

Good Government Hotline

Annual Activity Report for Calendar Year
2019

April 2020



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

Table of Contents

Hotline Activity Executive Summary 1

2019 Hotline Report Activity 3

 We analyze hotline activity to improve the hotline’s effectiveness..... 3

 The number of reports increased for the 5th consecutive year 3

 The anonymous report rate remains high 4

 Once again, most reports in 2019 were personnel-related 4

 Our outreach efforts appeared to pay off in the second half of the year 5

 We referred over a third of reports to management in 2019, but far less in the second half of the year 6

 We investigated more reports within the Auditor’s Office than in any prior year 7

 The substantiation rate dropped off significantly in 2019..... 8

 The Department of Community Services was the subject of the most reports overall, and most reports per employee..... 9

 Some departments were the subject of few reports, suggesting lack of awareness of the hotline; others were the subject of more reports, many personnel-related 10

An Overview of the Good Government Hotline 12

 Why do we have a hotline? 12

 Recent improvements to how we manage the hotline..... 12

 How we process and investigate reports..... 12

 How do we handle personnel complaints? 13

Audit Staff 14

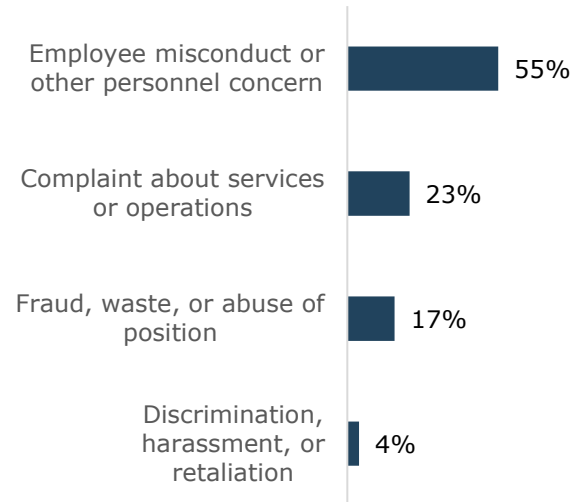
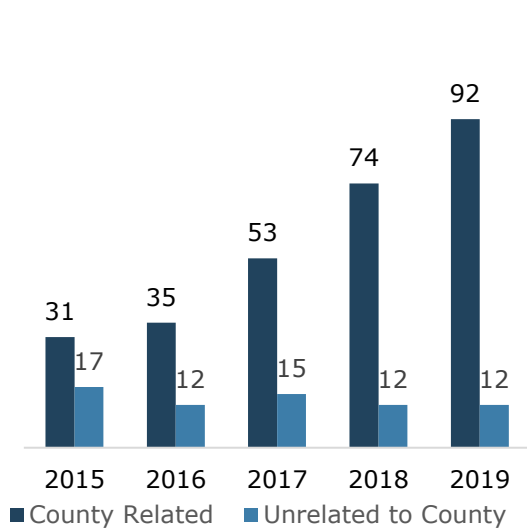
Good Government Hotline Activity Report 2019



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 92 unique, county-related reports in 2019, a 24% increase over 2018. Reports unrelated to the County are typically referred to the appropriate agency or resource.

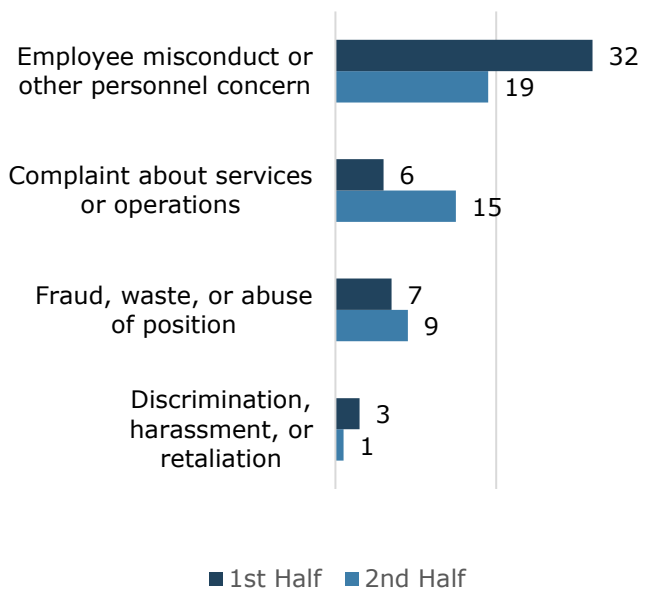
Fifty-five percent of the reports we received in 2019 were related primarily to personnel matters, an area where we have limited ability to investigate.



Beginning in July of 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 rare cases, we will still forward reports on to management for investigation.

The Auditor investigates reports related to fraud, waste, and abuse of position, but generally not personnel concerns. After our outreach efforts, fraud, waste, and abuse reports increased, and personnel-related reports declined significantly.

Based on employee feedback and experiences, we decided to reduce the number of reports we send to management for investigation. Employees and community members believe the Auditor is investigating, and we will honor that expectation. We referred 33 personnel-related reports to management in 2019, but we referred only 6 of these reports in the second half of the year.



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

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.

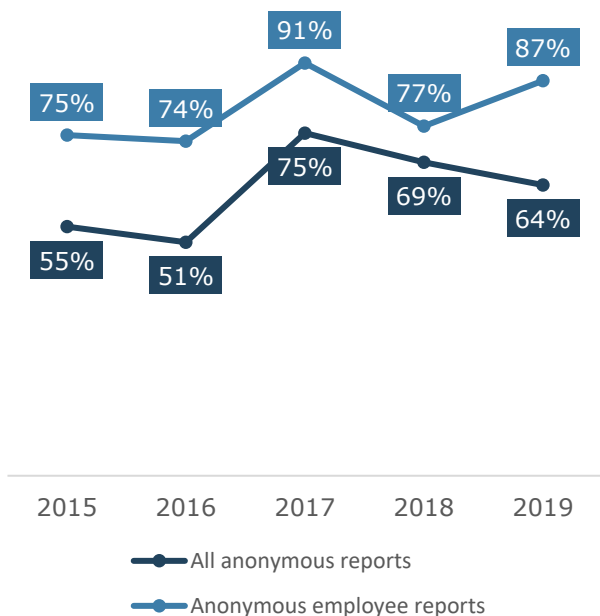
Hotlines are very effective reporting mechanisms and are an integral part of an anti-fraud control system. Organizations with hotlines experience significantly fewer fraud losses than organizations without hotlines. And tips are by far the most effective method for detecting fraud. For governments with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

In July 2019, we made changes to how we manage the Good Government Hotline. 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.

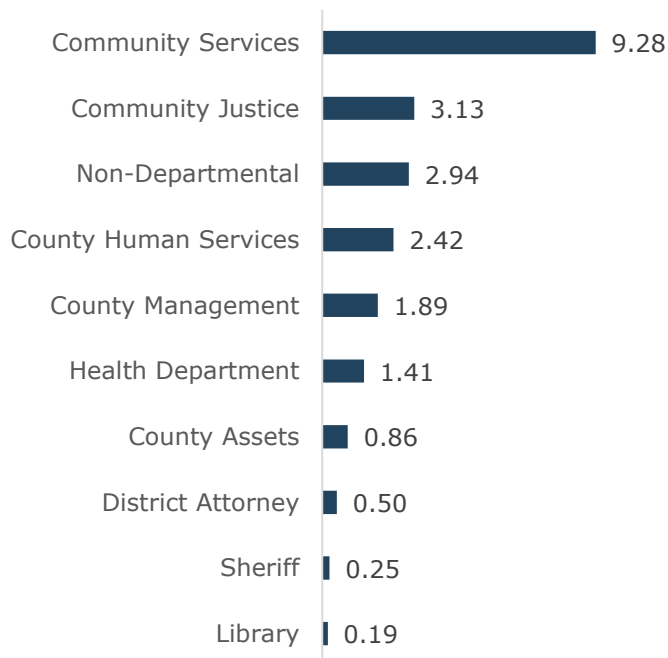
We have also stepped up our communications with employees and the public about the core purpose of the hotline: a place to report suspected fraud, waste, and abuse of position. Those reporting to the hotline believe the Auditor is investigating. We will honor that expectation.

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

The rate of anonymous reports from employees continues to be high, and increased by 13% in 2019 - indicating a level of concern about the consequences of making a report. We want to assure employees that their confidentiality is protected when reporting, and that they will not suffer retaliation when making a report.



On a per employee basis, complaints regarding the Department of Community Services significantly outpaced other departments (chart indicates complaints per one hundred employees).



2019 Hotline Report Activity

We analyze hotline activity to improve the hotline’s effectiveness

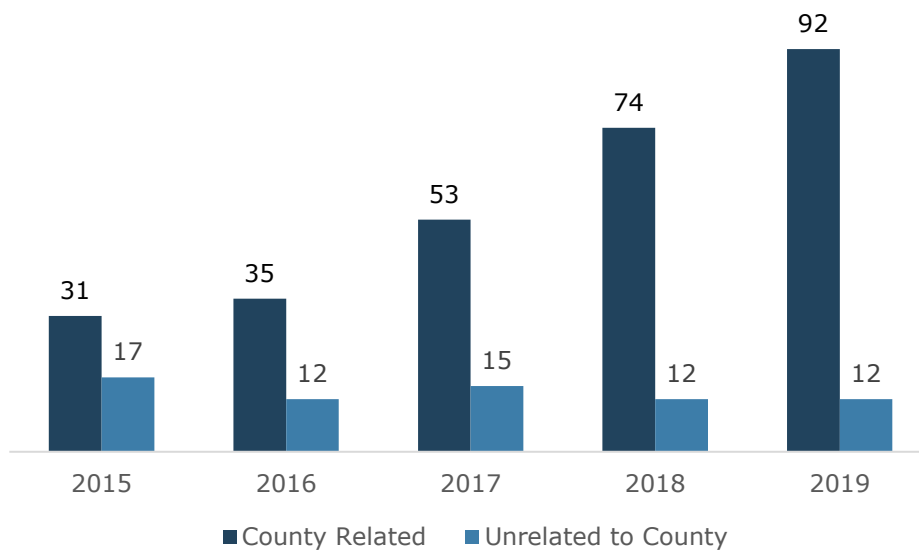
As we review hotline activity from the prior year, we look for ways to analyze the hotline’s effectiveness in addressing employee and community member concerns. We measure hotline effectiveness in a number of ways, including by looking at performance metrics that we track over time. We also recognize 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.

The number of reports increased for the 5th consecutive year

In 2019, the Good Government Hotline received 104 unique reports, a 21% increase over the previous year. Of those, 92 were related to county operations. For reports unrelated to the county, we typically referred the report to another agency or organization. We made referrals to the Portland Police, Oregon Fish and Wildlife, the Multnomah County Circuit Court, and Oregon Department of Human Services Fraud Hotline, among others.

Starting in 2016, the Auditor began more actively promoting the hotline regularly through outreach to employees. Since then, county-related hotline reports have increased year over year by an average of 38%. The increases present both good and bad news, potentially. The good news is that the increase in report volume may indicate increasing trust in the hotline as an effective tool. The bad news is that it may also be an indicator of an increasing rate of issues related to fraud, waste, abuse of position, or other ethical or compliance issues.

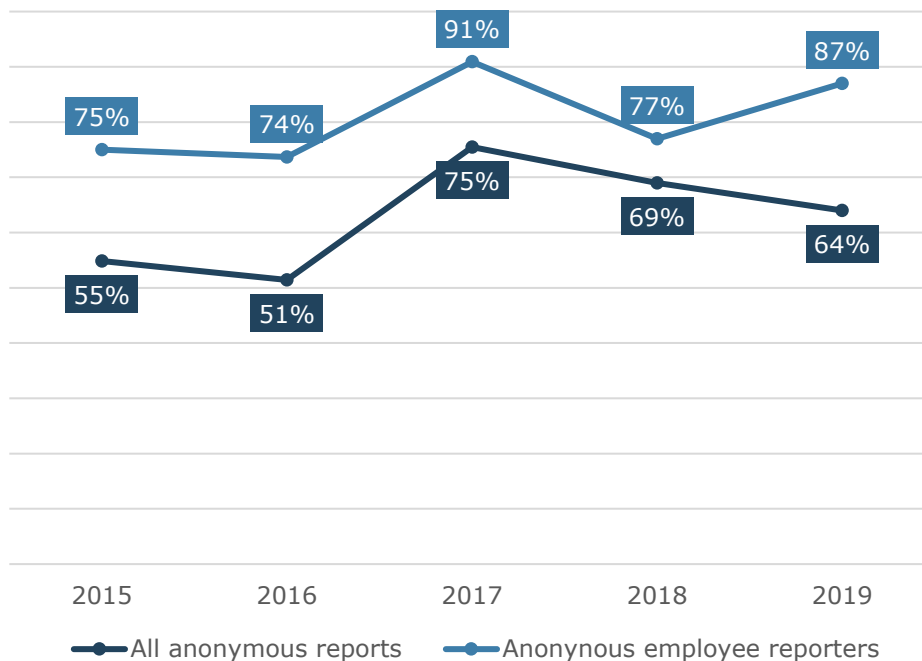
The year-over-year increase in hotline reports continues, as reports reached their highest volume level ever in 2019



The anonymous report rate remains high

A performance metric that we are particularly concerned about is the rate of anonymous reports. 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. The rate of overall anonymous reports to the hotline, while decreasing since reaching a high of 75% in 2017, increased among employee reporters by 13% in 2019.

The rate of anonymous reports from employees increased by 13% in 2019, raising a concern that employees are increasingly worried about retaliation or other negative consequences of reporting



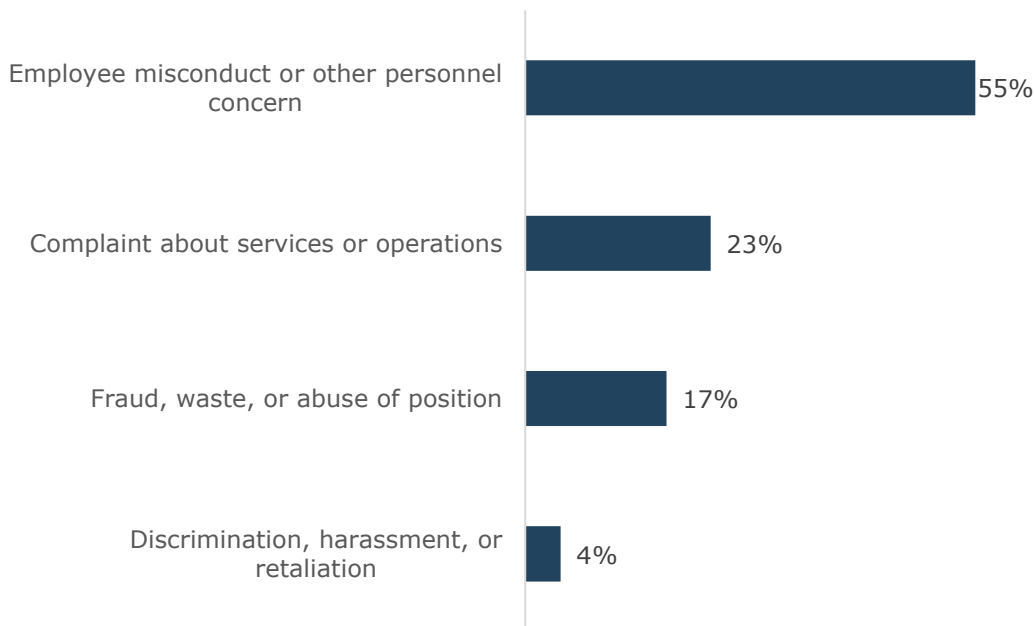
It is worth noting that all hotline reports – anonymous or not – are subject to the privacy safeguards of Oregon local hotline law. According to ORS 297.765, reporter identity cannot be disclosed, outside of the investigation process, without the reporter's explicit permission. County personnel rules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

Once again, most reports in 2019 were personnel-related

Traditionally, we have received far more reports regarding personnel issues than those regarding fraud, waste, or abuse of position. Though it is important to recognize and to message that 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. In 2019, to spread the message about the hotline and the types of reports we investigate, we attended lunch and learn meetings, a union event, and meetings with management. Still, many employees turn to the hotline when it comes to personnel-related concerns. 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.

Fifty-five percent of the reports we received in 2019 were related primarily to personnel matters, which we typically do not investigate

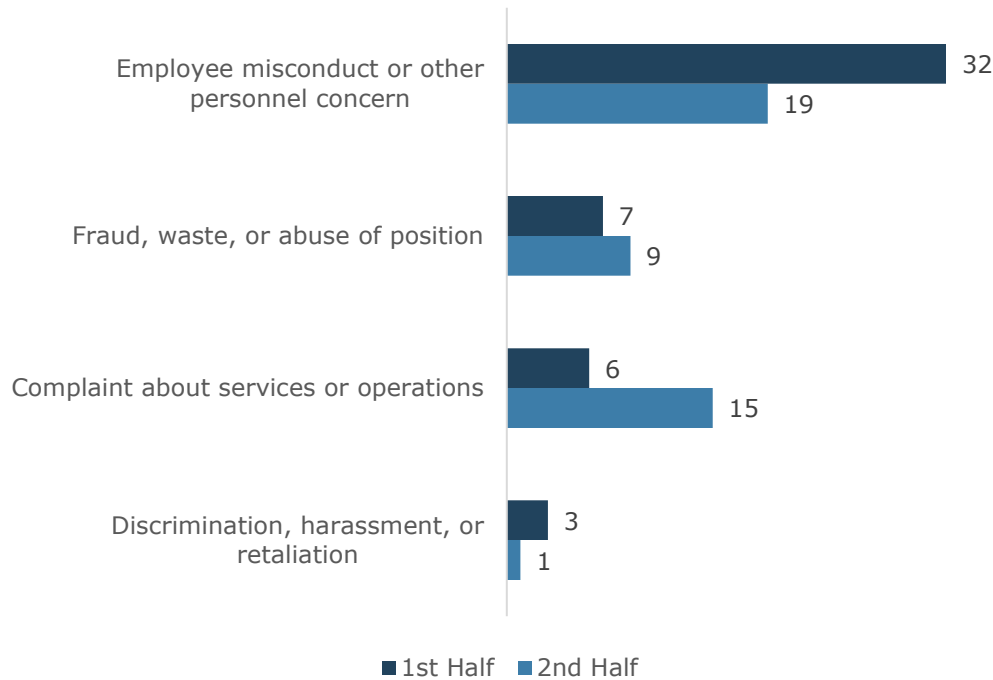


Our outreach efforts appeared to pay off in the second half of the year

Beginning in July of 2019, we made additional efforts to communicate how the hotline operates, and the types of reports the Auditor can investigate. We focused on helping reporters take their reports to the most appropriate resource, such as the Protected Class Complaints Investigation Unit, management, or human resources; and on generating more reports – fraud, waste, and abuse of position – that have been in the Auditor’s purview for the past 12 years.

In the second half of the year, personnel-related reports dropped by over 40%, while fraud, waste, and abuse reports increased, as did reports about services or operations.

After our outreach efforts, fraud, waste, and abuse reports increased, and personnel-related reports declined significantly



We referred over a third of reports to management in 2019, but far less in the second half of the year

Due to the high number of reports we received regarding personnel matters, we passed a great number of reports to human resources or management in 2019.

Based on employee feedback and to align with best practices, in the second half of 2019 we changed our practice to keep hotline investigations into 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 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. Of the 33 reports we referred to management in 2019, we referred only 6 of these from July through the end of the 2019.

We referred 33 personnel-related reports to management in 2019, but we referred only 6 of these reports in the second half of the year



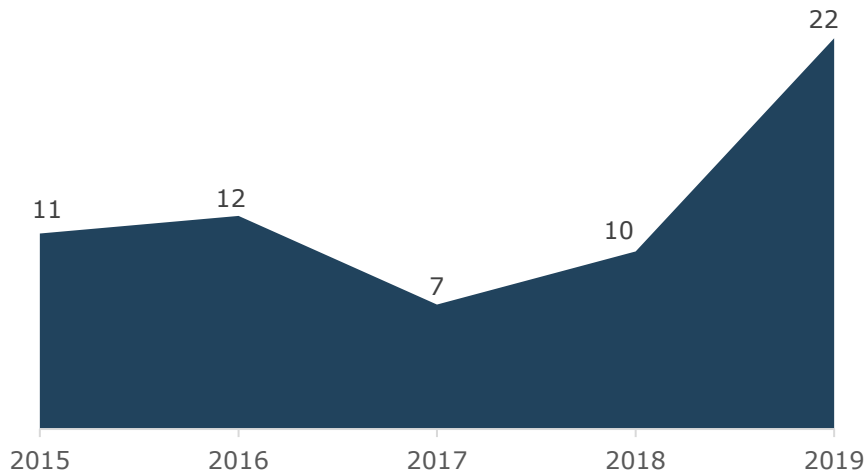
Of the 33 reports referred to management, management reported to the Auditor that three were substantiated or partially substantiated. A written reprimand was issued in the case of one of the substantiated reports. No personnel action was taken in the other two cases.

Nature of Report	Action Taken, per Management
Unhealthy environment (mold, dust, blocked fire exits) at County building.	Environment cleaned up. No personnel action.
County is not properly monitoring clients in foster care.	Partially substantiated. No personnel action.
Employee using work time for personal business.	Substantiated. Written reprimand.

We investigated more reports within the Auditor’s Office than in any prior year

Meanwhile, the Auditor’s Office investigated more reports than in any prior year.

The Auditor’s Office investigated 22 reports in 2019, a 120% increase over the prior year



Of the 22 reports the Auditor investigated, we substantiated two and are still investigating three. In one case, the Auditor issued recommendations to a department. In the other substantiated case, the division reported they implemented process changes to address the issue.

Nature of Report	Report Category	Determination	Action Taken*
Employees idling vehicle to run air conditioning in moderate weather.	Waste	The Auditor found the idling met the general definition for waste per Administrative Rule SUS-3 Vehicle Idling Reduction.	Auditor recommended revising internal plans to clarify when idling is appropriate; reminding employees about the requirements and goals of SUS-3
Terminated employee’s credentials were not deactivated timely.	Complaint about services or operations	A breakdown in a manual process prevented timely deactivation.	Division implemented changes in process.

*The Auditor does not have disciplinary authority

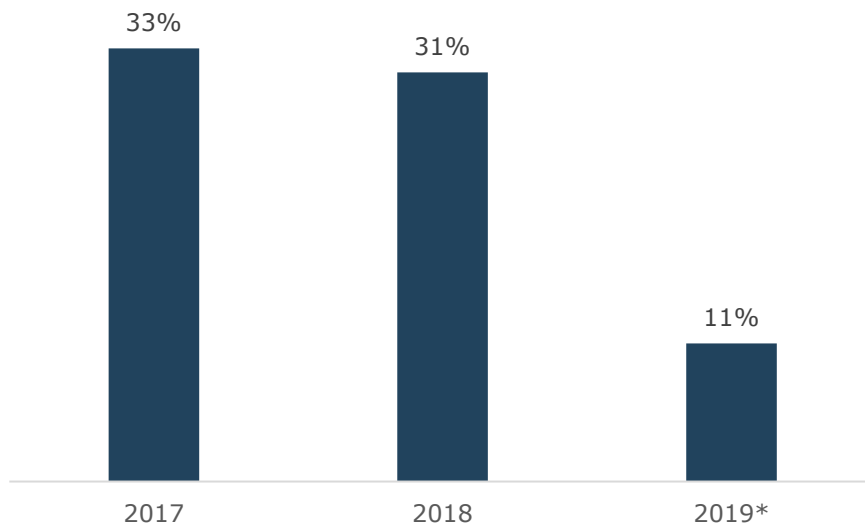
The substantiation rate dropped off significantly in 2019

The Auditor has not traditionally tracked the substantiation rate, but will consider it to be a hotline performance metric going forward. The substantiation rate reflects the rate of substantiated or partially substantiated reports, relative to the number of reports investigated.

A high substantiation rate likely indicates one of two things, or both: well-informed reporters making high quality reports, and an effective investigation process. There will be, among the

reports received to the hotline, a number that are without merit or based on incomplete information. For that reason, we investigate all reports. A low rate of substantiation may indicate low-quality reports (incomplete, lacking detail, without merit), and/or an ineffective investigation process. Relative to prior years, the rate of substantiated reports for the hotline is low, at only about 11%, which is cause for concern.

Only 11% of reports were substantiated in 2019, a marked decrease from prior years



*Three reports are still under investigation.

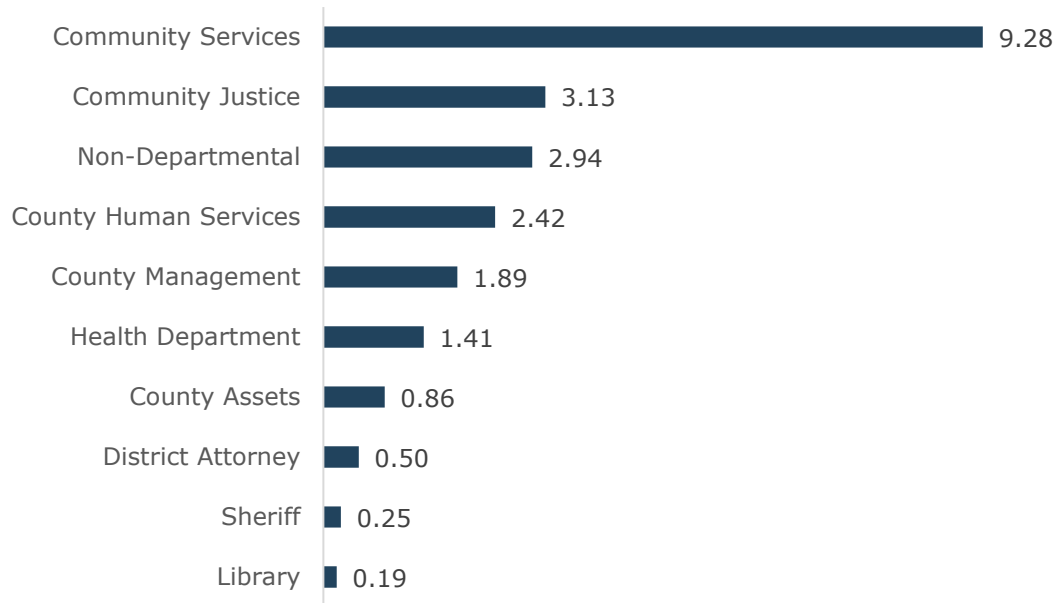
This result indicates the need for increased hotline outreach and engagement to better explain the types of reports the hotline can investigate and the elements of high-quality reports, and a review of the effectiveness of the investigative processes.

The Department of Community Services was the subject of the most reports overall, and most reports per employee

Tracking reports by department is useful as an indicator of potential ethical or management issues within departments, although a low number of reports could also be tied to lack of awareness about the hotline, among other things. In 2019, the Department of Community Services and Health Department were both the subject of the most reports, with 20 about each department. But the Health Department has many more employees, meaning that the Department of Community Services was the subject of a much higher rate of reports - for every 100 budgeted, full-time employees, there were more than 9 reports to the hotline. Looking at reports based on the number of employees in each department helps account for size differences between departments. There is some downside to looking at the figures in this way; for instance, non-

departmental had less than 150 budgeted employees in 2019 – a single report can skew the per-100 employees figure considerably.

Reports regarding the Department of Community Services outpace other departments (rate is per 100 full-time, budgeted employees)



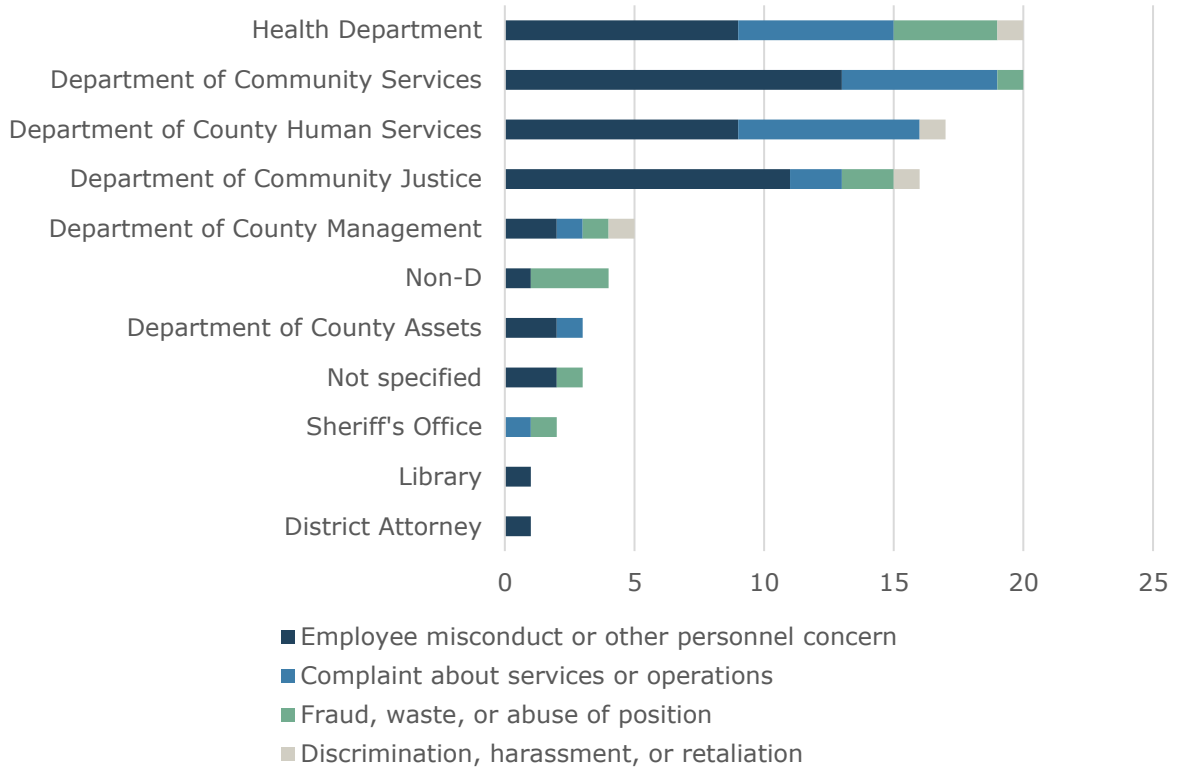
Some departments were the subject of few reports, suggesting lack of awareness of the hotline; others were the subject of more reports, many personnel-related

As we redouble our communication efforts about the hotline in 2020, we will take into account the relatively low rates of reporting in certain areas, and the high rates in other areas. For departments with low levels of reporting, we will focus on hotline awareness, while in departments where reports were more common in 2019, we will focus on ensuring that reporters are directed to the most effective resource to help them with their concerns.

For instance, we received only one report regarding the library, which had over 500 budget employees in 2019, possibly suggesting low awareness. We received 20 reports regarding the Department of Community Services, the majority (13) of which were personnel-related, suggesting the need to better communicate the types of reports we can investigate.

We suggest that for those departments with a high rate of personnel reports to the hotline, management consider proactive efforts to address personnel concerns.

Reports about employee misconduct or a similar personnel concern characterized the majority of reports for the five departments that received the most reports in 2019.



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.

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.

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