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Federal Fraud HotLine Operations

Statement of
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Before the
Subcommittee on General Services, Federalism, and the
District of Columbia
Committee on Governmental Affairs
U.S. Senate



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Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to be here today to discuss our report on the status of operations of federal fraud hotlines. At your request, we obtained information on hotline operations in terms of accessibility, advertising, and staffing. We also obtained information and views on the possibility of creating a central point of contact for reporting all federal fraud, waste, and abuse. Based upon our work, we prepared a report which makes recommendations to the President's Council on Integrity and Efficiency (PCIE), whose membership includes the agencies we reviewed, to better promote hotlines and make them more accessible to potential callers.

BACKGROUND

The Inspector General Act of 1978 (Public Law 95-452) states that Inspectors General (IG) may receive and investigate employee complaints of fraud, waste, and abuse. During the 10 years since passage of the IG Act, fraud hotlines have been established in IG offices and other executive agencies for the purpose of receiving allegations of fraud, waste, abuse, and mismanagement. Additional fraud hotlines are being planned or implemented at other agencies covered by the Inspector General Act Amendments of

1988 (Public Law 100-504). The President's Council on Integrity and Efficiency reports annually to the President on the results of calls to the fraud hotlines.

To assess the operations of fraud hotlines as you requested, we obtained information on the accessibility, advertising, and staffing of 25 fraud hotlines. While many more hotlines exist within the federal government, we considered the fraud hotlines of the 24 presidentially appointed IGs and the Office of the Special Counsel, an agency established to protect federal employees alleging waste, fraud, and abuse. My testimony today summarizes our briefing report on the results of our review, Inspectors General: Fraud Hotline Operations (GAO/AFMD-90-26BR, November 1989).

HOTLINES GENERALLY OPERATING WELL

Our review found that the fraud hotlines are generally operating well in terms of accessibility, advertising, and staffing. All of the 25 hotlines we tested for accessibility were answered and identified as the location to report allegations of fraud in the agency. Twenty-two of the 25 are accessible to callers 24 hours a day. They generally rely on assigned hotline staff during business hours and use recorded messages during non-business hours and when the staff are unavailable during business hours. Three of the hotlines operate

only during agency business hours and do not have an after-hours recorded message.

We found that, in most cases, the hotlines are staffed by personnel experienced in hotline operations, as well as in conducting audits or investigations. The hotline staffs also receive periodic formal training in investigative, audit, and program areas, to supplement their on-the-job experience. In addition, as a result of a 1987 PCIE study which recommended better training for hotline staff, a group of hotline officials designed a course which provided basic hotline skills and discussions of issues common among all agencies' hotline operations. The course is offered annually and has been attended, to date, by staff from over half of the agencies in our review.

Each IG office advertises its hotline to the audiences it believes are most likely to provide substantive allegations. Generally, agencies target federal employees as their principal audience, using methods such as posters and listings in agency telephone directories. Some agencies, such as the Department of Agriculture and the Department of Health and Human Services, also target program beneficiaries. The Department of Defense and the National Aeronautics and Space Administration advertise their hotlines to government contractor employees, who have been found to be excellent sources of fraud allegations.

We found some areas in which hotlines could be better promoted and be made more accessible to potential callers. We reviewed local telephone directories in eight major U.S. cities and found that federal fraud hotline numbers are listed for only two agencies in one city. We believe listing hotline numbers in the government pages of local telephone directories nationwide could be a good method for increasing accessibility to individuals who know of fraud, waste, abuse, and mismanagement in federal programs. Also, we believe that further efforts could be made to advertise the fraud hotlines to particular audiences, such as government contractor employees.

In addition, we found that some agencies do not currently have available toll-free "800" numbers for callers outside the Washington, D.C., area. Implementation of toll-free numbers in some of these agencies could make the hotlines more accessible to potential callers. For example, the Department of Housing and Urban Development is an agency without an "800" number in the IG office. This agency might benefit if persons aware of misappropriations of public housing funds had access to a toll-free number.

Finally, our test calls to agencies' general information operators indicated that operators at 6 of the 25 agencies tested were unable to provide the correct hotline number. These

agencies could better assist callers who are unfamiliar with the agency or do not know the hotline number by assuring that the general operators can provide the number.

SHOULD THERE BE A CENTRAL HOTLINE?

We were asked to consider alternatives for creating a central point of contact for all reports of federal fraud, waste, and abuse. The concept of centralization involves establishing a single toll-free fraud hotline number which would be accessible to both federal employees and the public. Centralization could facilitate national advertising of the hotline as well as centralize the receipt of hotline calls. In the course of our review, we discussed three alternatives for creating a centralized hotline with hotline officials and IGs. They were (1) disbanding existing hotlines to form a central hotline, (2) combining existing hotlines along functional lines such as procurement and contractor fraud, and (3) creating a centralized computer-assisted switchboard to direct calls to individual agencies.

The biggest drawback IGs and hotline officials cited to the alternative of disbanding existing hotlines to form a centralized hotline was the difficulty in obtaining staff sufficiently knowledgeable in all agencies' programs to recognize potential allegations and properly screen calls. Since callers

may not always be able to articulate their concerns, it becomes incumbent on the fraud hotline staff answering the call to be sufficiently knowledgeable about the programs to discern whether a substantive allegation exists.

The second alternative we considered involves combining existing agency hotlines along functional lines. IGs with whom we spoke believe the scope of calls to individual hotlines is much broader than one functional area; therefore, they would continue to operate their own hotlines to accommodate all program areas. As a result, the functional hotlines would only serve to duplicate existing hotlines and may confuse callers as to which hotline to contact.

The third alternative involves establishing a computer-assisted central switchboard to direct incoming calls from a single toll-free number to individual agency fraud hotlines. This alternative appears to be the easiest to implement because it would be less disruptive to existing hotline operations. However, officials with whom we spoke voiced concerns that a general operator with little program knowledge may not be able to determine the agency to which the call should be forwarded.

We believe, and hotline officials and IGs with whom we spoke concur, that it is not clearly evident that a centralized hotline

system would improve the effectiveness of operations of the existing system of fraud hotlines.

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Hotlines can be useful tools for receiving allegations of fraud, waste, abuse, and mismanagement. While the existing hotlines generally work well in the areas we reviewed, there are opportunities for improvement. To better promote hotlines and to make them more accessible to potential callers, our report contains recommendations to the PCIE. Specifically, we are recommending that the Council encourage its members to

- list their hotline numbers in the government section of local phone directories nationwide;
- ensure that agencies' general information operators are able to provide the fraud hotline numbers to interested parties;
- consider using toll-free hotline numbers, where not already used, for callers outside the local Washington, D.C., area; and
- expand advertising in the contractor community.

The Vice Chair of the PCIE agreed with the results and recommendations contained in our report and advised us that the PCIE will evaluate means to implement the recommendations.

Mr. Chairman, this concludes my statement. I will be glad to respond to any questions that you or other members of the Subcommittee may have.