ARA 10.01  FRAUD HOTLINE

A. Purpose and Authority

Often, government fraud, waste, and abuse are discovered thanks to employees and community members who report such irregularities to the appropriate parties. Oregon law permits local governments to establish hotlines to accept reports of waste, inefficiency, or abuse, and requires governments establishing such hotlines to adopt written policies and procedures for logging reports. ORS 297.760 - 297.765.

The independently elected City Auditor works to promote open and accountable government and ensure that taxpayer dollars are used appropriately, efficiently, and equitably. The Auditor’s Office operates a Fraud Hotline to enable City employees and the public to report suspected fraud, waste, and abuse by or against the City. The intent of the Fraud Hotline is to identify and prevent losses of City resources and to act as a deterrent to fraud, waste, and abuse.

Section 2-506(a) of the Portland City Charter permits the City Auditor to establish rules for the Auditor’s Office. This rule sets forth policies and procedures for the Fraud Hotline.

B. History of the Fraud Hotline

In 2009, the City Auditor released an audit that identified the need for improvements to the City’s fraud reporting process. In 2010, in response to the audit, the City Auditor established an anonymous hotline to provide a confidential mechanism for City employees and the public to report suspected fraud, waste, and abuse of government resources. The hotline was originally called the “Fraud Alert Line,” and later re-named the “OpenCity Tipline.” The City Auditor transferred management of the hotline from the Office of the Ombudsman to the Audit Services Division in 2018 and renamed it the “Fraud Hotline.”

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

While this rule provides general definitions of fraud, waste, and abuse, the Auditor’s Office encourages anyone with information about any dishonest acts by or against the City (such as by City agencies, employees, contractors, vendors, board members, etc.) or about the improper use of City resources or positions to report their concerns.
For purposes of this rule:

1. **Fraud.** Fraud is an intentional deception or misrepresentation, by act or omission, which results or could result in a benefit for a person or entity to which they are not entitled. Examples of fraud include but are not limited to:
   a. Theft of City money, equipment, supplies, data, or other property.
   b. Forging or falsifying documents (e.g., timesheets, travel documents, invoices, etc.), intentionally misrepresenting the cost of goods or services provided, or other impropriety in the handling or reporting of money or financial transactions.
   c. Use of City equipment or property for personal gain.
   d. Soliciting or accepting a bribe or kickback.
   e. Inappropriate or unauthorized use, alteration, or manipulation of data, computer files, equipment, software, networks, or systems.

2. **Waste.** Waste involves the careless or extravagant expenditure of City funds or the misuse or mismanagement of City resources, including incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls. Waste does not have to involve a private use or personal gain and can be intentional or unintentional.

3. **Abuse.** Abuse may involve the improper use of a City position to obtain a benefit or advantage. Abuse may also involve the improper use or destruction of City records or other resources. Examples of abuse include but are not limited to:
   a. Using a City position to gain an advantage when conducting personal business or to obtain or provide a City benefit or service for someone who does not qualify for it.
   b. Abuse of the City’s travel reimbursement system, unauthorized time away from work, or use of City time for personal business.
   c. Suspending or terminating an enforcement action based on a personal relationship.
   d. Unauthorized disclosure of confidential or proprietary information.
   e. Failure to report damage to City equipment or property.
D. Reporting by City Employees and Community Members

1. Any City employee or community member may use the Fraud Hotline to report suspected fraud, waste, or abuse.

   a. The Fraud Hotline uses online (http://www.portlandfraudhotline.com) and telephone (1-866-342-4148) reporting systems to accept reports.

   b. The Fraud Hotline accepts anonymous reports—or persons who file reports may choose to identify themselves.

2. Reports of suspected fraud, waste, or abuse may also be filed with:

   a. A law enforcement agency;

   b. A City bureau director or other supervisor;

   c. The City’s Bureau of Human Resources; or

   d. The Auditor’s Office. Reports of suspected fraud, waste, or abuse received by the Auditor’s Office will be forwarded to the Audit Services Division for processing in the same manner as reports filed through the Fraud Hotline.

3. All City employees are expected to disclose suspected waste, fraud, or abuse and to report any other observed unlawful or improper actions by City entities, officials, employees, or volunteers. See Human Resources Administrative Rule 11.03 - Duty to Report Unlawful or Improper Actions / Auditor’s Office Administrative Rule 3.11.03 - Duty to Report Unlawful or Improper Actions.

E. Anonymity / Confidentiality

1. To encourage reporting, the Fraud Hotline accepts anonymous reports of suspected fraud, waste, or abuse.

2. When a person files a report, whether they report anonymously or choose to identify themselves, the Fraud Hotline’s case management system will provide them with a Report Key, which can be used to review the status of the report and anonymously respond to follow-up questions or requests for additional information. Report Keys are issued for both telephone and online reporting.
3. The Fraud Hotline will not track or record the phone number, internet provider, or location of a person making a report, unless the person provides such information.

4. If a person who files a report identifies themselves but requests confidentiality, the Auditor’s Office is committed to treating their identity as confidential and will protect it from disclosure unless ordered otherwise by a court of law or other legal entity.

   a. Under Oregon law (ORS 297.765), in general, the identity of any person making a hotline report is confidential, and the investigation into the report is confidential until the investigation is complete. However:

      i. A person filing a report may choose to waive confidentiality.

      ii. The Auditor’s Office may share the substance of a report (but not the identity of the person making the report) with bureau management and other agencies as needed to carry out investigations, referrals, and/or enforcement actions, and to issue reports for outcome reporting purposes.

   b. Oregon’s public records laws favor the disclosure of public records, but exempts information from disclosure if it is submitted in confidence, the public body has obliged itself in good faith not to disclose the information, the information is not otherwise required by law to be submitted and should reasonably be considered confidential, and the public interest would suffer by disclosure. ORS 192.355(4).

      i. The public interest would be harmed if people suspecting fraud, waste, or abuse are discouraged from reporting because of fear that their identities will be disclosed.

      ii. The Auditor’s Office considers Fraud Hotline reports submitted with a request for confidentiality to meet the disclosure exemption criteria. However, confidentiality is a legal matter that must be evaluated on a case-by-case basis, and absolute confidentiality cannot be guaranteed.

5. All Audit Services investigations into Fraud Hotline reports are confidential unless Audit Services finds that fraud, waste, or abuse has occurred. ORS 2970765(4). If Audit Services finds that fraud, waste, or abuse has occurred:

   a. The investigation and any determinations made are confidential until the Audit Services investigation is complete.
b. Audit Services must report their findings as provided under Section G(4) of this rule.

F. Cooperation with Investigations; Retaliation Against Employees is Prohibited

1. City employees are expected to co-operate with Audit Services during the initial review and any investigation into a report about suspected fraud, waste, or abuse. The City Charter and City Code require the Auditor’s Office to have timely access to City employees, information, and records as needed to conduct audits and investigations.

2. The City prohibits retaliation against employees for filing Fraud Hotline reports or for cooperating with internal or external investigations. Oregon’s whistleblower laws also protect City employees from discrimination and retaliation for making good faith reports. Retaliation is prohibited even if the underlying report is not substantiated.

G. Fraud Hotline Administration

The Audit Services Division of the Auditor’s Office (Audit Services) administers the Fraud Hotline.

1. Audit Services is responsible for preparing notices that describe the purpose of the Fraud Hotline and explain how to file a hotline report, and for posting the notices in City offices and online.

2. When a report of suspected fraud, waste, or abuse is filed, Audit Services will log the report and promptly conduct an initial review.

3. Following the initial review, Audit Services will take appropriate action to address the report, which may include but is not limited to:

   a. Requesting additional information from the person who filed the report, including using the Fraud Hotline’s case management system to post follow up questions.

   b. Conducting an independent and impartial investigation into the report. During an investigation, Audit Services may:

   i. Determine that no further action is required and close the case.
ii. Consult or collaborate with other divisions of the Auditor’s Office, City agencies, and/or outside entities.

iii. Take any other action needed to investigate, review, and/or respond to the report.

c. Determining that no further action is required and closing the case. Audit Services has full discretion to close a case without further action, upon approval from the Audit Services Director, if:

i. The report does not include enough credible information to conduct an investigation.

ii. The report is not sufficiently connected to a City agency, employee, vendor, program, or service.

iii. The report appears to be trivial, frivolous, intended to harass or annoy, or otherwise not made in good faith, or appears to involve a matter that has already been resolved.

iv. Audit Services otherwise determines that the report does not merit investigation.

d. Recommending that the City Auditor initiate an audit, in accordance with generally accepted government auditing standards, to explore concerns raised by the report.

e. Referring the report to the appropriate City, law enforcement, or other agency for further investigation, review, and/or response. After referring a report to another agency, Audit Services may:

i. Monitor the investigation and receive updates and formal conclusions regarding the investigation, as appropriate.

ii. Facilitate communication between the agency receiving the referral and the person who filed the report, including through the Fraud Hotline’s case management system.

iii. Provide other assistance, upon request, to the agency receiving the referral.

4. Audit Services has no independent enforcement authority.
a. If Audit Services detects criminal activity, Audit Services must notify the City Attorney. Notice to the Commissioner in Charge, Mayor, and the appropriate law enforcement agency is also required. Audit Services will encourage full investigations and criminal prosecution to sanction offenders, obtain restitution for the City, and deter future violations.

b. If Audit Services detects non-criminal violations of law or otherwise finds that a City agency, employee, contractor, vendor, etc., may have engaged in an activity involving waste or abuse:

i. Audit Services will deliver a written determination of such findings to the City Council, make recommendations to the bureau’s management for addressing the cause(s) of the problem so that the problem will not reoccur, and provide the person who filed the report with a copy of the written findings, if requested.

ii. If the person who filed the report has requested confidentiality, Audit Services will not include their name in the written determination to the City Council or the recommendations to the bureau’s management.

5. Audit Services will enter written case information and communications into the Fraud Hotline’s case management system to ensure confidentiality, consistency, and complete follow-up, and will document the outcome of all reviews or investigations through the case management system, including referred reports to the extent that Audit Services can learn the outcome from the referred agency.

6. Audit Services will notify the person who filed the report of the outcome of the investigation. If the person filed the report anonymously, Audit Services will provide such notice through the Fraud Hotline’s case management system.

H. Reports Outside the Scope of the Fraud Hotline

1. Audit Services does not investigate the following types of reports through the Fraud Hotline:

a. Reports about the acts of an elected official or the official’s personal staff. Audit Services will generally forward such reports to the Oregon Government Ethics Commission.
b. Reports regarding police conduct or policies. Audit Services will generally forward such reports to Independent Police Review.

c. Reports about a division of the Auditor’s Office. Audit Services will generally direct persons making such reports to another appropriate entity because of the potential for an actual or perceived conflict of interest and/or a lack of sufficient structural independence.

d. Reports of fraud, waste, or abuse by non-City entities that do not impact the City, or that are otherwise outside the scope of the Fraud Hotline. Audit Services may direct persons making such reports to the appropriate jurisdiction or agency or may forward such reports directly to the appropriate jurisdiction or agency.

e. Matters currently in litigation.

f. Reports about employment matters.

i. Audit Services may direct persons making reports related to matters subject to the City’s collecting bargaining agreements to the Bureau of Human Resources or the appropriate City department’s management.

ii. Audit Services may suggest that persons making reports about employment matters related to the City’s classified service consider appealing the reported actions to the Civil Service Board within the time limit for such appeals.

iii. Audit Services will forward reports of harassment, discrimination, and/or retaliation of or by City employees to the Bureau of Human Resources; provided that the Auditor’s Office will hire an outside investigator to investigate any such complaints against Auditor’s Office employees. Audit Services may forward reports about other employment matters to the Bureau of Human Resources and/or the appropriate City department’s management.

iv. Audit Services may direct persons making reports of employment discrimination to the Oregon’s Bureau of Labor and Industries, Civil Rights Division.

2. Audit Services may initiate an investigation into potential fraud, waste, or abuse on its own initiative, without receiving a report to the Fraud Hotline.
I. Reports

Audit Services shall periodically issue a report on Fraud Hotline activities to the City Auditor, the City Council, and the public.

Auditor’s Office Administrative Rule Information and History

Questions about this administrative rule may be directed to the Auditor’s Office’s Management Services Division.

Adopted by the City Auditor as ADM-6.02 - Auditor’s OpenCity Tipline and filed for inclusion in PPD January 14, 2010.

Amended by the City Auditor February 12, 2013.

Last revised by the City Auditor April 5, 2019.