



Fraud, Waste and Abuse Hotline Procedures

The below administrative procedure is created in the accordance of Whistleblower policy #4011 dated 02/10/2003.

Regardless of the mechanism through which the City receives a report from its confidential Fraud, Waste and Abuse (FWA) hotline, the following procedures are established for triaging reports, performing investigations, and communicating investigation results.

The established escalation procedures for FWA reports are as follows:

- Immediate response – call indicates misappropriation of the City’s assets, false reporting, misuse of City assets, etc.
- Referral – based on the circumstances of the complaint, reports may be referred to other departments or outside the City. In such instances, the caller will be notified of the referral if the caller requests. The call can be closed upon referral but should be reported as such, or it may remain open until the final resolution is communicated to the City. Matters indicating a personal emergency will be forwarded to the appropriate party for action. For example, a life-threatening situation or child abuse.
- Annual Internal Audit Plan – call indicates the need for process redesign or modification to internal controls for consideration as an area of focus for the Annual Internal Audit Plan.
- Follow-up – call requires additional information before appropriate action can be determined.
- Closed as received – including but not limited to:
 - Call is incomplete
 - Caller did not provide sufficient information to determine the appropriate action and caller has not elected for two-way anonymous communication
 - Matters regarding non-audit issues (i.e. request for the phone number of a County Courthouse)

Investigating Reports

The report will be forwarded to the appropriate party for investigation. If the City’s Internal Auditor investigates, then the following activities will be performed:

- Read the initial hotline report.
- Obtain any supporting documents provided by the caller through Lighthouse.
- Identify additional evidence needed to resolve the complaint, including but not limited to:
 - City policies and procedures
 - Copy of or access to Council meeting minutes
 - Copies of invoices, receipts, contracts, etc.
 - Other documentation deemed necessary to determine validity of the incident report
- Identify who will be contacted during the investigation, including but not limited to:
 - Suspect to the allegation
 - Victim(s)
 - Witnesses
 - Complainant, if known and the individual wishes to be interviewed
 - Persons who are within the internal control process, but who may not have knowledge of the specific complaint

- Law enforcement, if appropriate
- Others as determined necessary
- Communicate to the complainant appropriate information regarding the City's whistleblower policy.
- Perform investigative procedures to determine the validity of the complaint and documenting:
 - Steps taken
 - Evidence gathered – chain of custody
 - Conclusions reached
 - Quantification of financial loss to the City, if any
 - Generally Accepted Government Auditing Standards (GAGAS) – criteria, condition, cause, effect, and recommendations, as appropriate
- Keep the appropriate parties informed of the progress of the investigation.
- Communicate the final results of the investigation, including notification and reporting, as appropriate, including, but not limited to, the following:
 - City Council
 - Appropriate City management
- Manage information on a need-to-know basis.
- Maintain case files for an appropriate period. This may be driven by whether or not the case results in civil or criminal charges.

Communication

Within the escalation process, the City has created a reporting structure. The City will continue to modify that structure as appropriate. The current structure includes reporting to the following:

- City Attorney's Office – potential civil activity
- Police Chief – potential criminal activity
- Human Resources Department – employee disciplinary action and policy violation
- Chief Financial Officer – potential financial fraud
- City Council – periodic reporting of activity
 - Quarterly statistics of calls received
 - Summaries of completed investigations, as appropriate and dependent upon whether there will be civil or criminal charges filed