



Washington County Auditor's Office

2nd Audit Follow Up: Ethics Matters Hotline

Final Report

June 10, 2019



Audit Team: County Auditor: John Hutzler, CIA, CGAP, CCSA
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Reviewer: Peter Morris, CGAP

I. Background and Summary

The 2010 Oregon Legislature passed a law allowing local governments to create hotlines for reporting government waste, inefficiency, and abuse. In 2011, the Washington County Board of Commissioners exercised its authority under this legislation, amending its policy on Reporting of Improper Governmental Conduct to provide for hotline reporting. Washington County contracted with a third-party provider of hotline services, to create Ethics Matters, the Washington County ethics hotline. The hotline received its first report in April 2012.

In September 2016, the Washington County Auditor released his report titled “Audit of Ethics Matters Hotline,” together with the response of the County Administrator. The Auditor made eight recommendations for action. The County Administrator agreed with the Auditor’s recommendations and planned to implement them by June 30, 2017.

In our first follow-up report, dated February 20, 2018, we found that the CAO had fully implemented two recommendations. Six recommendations remained open.

We scheduled this second follow-up review to determine the extent to which the County Administrator’s Office (CAO) has implemented the six audit recommendations that remained open. Our review covers activity through February 2019.

In our second follow up, we found that the County Administrator plans to fully implement the remaining six recommendations. We will continue to follow up to confirm compliance.

This report summarizes findings and recommendations from the original audit, and describes the status of all recommendations from our 2016 report.

II. Overview of the Original Review

Study Objectives

The Auditor’s Office initiated the Ethics Matters Hotline Audit to address the following objectives:

1. Did County policies and procedures for its Ethics Matters hotline satisfy the requirements of Oregon law?
2. Did County employees follow County policy and procedures when processing hotline reports?
3. Did Washington County adopt best practices for government waste hotlines?

Observations and Recommendations

The original audit determined that (1) County policies and procedures satisfied most, but not all, requirements of state law, (2) County employees usually, but not always,

followed County policy and procedures, and (3) Washington County adopted many best practices, but opportunities for improvement remained. To improve the effectiveness of the hotline and its compliance with State and County requirements, we made the following recommendations:

To satisfy the requirements of state law, the County should:

1. Consistently post notices in County offices explaining the purpose of the hotline and prominently displaying the telephone number for the hotline.
2. Clarify that employees may utilize the Ethics Matters Hotline to report waste, inefficiency, or abuse.
3. Accept reports of waste, inefficiency, or abuse by County contractors.
4. Provide the Board of County Commissioners with a copy of any findings that officers, employees, or contractors of the County are involved in activities that constitute waste, inefficiency, or abuse.

To improve compliance with County policies and procedures, the County should ensure that responsible employees:

5. Log all reports of government waste, inefficiency, or abuse.
6. Exclude reporters' names from final reports.
7. Provide a copy of the written report to the non-culpable department head or elected official having authority over the matter investigated.

To improve the effectiveness of the hotline the County should:

8. Implement a long-term marketing and communication strategy for Ethics Matters, including:
 - a. Increased visibility of the hotline on the County's public website,
 - b. Enhanced employee ethics training covering state ethics laws, County policy on Reporting of Improper Governmental Conduct and Ethics Matters hotline reporting procedures,
 - c. Annual reports on hotline activity, including statistics on the number of reports received, the types of allegations, the length of investigations, and the results of investigations, and
 - d. Case summaries for the County Auditor that identify the department with jurisdiction over the matters alleged and the substance of the allegations and findings.

III. Follow-Up Review Findings

In our first follow-up, we found that the County Administrator had fully implemented two recommendations. In our second follow-up, we found that the County Administrator plans to fully implement the remaining six recommendations. We will continue to follow up to confirm compliance.

1. The County should consistently post notices in County offices explaining the purpose of the hotline and prominently displaying the telephone number for the hotline.

Current Status – In Process. In our 2016 audit, we found Ethics Matters posters in only about one-third of County offices we visited, and none in areas accessible to the public. In this follow-up review, we found that substantial progress had been made, but room for improvement remains. We found posters in staff only areas, such as breakrooms and other shared staff areas. However, only about half of offices we observed displayed Ethics Matters posters in areas accessible to the public. Since Ethics Matters is designed to serve as a vehicle for public reports, it is important that the public be informed about the availability of this resource.

2. The County should clarify that employees may utilize the Ethics Matters Hotline to report waste, inefficiency, or abuse.

Final Status – Fully Implemented. In October 2016, the County revised its Reporting of Improper Governmental Conduct Policy to provide explicitly that employees may use the hotline. We closed this recommendation in our first follow-up report.

3. The County should accept reports of waste, inefficiency, or abuse by County contractors.

Final Status – Fully Implemented. In February 2018, the County revised its Reporting of Improper Governmental Conduct Policy to provide that waste, inefficiency, or abuse by County contractors may be reported through the hotline. We closed this recommendation in our first follow-up report.

4. The County should provide the Board of County Commissioners with a copy of any findings that officers, employees, or contractors of the County have been involved in activities that constitute waste, inefficiency or abuse.

Current Status – In Process. The County revised its Reporting of Improper Governmental Conduct Policy to provide that any findings of improper governmental conduct shall be reported to the Board of Commissioners. No case has yet been recorded with a finding that officers, employees, or contractors of the County have been engaged in improper governmental activity. We will continue to monitor this recommendation for implementation.

5. The County should ensure that responsible employees log all reports of government waste, inefficiency, or abuse.

Final Status – In Process. The County revised its Reporting of Improper Governmental Conduct Policy to require that any County employee who receives a report of improper governmental conduct shall report it to the Human Resource Manager, who is responsible for logging the report into Ethics Matters. The Human Resources Manager indicated that reports of improper governmental conduct received through avenues other than the Ethics Matters hotline are logged only if members of the Advisory Committee decide that an investigation pursuant to the county's Reporting of Improper Governmental Conduct Policy is warranted. The CAO indicated that the County intends to fully comply with the recommendation to log all reports. We will continue to follow up to confirm compliance.

6. To ensure that the investigating employee omits the reporter's name from the final report, the County should revise Ethics Matters procedures to address this issue.

Current Status – In Process. The County revised the Reporting of Improper Governmental Conduct Procedures to direct the investigating employee to omit the reporter's name from the final report. However, we found that final reports included the reporters' names whenever the reporter provided it. Continuation of this practice is likely to discourage reporting and increases the risk of claims of retaliation. We will continue to monitor whether investigators comply with the procedures.

7. To ensure that the investigating employee provides a copy of the written report to the non-culpable department head or elected official having authority over the matter investigated, the County should revise Ethics Matters procedures to address this issue.

Current Status – In Process. The County has revised the procedures to ensure that the investigating employee provides a written report to the non-culpable department head or elected official having authority over the matter investigated, as required by County policy. However, the Human Resource Manager reported that he does not provide the written report of an investigation to the non-culpable department head or elected official having authority over the matter investigated. *Revised implementation date: May 2019.*

8. The County should Implement a long-term marketing and communication strategy for Ethics Matters, including:
 - a. Increased visibility of the hotline on the County's public website.
 - b. Enhanced employee ethics training covering state ethics laws, County policy on Reporting of Improper Governmental Conduct and Ethics Matters hotline reporting procedures.

- c. Annual reports on hotline activity, including statistics on the number of reports, the types of allegations, the length of investigations, and the results of investigations.
- d. Case summaries for the County Auditor that identify the department with jurisdiction over the matters alleged and the substance of the allegations and findings.

Current Status – In Process. The County increased the visibility of the hotline on the County’s website. The County includes information on the County’s ethics hotline policy and procedures in its new employee orientation, but the training does not cover the requirements of state law. Management has not yet issued an annual report of hotline activity. Case summaries provided to the County Auditor did not always identify the department with jurisdiction over the matters alleged, and the substance of the allegations and findings. *Revised implementation date: September 30, 2019.*

IV. About this Review

In January 2019 we initiated a second follow-up review to determine whether the County Administrator had implemented the six recommendations of our September, 2016 Audit of Ethics Matters hotline that remained open after our first follow-up. We asked the County Administrator to describe any actions taken to implement the Auditor’s recommendations, and to provide documentation to support the actions taken. We reviewed the response to our request and collected additional information as necessary to provide sufficient, appropriate evidence to conclude whether each recommendation was fully implemented.

We concluded that a recommendation was Fully Implemented if we found that the recommended actions had been completed or that the County had adequately addressed the issues identified by the Auditor by alternative means. We concluded that a recommendation was Partially Implemented if we found that County Administration had completed some, but not all, actions and planned to take no further action on the recommendation. We concluded that a recommendation was Not Implemented if we found that the County had taken no action to implement the recommendation and did not plan to take action. We identified a recommendation as In Process if the County Administrator indicated that he planned to take further action to implement a recommendation.

We conducted this follow-up audit in accordance with generally accepted government auditing standards, except that our office has not had an external peer review performed by reviewers independent of the audit organization. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a

reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We invited the County Administrator to file a response to our report, but he elected not to do so.



signed:

John Hutzler, CIA, CGAP, CCSA
Washington County Auditor

