

Performance Audit
September 2025

Incorporating Recommended Practices Would Improve Ethics Hotline



2025-05

County Auditor's Office

Our Mission

As the independent evaluator of Johnson County activities, we provide objective assurance and insight regarding the effectiveness and efficiency of the County's operations, services, programs, risk management, and internal controls.

What We Do

We conduct performance audits to provide objective analysis to improve program performance and operations, reduce costs, and facilitate decision making. We conduct these performance audits in accordance with the Government Auditing Standards, issued by the Comptroller General of the United States.

Our Values

Service - through professional competence and due care

Trust - through integrity and objectivity

Professionalism - through behavior and conduct

September 2, 2025

Honorable Chair and Members of the Johnson County Board of County Commissioners:

This audit focuses on which recommended practices have been incorporated into the operation of the County's ethics hotline managed by the Human Resources Department. We conducted this audit because hotlines are an important tool for fraud prevention and detection.

While the County's ethics hotline program includes a number of recommended practices, we identified areas where hotline management could be improved by incorporating more of these recommended practices.

The Human Resources Department does not have written procedures for managing the ethics hotline to help ensure consistent handling of complaints and investigations. Establishing written procedures for managing a hotline is a recommended practice.

Human Resources does not have written procedures to analyze or report data related to the ethics hotline. Recommended practices suggest hotline data be analyzed to identify trends and opportunities for improvement. Reporting hotline information and results is a recommended practice to keep stakeholders informed of issues and demonstrate ethical concerns are taken seriously.

The County's ethics hotline is not promoted or accessible to vendors, contractors, and members of the public. Allowing these external stakeholders to report issues to the hotline is a recommended practice. They may see misconduct, waste, fraud, abuse, or other unethical behaviors the organization cannot.

While some County policies and procedures address confidentiality and prohibit retaliation, Johnson County does not have a Board adopted countywide whistleblower policy. Establishing protections for hotline users is a recommended practice and can help overcome hesitancy to report issues.

Incorporating more recommended practices can improve the County's ethics hotline program. We make recommendations to develop written procedures, analyze hotline data, report results, encourage public use of the hotline, and establish a countywide whistleblower policy.

The draft report was sent to the Director of Human Resources on August 12, 2025, for review and comment. The director's response is appended. We also shared a copy with the Assistant County Manager for Internal Services. We would like to thank staff and management from Human Resources for their assistance during this audit. The audit team was Michelle Cleveland and Kyra Sprenger.


Douglas Jones, CGAP, CIA, CRMA
County Auditor

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Cover: Red phone stock photo.

Introduction

Audit Objective(s)

Is the County following recommended practices in operating the ethics hotline?

This audit focused on the operation and management of Johnson County's ethics hotline. We identified recommended practices, reviewed county policies and procedures, interviewed staff, and compared current county procedures to recommended practices. We did not assess how hotline cases were investigated or the final disposition of cases. This could be a topic for a future audit.

We conducted this audit in accordance with Government Auditing Standards.

See Appendix A for more information about the audit objective, scope, methodology, and compliance with audit standards.

Background

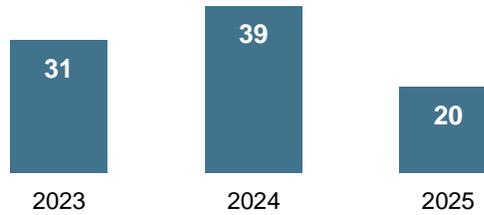
Johnson County contracts with a third-party vendor (NAVEX) to answer ethics hotline calls and provide anonymity to employees who report issues. By calling 855-236-2042 individuals may anonymously report suspected violations of policies or standards. Hotline calls may also be submitted online through NAVEX's EthicsPoint website that is available to employees through a link on InsideJoCo (the County's employee intranet).

The Human Resources Department oversees the vendor's contract and performance and manages the County's ethics hotline operations and activities.

NAVEX receives hotline calls (phone call or online submission) and notifies Human Resources management and hotline administrator. Human Resources has an informal process for call review and assigning hotline calls to HR staff for further investigation.

The County received 90 hotline calls between January 1, 2023 - June 9, 2025. Eighty cases were reported as closed.

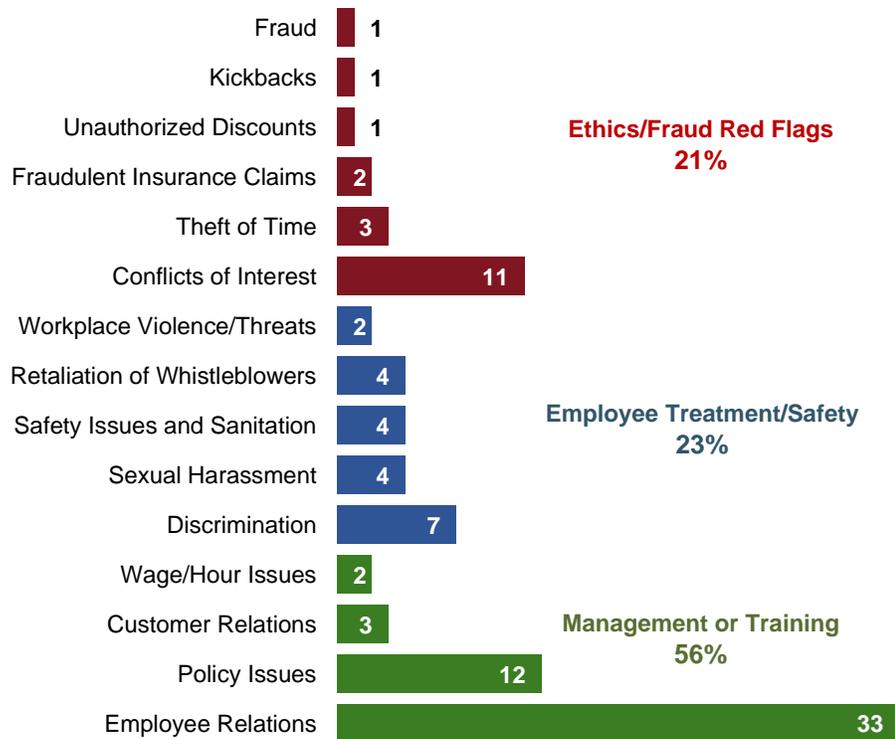
Hotline Calls Per Year
(1/1/2023 - 6/9/2025)



Source: NAVEX Hotline Case Report.

Hotline calls covered a range of issues as classified by NAVEX call takers. About 21% of calls were reported as fraud or ethical issues.¹

Hotline Calls by Type of Issue
(1/1/2023 - 6/9/2025)



Source: NAVEX Hotline Case Report and County Auditor's Office calculations.

¹ Callers (phone call or online submission) select the classification for the issue they report. Based on review by Human Resources of the information provided, the issue to investigate may be different than originally classified by the caller.

Incorporating Recommended Practices Would Strengthen the County's Ethics Hotline

Johnson County's ethics hotline includes a number of recommended practices. Several professional organizations have published guidelines for designing effective, transparent, and trusted hotline programs. We identified areas where the County could improve management of the hotline by incorporating more of these recommended practices.

Implementation of Hotline Recommended Practices

Call Intake Process	
Make it available 24/7	Yes
Accept calls from all sources (Online, phone)	Yes
Protect the anonymity of callers	Yes
Provide caller feedback and allow them to check status or provide additional information	Yes
Make it available to employees and members of the public, vendors, contractors, etc.	Partial
Ensure ability to receive calls in multiple languages	Yes
Use an external, independent hotline provider	Yes
Policies and Responsibilities	
Written policies and procedures for managing the ethics hotline to ensure proper handling of complaints and investigations	No
Designate a hotline administrator	Yes
Establish clear written policies and procedures for ethics, whistleblower protection and anti-retaliation	Partial
Explaining and Promoting the Hotline	
Explain and positively promote the hotline	Partial
Establish hotline user protections: official Whistleblower Policy	No
Encourage reporting of all concerns	Yes
Make hotline number and website link easy to find	Partial
Periodically promote the hotline number and website link - internally and externally	Partial
Foster an ethical culture	Yes
Analyzing and Reporting	
Analyze data	No
Identify trends and opportunities for improvement: measure how well the hotline is working (e.g., how many calls are received, how many are investigated)	No
Report hotline results: track and report on relevant data	No

Sources: Compiled by the County Auditor's Office from guidance published by the Association of Certified Fraud Examiners, Canadian Audit & Accountability Foundation, Government Finance Officers Association, and the Institute of Internal Auditors.

Establish Written Procedures to Enhance Consistency

Recommended Practices

- Written hotline policies & procedures

The Human Resources Department does not have written procedures for managing the ethics hotline to help ensure consistent handling of complaints and investigations. Establishing written procedures for managing a hotline is a recommended practice.

According to Human Resources management, written procedures may have existed under a former hotline administrator; however, these were not retained or transferred when the employee left county employment. Department management reported they currently have an informal process in place for handling complaints and investigations.

Written procedures reduce risks of hotline calls being addressed inconsistently or delayed, incomplete investigations, poor resolution of serious concerns, or missed issues altogether. Clear guidance helps staff understand their roles and responsibilities, which can strengthen oversight and confidence in the system's fairness and reliability. Written procedures (intake, triage, investigation, resolution, and follow-up) establish consistent expectations and are important in ensuring every hotline call is handled fairly and effectively. It also promotes institutional knowledge, improves operational continuity during staffing transitions, and enhances public and employee trust in the hotline process.

Recommendation

To ensure consistency and continuity in hotline operations, the Director of Human Resources should develop written procedures for managing the County's hotline process that incorporate recommended hotline practices.

Analyze Hotline Call Data and Report Results to Strengthen Oversight

Recommended Practices

- Analyze hotline data
- Identify trends & opportunities for improvement
- Report hotline results

Human Resources does not have written procedures to analyze or report data related to the ethics hotline.

Recommended practices suggest hotline data be analyzed to detect trouble spots and identify trends and opportunities for improvement. Tracking key data points such as the number of calls received, types of allegations, resolution timelines, and investigation outcomes can be used to identify patterns and trends. NAVEX has tools that can help with data collection and analysis. Analysis of hotline calls can ensure corrective actions are consistent; identify training needs and areas for improvement; or identify disproportionate calls about a department, type of allegation, or an employee/group of employees. Analysis can help the County proactively address areas of concern, promote accountability, and measure the overall health of the ethical environment.

Public Reports on
Hotline Results

[City Auditor's Integrity Unit
Fiscal Year 2024 Activities](#),
Austin City Auditor's Office
[Ethics Hotline Report for
Calendar Year 2020](#),
Kansas City, Missouri

Reporting hotline information and results is a recommended practice. Human Resources does not issue a summary report of hotline statistics and results to County stakeholders (e.g. the Board of County Commissioners and County leadership) to inform them of issues and hotline activities. Publicly reporting aggregate hotline statistics could be done to keep County employees and residents informed. Transparent reporting helps build trust in the hotline system, supports a culture of accountability, demonstrates actions taken while keeping specific details confidential, and shows the County takes ethical concerns seriously.

Implementing analysis and reporting processes will help ensure the ethics hotline is not just reactive but also a proactive tool for identifying systemic issues and improving County operations.

Recommendation

To strengthen management of the hotline and support the County's ethical environment, the Director Human Resources should develop processes for analyzing hotline data and reporting results to stakeholders.

Encourage the Public to Submit Concerns through the Ethics Hotline

Recommended Practices

- Explain & positively promote the hotline
- Make hotline available to employees, the public, vendors, and contractors
- Make hotline number and website easy to find
- Periodically promote hotline number & website internally and externally

The County's ethics hotline (EthicsPoint platform) has not been promoted to or accessible to external stakeholders such as vendors, contractors, or members of the public. This is because the platform was primarily designed for internal employee use.

Allowing individuals such as vendors, contractors, and the public to report issues to the hotline is a recommended practice. These individuals often interact with government services and may see misconduct, waste, fraud, abuse, or other unethical behaviors that County management cannot. To take advantage of these additional eyes and ears, those outside the organization need to know the hotline is available and how to use it.

Improving public visibility and access to the hotline should encourage ethical behavior across all County interactions, build trust with the public, and show the County's strong commitment to transparency and accountability.

Recommendation

To obtain outside perspectives and information related to potential ethical issues or misconduct regarding County operations, the Director Human Resources should allow and encourage the public to report concerns through the hotline and prominently promote this on the County's website.

Opportunity to Strengthen Protections with Countywide Whistleblower Policy

Recommended Practices

- Establish hotline user protections
Whistleblower Policy

While some County policies and procedures address confidentiality and prohibit retaliation, Johnson County does not have a Board adopted countywide whistleblower policy.

A whistleblower policy is needed to define what a whistleblower is, what the protections are, and when the protections apply. It can also outline how the County complies with state and federal requirements to protect a whistleblower and report to proper agencies. Fear of retaliation is one of the most common deterrents to reporting wrongdoing. Providing clear protections could help overcome employees' hesitancy to report suspected fraud, misconduct, or other violations—especially in sensitive or high-risk cases.

Recommendation

To enhance the County's overall ethical culture and encourage timely and honest reporting of ethical issues or misconduct conduct, the Director of Human Resources should draft a County whistleblower protection policy for consideration by the Board of County Commissioners.

What We Recommend

1. The Director of Human Resources should develop written procedures for managing the County's hotline process that incorporate recommended hotline practices.
2. The Director of Human Resources should develop processes for analyzing hotline data reporting results to stakeholders.
3. The Director of Human Resources should allow and encourage the public to report concerns through the hotline and prominently promote this on the County's website.
4. The Director of Human Resources should draft a County whistleblower protection policy for consideration by the Board of County Commissioners.

Appendix A: Objective, Scope and Methodology, and Audit Standards

Why We Did This Audit

We conducted this audit because it is important that the county has a reliable and well managed ethics hotline as a tool for fraud prevention and detection. Ethics hotlines are the primary way organizations uncover fraud and corruption. According to the Association of Certified Fraud Examiners about 44% of government fraud schemes were uncovered from tips. More than half of tips are provided through hotlines. Hotlines are an element of an effective ethics program and can help promote trust in county government and the Code of Ethics.

Audit Objective(s)

This report is designed to answer the following question:

- Is the County following recommended practices in the management of the Ethics Hotline?

Scope and Methodology

The scope of our performance audit included current policies, procedures, and processes as of May 16, 2025. The audit focused on the operation and management of Johnson County's ethics hotline.

To complete this audit, our methods included:

- Reviewing NAVEX platform documentation, County policies, and recommended hotline practices compiled from sources including but not limited to the Association of Certified Fraud Examiners, Canadian Audit & Accountability Foundation, Government Finance Officers Association, and the Institute of Internal Auditors.
- Interviewing staff and management in the Human Resources Department.
- Comparing recommended hotline practices to existing County procedures, when available.

We did not assess how hotline cases were investigated or the final disposition of cases. This could be a topic for a future audit.

Government Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Appendix B: Director of Human Resources Response



Human Resources Department

Date: August 26, 2025
To: Douglas Jones, County Auditor
From: Kayla Holloway, Director of Human Resources
Subject: Response to Performance Audit: *Incorporating Recommended Practices Would Improve Ethics Hotline*

1. *The Director of Human Resources should develop written procedures for managing the County's hotline process that incorporate recommended hotline practices.*

Agree

The Human Resources department has developed new standard operating procedures for more effective management of the Ethics Hotline. It is important to note that the hotline was managed by the former Deputy HR Director who maintained sole access and management control until her departure in October 2024. While there may have been established or written procedures for its management, no one in the department was aware nor had access to the hotline or procedures. In November 2024, the HR Director directed staff to expand access to HR leadership and develop standard operating procedures to include review and assignment of cases, investigation as needed, and resolution communication to appropriate parties. Standard operating procedures were finalized based on best practices provided by the Audit department.

Standard operating procedures include periodic internal communication to promote the Ethics Hotline, its purpose and access to all employees. In addition, we will continue to provide education about the hotline through New Employee Orientation and link to the hotline on the Inside JoCo intranet site.

2. *The Director of Human Resources should develop processes for analyzing hotline data reporting results to stakeholders.*

Agree

The HR Director and leadership team review hotline dashboard data regularly to identify and understand trends for greater focus in the county's culture, engagement and workforce management strategies. Development of a periodic review is underway and outlined in the standard operating procedures. A summary hotline report will now be provided to county management on a regular basis.

3. *The Director of Human Resources should allow and encourage the public to report concerns through the hotline and prominently promote this on the County's website.*

Agree

While hotline reports are predominantly submitted by employees and are related to employment concerns, the Ethics Hotline is prominently accessible on the external Johnson County Government website as indicated below. From its inception, the Ethics Hotline was managed to primarily serve as a confidential and anonymous outlet for ethics concerns, and a confidential place for employees to report issues or concerns that may warrant further review or investigation by the Human Resources Department.

In addition to the audit industry's best practices referenced in the audit report, the Human Resources Department also strives to maintain the best employment practices as outlined through a variety of human resources industry leading resources including SHRM, PSHRA and external legal employment counsel.



4. The Director of Human Resources should draft a County whistleblower protection policy for consideration by the Board of County Commissioners.

Agree

Johnson County has an existing policy 105 - Equal Opportunity in Employment: Non-Discrimination and Non-Harassment Policy. It provides protection for employees against reprisal for reporting concerns in employment matters. In addition, the guideline for Enhanced Whistleblower Protection for Contractor and Grantee Employees outlines the same protection for employees against reprisal for certain whistleblowing activities in relation to federal grants and contracts. That guideline also includes a link to the Ethics Hotline.

While I support the development of a countywide whistleblower policy or procedure, the current Ethics Hotline is one intake point for whistleblower activity and the broader scope of a countywide policy extends well beyond the scope of the Human Resources Department. The Human Resources Department will work with Legal Department and County Manager's office to draft a countywide whistleblower policy for consideration and approval by the Board of County Commissioners.

In conclusion, I appreciate the diligence and professionalism extended to the Human Resources Department through the audit process. The impact of our work can be seen throughout the organization and our effectiveness relies upon the trust and confidence of the departments and employees we serve. I look forward to implementing the recommended practices to ensure we can continue providing a safe, secure and confidential outlet for employees to express concern without fear of reprisal or loss of anonymity.

cc: Penny Post oak Ferguson, County Manager
Darron Leiker, Assistant County Manager- Internal Services