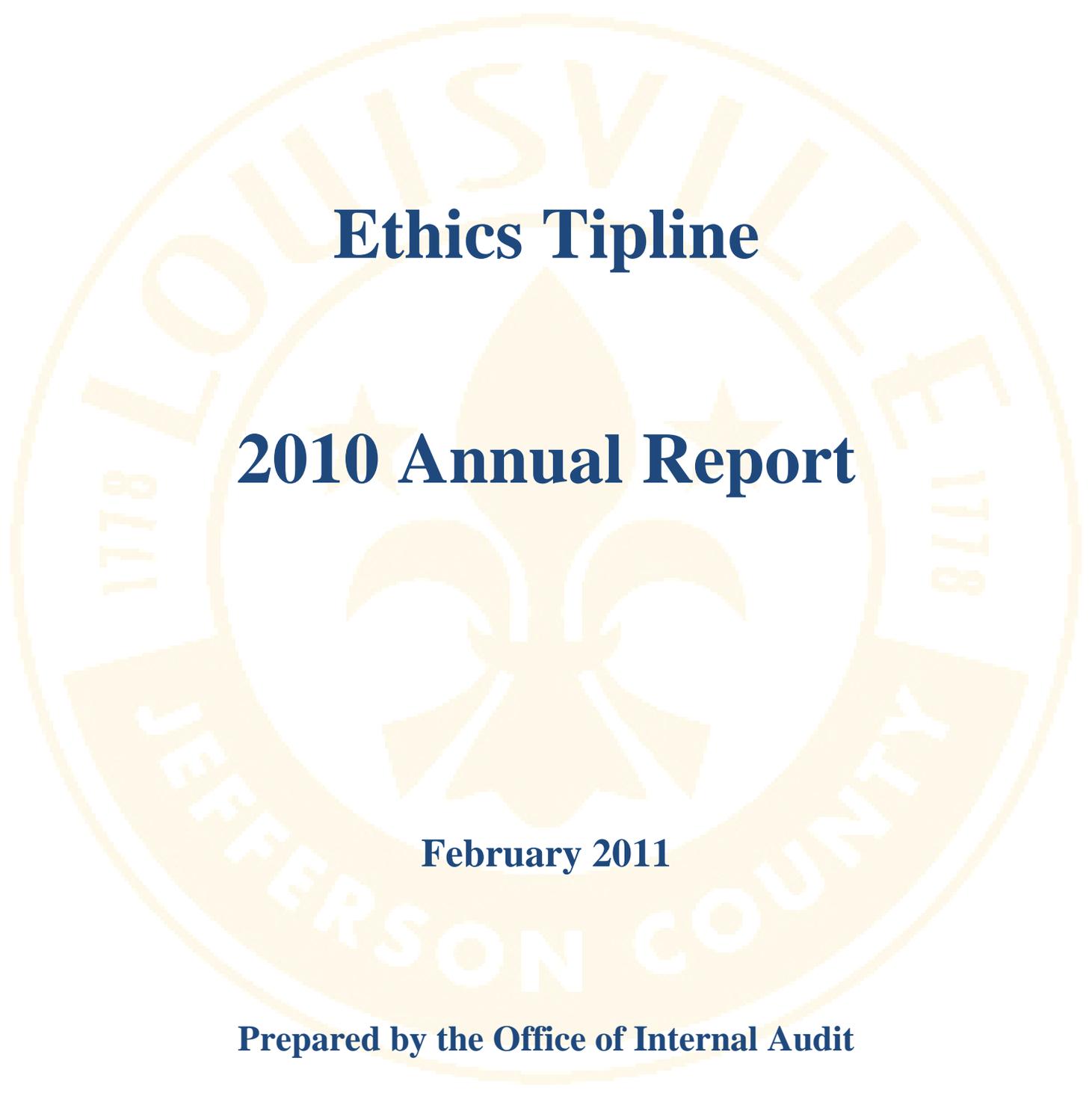




Ethics Tipline

2010 Annual Report



Ethics Tipline

2010 Annual Report

February 2011

Prepared by the Office of Internal Audit

TABLE OF CONTENTS

INTRODUCTION..... 2

ETHICS TIPLINE OVERVIEW 2

STATISTICAL SUMMARY..... 3

 1) CALL ACTIVITY 4

 2) INCIDENT REPORTS RECEIVED 5

 3) INCIDENT REPORTS CLOSED..... 9

ETHICS TIPLINE BENEFITS..... 14

RECOMMENDATIONS FOR IMPROVEMENT..... 16

CONCLUSION 18



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February 17, 2011

The Honorable Greg Fischer
Mayor of Louisville Metro
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Louisville, KY 40202

Subject: Ethics Tipline - 2010 Annual Report

Introduction

Enclosed is the 2010 Annual Report for Louisville Metro's Ethics Tipline. This report contains information regarding activity during calendar year 2010. This is the first annual report for the Ethics Tipline and is intended to be more comprehensive than the monthly reports. In addition, the report contains recommendations to improve the effectiveness of the Ethics Tipline. These recommendations were solicited from the primary partners in the Ethics Tipline, i.e., Louisville Metro Human Resources, Louisville Metro Police Department, and the Office of Internal Audit.

Ethics Tipline Overview

In May 2009, the Louisville Metro Council passed legislation that established an anonymous tipline for Louisville Metro Government. The tipline is intended to offer Louisville Metro Government employees and citizens a resource to report privately, concerns of alleged unethical or illegal actions and / or behavior by another employee or official serving Louisville Metro Government. The Office of Internal Audit is responsible for administering the contract with the tipline provider.

Louisville Metro's Ethics Tipline was implemented in October 2009. An overview of the Ethics Tipline follows.

- The third party provider of the Ethics Tipline is located in Georgia and provides a 24 / 7 call center that is staffed with trained operators.
- Employees or citizens contact the Ethics Tipline via telephone (888-226-2264) or internet (www.reportlineweb.com/Louisville) to report alleged unethical conduct involving Louisville Metro Government.

- The call center operator conducts interviews to obtain critical information. The information is recorded in the third party provider's case management system. For internet based reports, an interview is not conducted.
- The allegation is classified into one of twenty-four standard incident types. This includes classifications such as employee relations, policy issues, and theft of cash.
- User anonymity is an option. The user is provided a unique number to use when checking on the status of their report.
- An incident report is generated and either Louisville Metro Human Resources or the Louisville Metro Police Department (LMPD) is notified. The type of incident determines which department is notified.
- All incident reports are sent to Louisville Metro Government. The third party provider does not determine the merit of the information.
- The Office of Internal Audit also receives all incident reports. This ensures that at least "two sets of eyes" at Louisville Metro Government view all incident reports.
- Human Resources or LMPD follow their normal standard operating procedures in investigating the incident reports. The results are recorded in the third party provider's case management system.
- The Office of Internal Audit prepares monthly reports of activity. These reports are distributed and posted to the public website at www.louisvilleky.gov/InternalAudit/EthicsTipline/.

Statistical Summary

The following statistical summary is calendar year 2010 activity for Louisville Metro's Ethics Tipline. The information is categorized into the following three areas.

- 1) Call Activity
- 2) Incident Reports Received
- 3) Incident Reports Closed

This information begins on the following page.

1) CALL ACTIVITY

A call to Louisville Metro's Ethics Tipline can be categorized into one of the following three outcomes.

- (1) Original incident report is generated
- (2) Callback in which the caller inquired as to the status of a prior incident report or the case investigator used the case management system to request additional information from the reporter
- (3) Other includes calls such as wrong numbers, hang-ups, and information referrals

Internet reports can also result in outcome 1 or 2. The total number of calls received in 2010 was 156. The following table provides the breakdown of these calls by the outcome classification.

2010 Volume		
Outcome	Sub-type	Number
(1) Original		90
	Incident Report	90
(2) Callback		21
	Reporter Callback	13
	Investigator Callback	8
(3) Other		45
	Other	22
	Hang up	11
	Referral / Information	7
	Wrong number	5
	Grand Total	156

2) INCIDENT REPORTS RECEIVED

In 2010, there were 90 incident reports received. In order to protect the integrity of open investigations, the information presented is limited.

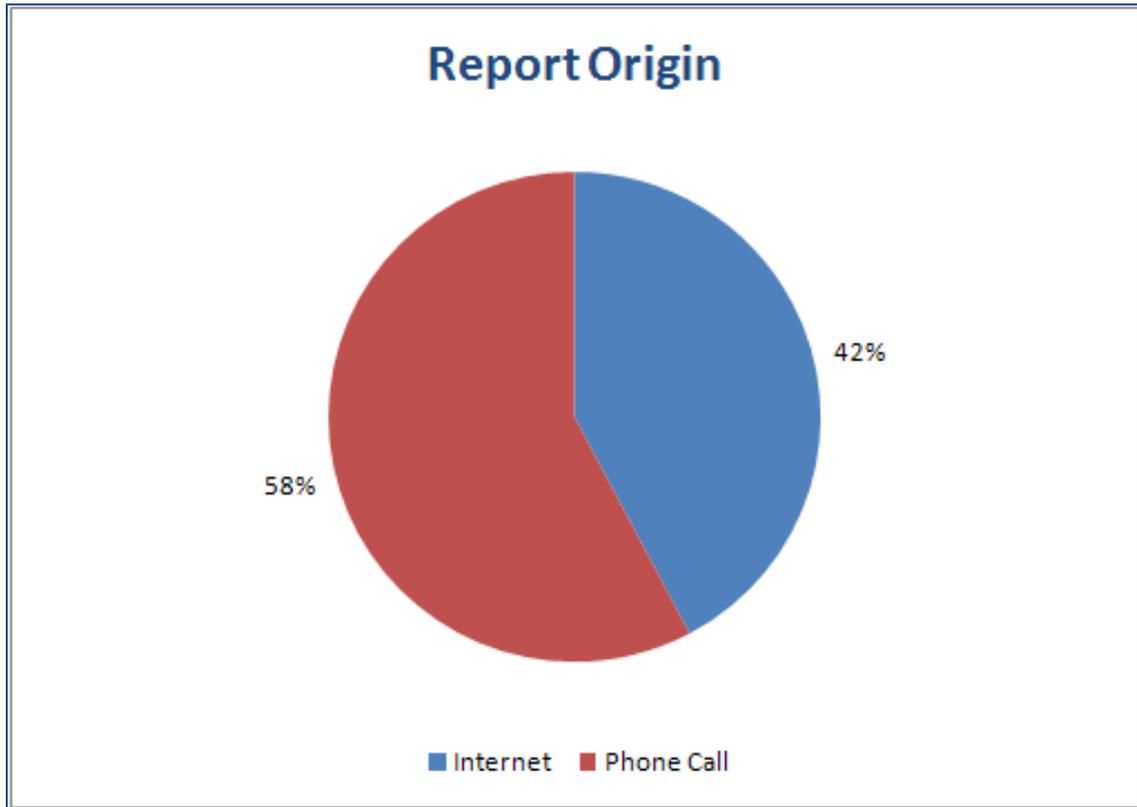
Anonymity

Individuals using the Louisville Metro Ethics Tipline have the option to remain anonymous. This is to encourage use of the tipline by those who are concerned about retaliation. The following chart shows the breakdown of anonymous and identified callers for the incident reports received in 2010. Users chose to remain anonymous for 70% of the incident reports received.



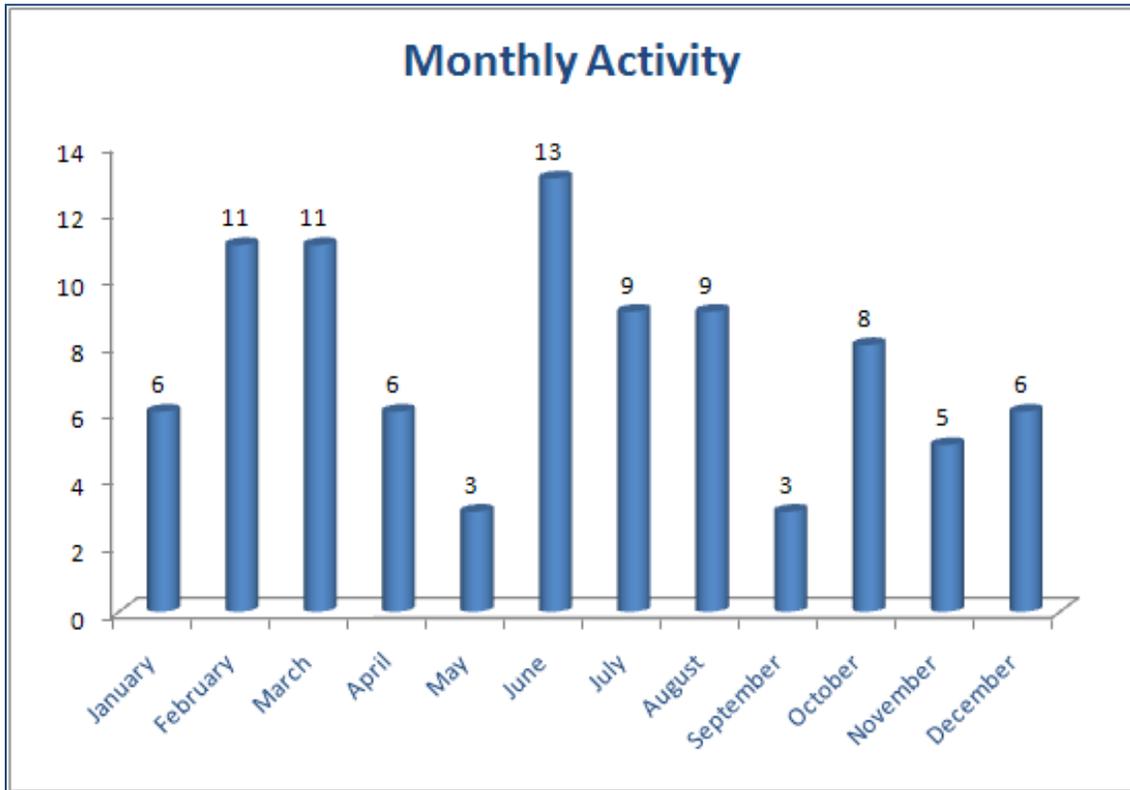
Report Origin

Reports to the Louisville Metro Ethics Tipline can be made via telephone (888-226-2264) or through the internet (www.reportlineweb.com/Louisville). The following chart shows the breakdown of the origin of the reports received in 2010. More reports were received via telephone than internet, with 58% received via telephone.



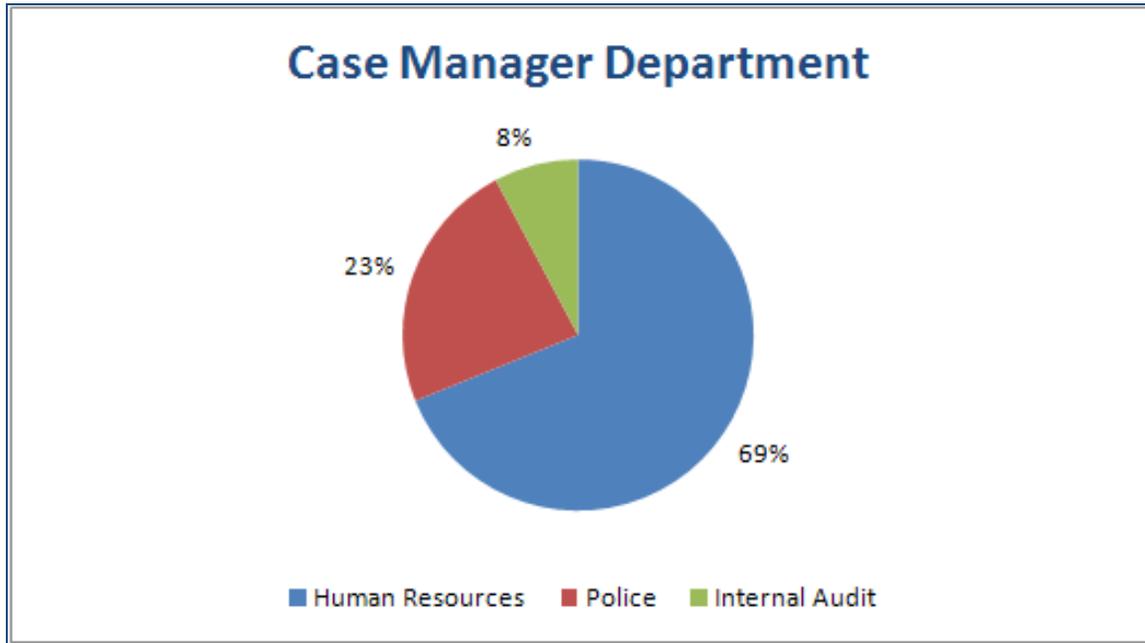
Monthly Activity

The following shows the number of incident reports received each month. The most incident reports were received in June, followed by February and March. The least were received in May and September. The average number received each month was 8.



Case Manager Department

The incident type determines the Louisville Metro department that is assigned as case manager. The primary departments are Louisville Metro Human Resources and the Louisville Metro Police Department. The Office of Internal Audit may also act as case manager if requested by one of the primary departments. Human Resources was the case manager department for 69% of the incident reports received in 2010.

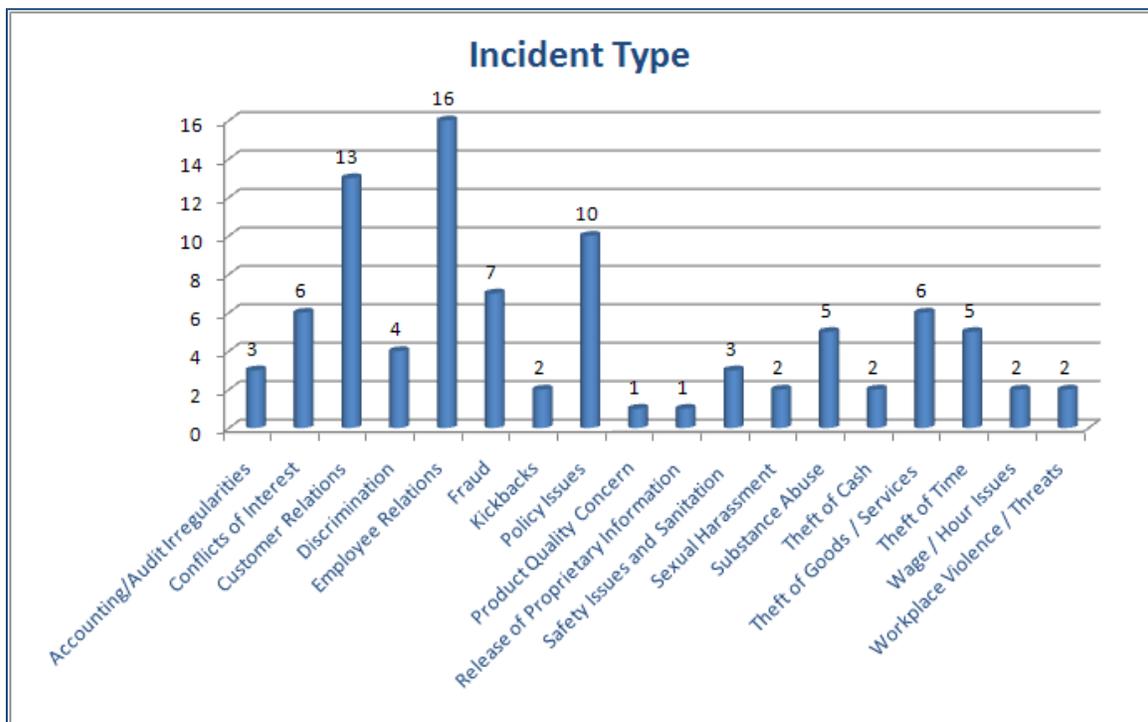


3) INCIDENT REPORTS CLOSED

In 2010, there were 86 incident reports closed, 11 of which were received in 2009. The following provides information related to these closed cases.

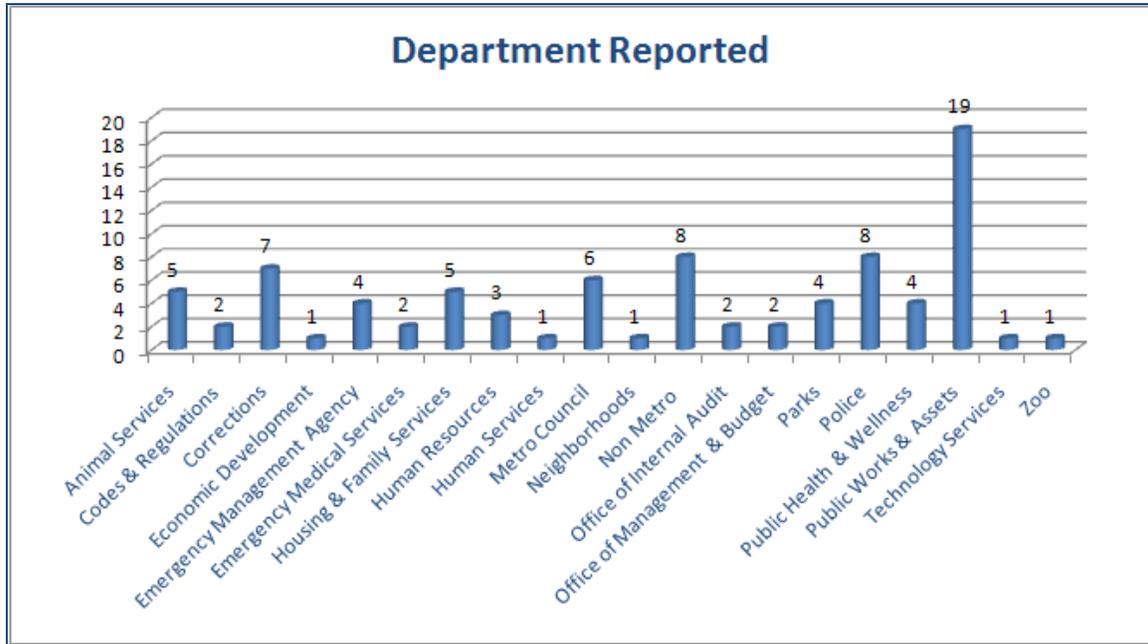
Incident Type

There are 24 standard incident types available. These incident types classify the nature of the allegation. They also determine which Louisville Metro department will act as the case manager / case investigator. As noted in the following chart, Employee Relations was the most frequently used incident type with 16 reports closed during 2010. Customer Relations and Policy Issues were the other incident types with more than 10 closed reports during 2010.



Department Reported

The following chart shows the Louisville Metro departments named in the incident reports closed in 2010. Nineteen different Louisville Metro departments were named in these reports (this does not include the classification for Non-Metro entities). Public Works and Assets was named most frequently, in 19 of the 86 closed reports. In addition, 8 reports involved Non-Metro entities, such as State Agencies or private businesses. Since the Ethics Tipline is available for use by the general public, there continues to be confusion as to what entities are part of Louisville Metro Government.



The following table provides more information about the closed incident reports for each department. It is intended to show the divisions when applicable.

Closed Report with Departmental Division		
Department	Division	Reports
Animal Services	Not applicable	5
Codes & Regulations		
	Inspections Permits & Licenses	1
	ABC Office	1
Corrections	Not applicable	7
Economic Development		
	Air Pollution Control District	1
Emergency Management Agency	Not applicable	4
Emergency Medical Services	Not applicable	2
Housing & Family Services		
	Community Action Partnership	1
	Housing & Family Services	4
Human Resources	Not applicable	3
Human Services	Not applicable	1
Metro Council	Not applicable	6
Neighborhoods	Not applicable	1
Office of Internal Audit	Not applicable	2
Office of Management & Budget		
	Finance	1
	Revenue Commission	1
Parks	Not applicable	4
Police	Not applicable	8
Public Health & Wellness	Not applicable	4
Public Works & Assets		
	Facilities Management	11
	Public Works & Assets	3
	Solid Waste Management Services	1
	Vehicle Impoundment	4
Technology Services	Not applicable	1
Zoo	Not applicable	1
Non Metro		
	Business	1
	Family Health Center	1
	Jefferson County Attorney	2
	Jefferson County Sheriff	1
	State Agency	2
	Unknown Entity	1
Grand Total		86

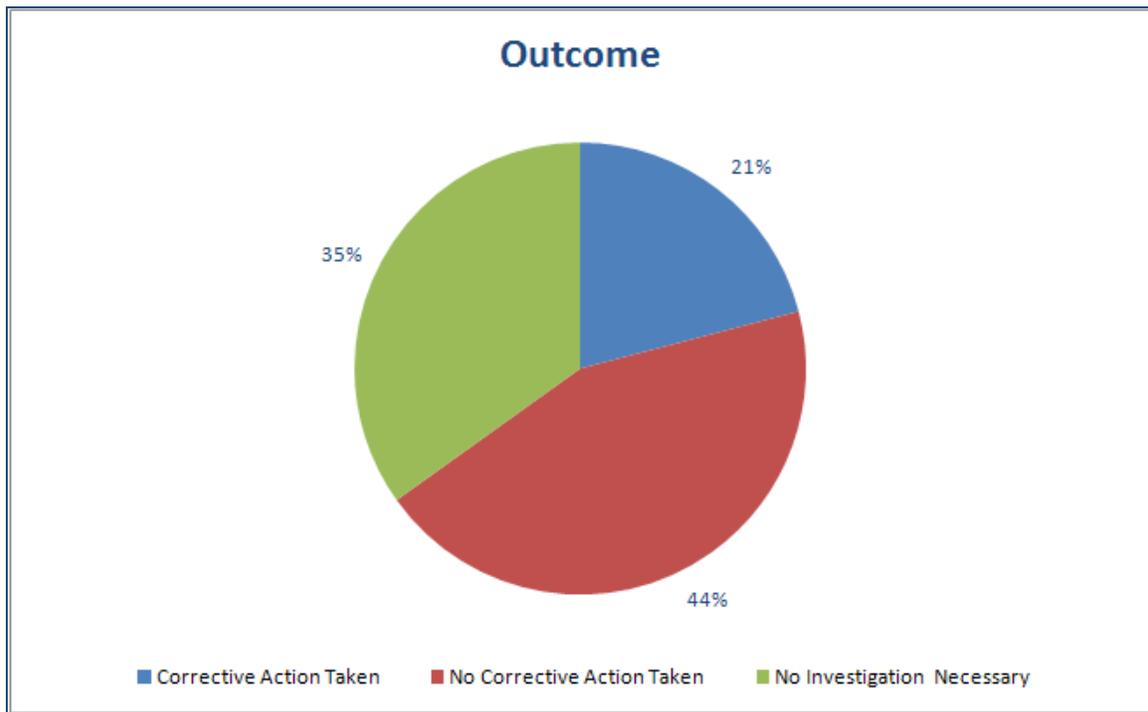
Duration of Investigations

The following table provides information regarding the duration of the investigations for the reports closed during 2010. The duration was calculated using the original report date and the closed date recorded in the third party provider's case management system. The duration ranged from 0 days to 438 days. Approximately 70% of the reports were closed in less than 60 days. The table provides the number of reports closed within each 30 day range.

Duration of Investigations		
Duration (Days)	Number of Reports	Percent of Total
0-29	40	47%
30-59	20	23%
60-89	8	9%
90-119	2	2%
120-149	3	3%
150-179	4	5%
180-209	2	2%
210-239	1	1%
270-299	2	2%
360-389	1	1%
390-419	2	2%
420-449	1	1%
Grand Total	86	100%

Investigation Outcome

The third party provider's case management system provides for three possible outcomes for investigations of incident reports. These are Corrective Action Taken, No Corrective Action Taken, and No Investigation Necessary. No Corrective Action Taken was the most common outcome at 44% of the reports closed in 2010. It should be noted that the No Investigation Necessary outcome typically includes reports that involve non-Metro entities. It also includes situations in which the case manager department determines that a formal investigation is not warranted. This may occur due to lack of information from the caller, failure to provide additional information through the callback functionality, or it may be based on preliminary information provided by the department named in the report.



Ethics Tipline Benefits

The Ethics Tipline promotes honesty and integrity in Louisville Metro Government, and is one tool in efforts to promote a strong ethical culture. There are many benefits to providing a mechanism that allows anonymity in reporting allegations of ethical misconduct. Some benefits are easily quantifiable, while others are not. The value proposition for the Ethics Tipline is distorted if it is quantified without consideration of the intangible benefits.

Direct Cost

The 2010 direct cost for the Ethics Tipline was \$19,465. This consists of payments to the third party provider for the tipline service, and the printing cost for awareness materials (e.g., brochures). This does not include Ethics Tipline case management, investigative, or administrative costs in Louisville Metro Human Resources, the Louisville Metro Police Department, or the Office of Internal Audit.

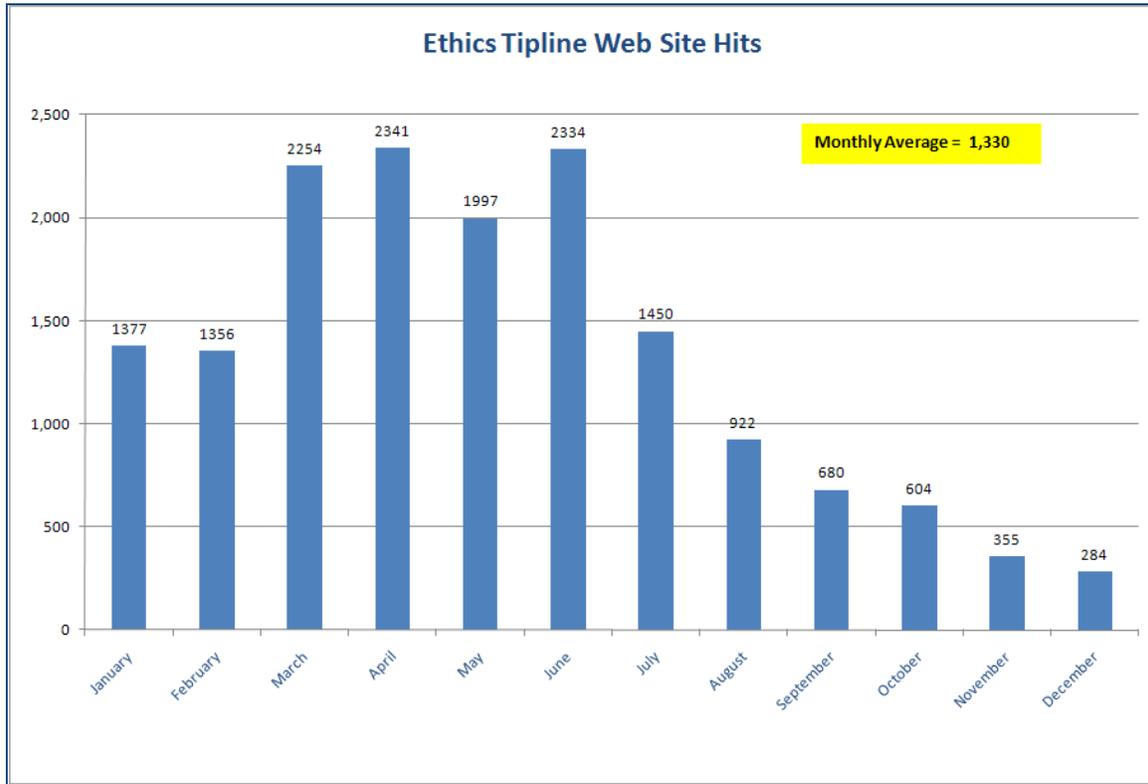
Intangible Benefits

It is important to recognize the intangible benefits of the Ethics Tipline. These benefits are significant but are not currently quantifiable. The Ethics Tipline:

- ⇒ Provides improvements in employee relations, compliance with laws and regulations, policies and procedures, internal controls, and accountability for use of Louisville Metro resources.
- ⇒ Allows employees and the public to report incidents anonymously. This risk-free way to voice concerns encourages the reporting of potential wrongdoing without fear of retaliation.
- ⇒ Is a key component in deterring misconduct by increasing the perception of being easily reported and / or detected. This perception is enhanced through information provided to employees during orientation, standards of ethical conduct classes, and other training opportunities.
- ⇒ Promotes ethical conduct to strengthen the culture of integrity.
- ⇒ Identifies areas where additional training is needed.
- ⇒ Provides the opportunity to identify serious issues early, prevent unacceptable behavior, and reduce liability.

Accountability and Transparency

Users' confidence in the Louisville Metro Ethics Tipline is enhanced by accountability and transparency in reporting of results. Monthly reports are provided and posted to the public website (www.louisvilleky.gov/InternalAudit/EthicsTipline/) so that information is readily available to the public. In 2010, the Ethics Tipline website averaged 1,330 hits per month. The monthly activity is illustrated in the following chart.



Recommendations for Improvement

The Louisville Metro Ethics Tipline has been in operation for approximately 15 months. This experience has provided an opportunity to determine what works well and what can be improved. Recommendations were solicited from the Ethics Tipline partners, Louisville Metro Human Resources, Louisville Metro Police Department, and the Office of Internal Audit. In addition, interested stakeholders were asked for input. Recommendations include the following.

1) Screening of Incident Reports

The third party provider does not screen incident reports to determine if they are actionable. To be actionable, the incident report must involve a Louisville Metro employee, a contractor, or a supplier doing business with Louisville Metro. In addition, information regarding who was involved, how, when, and where the alleged misconduct occurred is required.

Since there is no screening, all incident reports are sent to the applicable Louisville Metro case manager department (depending on the incident type). As a result, resources are dedicated to incident reports that are not actionable. This is inefficient and impairs the effectiveness of the Ethics Tipline.

In order to mitigate this, all incident reports could be screened to determine if they should be forwarded to one of the case manager departments. The Office of Internal Audit (OIA) is the logical choice to perform this task. OIA has experience in reviewing allegations to determine if they warrant further investigation, and is already tasked with administrative duties for the Ethics Tipline. In order to implement this recommendation, the Ethics Tipline ordinance may need to be revised, and additional resources may be needed in order to adequately manage the volume of activity.

2) Investigation Consistency

There are three departments that investigate Louisville Metro's Ethics Tipline incident reports. Louisville Metro Human Resources and Louisville Metro Police Department are the primary case managers / investigators. The Office of Internal Audit acts as a case manager / investigator when requested. The extent of investigation varies depending on the nature of the allegation and the department investigating the report. For example, allegations of criminal conduct require more investigative evidence than an administrative allegation. It was not the intent to mandate the investigation techniques and approaches used by the partner departments so there is inconsistency in the investigative approaches. This may negatively impact users' confidence in the Ethics Tipline, which impairs its effectiveness.

An investigation standard could be implemented for all actionable incident reports received. This could be as simple as minimal documentation standards such as information that is required to be reported in the third party provider's case management system, or as comprehensive as investigative techniques, approaches, and case file documentation. Once the standard is determined, all case investigators should be trained so that requirements are met.

3) Evaluation of Effectiveness

Comprehensive techniques for evaluating the effectiveness of the Ethics Tipline are not available. This is primarily due to the non-quantifiable nature of the benefits. Focusing only on incident report activity ignores these significant non-quantifiable benefits. It is important to note that this issue is not unique to Louisville Metro Government. Information obtained from other local governments with anonymous tiplines indicated that there is not a best practice for evaluating effectiveness.

While there is not a best practice for evaluating effectiveness, there are approaches that, when combined, provide a fairly accurate evaluation. These include employee and citizen surveys related to awareness, use, and deterrent value. It also includes analytics and metrics that indicate effectiveness of awareness efforts. These approaches require resources that are not currently allocated to the Ethics Tipline program.

The third party provider offers a program for benchmarking against other local governments receiving its services. The cost for this functionality is minimal, and would provide benchmarking data for approximately 100 other local government entities. The feasibility of obtaining this functionality should be explored during the annual renewal of the contract with the third party provider.

4) Elected Metro Council Members

It appears that anonymous, non-criminal allegations involving elected Metro Council members are not being investigated. Elected Metro Council members are not covered by Louisville Metro's Personnel Policies so alleged violations are not investigated. In addition, elected Metro Council members are defined as Metro Officers by the Ethics Ordinance, and are therefore subject to the Louisville Metro Ethics Commission. However, the Ethics Commission does not allow filing of anonymous complaints. This issue also applies to certain Metro Council employees (e.g., legislative assistants, caucus staff).

In order to address this issue, the Metro Council could formally adopt the Administration's Personnel Policies so that all members are subject to the policies. Allegations of violations could be investigated following normal Louisville Metro protocol. As an alternative, the Metro Council could implement policies unique to the elected Metro Council members. These policies could include provisions for investigating allegations of violations and non-compliance (i.e., responsibility could be assigned to the Office of Internal Audit since it dually reports to both branches). The Jefferson County Attorney should be consulted before any of these options are implemented.

Conclusion

The first full year of the Louisville Metro Ethics Tipline was active, and provided an opportunity to identify ways to enhance its effectiveness. The Ethics Tipline is an integral component of Louisville Metro Government's ethics program and it actively promotes an ethical climate in Louisville Metro Government.

Respectfully submitted,



Michael S. Norman, CIA, CFE, CGAP
Chief Audit Executive

cc: Louisville Metro Council Government Accountability and Ethics Committee
Louisville Metro External Auditors
Chief of Staff

