

**ACCOUNTABILITY, COMPLIANCE,
AND TRANSPARENCY**
MONTANA STATE GOVERNMENT
SEPTEMBER 2023

A report to the Montana Legislature



**LEGISLATIVE AUDIT
COMMITTEE**

REPRESENTATIVES

LYN HELLEGAARD
Lyn.Hellegaard@legmt.gov

SJ HOWELL
SJ.Howell@legmt.gov

EMMA KERR-CARPENTER
Emma.KC@legmt.gov

FIONA NAVE
Fiona.Nave@legmt.gov

JERRY SCHILLINGER
Jerry.Schillinger@legmt.gov

LAURA SMITH, VICE CHAIR
Laura.Smith@legmt.gov

SENATORS

JASON ELLSWORTH, CHAIR
Jason.Ellsworth@legmt.gov

PAT FLOWERS
Pat.Flowers@legmt.gov

CHRIS FRIEDEL
Chris.Friedel@legmt.gov

DENISE HAYMAN
Denise.Hayman@legmt.gov

KATHY KELKER
Kathy.Kelker@legmt.gov

FORREST MANDEVILLE
Forrest.Mandeville@legmt.gov

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§5-13-202(2), MCA

FRAUD HOTLINE
(STATEWIDE)
1-800-222-4446
(IN HELENA)
444-4446
LADHotline@legmt.gov
www.montanafraud.gov

Accountability, Compliance and Transparency Hotline

We are pleased to present our report summarizing hotline and referral activity for fiscal year 2023.

The Legislative Audit Act requires the Legislative Auditor to establish and maintain a toll-free number (hotline) for reporting fraud, waste, and abuse in state government. The Act further requires the Legislative Auditor to periodically report to the Legislative Audit Committee the use of the toll-free number; results of reviews, verifications, and referrals; and corrective actions taken by appropriate agencies. State agencies are also required to notify the Legislative Auditor upon discovery of any theft, actual or suspected, involving state money or property under that agency's control. We also report the results of our Financial-Compliance, Information System, and Performance audits throughout the year and these reports may include the results of hotline calls and referral work.

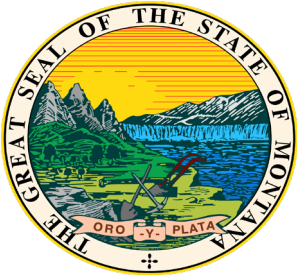
This report provides the legislature a summary of all hotline and referral activity for fiscal year 2023 in one report. It includes work completed on submissions either during Financial-Compliance, Information System, or Performance audits or independent of a scheduled audit. This report also includes the results of our third biennial state employee survey to assess state employee attitudes toward and awareness of mechanisms for reporting fraud, waste, and abuse in state government.

Respectfully submitted,



Angus Maciver, Legislative Auditor

ACT TEAM	AUDIT STAFF	
DEBORAH BUTLER JENNIFER ERDAHL TYLER JULIAN CHELSEA RAYFIELD	TINA CHAMBERLAIN JESSICA CURTIS JOHN HARRINGTON CINDY JORGENSEN HUNTER McCLURE	AUSTIN POWELL AMBER ROBBINS CHRISTIANE RUDMANN WILLIAM SOLLER JEREMY VERHASSELT
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MONTANA LEGISLATIVE AUDIT DIVISION

ACCOUNTABILITY, COMPLIANCE, AND TRANSPARENCY

A report to the Montana Legislature

BACKGROUND

State law requires the Legislative Auditor to establish and maintain a mechanism for citizens to report fraud, waste, or abuse in state government; review and maintain a record of all submissions; analyze and verify the information received; or refer the information for appropriate action to the agency that is or appears to be the subject of the call.

The Legislative Audit Division (LAD) established a hotline in 1993.

There are several ways to report alleged fraud, waste, or abuse in state government, including via a toll-free phone number, e-mail, USPS, online reporting form, or text message.

Reporting and Resolving Allegations of Fraud, Waste, and Abuse

Submissions to the hotline have trended upward in recent years. Hotline submissions have increased by roughly 56 percent in the last five years. An estimated 18 percent of state employees claim first-hand knowledge of fraud, waste, or abuse in the previous two years. We continue to monitor the use and awareness of our hotline, as well as the perceptions of state employees about the prevalence of fraud, waste, and abuse.

What is the Accountability, Compliance, and Transparency (ACT) Hotline

Section 5-13-311, MCA, requires the Legislative Auditor to establish and maintain a mechanism for citizens to report state government fraud, waste, or abuse. In 1993, the Legislative Audit Division (LAD) established a toll-free hotline for citizens or state employees to submit a report. LAD records and manages the submissions to the hotline in a database. There are several ways to report alleged fraud, waste, or abuse in state government, including a toll-free phone number, email, USPS, online reporting form, and text. These reporting mechanisms are illustrated below.



Email
ladhotline@legmt.gov



Toll-Free Number
1.800.222.4446



Online Reporting
montanafraud.gov



Text2Tell
704.430.3930



LAD Fraud Hotline
Legislative Audit Division
PO Box 201705
Helena, MT 59620

All reporting forms allow reporters to remain anonymous and keep their information confidential. Additionally, Section 5-13-314, MCA, protects employees of the state or authorized contractors from penalties, sanctions, retaliation, or restrictions in connection with their employment due to their disclosure of information if they have not violated state law. Section 5-13-309, MCA, requires agency directors to report the discovery of any theft, actual or suspected, to LAD. These are termed penal violations and are recorded and managed in the LAD database.

The ACT Team consists of four LAD staff who maintain the report management system and LAD's response to submissions. Over 500 hours were logged in fiscal year 2023 by division staff in managing, investigating, referring, or otherwise responding to hotline submissions.

When a hotline submission is received, ACT Team members categorize the allegation based on the reporter's description. In classifying and investigating the reports, staff use the following definitions:

- ♦ *Fraud*: any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means.
- ♦ *Waste*: an unintentional, thoughtless, or careless expenditure, consumption, mismanagement, use or squandering of government resources to the detriment or potential detriment of the state.
- ♦ *Abuse*: an intentional, wrongful, or improper use or destruction of government resources, or seriously improper practice that does not involve prosecutable fraud.

The ACT Team adopted these definitions from the Generally Accepted Government Auditing Standards and Black's Law Dictionary.

Importance of the ACT Hotline

The LAD ACT hotline plays an important role in identifying fraud, waste, and abuse in Montana state government. A 2022 report from the Association of Certified Fraud Examiners found tips detected 42 percent of fraud schemes, and more than half (55 percent) of those came from employees of the organization where the suspected fraud occurred. Organizations with reporting hotlines were more likely to detect fraud through tips (47 percent) than organizations without hotlines (37 percent).

Since 2018, we have been tracking the volume and nature of hotline submissions to identify patterns and understand the role of the hotline. In 2019, 2021, and 2023, we surveyed state employees to gauge awareness of the hotline and perceptions about fraud, waste, and abuse in state government. The results of the most recent survey and trends we have observed over time are discussed in this report.

What We Found

Hotline Reports Increased and Penal Violations Remain Steady Over Time

Hotline reports are allegations of potential fraud, waste, or abuse of state resources. In fiscal year 2023, there was a total of 81 hotline reports. While this is a decrease from the 98 reports in fiscal year 2022, we have seen an increase in hotline reports over time.

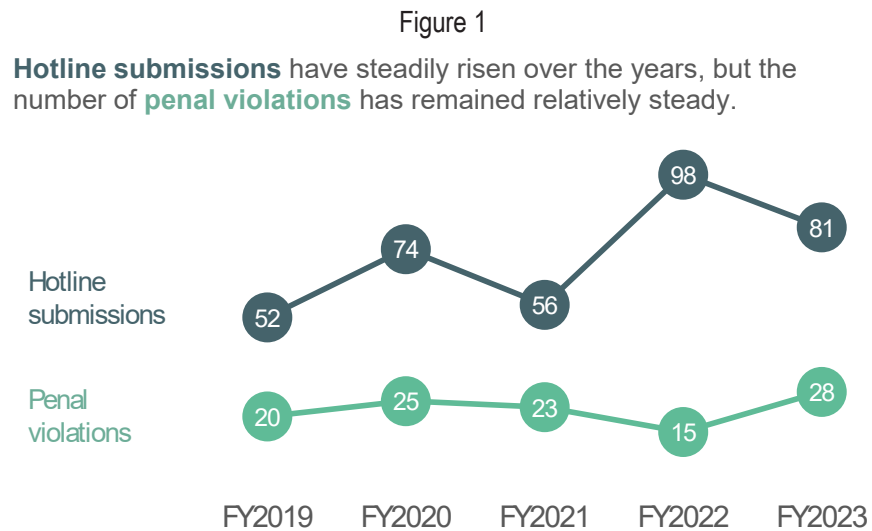
In fiscal year 2023, 22 agencies were the subject of hotline submissions. Seventeen agencies were the subject of hotline submissions in fiscal year 2022 and 20 in fiscal year 2021.

We had jurisdiction over 45 hotline reports, while nearly half (36) were reports over which we had no jurisdiction. These are referred to the appropriate state agency. For example, public assistance recipient fraud allegations were redirected to the Department of Public Health and Human Services. Workers’ compensation fraud reports are forwarded to the State Fund. Consumer fraud reports are provided to the Office of Consumer Protection.

State law requires agencies to report the discovery of any theft, actual or suspected, to LAD. A penal violation (PV) may also be discovered during an audit or reported through the hotline. The ACT Team reviews and classifies these types of submissions and determines if there is a need to obtain additional information for use in an ongoing or subsequent audit, assigns staff to analyze the submission, or refers the issue to the Attorney General and the Governor, as required by state law. In fiscal year 2023, six state agencies reported 28 PV’s, 13 more than were reported in fiscal year 2022 (15) by four state agencies. While this is a slight increase, PV’s remain steady over time.

Montana State University reported all but six of the 28 total calls. They reported a theft of cash, miscellaneous signs, a television, various bathroom fixtures, and a bobcat statue, which was recovered.

The following figure illustrates LAD’s total hotline reports and PVs for six fiscal years.



Source: Compiled by the Legislative Audit Division.

Agency Hiring Practice Reports Exceeded the Five-Year Average in FY2023

Over the last five fiscal years, certain types of allegations were more prevalent than others. For FY2023, agency hiring practices was the most prevalent, exceeding the five-year average for this category.

The second most common hotline submission category is misuse or abuse of company assets and privileges. In fiscal year 2023, examples included:

- ◆ Misuse of state vehicle
- ◆ Misuse of office space
- ◆ Questioning procurement for services
- ◆ Misuse of state computer

The following figure depicts the categorization of the 45 hotline reports in FY2023 for which we had jurisdiction.

Figure 2

In FY2023, the allegation type with the most hotline submissions was **agency hiring practices**.



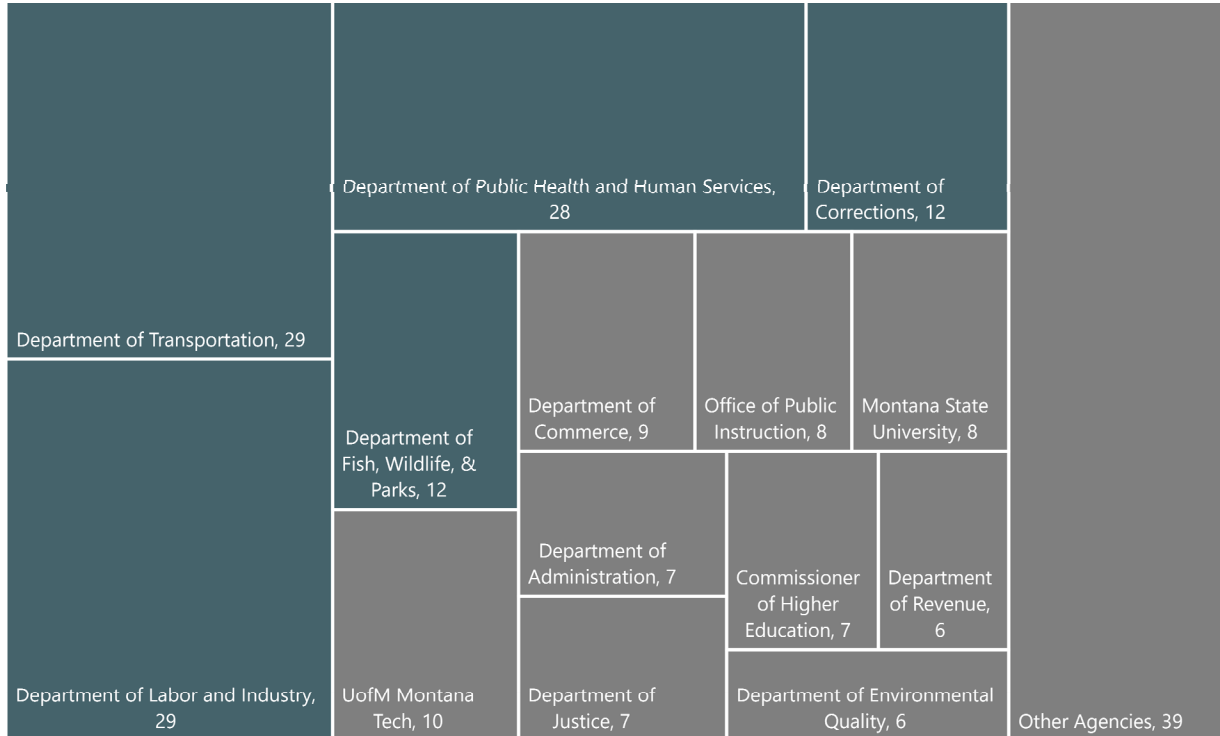
Source: Compiled by the Legislative Audit Division.

Various Agencies Receive Allegations of Fraud, Waste, and Abuse Over Time

In fiscal year 2023, 18 agencies were the subject of the 45 hotline reports where we had jurisdiction. Five agencies had three or more reports attributable to them. About half of all hotline reports have been attributable to five of the larger agencies for the previous five fiscal years, as shown in the figure below.

Figure 3

About half of all hotline submissions in the last five years have been about **five of the larger agencies**.



Source: Compiled by the Legislative Audit Division.

Resolutions of Hotline Submissions

After an investigation by LAD staff, reports are resolved based on the evidence obtained and the ability of staff to corroborate the allegation. Of the 45 hotline submissions we received in FY2023 for which we had jurisdiction, 33 were unsubstantiated, eight were inconclusive, and four were still active at the time of this report. There were no substantiated reports in fiscal year 2023.

An inconclusive investigation means staff determined no fraud, waste, or abuse. Even though there was no fraud, waste, or abuse found, the work showed the agency’s actions were inadvisable. We illustrated issues in other agencies or helped to explain issues we saw in other audits. There were eight inconclusive reports in fiscal year 2023. We contacted the agencies for these submissions to inform them of the allegations.

State Employee Fraud Hotline Survey Results

In May 2023, LAD sent a third iteration of the electronic survey to Executive and Judicial Branch and University System (MUS) employees. This survey is intended to help understand engagement levels and to promote employee awareness of our systems for reporting fraud, waste, and abuse in state government. This year's voluntary and anonymous survey, coupled with the results from the two previous surveys, provides us with information that continues to guide our efforts to promote awareness and use of the ACT Hotline. The 2021 survey was conducted as the nation recovered from a global pandemic. At that time, many state employees were still working remotely. We were curious to know how employee's awareness and perceptions of fraud, waste, and abuse of state resources were affected as fewer employees work remotely.

Survey Administration

As with previous surveys, we randomly sampled 6,000 individuals from approximately 21,000 state employees for the 2023 survey.

Since we expected ACT Hotline awareness to vary by agency, we wanted to get representation from as many agencies as possible. To achieve this, we used a stratified sampling method. Each larger agency (more than 100 employees) and MUS were their own classes. All the agencies with fewer than 100 employees were pooled into one class. The survey was emailed to the sampled state employees in May 2023. This response rate was similar to the response rates in previous years.

In addition to our questions about fraud, waste, and abuse, we asked for various demographic information to help us assess and account for nonresponse bias. In 2019, we asked for agency affiliation and tenure/length of service. In 2021, we added gender and education level. In the 2023 survey, we added a question about the frequency of remote work to determine if perceptions of fraud, waste, and abuse differed by the amount of remote work. For further information on the survey methodologies and our assessment of nonresponse bias, see the appendix.

Remote Work

Survey questions related to determining current levels of employee awareness and engagement with how they could report fraud, waste, and abuse in state government. For full survey results, see the appendix.

The increased prevalence of remote work has prompted speculation about how these changes in workplace setting might affect the likelihood of fraud, waste, or abuse occurring. Theories related to this question include whether lack of direct

supervision for remote workers makes these behaviors more likely or, conversely, that lack of direct access to the workplace might reduce the opportunities for fraud, waste, or abuse.

Telework Hours	0 hours	1-8 hours	9-24 hours	>24 hours
Fraud	6%	5%	3%	3%
Waste	17%	12%	13%	13%
Abuse	6%	7%	5%	6%

While it appears more remote hours are associated with less frequent knowledge of fraud, waste, and abuse, this relationship is not statistically significant. Based on survey questions related to the perceptions of Montana’s state employees, remote work has not had a meaningful impact on the prevalence of fraud, waste, or abuse in the workplace. However, we will continue to monitor trends concerning these issues.

We could not obtain state-wide statistics for remote work. Therefore, our survey also asked respondents how often they work remotely each week. Below is a breakdown of 2023 respondents by weekly telework hours:

Telework Hours	0 hours	1-8 hours	9-24 hours	>24 hours
Count	782	298	256	270
Percentage	49%	19%	16%	17%

Almost half of the respondents reported working remotely zero hours per week. Survey recipients spanned the executive and judicial branches as well as the university system, representing a wide variety of remote work arrangements.

First-Hand Knowledge of Fraud, Waste, or Abuse

We asked survey respondents if they had first-hand knowledge of fraud, waste, or abuse in the past two years in the agency where they currently worked. Respondents were given the following definitions:

- ♦ *Fraud:* Any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means.
- ♦ *Waste:* An unintentional, thoughtless, or careless expenditure, consumption, mismanagement, use, or squandering of government resources to the detriment or potential detriment of the state.
- ♦ *Abuse:* An intentional, wrongful, or improper use or destruction of government resources, or seriously improper practice that does not involve prosecutable fraud.

For each survey, the following figure depicts the percentage of responding employees indicating first-hand knowledge of fraud, waste, or abuse within the last two years.

Figure 4

First-hand knowledge of **waste** has trended up since the last survey, while **abuse** and **fraud** have remained about the same.



Source: Compiled by the Legislative Audit Division from online survey results.

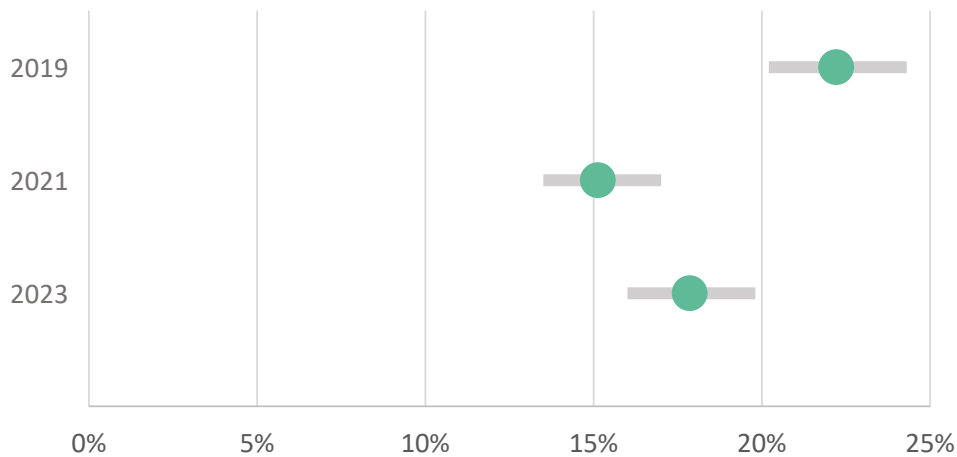
As the figure shows, first-hand knowledge of waste increased since the 2021 survey, but not higher than in 2019. First-hand knowledge of fraud has remained about the same across all three surveys.

Since respondents could have first-hand knowledge of fraud, waste, abuse, or some combination of these, our survey considered respondents with first-hand knowledge of fraud, waste, or abuse.

The figure below shows the number of respondents responding 'Yes' to at least one fraud, waste, and abuse question for all three surveys.

Figure 5

The **percentage of respondents with first-hand knowledge of fraud, waste, or abuse** was lower in 2021 and 2023 than in 2019.



Source: Compiled by the Legislative Audit Division from online survey results.

Reporting Fraud, Waste, or Abuse

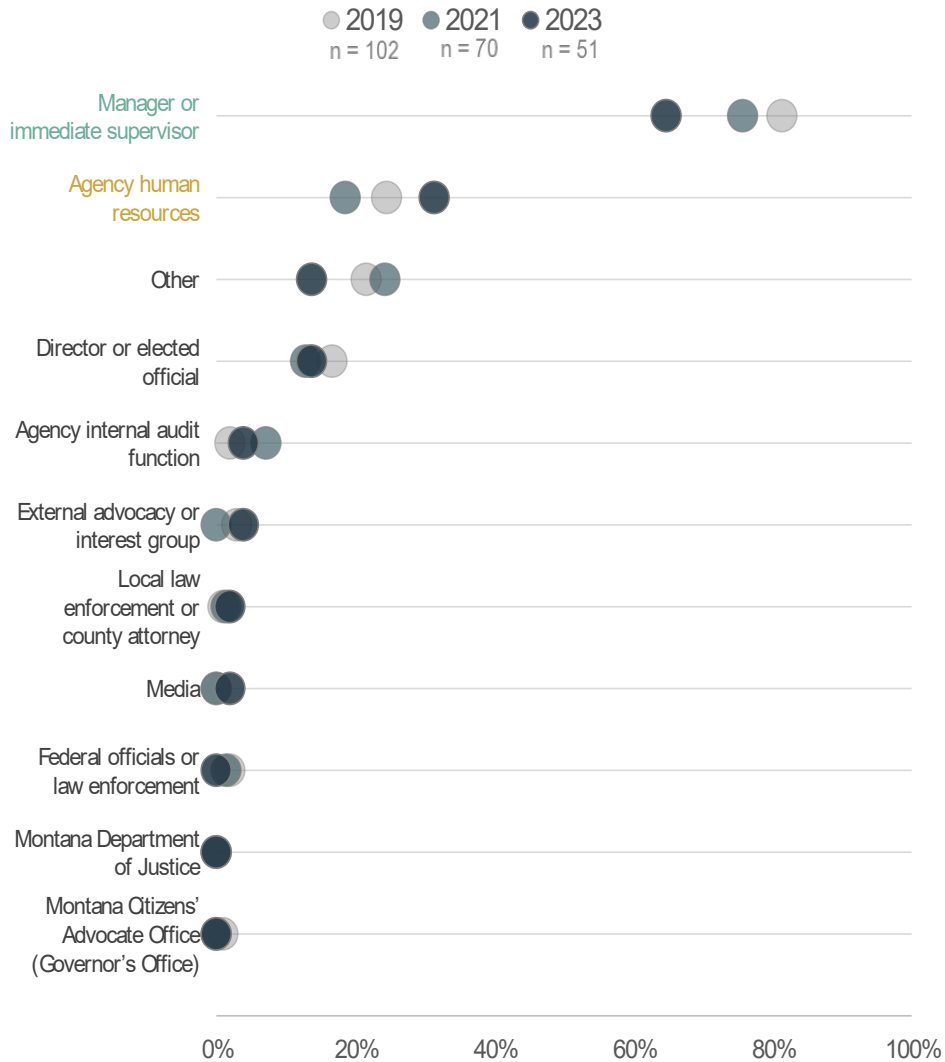
Twenty-five percent of respondents who said they had first-hand knowledge of fraud, waste, or abuse reported it. When they did report, it was most often internally.

Several survey questions sought to discover where respondents reported first-hand knowledge of fraud, waste, or abuse. Specifically, we wanted to know if employees were aware of the ACT Hotline and why they did or did not report their allegations to the hotline. While agency internal controls should be the first line of defense in the shared effort to promote accountability, compliance, and transparency in state government operations, we wanted to determine if that was the case and if it has changed.

The following figure depicts where survey respondents reported fraud, waste, and abuse. A full report of the responses can be found in the appendix.

Figure 6

State employees continue to report fraud, waste, or abuse most often to their **supervisor** or to their **agency's human resources**.



Source: Compiled by the Legislative Audit Division from online survey results.

We found state employees continue to report fraud, waste, and abuse internally. Most respondents who chose the 'Other' category provided answers indicating internal reporting, such as their bureau chief, legal, or office management. These 2023 hotline survey results support the premise that agency internal controls are the first line of defense in the shared effort to promote accountability, compliance, and transparency in state government operations.

We wanted to learn why state employees did not report to our hotline. Respondents indicated the biggest reasons they did not report to our hotline were because:

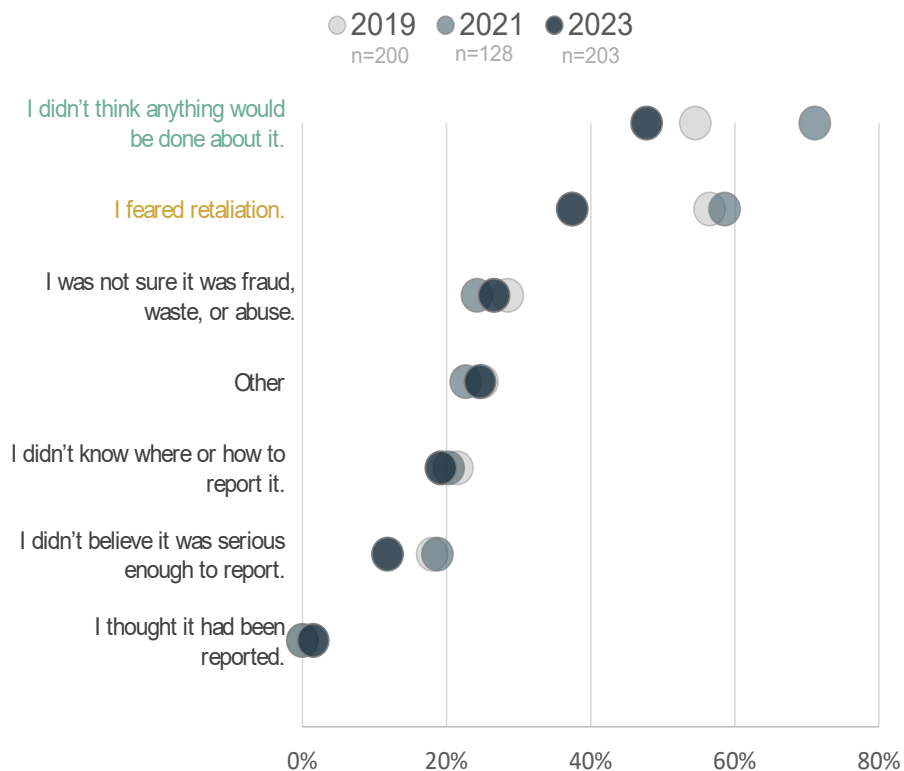
1. They were unaware of our hotline, though awareness increased over time
2. They reported the matter elsewhere.

In previous surveys, some respondents who did not use our hotline indicated that they did not believe it was the appropriate place to report fraud, waste, or abuse. In 2023, this percentage decreased, showing a higher awareness that our hotline is appropriate for reporting fraud, waste, and abuse. Despite increasing awareness of our hotline, we recognize the ongoing need to promote awareness of our hotline and to educate state employees about when the hotline is the appropriate place to report their concerns.

Over 200 respondents in the 2023 hotline survey said they had first-hand knowledge of fraud, waste, or abuse in the last two years but did not report it. We asked these respondents for their reasons for not reporting. The figure below shows the primary reasons for not reporting fraud, waste, or abuse in the last two years and how the 2023 responses compared with previous surveys.

Figure 7

The biggest reasons state employees say they do not report fraud, waste, and abuse continue to be that **they don't think anything would be done about it, and they fear retaliation.**



Source: Compiled by the Legislative Audit Division from online survey results.

The two main reasons for not reporting fraud, waste, or abuse have remained the same across all surveys:

- ◆ Thinking nothing will be done about it
- ◆ Fear of retaliation

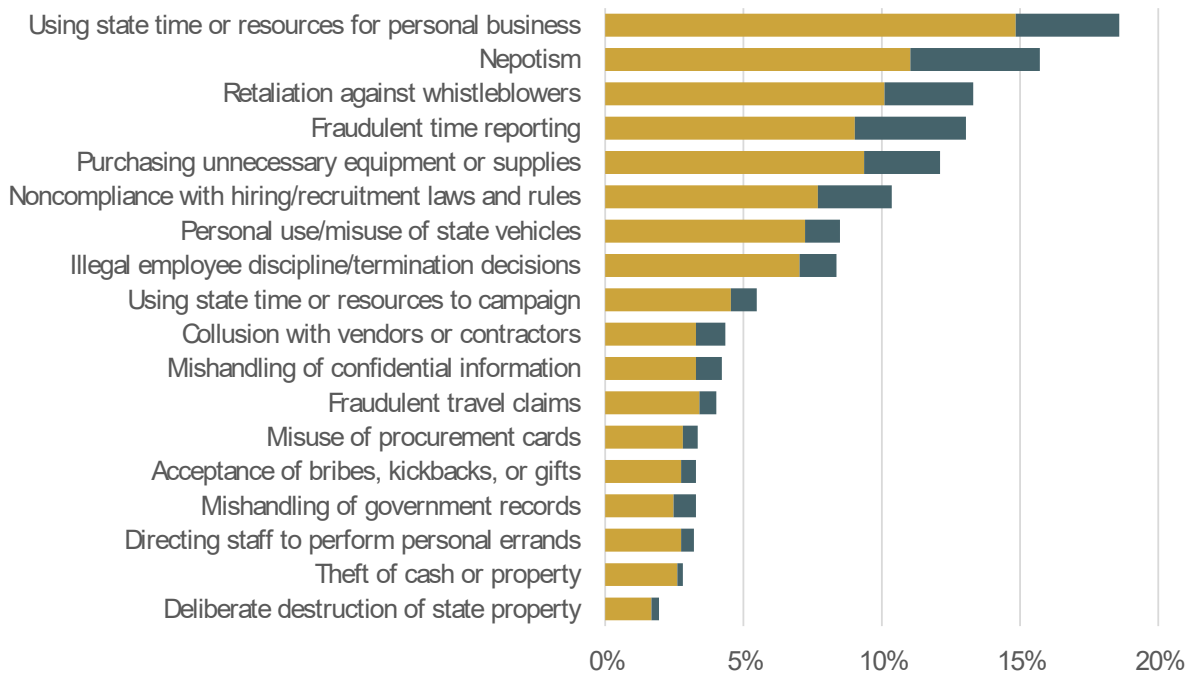
The percentages of these top two answers decreased between the 2021 and 2023 surveys. Increased awareness of the ACT Hotline and continued efforts to investigate or refer hotline submissions may have built confidence in these areas. Eighty-two percent of respondents for the 2023 survey indicated they would use the ACT Hotline in the future to report fraud, waste, and abuse. This percentage is slightly lower than in 2019 (83%) and 2021 (85%).

Perceived Prevalence of Fraud, Waste, and Abuse

To understand state employees’ perceptions about the prevalence of fraud, waste, and abuse, we gave survey respondents 18 examples of fraud, waste, or abuse that can occur in the public sector. The following figure depicts the types of fraud, waste, or abuse state employee respondents from the 2023 survey perceived were happening in the agencies employing them in the previous two years.

Figure 8

State employees perceive that using state resources for personal business has the highest percentage of occurring **sometimes** or **frequently**.

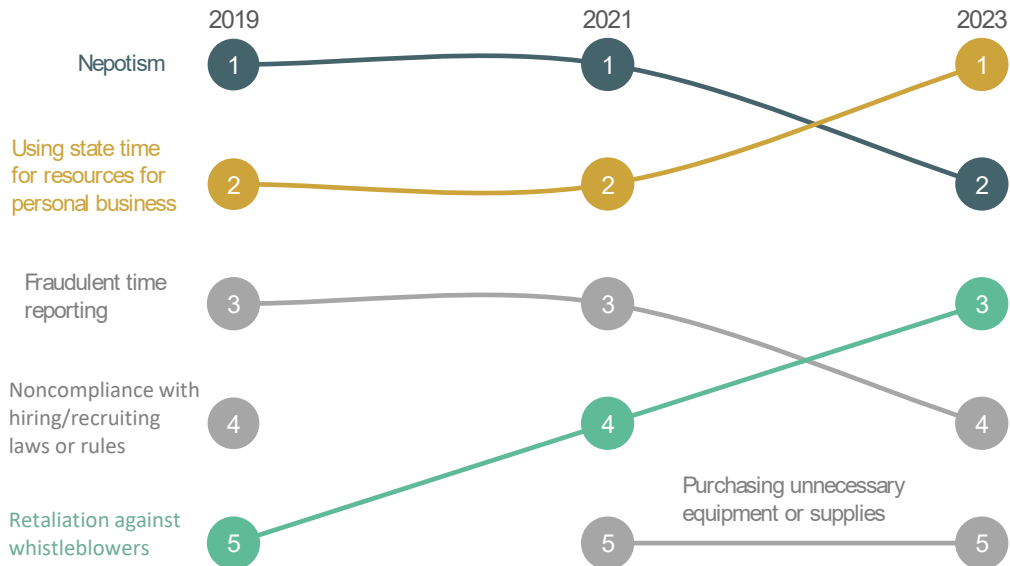


Source: Compiled by the Legislative Audit Division from online survey results.

The following figure compares the ranks of the five most common behaviors of fraud, waste, or abuse perceived by respondents between all three surveys.

Figure 9

Nepotism and **using state resources for personal business** are consistently ranked the top two perceived forms of fraud, waste, and abuse, while **retaliation against whistleblowers** has steadily climbed.



Source: Compiled by the Legislative Audit Division from online survey results.

As these two figures show, nepotism and using state time or resources to conduct personal business were the most frequently occurring types of fraud, waste, and abuse perceived by state employees. The perception of retaliation against whistleblowers has consistently increased since 2019. We also saw the perception of purchasing unnecessary equipment or supplies enter the top five.

Hotline submissions have trended upward in recent years. This data continues to inform us regarding fraud, waste, and abuse. We continue to monitor the use and awareness of our hotline, as well as the perceptions of state employees about the prevalence of fraud, waste, and abuse.

APPENDIX

Appendix – Survey Results and Methodology

Which agency of state government do you work for?

Answer Choices	Responses	
Arts Council	0.06%	1
Board of Public Education	0.25%	4
Commissioner of Political Practices	0.12%	2
Department of Administration	5.73%	92
Department of Agriculture	0.87%	14
Department of Commerce	2.74%	44
Department of Corrections	6.72%	108
Department of Environmental Quality	2.99%	48
Department of Justice	4.05%	65
Department of Labor and Industry	5.92%	95
Department of Livestock	0.68%	11
Department of Military Affairs	0.44%	7
Department of Natural Resources and Conservation	4.86%	78
Department of Public Health and Human Services	15.13%	243
Department of Revenue	5.17%	83
Department of Transportation	13.70%	220
Fish, Wildlife, and Parks	3.86%	62
Great Falls College	0.44%	7
Governor's Office	0.31%	5
Historical Society	0.31%	5
Judicial Branch	3.55%	57
Montana School for the Deaf and Blind	0.75%	12
Montana State Library	0.44%	7
Montana State University - Billings	0.93%	15
Montana State University - Bozeman	8.28%	133
Montana State University - Northern	0.44%	7
Office of Public Instruction	1.43%	23
Public Service Commission	0.62%	10
Secretary of State	0.12%	2
State Auditor's Office	0.62%	10
State Fund	1.37%	22
University of Montana - Helena	0.12%	2
University of Montana - Missoula	4.42%	71
University of Montana - Montana Tech	0.81%	13
University of Montana - Western	0.75%	12
Office of State Public Defender	1.00%	16
	n=1606	

How many years have you worked for the state of Montana?

Answer Choices	Responses	
0-10	57.85%	929
11-20	23.85%	383
21-30	13.51%	217
More than 30	4.79%	77
	n=1606	

What is your gender?

Answer Choices	Responses	
Male	44.65%	717
Female	53.36%	857
Non-binary	0.81%	13
Prefer to self-describe	1.18%	19
	n=1606	

What is the highest level of education you have completed?

Answer Choices	Responses	
Less than high school degree	0.12%	2
High school degree or equivalent	6.91%	111
Some college, but no degree	15.19%	244
Associate degree	9.84%	158
Bachelor degree	40.85%	656
Graduate degree	27.09%	435
	n=1606	

On average, how many hours per week do you work remotely?

Answer Choices	Responses	
0 hours per week	48.69%	782
1-8 hours per week	18.56%	298
9-24 hours per week	15.94%	256
more than 24 hours per week	16.81%	270
	n=1606	

The following is a definition of FRAUD: Any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means.

In the past two years, do you have any first-hand knowledge of fraud occurring at your agency?

Answer Choices	Responses	
Yes	4.80%	75
No	95.20%	1488
n=1563		

The following is a definition of WASTE: An unintentional, thoughtless or careless expenditure, consumption, mismanagement, use or squandering of government resources to the detriment or potential detriment of the state.

In the past two years, do you have any first-hand knowledge of waste occurring at your agency?

Answer Choices	Responses	
Yes	14.65%	229
No	85.35%	1334
n=1563		

The following is a definition of ABUSE: An intentional, wrongful, or improper use or destruction of government resources, or seriously improper practice that does not involve prosecutable fraud.

In the past two years, do you have any first-hand knowledge of abuse occurring at your agency?

Answer Choices	Responses	
Yes	6.21%	97
No	93.79%	1466
n=1563		

The following represent some examples of fraud, waste, or abuse that can occur in public sector organizations. Please indicate how common you think these behaviors have been in the past two years in the agency you are currently working for.

Examples	Never		Rare		Sometimes		Frequent		Total
Theft of cash or property	79.26%	1185	17.93%	268	2.61%	39	0.20%	3	1495
Misuse of procurement cards	75.52%	1129	21.14%	316	2.81%	42	0.54%	8	1495
Fraudulent travel claims	75.92%	1135	20.07%	300	3.41%	51	0.60%	9	1495
Manipulation, falsification, or alteration of government records	80.60%	1205	16.12%	241	2.47%	37	0.80%	12	1495
Personal use/misuse of state vehicles	65.62%	981	25.89%	387	7.22%	108	1.27%	19	1495
Acceptance of bribes, kickbacks, or gifts	80.33%	1201	16.39%	245	2.74%	41	0.54%	8	1495
Nepotism	62.34%	932	21.94%	328	11.04%	165	4.68%	70	1495
Collusion with vendors or contractors	77.26%	1155	18.39%	275	3.28%	49	1.07%	16	1495
Noncompliance with hiring/recruitment laws and rules	69.16%	1034	20.47%	306	7.69%	115	2.68%	40	1495
Fraudulent time reporting	58.26%	871	28.70%	429	9.03%	135	4.01%	60	1495
Illegal employee discipline/termination decisions	72.44%	1083	19.20%	287	7.02%	105	1.34%	20	1495
Management directing staff to perform personal errands	81.00%	1211	15.79%	236	2.74%	41	0.47%	7	1495
Purchasing equipment or supplies that were unnecessary or were never used	59.20%	885	28.70%	429	9.36%	140	2.74%	41	1495
Deliberate destruction of state property	83.55%	1249	14.52%	217	1.67%	25	0.27%	4	1495
Using state time or resources to conduct personal business	47.76%	714	33.65%	503	14.85%	222	3.75%	56	1495
Disclosing or using confidential information for personal benefit	77.26%	1155	18.53%	277	3.28%	49	0.94%	14	1495
Using state time or resources to participate in political campaign activity	76.25%	1140	18.26%	273	4.55%	68	0.94%	14	1495
Retaliation against whistleblowers	67.29%	1006	19.40%	290	10.10%	151	3.21%	48	1495

Does your agency provide training or guidance for staff on how to report suspected fraud, waste, or abuse?

Answer Choices	Responses	
Yes	39.25%	586
No	18.08%	270
I don't know	42.67%	637
n=1493		

Prior to taking this survey, were you aware that the Legislative Audit Division has a hotline for reporting fraud, waste, or abuse in state government?

Answer Choices	Responses	
Yes	44.34%	662
No	55.66%	831
n=1493		

On a scale of 1-5, with 1 being a low level of confidence and 5 being a high level of confidence, how confident are you:

Question	1 (Low Level of Confidence)		2		3		4		5 (High Level of Confidence)		Total
that you would be protected from retaliation if you reported suspected fraud, waste, or abuse to the Legislative Audit Division hotline?	15.59%	232	11.36%	169	24.33%	362	24.26%	361	24.46%	364	1488
that your anonymity and confidentiality would be protected if you reported suspected fraud, waste, or abuse to the Legislative Audit Division hotline?	17.00%	253	14.05%	209	23.99%	357	23.12%	344	21.84%	325	1488

Do you think you will use the Legislative Audit Division Hotline in the future if you become aware of suspected fraud or abuse?

Answer Choices	Responses	
Yes	81.98%	1219
No	18.02%	268
n=1487		

Did you report the instance(s) of fraud, waste, or abuse?

Answer Choices	Responses	
Yes	24.82%	68
No	75.18%	206
n=274		

Did you report the instance(s) to the Legislative Audit Division Hotline?

Answer Choices	Responses	
Yes	20.59%	14
No	79.41%	54
n=68		

In previous questions, you indicated you had first-hand knowledge of fraud, waste or abuse occurring in the past two years at your agency. Why didn't you use the Legislative Audit Division Hotline to report this?

Answer Choices	Responses	
I did not believe it was the appropriate place to report in this situation.	5.77%	3
I was not aware there was a hotline for reporting fraud, waste, or abuse in state government.	34.62%	18
I knew about the hotline, but couldn't find information to make contact.	0.00%	0
I reported it elsewhere.	32.69%	17
I didn't think my allegations would be taken seriously.	1.92%	1
I wasn't sure that I would be able to remain anonymous.	3.85%	2
I was worried about retaliation against me.	9.62%	5
Other	11.54%	6
n=52		

To whom did you report the instance(s) of fraud, waste, or abuse? (Check all that apply)

Answer Choices	Responses	
Agency management (immediate supervisor)	45.83%	33
Agency internal audit function	2.78%	2
Agency human resources	22.22%	16
Agency fiscal department	4.17%	3
Executive management (director or elected official)	9.72%	7
Montana Department of Justice	0.00%	0
Local law enforcement or county attorney	1.39%	1
Federal officials or law enforcement	0.00%	0
Legislator(s)	0.00%	0
External advocacy or interest group	2.78%	2
Montana Citizens' Advocate Office (Governor's Office)	0.00%	0
Media	1.39%	1
Other	9.72%	7
Legislative staff	0.00%	0
n=72		

How would you rate your experience using the Legislative Audit Division Hotline to report instances of fraud, waste, or abuse in state government?

Answer Choices	Responses	
Extremely dissatisfied	0.00%	0
Somewhat dissatisfied	15.38%	2
Neither satisfied nor dissatisfied	53.85%	7
Somewhat satisfied	30.77%	4
Extremely satisfied	0.00%	0
n=13		

Why were you dissatisfied with the Legislative Audit Division Hotline? (Check all that apply)

Answer Choices	Responses	
Non-responsive	50.00%	1
Unhappy with outcome	0.00%	0
Poor customer service	0.00%	0
Response not timely	0.00%	0
Other	50.00%	1
n=2		

Check the reasons you did not report the suspected fraud, waste, or abuse. (Check all that apply)

Answer Choices	Responses	
I didn't believe it was serious enough to warrant a report.	7.00%	24
I didn't know where or how to report it.	11.37%	39
I didn't think anything would be done about it, even if I reported it.	28.28%	97
I feared that I would be retaliated against if I reported it.	22.16%	76
I was not sure if it was fraud, waste, or abuse, or if my suspicions were correct.	15.74%	54
I thought it had already been reported.	0.87%	3
Other	14.58%	50
n=343		

Survey Administration

LAD biennially surveys a sample of state employees across the executive and judicial branches as well as the Montana University System (MUS). The survey excludes the legislative branch and student employees of the MUS. We administered the first hotline survey in June 2019, which served as a baseline for analyzing trends over time. We administered the hotline survey again at the end of April 2021 and most recently in early May 2023. In the same manner as in previous surveys, we randomly selected a stratified sample of 6,000 employees to receive the 2023 hotline survey proportional to the size of each agency. Agencies with fewer than 100 employees were lumped into one stratum to help preserve anonymity. The 2023 survey was administered electronically at the beginning of May 2023.

Response Rate

The following table shows the response rate for the 2023 survey as well as the response rates for the previous hotline surveys.

We achieved a similar response rate in all three iterations of the hotline survey.

Survey Statistic	2023	2021	2019
Number of surveys sent	6,000	6,000	6,000
Total respondents entered	1,654	1,648	1,626
Total respondents to FWA Question	1,563	1,613	1,613
Total respondents completed	1,487	1,533	1,462
Response rate (entered)	28%	28%	27%
Response rate (completed)	25%	26%	24%

As the table shows, we achieved a very similar response rate across all three surveys, despite using a different survey platform in 2023. While slightly more survey recipients entered the survey in 2023 compared to 2021, fewer responded to initial questions about fraud, waste, and abuse and completed the survey.

Nonresponse Analysis

When conducting surveys, it is important to identify potential sources of nonresponse bias. Nonresponse bias occurs when respondents differ from nonrespondents in ways that impact the results. To help assess nonresponse bias, we asked some demographic questions at the beginning of the survey. The demographic questions we included in the survey for this purpose were:

- ◆ Agency affiliation
- ◆ Tenure/length of service
- ◆ Gender
- ◆ Education

First, we compared the demographic characteristics of respondents to see if there were significant differences from the population. We had population demographics on agency size readily available. We obtained other demographic information from State Human Resources. The information provided by State Human Resources included gender, tenure, and education for the executive and judicial

branches. However, this information excluded the university system. Additionally, there was no information on gender beyond “male” and “female” in the data provided by State Human Resources.

We also compared demographics to previous survey results. The table below compares the demographic characteristics of respondents to those of the population for the 2023 hotline survey. We were able to compare respondents to the population on agency size for all agencies. However, we excluded the university system to compare respondent demographics to population demographics on tenure, gender, and education.

The university system was under-represented in the 2023 survey, like in previous years. However, respondents were proportionate to the population on other demographics.

	Population	Respondents
Agency Size *all		
Large	62%	81%
University	36%	15%
Small	2%	4%
Tenure *excluding universities		
0-10 Years	60%	58%
11-20 Years	24%	24%
21-30 Years	13%	14%
More than 30 Years	4%	5%
Gender *excluding universities		
Male	50%	45%
Female	50%	53%
Other	Unknown	2%
Education *excluding universities		
Less than high school degree	<1%	<1%
High school degree or equivalent	24%	8%
Some college but no degree	2%	17%
Associate degree	13%	11%
Bachelor's degree	32%	42%
Graduate degree	14%	22%
Not Indicated	14%	Unknown

As the table shows, the large agencies were somewhat over-represented in the survey, and the MUS was under-represented. Previous hotline surveys also under-represented the MUS. We suspected this was due to the timing of the administration of the survey. While we tried to administer the survey before the end of the school year for the 2023 and 2021 surveys, this did not appear to achieve a much more representative response from the MUS units. This suggests there may be other reasons for the lack of response from the universities, such as a lack of familiarity with our office compared to the executive and judicial branches.

We see that tenure was very well represented in the 2023 survey. We also see more females than males responded to the survey compared to the proportion in the population. This is not surprising, however,

as research indicates females are more likely to participate in online surveys. The 2023 hotline survey was the first survey for which we were able to get population education demographics. However, about 14 percent of respondents did not indicate their education level, making the comparison to the population difficult. Despite the difficult comparison, the distribution of education levels in the 2023 survey closely aligned with those from previous surveys. Overall, the biggest nonresponse issue appears to be with the Agency Size demographic, particularly underrepresentation from the MUS and overrepresentation of large agencies.

To Weight, or Not to Weight?

Overall, we do not find weighting of the results necessary for the 2023 hotline survey. While we did identify some areas of nonresponse, such as across agency size and education, we did not find substantial enough differences to warrant weighting. Additionally, the demographics we observed from the 2023 survey responses aligned with previous surveys. Respondent weighting comes with a price in the form of reduced precision (i.e., increased margin of error). Studies have also shown that even the most effective weighting procedures are unable to remove most of the bias. As a result, we determined weighting was not appropriate for the 2023 hotline survey.



Accountability, Compliance and Transparency Hotline

Our goal is to make State of Montana a better place for employees, customers, and contractors. The Accountability, Compliance & Transparency (ACT) Hotline is a confidential, 24-hours-a-day, 365-days-per-year service that you can access from any location. Reports may be made on either an anonymous or named basis. The website is hosted by an independent third party and is not part of the State of Montana. You may report anonymously with confidence on this site if you choose. Those reporting potential fraud, waste, or abuse in Montana state government are encouraged to identify themselves, but anonymous reports are also accepted and investigated.

- ◆ Report online at www.montanafraud.gov
- ◆ E-mail LADHotline@legmt.gov with a description of the allegation.
- ◆ Call the toll-free Fraud Hotline at 1-800-222-4446 or in Helena at 444-4446. This Hotline is available 24 hours a day, 7 days a week. A person is generally available to answer your call personally Monday-Friday from 7:00 a.m. to 2:00 p.m.
- ◆ Text your concern to 704-430-3930. Your text will be routed through an independent third party to protect your anonymity. Your phone number is not recorded or provided to us. You will receive a confirmation text with directions on how to check the status of your report and communicate anonymously with our office.
- ◆ Send a written report to the following address:
LAD Fraud Hotline
Legislative Audit Division
PO Box 201705
Helena, MT 59620-1705