

Good Government Hotline

2022 Annual Report

August 2023



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

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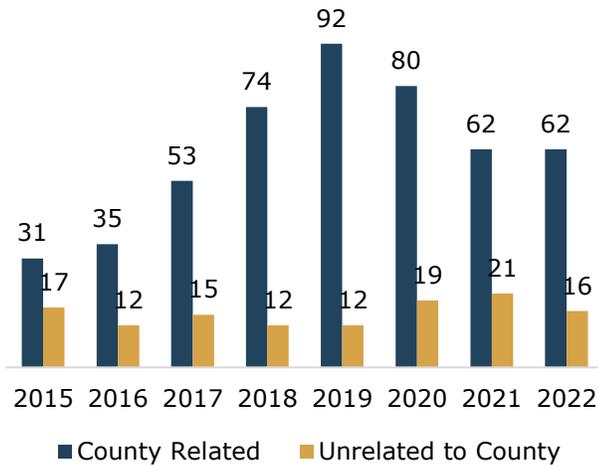
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Good Government Hotline Activity Report 2022

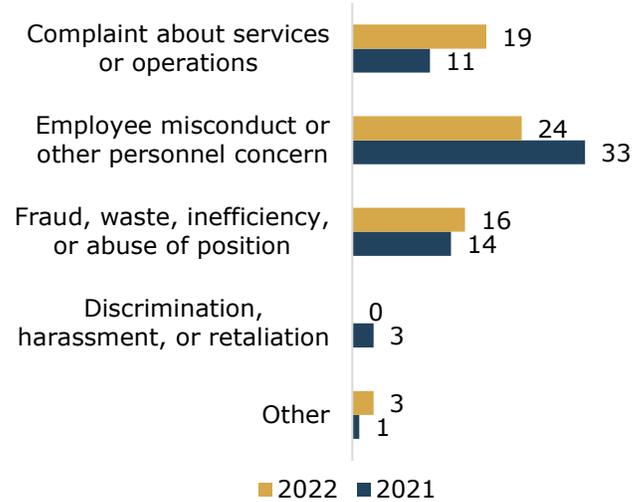


The Multnomah County Auditor's Hotline provides a way for county employees and the public to report concerns of fraud, waste, and abuse of position.

After two years of decline, the number of county-related reports to the hotline stabilized at 62 in 2022. When reports are unrelated to the county, we typically refer the reporter to the appropriate agency or resource.



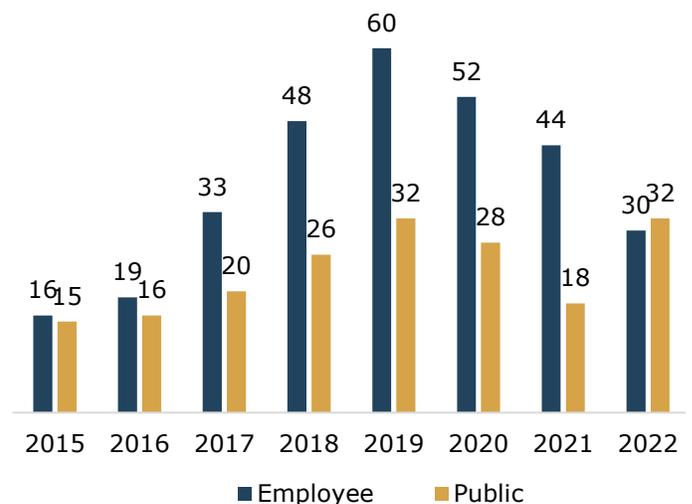
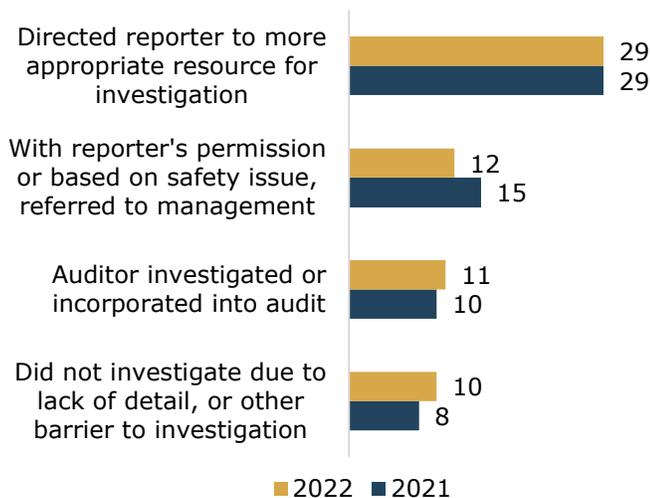
We saw a 27% decrease in reports about employee misconduct, and a 14% increase in fraud, waste, and abuse of position reports from 2021 to 2022. These are positive trends for the hotline, since our goal is to receive and investigate high-quality reports about fraud, waste, and abuse of position.



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.

In 2022, the Auditor's Office investigated more reports internally than in 2021, and referred fewer to management. Of the 62 county-related reports the hotline received, 11 were within the Auditor's purview of fraud, waste, or abuse of position. We were unable to investigate some reports due to lack of detail provided by the reporter.

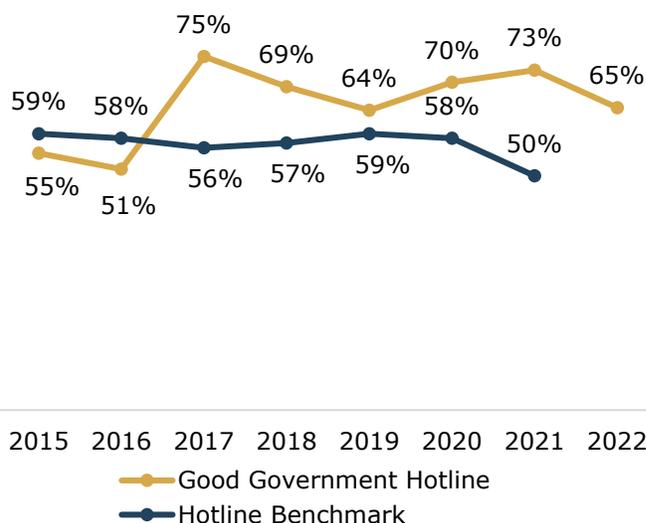
Reports from community members increased 78% from 2021 to 2022, which is a positive trend for the hotline. Community members, including county contractors and vendors, are a strong source for reports of fraud, waste, and abuse. Several tips from community members led to substantiated allegations of fraud, waste, or abuse of position in 2022.



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

Good Government Hotline Highlights 2022

The rate of anonymous reports declined to 65% in 2021, which is another positive trend. Because anonymous reports tend to be more difficult to substantiate, we want this rate to be close to the industry benchmark. 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.

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.

2022 Hotline Report Activity

We analyze hotline activity to improve hotline effectiveness

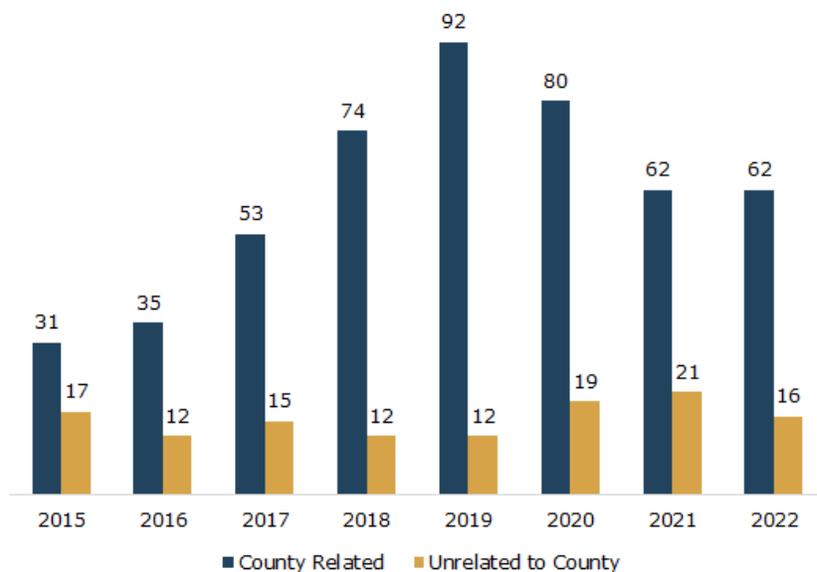
We measure hotline effectiveness in a number of ways, including looking at performance metrics that we track over time. We also recognize that performance metrics don't tell the full story, and certainly don't help individual reporters who may feel the issue they reported wasn't addressed. We appreciate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

After two years in which the number of reports to the hotline declined, the number of county-related reports to the hotline stabilized in 2022

We review all reports to the hotline to determine whether they are county-related and if they fit into the Auditor's Office's purview for investigation (fraud, waste, inefficiency, and abuse of position primarily). In 2022, the Good Government Hotline received 78 total reports, and 62 unique, county-related reports. While we do not investigate non-county reports, we often refer reporters to other resources. In 2022 we referred reporters to the Multnomah County Trial Court Administrator, Family Court Services, the City of Portland, the Oregon Department of Justice, and the Oregon Department of Human Services, among others.

The number of county-related reports the Hotline received nearly tripled from 2015 to 2019, which we believe was based on our expanded outreach to employees. Report numbers declined in 2020 and 2021, but stabilized this past year. Though the number of reports is a metric that is important to us, we are more concerned with gathering high-quality reports that fall under the Hotline's purview to investigate. Last year, we received high-quality reports that resulted in three substantiated reports of fraud, waste, inefficiency, or abuse of position.

After two years of decline, the number of county-related reports stabilized at 62 in 2022



Source: Auditor's Office Analysis

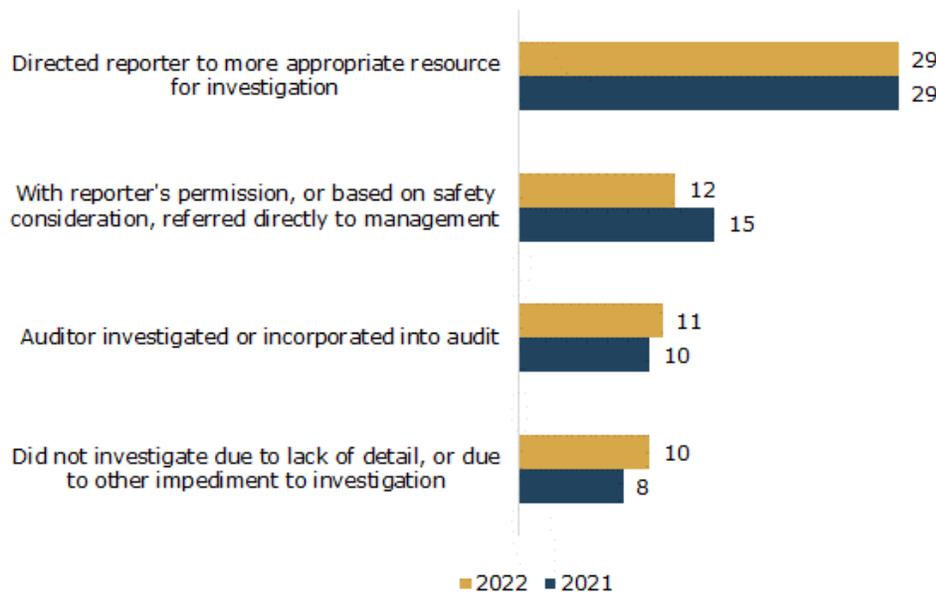
In 2022, the Auditor's Office investigated more reports internally than in 2021, and referred fewer to management

Based on employee feedback and to align with best practices, in the second half of 2019 we modified our practices 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 18 reports in 2020, 15 in 2021, and 12 in 2022.

Of the 62 county-related reports the hotline received, the Auditor investigated 11. This is a reasonable number of reports, since the Hotline in some respects operates as a clearinghouse for complaints related to the county. Other reports were related to complaints about workplace disagreements, disagreements over hiring practices, or other personnel concerns. 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. We continue to try to refine our message about the hotline, in order to capture high-quality, actionable reports that are within the Auditor's purview to investigate. High-quality reports include details such as dates and times, locations, and sometimes additional evidence such as records, emails, or other attachments. We encourage reporters to share as much detail as possible, and always respect reporter confidentiality, as outlined by our policies and Oregon law (ORS 297.765).

In 2022, the Auditor investigated 11 reports internally, a slight increase over 2021



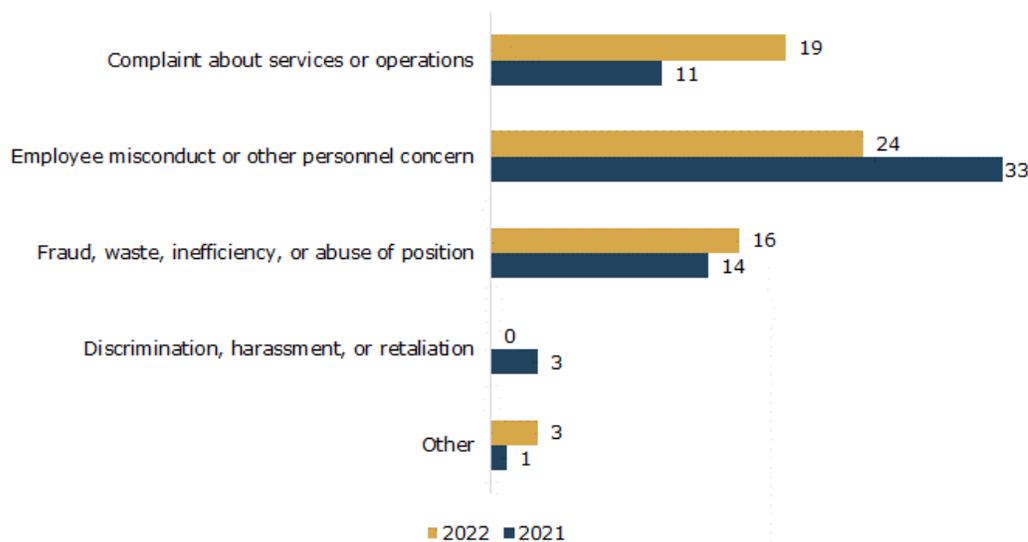
Source: Auditor's Office Analysis

In 2022, reports of fraud, waste, or abuse of position increased, while reports of employee misconduct declined

We received 16 reports in the category of fraud, waste, inefficiency, or abuse of position in 2022, a 14% increase over the prior year. Reports of employee misconduct dropped by 27% in 2022. We consider these positive shifts, because they indicate responsiveness to the Auditor's purview: fraud, waste, and abuse of position.

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, inefficiency, or abuse of position.

Reports about fraud, waste, inefficiency, or abuse of position increased 14% in 2022, while reports of employee misconduct decreased by 27%



Source: Auditor’s Office Analysis

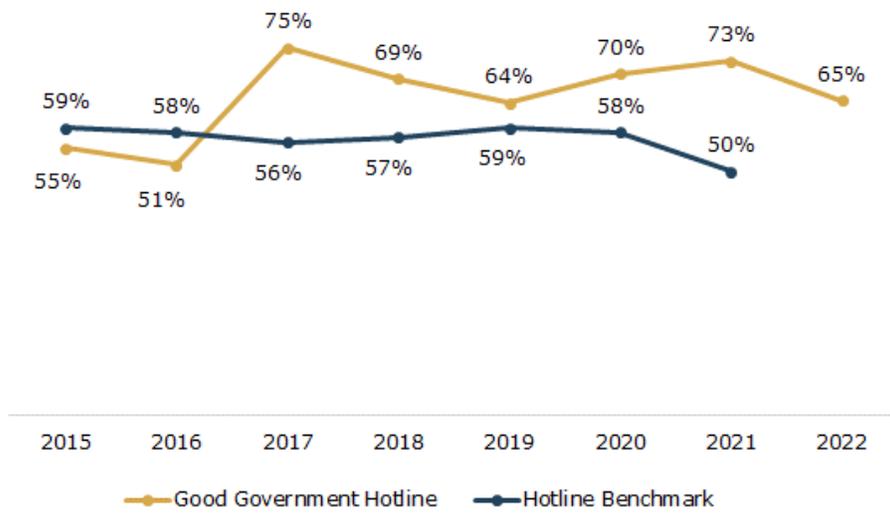
The anonymous report rate remains high

The rate of overall anonymous reports to the hotline decreased slightly in 2022, from 73% to 65%. The rate of anonymous reports from employees jumped to 87%, which is the highest since 2017 and cause for concern.

We offer the option for reporters to report anonymously, because it helps alleviate the fear of retaliation. 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 declined sharply in 2021 (their most recent report available), to 50%. There is work for us to do in making hotline reporters feel more comfortable sharing their information, which makes substantiating reports more likely, because it is easier to follow-up and gather additional details.

The rate of anonymous reports to the hotline decreased to 65% in 2022, which is a positive development, but still higher than the benchmark rate of 50%



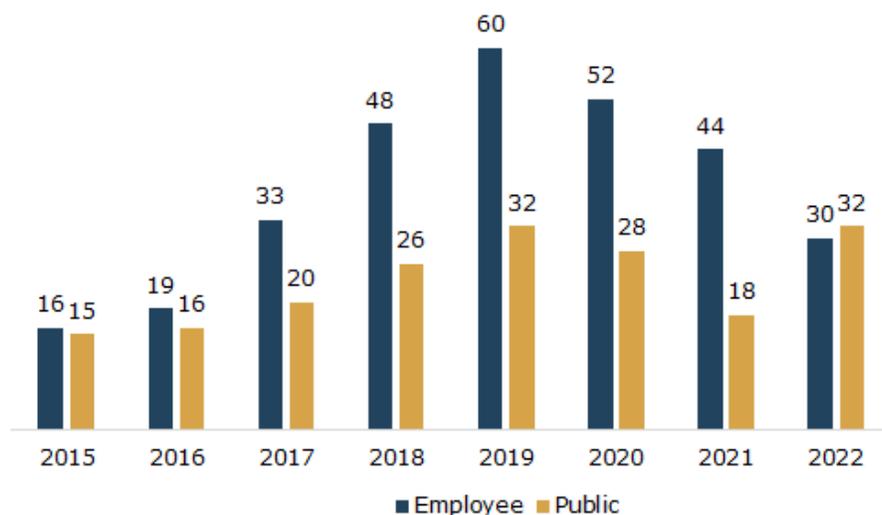
Source: Auditor’s Office and Navex Global Hotline Benchmarking Report. *Benchmark data for 2022 is not yet available.

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 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 reached more community members with information about how to report to the hotline

After declining for two consecutive years, reports from community members increased by 78%, a very positive development. Community members, including county contractors and vendors, are a strong source for potential reports of fraud, waste, and abuse of position. As a way to increase hotline awareness, we are in the process of installing signage about the hotline at all county buildings.

Reports from community members increased by 78%, which is a positive development, because community members, including county contractors and vendors, are a strong source of fraud, waste, and abuse of position reports



Source: Auditor’s Office Analysis

Overview of Reports the Auditor Investigated

Of the 11 reports the Auditor investigated in 2022, we substantiated three.

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, and events, and other evidence such as emails, reports, or other records.

Substantiated Reports

In the examples below, we found that the reported actions did result in fraud, waste, inefficiency, or abuse of position. We issued formal written reports in each case.

Waste – [link](#) to report

Through the Good Government Hotline, the County Auditor’s Office received a report regarding a provider under contract with the Joint Office of Homeless Services (Joint Office) to provide emergency shelter to community members. Through our investigation, we identified waste of government resources due to inadequate oversight by the Joint Office. For example, the Joint Office had approved more than \$525,000 in unallowable costs due to ineffective contract management. Our investigation caught these unallowable costs, and we notified management, who then worked with the provider to make corrections.

Abuse of Position – [link](#) to report

Through the Good Government Hotline, the County Auditor's Office received a report regarding a county employee attempting to receive benefits – in the form of cash payments – from a program under their purview.

Our investigation revealed that a county employee pressured a partner agency to provide financial benefits on behalf of the county employee's family member. The county employee was to be the beneficiary of this financial benefit – a \$10,000 direct payment to cover the family member's rent in the employee's home. Our investigation revealed that the county employee had previously received \$10,000 as rent assistance on behalf of this same family member. The employee had oversight responsibility for the rent assistance program, and over the contract with the partner agency, and did not disclose the family relationship or the conflict of interest to either the county or the agency.

Our office considered aspects of the payment requests to be potentially criminal and in violation of Oregon Government Ethics rules, and notified the Multnomah County District Attorney's Office, the Multnomah County Sheriff's Office, the County Attorney, and the Oregon Government Ethics Commission.

Inefficiency – [link](#) to report

Through the Good Government Hotline, the County Auditor's Office received a report regarding Multnomah County Animal Services. Based on the tip, we reviewed whether Animal Services was using its restricted-use accounts to provide services to animals in its care and in the community.

Our investigation revealed that Animal Services didn't adequately manage or oversee the restricted-use accounts, resulting in the inefficient use of county resources. We found that donations along with Board of County Commissioners' allocations have outpaced spending in most years for each of the restricted-use accounts, leaving each restricted-use account with growing unspent balances over the last nearly five years. The significance of this is not the large balances themselves, but what these balances indicate: lost opportunities to use these funds to provide important and necessary services to animals and the community. People who donate to these restricted-use accounts have a reasonable expectation that the money they donate will be used to the benefit of animals in the community within a timely manner. Additionally, if the Board sets aside resources in a given year for a specific purpose, it is reasonable to expect those funds will be used for that purpose during that year.

Update on 2021 reports

In 2022, we finished investigating five reports we received in 2021. All five 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.

Since 2014, reports investigated by hotline staff have led to the identification of more than a million dollars in county funds that have been used fraudulently or inefficiently:

Nature of Report	Year Investigated	Description of Report	Dollar Amount
Fraud	2014	A Department of Community Justice Juvenile Justice employee misappropriated at least \$13,000 from Multnomah County, through the fraudulent use of a county-issued purchase card. The individual pled guilty to three counts of theft and one count of official misconduct.	>\$10,000
Fraud	2018	Over the course of three years, an Animal Services manager misappropriated an estimated \$52,987 from Multnomah County, through the fraudulent use of a county-issued purchase card. The individual pled guilty to first-degree aggravated theft, identify theft, and first-degree official misconduct.	>\$50,000
Waste	2022	Our investigation identified waste of government resources due to inadequate oversight by the Joint Office. The Joint Office had approved more than \$525,000 in unallowable costs due to ineffective contract management.	>\$500,000
Abuse of Position	2022	Our investigation identified that a county employee used their position to obtain \$10,000 in financial benefit. Thanks to a tip to the hotline, this abuse of position was identified and the employee's second attempt to obtain this benefit was stopped.	\$10,000
Inefficiency	2022	Our investigation identified that Animal Services had been accumulating significant donations and board allocations in its restricted use accounts, but spending only a small percentage over the last five years, resulting in inefficiency.	>\$1,000,000 in unspent revenues

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.

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.

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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

Marc Rose, CFE, Hotline Director

Annamarie McNiell, CPA, Operations and Audit Director