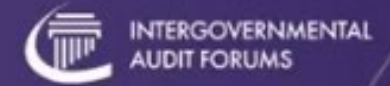


2 GOVERNMENT CPE CREDITS



MIDWESTERN & MID-AMERICA INTERGOVERNMENTAL AUDIT FORUM (MIAF & MAMIAF) FREE WEBINAR

Ethics Considerations and Award-Winning Audits

THURSDAY, DECEMBER 4, 2025

1:00PM – 3:30PM CST / 2:00PM – 4:30PM EST

**Is My Hotline Effective?
- Brian Molloy JD, CFE, CIA**

**MIAF and MAMIAF ethics webinar
December 4, 2025**

Austin City Auditor's Office



- 25 auditors, 5 investigators
 - Fraud assessment for audits
 - Run whistleblower hotline
 - Investigate City Code violations including fraud
 - Issue public reports
 - Detection projects
-

Agenda – Is My Hotline Effective?

- Whistleblower hotline best practices
- Austin's hotline program
- Is the hotline effective



Hotline Best Practices

- Why do we even need hotline

KEY FINDINGS

OUR STUDY COVERED



1,921
CASES

from



138
COUNTRIES and
TERRITORIES

CFEs estimate that organizations **LOSE**

5%
of revenue
to **FRAUD**
each year

MEDIAN LOSS
PER CASE:
\$145,000

AVERAGE LOSS
PER CASE
\$1.7 MILLION

Causing total losses of more than

\$3.1 BILLION

DETECTION



43% of frauds were detected by tips,
which is more than **3x** as many cases as
the next most common method

52%



More than **HALF**
of tips come
from employees



and nearly **ONE-THIRD**
come from vendors
and customers

21%



● Employee
● Customer
● Vendor

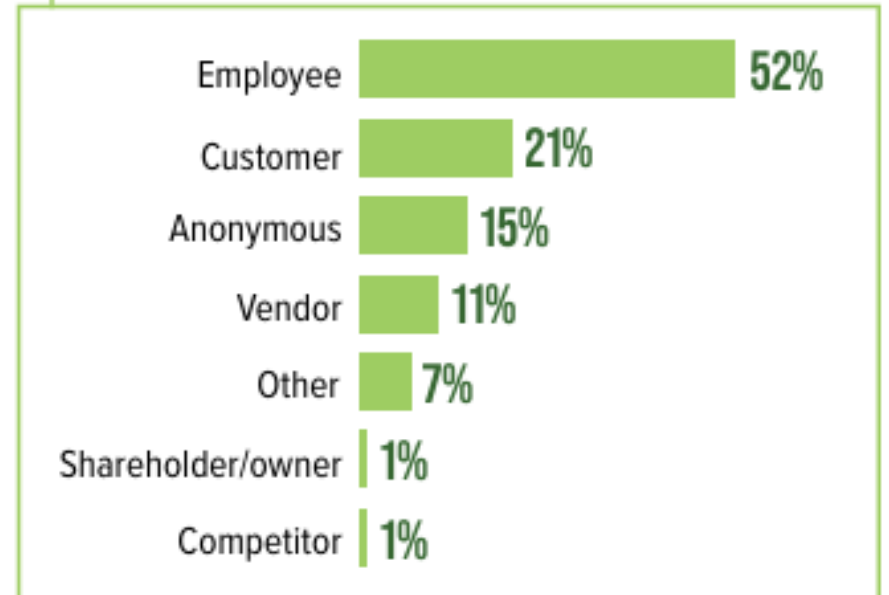
11%



Hotline best practices

- Anonymous reporting
- Easy to report - lots of ways to report
- Train staff (1) how to report, (2) when to report, (3) duty to report

FIG. 14 WHO REPORTS OCCUPATIONAL FRAUD?



Hotline practices in Austin

Anonymous? Yes



Easy to report? Yes:

- online reporting form
- phone hotline
- dedicated email
- Physical drop box



Additional ways:

- to investigator
- during an audit
- dept HR, or HRD

Hotline practices in Austin

Training? Yes

-new employee

-annual ethics

-at promotion, optional



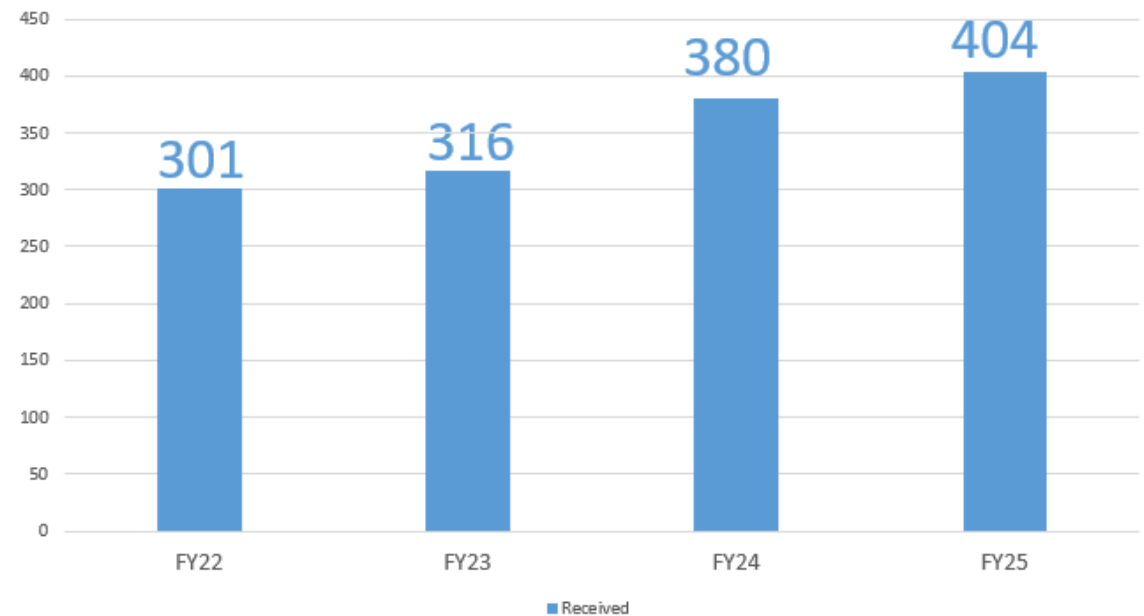
Austin's hotline results

Reporting Methods

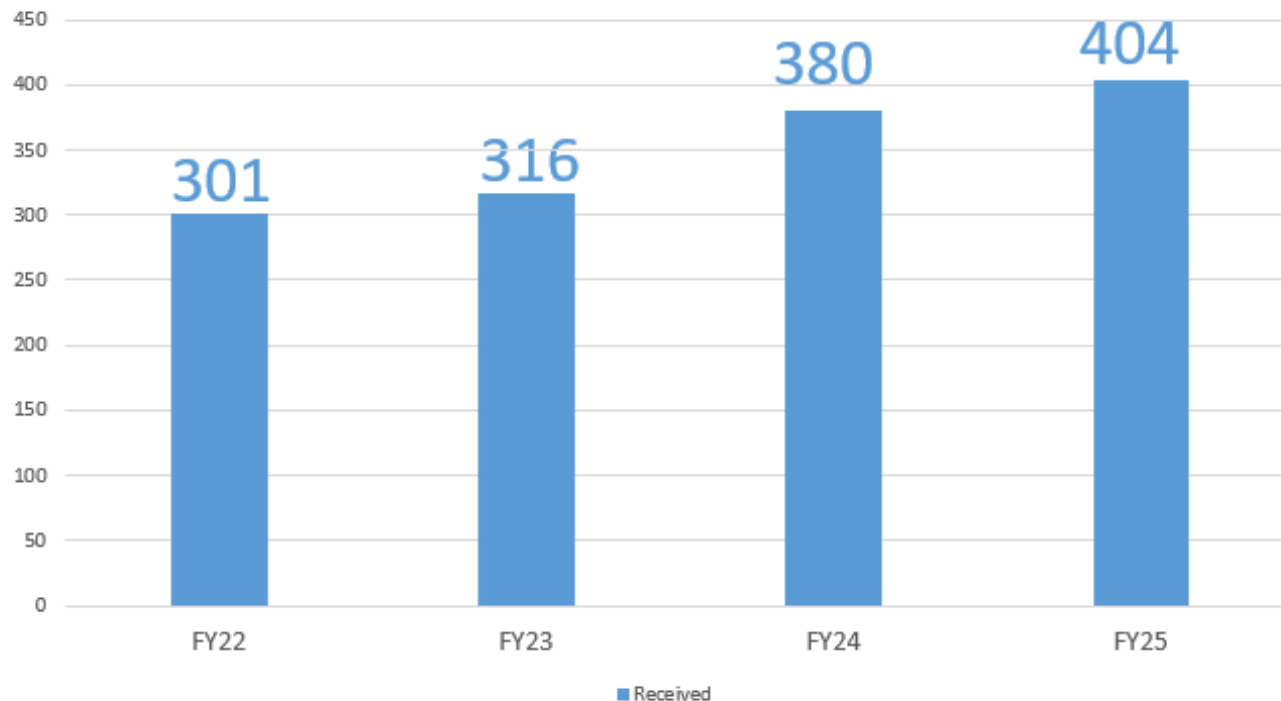
- 58% used the online reporting form
- 11% used direct investigator contact
- 11% used caiu email
- 7% used the whistleblower hotline

Reporter Anonymity

- Majority of report anonymously – 60% for years



Is the hotline effective?



Is increasing allegations good?

Is increasing allegations bad?

Is the hotline really telling us about the problems the City is facing?

Is the hotline effective?

Our new comparative tool

-allegations per 1000

Assumptions

- there will always be bad actors
- an org of sufficient size = internal comparison
- if enough org share their #s, we can all measure better

Allegations per 1000 employees

- Facilities Management 82
- Animal Services 68
- Fleet Mobility Services 48
- City Attorney's Office 35
- Human Resources 24
- Public Library 16

City-wide Average: 15

Is the hotline effective?



Data available:

City of Austin: 15/1000

City and County of San Francisco:

19/1000

15/1000



**Thank you, & please
share your per 1000
data!**

Brian Molloy

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