriented, we let the reporter know the traditional referral routes to human resources and management, and encourage them to report those ways. We may refer personnel-oriented reports to management, but will always seek to connect with the reporter before doing so. We will generally refer reports of discrimination, harassment, or retaliation to the Protected Class Complaints Investigation Unit. When the hotline refers personnel reports, we require the agency receiving the complaint to report back to us on how they investigated the report, any determinations, and any corrective actions, such as discipline. We refer reports involving violations of law, or health and safety issues to the appropriate agency or organization.

Hotline Staff

Fran Davison, Principal Auditor

Marc Rose, CFE, Lead Hotline Investigator, Principal Auditor