

RESOLUTION NO. 26371

A RESOLUTION ADOPTING A POLICY FOR THE  
PREVENTION AND DETECTION OF FRAUD, WASTE,  
AND ABUSE FOR THE CITY.

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BE IT RESOLVED BY THE CITY COUNCIL, CHATTANOOGA,  
TENNESSEE, that the document attached to and part of this resolution entitled, "Policy  
for the Prevention and Detection of Fraud, Waste, and Abuse" for the City is hereby  
approved.

ADOPTED: July 20, 2010

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**CITY OF CHATTANOOGA  
POLICY FOR THE PREVENTION AND DETECTION  
OF FRAUD, WASTE, AND ABUSE**

**GENERAL:**

Article XIV (Whistle Blower Protection) of the Chattanooga City Code provides protection for employees who report illegal, improper, wasteful or fraudulent activity in good faith. In addition, this article provides that all City officials, appointees, and employees are required to report any instances of suspected waste, abuse, fraud or other illegal acts upon becoming aware of such suspect activity or issues within City government.

To promote and encourage the reporting of such instances or activities, the article mandates the implementation and maintenance of a telephone hotline number providing any employee, vendor, or member of the public the ability to anonymously and confidentially report any suspected fraud, waste, abuse, illegal or unethical behavior.

The City's Personnel Director shall ensure that this policy is provided to all active employees as of the policies effective date. The Personnel Director shall also ensure that all newly hired employees receive a copy of this policy.

The City's Chief Information Officer shall ensure this policy is posted on the City's intranet. The Chief Information Officer shall also ensure that a prominent link to the City's hotline information is posted on the City's main web page.

The Director of Internal Audit shall make efforts to educate the employees of the City about the hotline at least annually.

**AUDIT COMMITTEE RESPONSIBILITY:**

The Audit Committee appointed by the City Council shall periodically review this policy and recommend changes to enhance the policy. When warranted, the Audit Committee shall recommend changes to the City Code.

The Audit Committee shall keep all information confidential while an active investigation is being conducted. When an investigation results in a criminal indictment or arrest, it shall be considered active until disposed of by the judicial system.

**MANAGEMENT RESPONSIBILITY:**

Members of management are responsible for establishing and maintaining a system of internal controls to ensure the detection and prevention of fraud, waste, abuse and other irregularities within their areas of operation. Members of management shall be reasonably familiar with the types of fraud, waste, abuse and other irregularities that might occur within their area of responsibility, and be alert for any indication of improper activity.

Upon being notified of or becoming aware of suspected waste, abuse, fraud or other illegal act by a subordinate, the supervisor shall submit a management report via the web based reporting method of the City's hotline or directly to the Internal Audit Division.

**EMPLOYEE RESPONSIBILITY:**

All City employees are required to report any instances of suspected waste, abuse, fraud or other illegal acts upon becoming aware of such suspect activity or issues within City government. Such reports may be made through the City's hotline (via telephone or web based reporting), a report to the City's Internal Audit Division, or a report to City management. If the improper activity is suspected to involve the City's Internal Audit Division, it may be reported directly to the Mayor or the City Council's Management Analyst/Auditor.

**HOTLINE:**

The City shall maintain a telephone ethics hotline number, as well as a web based reporting method for any employee, vendor, or member of the public to report any suspected fraud, waste, abuse, illegal or unethical behavior. Individuals making reports shall have the option to remain anonymous.

The hotline shall be operated by a third party provider that ensures anonymity when requested. The provider shall ensure that there is no caller ID function enabled when reports are made via telephone. The provider shall further ensure that no methodologies are in place to track web based reports.

In addition to reporting mechanisms (telephone and web based), the third party provider shall provide a case management system. This system shall be independent of the City's information systems and shall have safeguards to prevent tampering or deletion of reports.

The Chairperson of the Audit Committee or an individual member of the Audit Committee designated by a majority vote of the Audit Committee and the Director of Internal Audit shall have access to all reports made via the hotline. The Internal Audit Division shall review reports and determine if they are actionable. When actionable, the Internal Audit Division shall conduct an investigation or refer the issue to another department, office or entity for appropriate action.

**THE CITY'S HOTLINE NUMBER**

**IS: 1-877-338-4452**

## **INVESTIGATIONS:**

Upon receiving an actionable report, the Internal Audit Division shall either document referral in the third party provider's case management system or open a file for investigation. If a file for investigation is opened, the Internal Audit Division shall make periodic progress notes, as well as a final disposition note in the third party provider's case management system.

When investigating a report, the Internal Audit Division shall not share information with management unless it is deemed necessary to aid in the investigation. Nothing in this policy shall be construed to limit those conducting an investigation from revealing or discussing information as necessary to facilitate said investigation.

## **EMPLOYEE PROTECTION:**

The working papers of the internal audit staff regarding illegal, improper, wasteful or fraudulent activity are confidential pursuant to T.C.A. 10-7-504(22) and, therefore, not open to public inspection. Employees may make a report to the Internal Audit Division without remaining anonymous while requesting their identity be held in confidence. The above referenced state code is a tool that the Internal Audit Division can utilize to maintain confidentiality in such instances. However, employees must recognize that there are no guarantees that confidentiality will be absolute. An example of when such confidentiality may be breached would be by order of the court. In most instances, confidentiality can be maintained. For employees that wish to minimize this possibility further, the City's Hotline (via telephone or web reporting) can be utilized. However, even though the Hotline provides for anonymity, once the report has been filed and the investigation begins, it is possible that co-workers or others who are familiar with the situation may be able to guess the reporters identity.

Employees of the City of Chattanooga are protected from being disciplined, discharged, or subjected to threats thereof, or otherwise discriminated against in retaliation for bringing forth, in good faith, charges of fraud, unlawful conduct, unethical conduct, or conduct in violation of any City policy, directive, ordinance, or Charter provision by any official, employee, appointee, contractor, or vendor of the City of Chattanooga.

To receive protection, it is sufficient that an employee had a reasonable belief that an official, employee, appointee, contractor, or vendor of the City of Chattanooga engaged in fraud, unlawful conduct, unethical conduct, or conduct in violation of a City policy, directive, ordinance, or Charter provision.

An employee who knowingly or with reckless indifference to the truth, makes a false report shall be subject to disciplinary and legal action.

An employee will not have protection if they were the subject of an ongoing or existing disciplinary action or investigation prior to filing a report of fraud, unlawful conduct, unethical conduct, or conduct in violation of any City policy, directive, ordinance, or Charter provision.

Those involved in initiating, recommending, imposing and/or implementing disciplinary action against the employee shall not be in violation of this policy if they can demonstrate they had no knowledge that a report of fraud, unlawful conduct, unethical conduct, or conduct in violation of any City policy, directive, ordinance, or Charter provision had been filed by the employee prior to initiating disciplinary action against the employee.

Employees who believe they have suffered retaliation must file a detailed written report within thirty (30) days from the date of the alleged retaliatory action or when the employee first had knowledge of alleged retaliatory action. The report must be filed with the Director of Internal Audit, the Administrator of Personnel, and the City Council. The written report must include all the relevant facts concerning the alleged retaliatory action including:

1. The name and work address of the complainant;
2. The name and title of each City employee against whom the complaint of retaliation is made;
3. The specific type and date of retaliation;
4. A statement as to the facts that form the basis of the complaint of retaliation; and
5. A statement of the complainant's explanation of how his or her reported allegation of fraud or misconduct and/or participation in an investigation, proceeding or hearing is related to the retaliation.

All complaints alleging retaliation shall be promptly investigated by the Personnel Department. However, the Internal Audit Division shall not be prevented from conducting an investigation. In the event that the City Council determines that an investigation conducted by City staff would present a conflict of interest, an independent investigator may be appointed by the Audit Committee.

**EXECUTIVE ENDORSEMENT:**

The City's Policy for the Prevention and Detection of Fraud, Waste, and Abuse is important to the citizens of Chattanooga, as well as the City's management and employees. Mayoral endorsement of this policy underscores the importance of ethical behavior for the City of Chattanooga's elected officials, employees and vendors and provides for executive authority to accomplish its provisions.

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Ron Littlefield  
Mayor  
City of Chattanooga

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Date