



ARA 10.01 FRAUD HOTLINE

A. Purpose and Authority

The independently elected City Auditor works to promote open and accountable government and ensure that taxpayer dollars are used appropriately, efficiently, and equitably.

Often, the improper use of government resources or positions is discovered thanks to reports by employees and other community members. The Auditor's Office operates a Fraud Hotline to enable City employees and the public to submit anonymous tips about suspected fraud, waste, inefficiency, or abuse. The intent of the Fraud Hotline is to identify and deter improper conduct that impairs the integrity, efficiency, or effectiveness of the City government.

This rule sets forth policies and procedures for the Fraud Hotline. [ORS 297.760 - 297.765](#) permits local governments to establish hotlines to accept reports of waste, inefficiency, and abuse, and requires governments establishing such hotlines to adopt written policies and procedures. [Portland City Charter Section 2-506\(a\)](#) permits the City Auditor to establish rules for the Auditor's Office.

B. History of the Fraud Hotline

In 2010, in response to an audit that identified the need to improve the City's fraud reporting process, the City Auditor established an anonymous hotline for tips alleging fraud, waste, or abuse. The hotline, originally called the "Fraud Alert Line," was later re-named the "OpenCity Tipline." In 2018, the City Auditor transferred management of the hotline from the Office of the Ombudsman to the Audit Services Division ("Audit Services") and renamed it the "Fraud Hotline."

C. Fraud, Waste, Inefficiency, and Abuse: Definitions and Examples

NOTE: While this rule provides general definitions of fraud, waste, inefficiency, and abuse, the Auditor's Office encourages anyone with information about the improper use of City resources or positions to submit a tip to the Fraud Hotline.

To further the purposes of the Fraud Hotline, the Auditor's Office interprets the terms, "fraud," "waste," "inefficiency," and "abuse" broadly. In general:

1. "Fraud" involves an intentional deception or misrepresentation, by act or omission, which results or could result in a benefit for a person or entity to which the person or entity is not entitled. Examples of fraud include but are not limited to theft, forgery, falsifying records, and bribery.
2. "Waste" involves the needless, careless, or extravagant expenditure of City funds, or the misuse or mismanagement of City resources or property. Waste does not have to involve a private use or personal gain and can be intentional or unintentional.
3. "Inefficiency" involves an inability to do something in a well-organized or competent way, or the failure to implement processes as intended with minimal wasted time or resources. "Inefficiency" may also occur when the design of a program or policy fails to produce desired outcomes, despite the resources invested.
4. "Abuse" involves the improper use of a City position or the improper use or destruction of City records or resources.

D. Tips by City Employees and Community Members

Any person, including City employees, may use the Fraud Hotline to submit a tip regarding suspected fraud, waste, inefficiency, or abuse.

1. The Fraud Hotline uses [online](#) and telephone reporting systems to accept tips.
 - a. Tip can be submitted online at: <http://www.portlandfraudhotline.com>.
 - b. Tips can be submitted by phone by calling: 1-866-342-4148.
2. The Fraud Hotline accepts anonymous tips, or a person who submits a tip may choose to identify themselves. See Section E for more information about anonymous tips.
3. All City employees are expected to disclose suspected waste, fraud, abuse, and corruption, and to report observed unlawful or improper actions by any City official, employee, board or commission member, or volunteer. See [City Human Resources Administrative Rule \("HRAR"\) 11.03 - Duty to Report Unlawful or Improper Actions](#) and [Auditor's Office Administrative Rule \("ARA"\) 11.03 - Duty to Report Unlawful or Improper Actions](#).

4. In addition to the Fraud Hotline, reports of suspected fraud, waste, inefficiency, or abuse may be filed with a City bureau director or other supervisor, the [Bureau of Human Resources](#), or a law enforcement agency.

E. Anonymity / Confidentiality

The Fraud Hotline does not track or record the phone number, internet provider, or location of a person submitting a tip unless a person chooses to voluntarily submit such information.

1. To ensure ***anonymity***, the Fraud Hotline's case management system issues a Report Key to each person who submits a tip. The Report Key can be used to anonymously access the system, review the status of the tip, submit additional information, and post and respond to follow-up questions.
2. The identity of a person submitting a tip to the Fraud Hotline is confidential. However, a person submitting a tip may choose to waive confidentiality. If a person who submits a tip identifies themselves, the Auditor's Office is required and committed to treating their identity as confidential and will protect it from disclosure unless ordered otherwise by a court or in response to a public records appeal to the District Attorney, or if the person waived confidentiality. Absolute confidentiality cannot be guaranteed unless a tip is filed anonymously.
3. The investigation into the tip is confidential until the investigation is complete.
 - i. The Auditor's Office may share information about the tip with bureau management and other agencies as needed to conduct the investigation and/or make referrals to other investigative entities. That conduct by the Auditor's Office does not affect the confidentiality of the investigation.
 - ii. After the investigation is complete, the Auditor's Office may publicly disclose information about the investigation but will not release the identity of the person who submitted the tip (unless they waived confidentiality).

F. Cooperation with Investigations; Retaliation is Prohibited

1. City employees are expected to cooperate with Audit Services during Fraud Hotline investigations. The City's Charter and Code require the Auditor's Office to have timely access to City employees, information, and records as needed to conduct audits and investigations, and require the Auditor's Office to maintain the confidentiality of

confidential information and records. See, e.g., [Charter Chapter 2, Article 5](#) (Auditor); [Code Chapter 3.05](#) (Audit Services).

2. City employees have a duty to maintain the confidentiality of confidential information. See [HRAR 11.04 – Protection of Restricted and Confidential Information](#) and [ARA 11.04 - Protection of Restricted and Confidential Information](#). In addition, [ORS 297.765](#) makes information about Fraud Hotline investigations confidential until the investigation is complete and findings are issued. This means that City employees have a duty to maintain the confidentiality of Fraud Hotline investigations while the investigation is pending and are expected to not discuss communications with Fraud Hotline investigators with any other person.
3. The City prohibits retaliation against employees for filing Fraud Hotline tips or for cooperating with internal or external investigations. See [HRAR 11.03 - Duty to Report Unlawful or Improper Actions](#) and [ARA 11.03 - Duty to Report Unlawful or Improper Actions](#). Oregon’s whistleblower laws also protect City employees who submit tips in good faith from discrimination and retaliation. Retaliation is prohibited even if the underlying tip is not substantiated. See [ORS 659A.230](#).

G. Fraud Hotline Administration

Audit Services is responsible for administering the Fraud Hotline.

1. Audit Services will prepare and post notices that explain the purpose of the Fraud Hotline and how to file tips.
2. Upon receipt of a Fraud Hotline tip, Audit Services will log the tip and promptly conduct an initial review. During the initial review, Audit Services will evaluate the tip, gather preliminary facts, as needed, and assess how to address the tip.
3. Audit Services may close a case without further action, at any time, with approval by the Audit Services Director. Reasons to close a case may include but are not limited to:
 - a. The tip is outside the scope of the Fraud Hotline (see Section H) or is not sufficiently connected to a City agency, employee, vendor, program, or service.
 - b. The tip does not include enough credible information to conduct an investigation.
 - c. The tip appears to involve a matter that has already been resolved.

- d. The tip appears to be trivial, frivolous, intended to harass or annoy, or otherwise not made in good faith.
 - e. Another remedy exists that would resolve the concerns raised by the tip.
4. Following the initial review, Audit Services may:
- a. Request additional information from the person who submitted the tip, using the Fraud Hotline case management system whenever possible.
 - b. Gather information from other Auditor's Office divisions, other City bureaus or offices, and/or outside entities.
 - c. Refer the tip to another City, law enforcement, or other agency for investigation or another response.
 - d. Conduct an independent and impartial investigation into the tip or investigate some allegations and refer other allegations to another agency for investigation or another response.
 - e. Recommend that the City Auditor initiate an audit, in accordance with generally accepted government auditing standards, to explore concerns raised by the tip.
 - f. Take any other action to investigate, review, and/or respond to the tip.
5. Audit Services will enter written case information and communications into the Fraud Hotline case management system to ensure confidentiality, consistency, and complete follow-up. Audit Services will document the outcome of all initial reviews and investigations through the case management system.
6. If Audit Services refers a tip, or allegations stemming from a tip, to another agency for investigation, Audit Services may monitor the agency's investigation, receive updates, and review investigative findings, and may provide information or assistance, upon request, to the other agency.
- a. Audit Services is required to maintain the confidentiality of confidential and legally privileged City information and records, except as required by state law or authorized by Council.

- b. Audit Services will maintain the confidentiality of the person who filed the Fraud Hotline tip, unless the person has waived confidentiality. If the tip was anonymous, Audit Services may use the Fraud Hotline case management system to facilitate communication between the agency and person who submitted the tip.

H. Tips that are Outside the Scope of the Fraud Hotline

Audit Services does not investigate tips about:

1. Another jurisdiction (e.g., Multnomah County, the City of Beaverton, Portland Public Schools, or the State of Oregon), unless Audit Services finds a sufficient connection to the City of Portland. Audit Services may direct a person who submits a tip about another jurisdiction to the other jurisdiction or may choose to forward the tip to the other jurisdiction.
2. Portland's elected officials (i.e., Mayor, Commissioner, or City Auditor) or an elected official's personal staff. Audit Services may forward such tips to the [Oregon Government Ethics Commission](#).
3. Matters currently in litigation.
4. The Auditor's Office, because of the potential for conflicts of interest and/or impaired structural independence.
5. Portland Police Bureau policies or alleged misconduct by sworn members of the Police Bureau. Audit Services will generally forward such tips to the Auditor's [Independent Police Review](#). Audit Services may choose to investigate other types of tips involving the Police Bureau.
6. Employment or labor issues that:
 - a. Do not involve fraud, waste, inefficiency, or abuse;
 - b. Involve employee or applicant discrimination complaints;
 - c. Are subject to collective bargaining agreement grievance procedures (e.g., tips related to wages, benefits, hours, working conditions, or imposed discipline); or
 - d. Can be appealed to the City's Civil Service Board.

Audit Services will generally refer persons submitting tips involving such employment or labor issues to the [Bureau of Human Resources](#), the labor union, bureau management, or Oregon's [Bureau of Labor and Industries, Civil Rights Division](#).

I. Tips Involving Criminal Activity

Audit Services supports the full investigation of conduct that may be criminal, as well as the criminal prosecution of offenders, to deter future violations and seek restitution for the City.

1. While reviewing or investigating a Fraud Hotline tip, if Audit Services reasonably suspects that fraud or other criminal activity may be occurring or may have occurred, Audit Services will contact the Portland Police Bureau's Detectives Division and the Multnomah County District Attorney's Office, or other law enforcement agency with jurisdiction (collectively, "law enforcement"), without notice to and before contacting the subject(s) of the investigation.
 - a. Audit Services will contact law enforcement as soon as possible after gathering enough evidence to reasonably suspect that fraud or other criminal activity may be occurring or may have occurred.
 - b. If Audit Services is unsure about whether fraud or other criminal activity may be occurring or may have occurred, Audit Services will consult with law enforcement before contacting the subject(s) of the investigation.
2. If law enforcement informs Audit Services that the reported conduct is criminal in nature and may be prosecuted, Audit Services will ensure that the Commissioner-in-Charge of the subject bureau, the Mayor, the City Attorney, and the District Attorney are immediately notified, unless law enforcement directs otherwise.

J. Fraud Hotline Investigations: Interviewing Employees

Audit Services may interview City employees during Fraud Hotline reviews and investigations.

1. Audit Services is committed to protecting the rights of City employees during interviews and will follow standard Human Resources interview procedures.
2. Audit Services will make an audio recording of all interviews with City employees.

3. Audit Services may independently interview any employee with information related to a Fraud Hotline tip if there is no reason to believe that the employee could face discipline as a result of the investigation. If Audit Services reasonably believes that an employee could face discipline related to a tip or investigation:
 - a. Audit Services will coordinate the interview with the Bureau of Human Resources and the employee's bureau.
 - b. Audit Services may interview such an employee without a bureau representative:
 - i. If requested or approved by bureau management; or
 - ii. If the bureau has unreasonably delayed the interview. If the bureau has unreasonably delayed the interview, Audit Services must notify bureau management of the date and time of the scheduled interview and give the bureau an opportunity to have a representative participate in the interview.

K. Public Records

Upon completion of a Fraud Hotline investigation, records related to the investigation may be subject to public disclosure.

1. Audit Services may not include confidential information in any reports that may be subject to public disclosure and should avoid including sensitive information in such reports. Unless the person who submitted the Fraud Hotline tip has waived confidentiality, Audit Services may not identify the person in any reports or otherwise disclose their identity.
2. Before releasing records related to a Fraud Hotline investigation, Audit Services will determine whether any information should be withheld in accordance with applicable law. For example:
 - a. Under [ORS 297.765\(7\)](#) and [ORS 192.355\(9\)](#), the identity of a person submitting a tip to the Fraud Hotline is exempt from disclosure and will remain confidential, unless the person has waived confidentiality.
 - b. [ORS 181A.830\(3\)](#) prohibits the disclosure of information about a personnel investigation of a sworn member of the Portland Police Bureau that does not result in discipline, unless the public interest requires disclosure.

- c. Under [ORS 192.345\(12\)](#), records of personnel discipline actions and the personnel investigations supporting those actions are exempt from disclosure unless the public interest requires disclosure.
- d. The Auditor's Office commits in good faith to maintain the confidentiality of tips submitted on condition of confidentiality. Under ORS 192.355(4), such tips voluntarily made are exempt from disclosure if the public interest would suffer by the disclosure.

L. Reporting Outcomes

1. Upon completion of a Fraud Hotline investigation, Audit Services must determine, in writing, whether waste, inefficiency, or abuse may be occurring or may have occurred. [ORS 297.765\(6\)](#).
2. *If Audit Services determines that waste, inefficiency, or abuse did not occur:* The written determination may be limited to a brief summary in the case management system. Audit Services is not required to report the determination, except to the person who submitted the tip.
3. *If Audit Services determines that waste, inefficiency, and/or abuse may be occurring or may have occurred:*
 - a. Audit Services will submit a draft findings memo, which includes Audit Services' findings and any recommendations for addressing the causes of the waste, inefficiency, and/or abuse, to the Director and Commissioner-in-Charge of the subject bureau.
 - i. Audit Services will give the bureau a reasonable opportunity to respond. A two-week deadline is standard. Audit Services will include a brief statement by the bureau, if one is provided, in the final findings memo.
 - ii. Audit Services may revise the draft findings memo to address the bureau's response, or for any other reason.
 - b. Audit Services will prepare a written determination that briefly explains the Fraud Hotline tip, Audit Services' findings and recommendations, and the bureau's response.

- c. Audit Services will deliver the written determination to Council and may distribute the written determination to the public, after providing courtesy copies in accordance with this Subsection.
 - d. Before releasing the written determination to Council and/or the public, Audit Services will provide advance, courtesy copies to the Director and Commissioner-in-Charge of the subject bureau.
4. If Audit Services determines that a violation of [ORS Chapter 244 \(Government Ethics\)](#) may be occurring or may have occurred, Audit Services will notify the [Oregon Government Ethics Commission](#).
 5. Audit Services will notify the person who submitted the Fraud Hotline tip about the outcome of the investigation. Audit Services will provide the person with a copy of the written determination upon request.
 6. Audit Services will periodically issue a report on Fraud Hotline activities to the City Auditor, Council, and public.

Auditor's Office Administrative Rule Information and History

Questions about this administrative rule may be directed to [Audit Services](#).

Adopted by the City Auditor as [ADM-6.02 - Auditor's OpenCity Tipline](#) and filed for inclusion in the PPD on January 14, 2010.

Amended by the City Auditor on February 12, 2013 and April 5, 2019.

Last revised by the City Auditor on [insert date].