

# Good Government Hotline

Annual Activity Report for Calendar Year  
2020

February 2021



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

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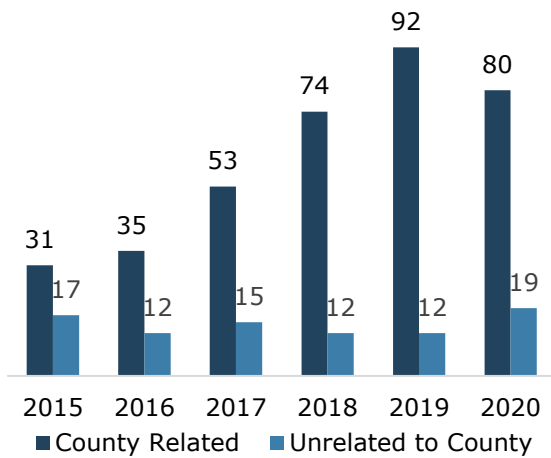
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# Good Government Hotline Activity Report 2020



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 80 unique, county-related reports in 2020, a 13% decrease from 2019. Reports unrelated to the county are typically referred to the appropriate agency or resource.



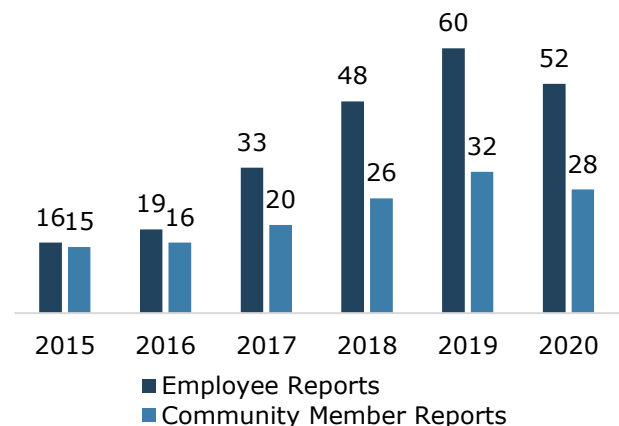
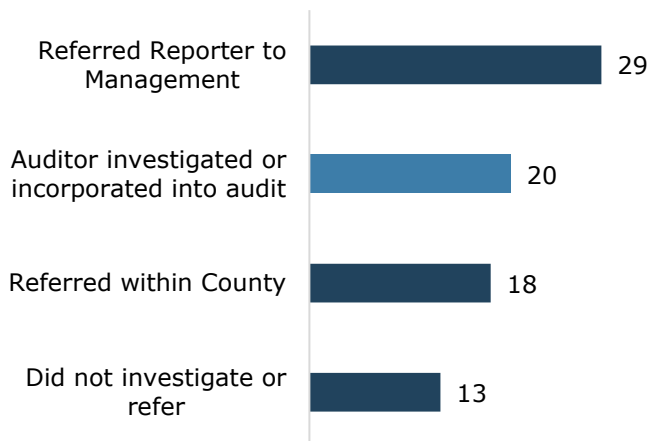
We received 33 complaints about services or operations in 2020, a 57% increase over 2019, when we received 21. This increase is somewhat attributable to COVID-19 workplace safety concerns.



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, but generally not personnel concerns. Over the past several years, we have increased our efforts to communicate the types of reports we can investigate, and to steer employees and community members to management for issues outside of our purview. In 2020, the Auditor investigated or incorporated into audit 20 of the 80 reports to the hotline, which at 25% of reports, is the highest rate since 2016.

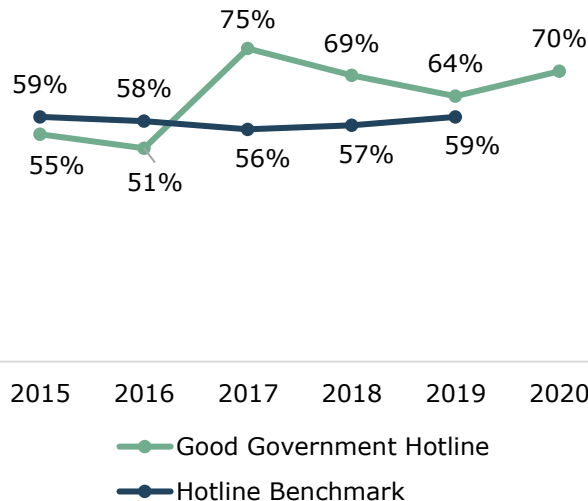
While overall reports have increased gradually over the past four years, the greatest increase in reports has come from employees. We are encouraged by the growth in employee reports, which we think indicates trust in the hotline. But we know that we need to increase hotline awareness among community members. Community members, including county contractors and vendors, are a strong source for potential reports of fraud, waste, and abuse. 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](http://goodgovhotline.com)

# Good Government Hotline Highlights 2020

The rate of anonymous reports increased to 70% in 2020. Because anonymous reports tend to be more difficult to substantiate, we want this rate to be close to the 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 able to ask follow-up questions which may help substantiate reports.



The hotline benchmark is not yet available for 2020.

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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## 2020 Hotline Report Activity

### We analyze hotline activity to improve hotline effectiveness

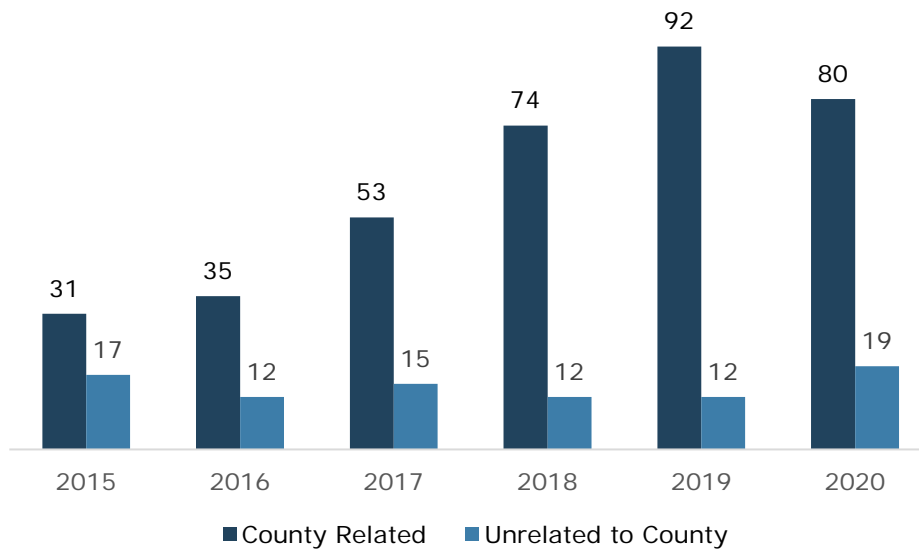
We measure hotline effectiveness in a number of ways, including looking back at performance metrics that we track over time. We also recognize that performance metrics don't tell the full story, and certainly don't help individual reporters who may feel the issue they reported wasn't addressed. We appreciate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

### After increasing for four consecutive years, the number of total reports decreased slightly in 2020

In 2020, the Good Government Hotline received 99 unique reports, a 5% decrease from the previous year. Of those, 80 were related to county operations. 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, Home Forward, the Oregon Department of Human Services, and the Governor's Advocacy Office, among others.

Starting in 2016, the Auditor began more actively promoting the hotline regularly through outreach to employees. From 2015 to 2019, county-related hotline reports increased nearly three-fold.

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



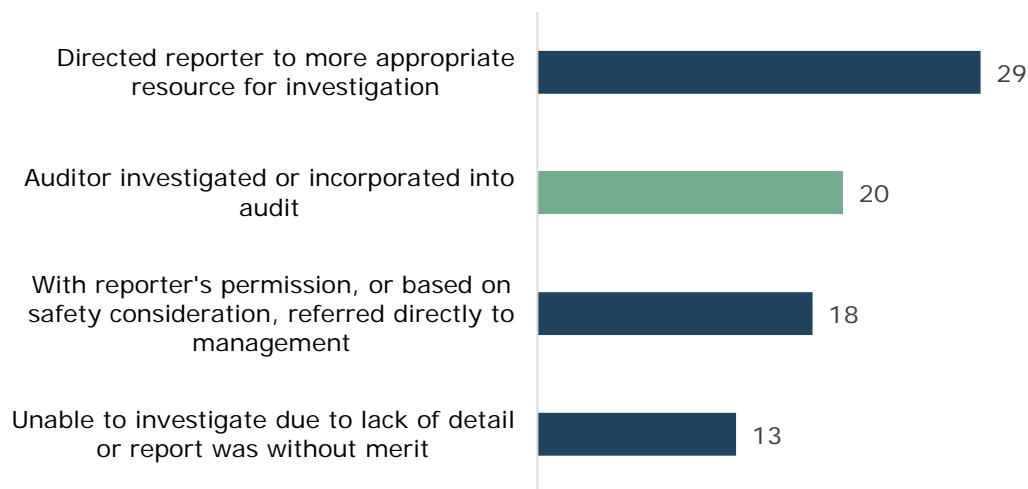
Source: Auditor's Office Analysis

**In 2020, the Auditor investigated or incorporated into an audit 25% of reports, its highest rate since 2016**

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. We continued that practice in 2020. 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 within the county just 18 reports in 2020.

We were unable to fully 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 2020, the Auditor investigated or incorporated into an audit 20 of the 80 reports to the hotline, which at 25% of reports, is the highest rate since 2016



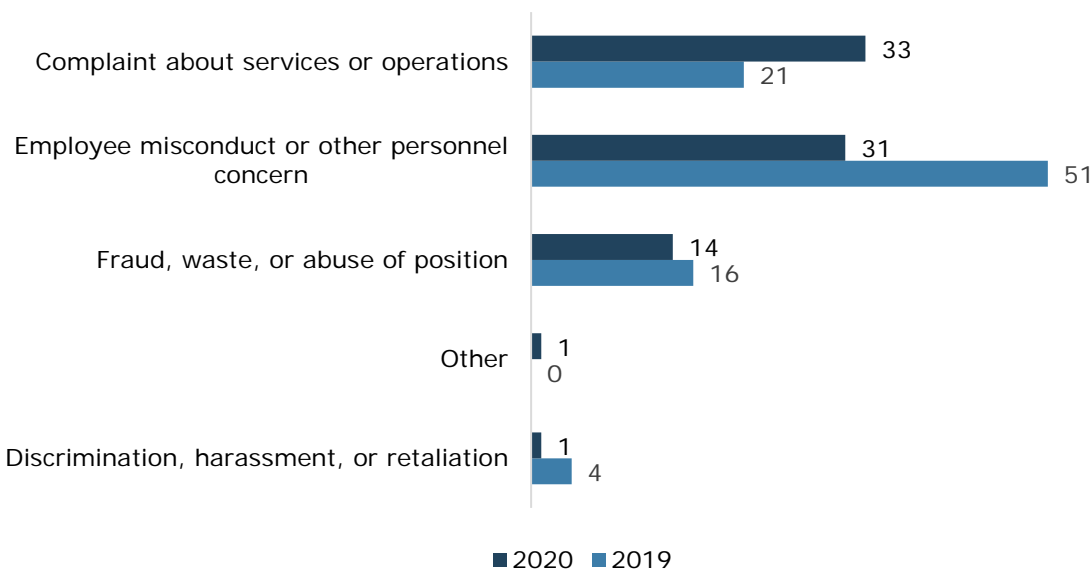
Source: Auditor’s Office Analysis

### For the first time in many years, most reports to the hotline were about services or operations, rather than personnel-related

We received 33 complaints about services or operations in 2020, a 57% increase over 2019, when we received 21. This is a positive development that we believe reflects our efforts to promote the hotline.

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. In 2020, 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. Nonetheless, personnel oriented reports were down 39% in 2020. This is a trend that began in mid-2019 as we messaged that personnel oriented reports should generally be directed toward county management.

We received 33 complaints about services or operations in 2020, a 57% increase over 2019



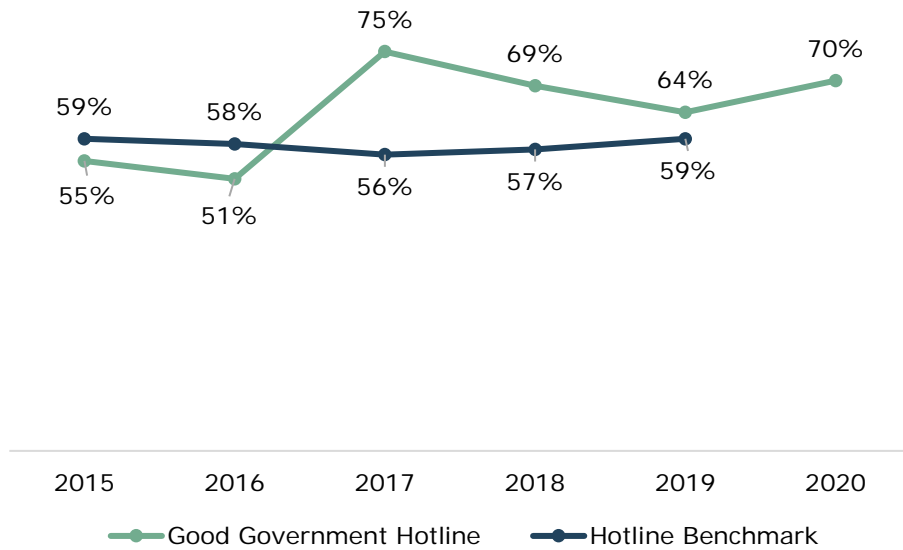
Source: Auditor’s Office Analysis

### The anonymous report rate remains relatively high

The rate of overall anonymous reports to the hotline increased 9% in 2020. 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. When reporters leave contact information we are able ask follow-up questions which may help substantiate reports. Based on data provided by our third-party hotline administrator, the average rate of anonymous reports for their hotline customers in 2019 was 59%. The figure is not yet available for 2020.

The rate of anonymous reports increased to 70% in 2020. Because anonymous reports tend to be more difficult to substantiate, we want this rate to be closer to the hotline benchmark rate.



Source: Auditor’s Office and Navex Global Hotline Benchmarking Report. \*Benchmark data for 2020 is not yet available.

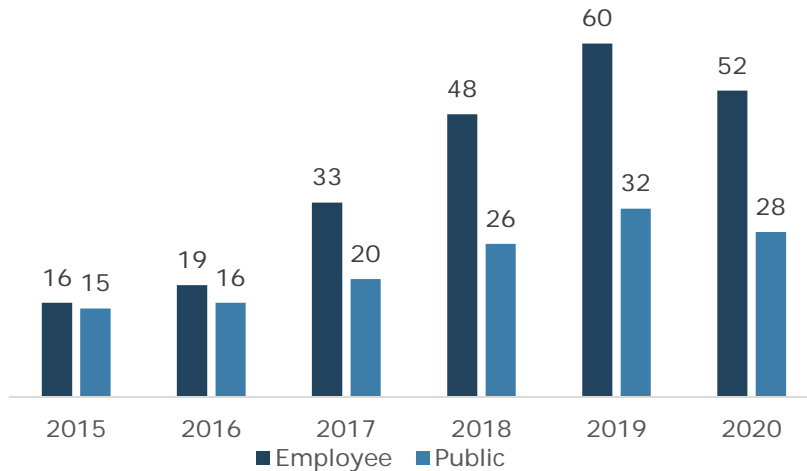
**All hotline reports – anonymous or not – are subject to the privacy safeguards of Oregon local hotline law.** According to ORS 297.765, reporter identity cannot be disclosed, outside of the investigation process, without the reporter’s explicit permission. County personnel rules and Oregon law also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

While overall reports have increased gradually over the past four years, the greatest increase in reports has come from employees. We are encouraged by the growth in employee reports, which we think indicates trust in the hotline. But we know that 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. We will focus additional efforts to communicate about the hotline to community members in the coming year.



While employee reports to the hotline have increased greatly over the past four years, reports from community members have remained relatively flat



### Overview of Reports the Auditor Investigated

Of the 20 reports the Auditor investigated or incorporated into audit, we are still investigating two, and we have incorporated three into an audit. We have not determined whether any of these reports are substantiated so far. Hotline reports can be difficult to substantiate, and generally, our ability to substantiate reports falls in line with other hotlines. The substantiation rate is somewhat dependent on high quality reports, with detailed information such as dates, times, names, events, etc., and we will be furthering our outreach efforts in the coming year with suggestions about how to submit high-quality, actionable reports.

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
According to a reporter, internal processes were altered at the behest of a high-ranking county official.	Abuse of Position
According to a reporter, a county employee used their position to arrange for a county employee relative to travel to a conference.	Abuse of Position
According to a reporter, at a Community Advisory Committee meeting, the county did not provide an agenda, in violation of public meetings law.	Other
According to a reporter, the county unnecessarily hired a recruiting firm to fill a county position.	Waste
According to a reporter, a county contractor provides goods and services of diminished quality.	Fraud

In 2020, we finished investigating three reports we received in 2019, and we substantiated one.

**Nature of Report:**

An employee used their position to gain a position at the county for a family member.

**Report Category:**

Abuse of position. The Auditor's Office conducted a preliminary review of the allegation and determined further investigation was necessary. The Auditor's Office communicated this to management, which said it would investigate further due to the personnel-related aspects of the allegation.

**Determination:**

Management hired an outside investigator, who concluded the employee did not violate county policy. The Auditor disagreed with the findings of the outside investigator, and based on additional investigation, considers the report substantiated.

**Action Taken\*:**

Management took no disciplinary action of which we are aware.

\*The Auditor does not have disciplinary authority

**Recommendations:**

The Auditor issued the following recommendations to management.

1. The County Code of Ethics should be strengthened to ensure that county employees or their relatives do not obtain benefits that are uniquely available to them, even if there is no explicit financial gain.
2. County leadership should communicate the importance of creating an environment that holds employees - particularly management and leadership employees - to a high ethical standard. In addition to communicating this message, leadership should demonstrate that it holds management employees to those high ethical standards.
3. Family members should not facilitate or be involved in any part of a hiring/appointment process.

## 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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### 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