

Fraud, Waste, and Abuse Hotline for Lycoming County

Created & Maintained by the Lycoming County Controller's Office

Why offer a fraud hotline to taxpayers?

1. Fraud Hotline Statistics from the Association of Certified Fraud Examiners:

- Frauds are much more likely to be detected by tips. ACFE's study indicated that 40% of fraud cases are detected by tips, compared to 15% by management review, 13% by internal audit, and less than 5% by external audits.
- Anti-fraud controls appear to serve as a deterrent. According to the ACFE, anti-fraud controls significantly reduce instances of fraud in organizations. U.S. organizations lose an estimated 5% of their annual revenues to fraud. Governments are one of the most commonly victimized industries.
- Organizations with fraud hotlines significantly cut their losses due to fraud. The median loss caused by occupational fraud according to ACFE's study is \$160,000; one quarter of all fraud instances involved amounts of at least \$1 million.
- For those governments that maintain fraud hotlines, losses were reduced by 17% and the duration of fraud was reduced by 30%.
- More than 85% of fraudsters had no prior record of committing fraud-related offenses.

2. Consistence with the State Auditor General's Office:

The implementation and maintenance of a fraud, waste and abuse hotline by the Lycoming County Controller's office will provide Lycoming County employees and citizens with a resource parallel to that provided by the Pennsylvania State Auditor General's office. The Auditor General's office maintains a "Taxpayer Hotline," which invites taxpayers to report suspected fraud, waste, or abuse.

Offering a fraud hotline on the county level bolsters the county's commitment to preventing fraud, waste, and abuse and to providing taxpayers' access to reporting at the local level.

3. Compliance with the PA County Code:

The hotline allows the Controller's office to more fully comply with the PA County Code, in particular:

- § 1702, which addresses functions of the Controller,
- § 1725, which addresses subpoena powers of the Controller's office, and
- § 1750, which addresses disbursements of county moneys and the Controller's responsibility to audit all financial accounts, including all claims and demands against the county.

4. Strengthening of Compliance with the Lycoming County Code of Ethics:

The Controller maintenance of a fraud, waste and abuse hotline not only offers the citizens of the county a substantive vehicle for reporting suspected fraud, waste, or abuse, it supports the county employees' duty to comply with the ethics code.

5. Compliance with § 1421 of the PA Code (The Whistleblower Law) and County Policy #106:

A fraud hotline will strengthen the county's commitment to comply with § 1421 of the Pennsylvania Code, which address the protections afforded to whistleblowers, as well as, County Policy #106. The hotline provides county employees and citizens of Lycoming County with a forum for reporting suspected fraud, waste, and abuse.

6. Context: It's not about the past, it's about the future:

The implementation of a hotline may help to restore confidence in local government by helping to detect and deter instances of fraud, waste, and abuse of taxpayer dollars.

How will taxpayers report tips to the Fraud Hotline?

Taxpayers can report tips in the following ways:

1. By using a secure telephone number connected to the Controller's office and accessed only by the Controller;
2. By using a link on the County homepage to the Controller's webpage. The Controller's webpage will provide a link to a secure web form for reporting tips to the Controller;
3. Through the regular mail system, with instructions on confidential reporting.

The Controller's Office webpage will advise that, while anonymity and confidentiality will be preserved within the limits of the law, as much information about the hotline tipster should be provided. It will also state that for claims to be investigated as thoroughly as possible, reports should be as specific as possible. It will also contain a disclaimer regarding vague or frivolous allegations that they may not be able to substantiate.

Only the Controller will be involved in the receiving of reports and the referral of reports to the District Attorney's office and the Human Resource Director. While reports of fraud, waste, or abuse may be given anonymously, taxpayers will be encouraged to provide as much information as possible, including contact information.

What will the Controller's office do with tips?

Only the Controller will have initial access to tips received.

1. The Controller will maintain a log of every report of fraud, waste, or abuse received via telephone, e-mail or regular mail; the reports and the logs will be secured.
2. The Controller will forward every tip of fraud, waste, or abuse of taxpayer dollars it receives to the Lycoming County District Attorney's office within 7 days of receipt or sooner. The Controller will also forward all tips to the Lycoming County Human Resource Director within 7 days of the initial reporting to the District Attorney unless otherwise directed not to do so by the District Attorney.
3. Tips relating to other municipalities or government agencies will be referred to the District Attorney's office within 7 days or sooner and, if appropriate, the District Attorney will contact that municipality or agency.
4. The Controller will issue a monthly summary of all reports of fraud, waste, and abuse allegations to the District Attorney. The Controller will also submit a copy of the report to

the Human Resource Director, unless otherwise directed not to do so by the District Attorney.

5. Reports of suspected fraud, waste, or abuse by the County Controller or any employees of the Controller's office should be made directly to the District Attorney's office at 570-327-2456.
6. Reports of suspected fraud, waste, or abuse by the District Attorney or employees of the District Attorney's office will be referred within 7 days of receipt by the Controller's office to the Office of PA Attorney General.

How much will the Fraud Hotline cost taxpayers?

There will be no additional cost to the taxpayers for the Fraud Hotline. The work will be performed by the Controller with no additional staffing requirements. The dedicated, secure phone line being used was already in existence.