



February 20, 2018

TO: Board of Commissioners

FROM: John Hutzler, County Auditor
Keith Shoop, Performance Auditor

SUBJECT: Follow Up Audit of Ethics Matters Hotline

Attached is the County Auditor's Follow-Up Report on his Ethics Matters Hotline Audit. We invited the CAO to respond to our report, and they elected not to file a response.

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 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 procedure, and (3) Washington County adopted many best practices, but opportunities for improvement remained.

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.

We scheduled this follow-up review to determine the extent to which the County Administrator's Office (CAO) has implemented the audit recommendations. Our review covers CAO activity through November 2017.

We found that the County Administrator had fully implemented two recommendations. Six recommendations remain open, and we will conduct further follow-up on those items.

We would like to thank the members of the Ethics Matters Advisory Committee, and especially County Controller Roger Dawes, for their cooperation and assistance with this audit.

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Washington County Auditor's Office

Follow-Up Report

Ethics Matters Hotline

Final Report February 20, 2018



Audit Team: County Auditor: John Hutzler, CIA, CGAP, CCSA
Auditor Assigned: Keith Shoop, CGAP
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.

We scheduled this follow-up review to determine the extent to which the County Administrator’s Office (CAO) has implemented the audit recommendations. Our review covers CAO activity through November 2017.

We found that the County Administrator had fully implemented two recommendations. Six recommendations were still in process.

This report summarizes findings and recommendations from the original audit, and describes the results of our follow-up review.

We invited the County Administrator’s Office to respond to our report. They elected not to file a response.

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 procedure, 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

We found that the County Administrator had fully implemented two recommendations. Six recommendations were still in process.

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 that sixteen of nineteen offices we visited (84%) displayed posters in employee only areas. However, few of those offices 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.

Current Status – Fully Implemented. The County revised its Reporting of Improper Governmental Conduct Policy to provide explicitly that employees may use the hotline.

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

Current Status – Fully Implemented. 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.

4. The County should 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.

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. Since there were no sustained allegations of improper governmental conduct during the period reviewed, we will continue to follow-up to determine compliance with the revised policy.

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

Current 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. We plan to conduct additional follow-up to determine compliance with the revised policy.

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 had not yet revised the Reporting of Improper Governmental Conduct Policy or Ethics Matters Procedures to direct the investigating employee to omit the reporter's name from the final report. The reporter's name was included in one of the reports final reports that we reviewed. The County plans to revise the procedure to implement this recommendation by March 9, 2018.

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 had not yet 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. The County plans to revise the procedure to implement this recommendation by March 9, 2018.

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 received, 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 now includes information on the County’s ethics policy and the hotline in its new employee orientation. Plans to develop all employee ethics training do not yet have a target implementation date. Management reports that its first annual report on the hotline will be released early in 2018. The County Auditor received case summaries that identified the department with jurisdiction over the matters alleged and the substance of the allegations; however many of those case summaries reported only the summary finding –“Sustained” or “Unsustained,” rather than the substance of the finding regarding whether the facts alleged amount to improper governmental conduct and the substance of the findings regarding the facts alleged.

IV. About this Review

In June 2017 we initiated a follow-up review to determine whether the County Administrator had implemented the recommendations of our September 2016 Audit of Ethics Matters Hotline. We asked the County Administrator to describe any actions taken to implement the Auditor's recommendations, and to provide documentation that would support the actions taken. We reviewed the response to our request, reviewed the documentation submitted, 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.



signed:

John Hutzler, CIA, CGAP, CCSA
Washington County Auditor