



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-5035

COMMUNITY RESOURCES DEPARTMENT HUMAN RESOURCES DIVISION

300 SIXTH STREET
TELEPHONE: 605-394-4136
FAX: (605) 394-6621

Memo

To: Legal & Finance Committee & Mayor
From: Kevin Thom - Community Resources Director
Re: Fraud Line

As a follow up to the July 28, 2010 Legal & Finance meeting, I met with City Council Member Jordan Mason regarding possible implementation of a fraud line for City employee use. Councilman Mason provided me with the names of six companies that provide fraud line/hot line type services. Councilman Jordan had conducted some initial research on this issue and was the Council member that brought the concept forward. I contacted all six services on the same day and actually spoke to a sales representative at two of the companies. I left voice messages at the other four companies and several days later did receive a return call from most of the companies.

The two companies I did make contact with offered similar services, but there was a distinct difference in pricing. Global Compliance quoted me a \$1,500 annual fee with a onetime setup fee of \$995 and Answernet quoted me a \$7,920 annual fee. Both companies offer the ability to make reports via telephone or through a website. The \$1,500 annual fee quoted by Global Compliance is in the same range as the City of Sioux Falls service, \$1,750, which is provided by a different company than the two I received quotes from.

If the City moves forward with implementation of the fraud line it would be my recommendation that we use Global Compliance as the provider of the service. Global Compliance has been in this business for about 30 years and currently represents 4,200 agencies. Last year Global Compliance made 411,000 reports back to their clients. I was impressed with the company representative that I dealt with, Demian Pearce, as he was very knowledgeable of their system and the overall function/purpose of a fraud line.

Two outstanding issues that I see at this point are a funding source and establishment of a procedure to handle information received. Demian Pearce recommends that the initial reports be sent to two designated people within the City. By sending the reports to more than one person it builds in a checks and balances. He suggested that a typical client "would designate someone in HR and someone in Legal" to receive the initial reports. I agree that the Community Resources Director and City Attorney would be appropriate points of contacts.

There needs to be some thought and discussion given to how the information is maintained and managed. The details of the data management can be worked out prior to the system being implemented.

Please let me know if you have additional questions or need any additional information.

REPRESENTATIVE HOTLINE/ CASE MANAGEMENT CLIENT LIST



Global Compliance provides hotline and case management services to approximately 4,000 clients including public and private corporations, academic institutions, government entities and not-for-profit organizations.

Health Care

Ascension Health
Adventist Health System
Catholic Healthcare West
Fresenius Medical Care

Insurance

Aetna
AIG
Allstate
Humana

Energy and Utilities

American Electric Power
Duke Energy
Pacific Gas & Electric
Progress Energy

Financial Services

Deutsche Bank
Fifth Third Bank
Morgan Stanley
The World Bank

Retail

Ahold
The Home Depot
Saks Fifth Avenue
Target
Tiffany & Co.
Walmart

Lodging

Accor North America
Morgan's Hotel Group
White Lodging

Consumer Manufacturing

Cadbury Schweppes
Campbell Soup Company
Estee Lauder
Perry Ellis International
Proctor & Gamble
Sara Lee
The Gillette Company
Tommy Hilfiger USA Inc

Industrial Manufacturing

Boise Cascade
BP
International Paper
Johnson & Johnson
Merck & Co., Inc.
Monsanto Company
Shell
StatoilHydro
Syngenta

Metal and Machinery Manufacturing

Apple Computer, Inc.
BAE Systems
Dell, Inc
Dresser, Inc.
Deere & Company
Goodrich
Kodak
Microsoft
Northrop Grumman
Sony
Whirlpool
Xerox

Restaurants and Foodservice

Compass Group
U.S. Foodservice

Higher Education

Columbia University
Harvard University
University of Connecticut

Transportation/Logistics

Rail America
Saia, Inc.
United Airlines
US Airways

Communications

Nortel
QWEST
Verizon

Business and Consumer Services

Accenture
Booz Allen Hamilton
ManPower, Inc.
Kelly Services

Entertainment, Media, Publishing

Bertelsmann
McGraw Hill
Sony Pictures Entertainment
The Walt Disney Company
Washington Post Companies

Engineering and Construction

Black & Veatch
Day & Zimmerman

Real Estate and Real Estate Trusts

General Growth Properties
Jones Lang LaSalle
Simon Property Group

Government

City of Boise, ID
City of Kansas City, MO
Government Accountability Office
San Bernardino County, CA
U.S. Dept. of Transportation

Not-for-Profit

American Red Cross
Children International
Easter Seals
The Nature Conservancy

Professional Associations

Association of Certified
Fraud Examiners
Institute of Management
Accountants
National Association of
Corporate Directors



ALERTLINE PROPOSAL FOR

Rapid City, SD

Provided by:

Demian Pearce

Business Development Manager

Global Compliance

13950 Ballantyne Corporate Place, Suite 300

Charlotte, NC 28277

Phone: 888-271-2652

E-mail: Demian.Pearce@globalcompliance.com

Date: 8-2-2010

Assumptions:

- **Approximately 732 FT Employees**

For the proposed fee, GCS will provide:

- 24/7 coverage of a proprietary toll-free telephone number by a live operator
- Option to submit concerns via the web - <https://salesdemo.alertline.com/gcs/welcome>
- Delivery of all reports via email and online IntegriLink system
- Monthly Summary Reports
- IntegriLink - Online Case Management System
- Dedicated support from a GCS Client Service's team for program set up, online training, and on-going program maintenance
- Anonymity: Calls are not recorded or traced and caller ID is disconnected for our facility – IP addresses are not tracked if a report is made via the web

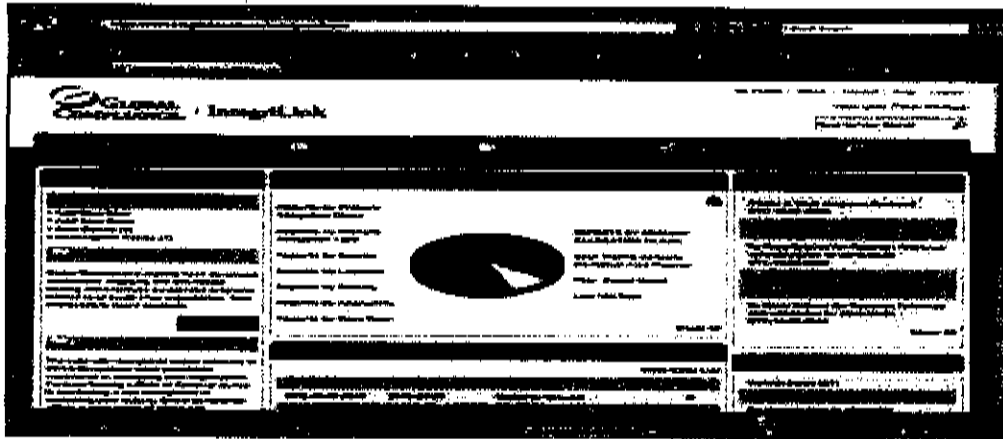
IntegriLink - Case Management with 2 Licensed Users (Administrators)

- Secure, password-protected website
- Centralized, electronic repository for all cases - *You can enter your own internal reports directly into the IntegriLink system
- Automatic e-mail notification of case assignments
- Set and change a case status to follow an investigation from open through closed
- Assign the case to an investigator (UNLIMITED investigators)
- Input investigation case notes
- Communicate with Anonymous Reporters
- Ad Hoc reporting filtering date range, allegation, location, people, key words in narrative, case status, etc.
- Export custom data search to excel or create graphs and charts as needed
- Search case notes and date/time stamped audit trail of case events
- Document attachment functionality for cases

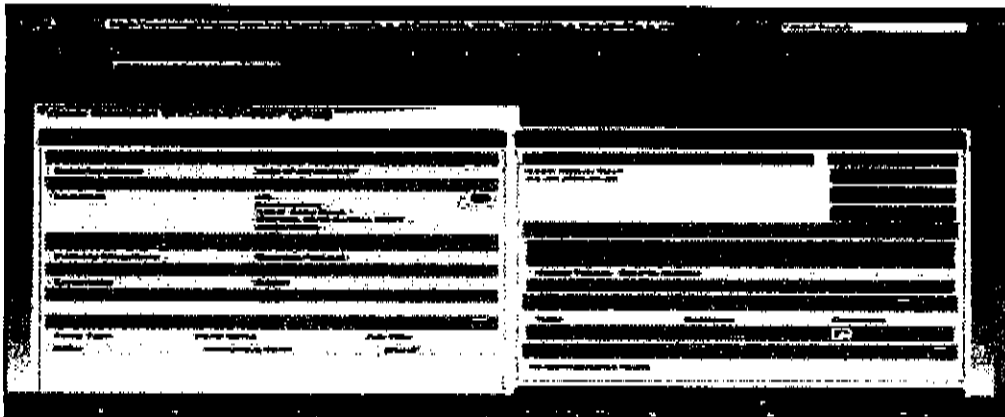
Annual Fee.....\$1,500.00*
Set Up Fee.....\$995.00

*\$2,300 annually if we assume 1,500 FTE's

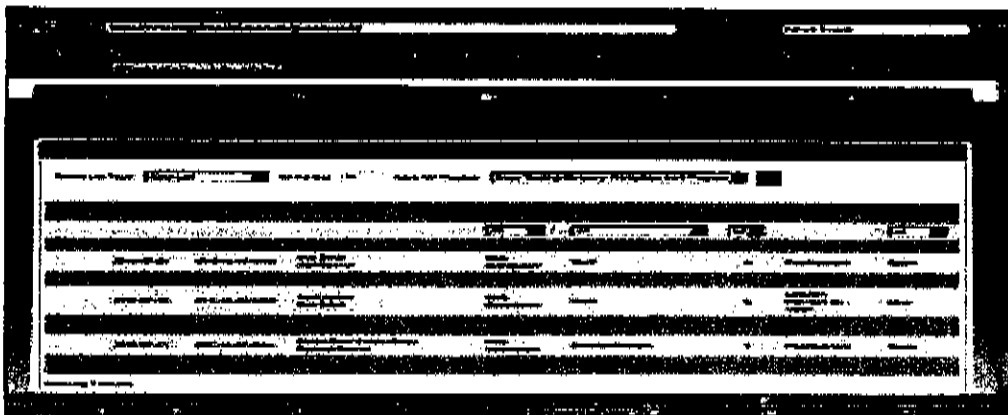
IntegriLink Case Management Portal



Case Notes, Attachment, Investigation details (work flow)



Report List



Employee Awareness Materials (OPTIONAL)

Following is menu pricing for various components for an ethics and compliance education and awareness program. Customizations include using a standard template and modifying the logo, hotline number and web reporting URL. This pricing assumes that at the completion of work GCS will maintain the copyright and possession of all awareness electronic files. Freight and sales tax would be additional.

Awareness Poster \$500.00

- Size Flat: 11" x 17"
- Paper: 80# Gloss Text
- Color: 4/0
- Bleed: Full
- Print Quantity: 50

Awareness Brochure \$1,000.00

- Size Finished: 8" x 9" folding to 4" x 9" final size, 2-panel brochure
- Paper: 80# Gloss Text
- Color: 4/4
- Bleed: Full
- Print Quantity: 1,000

Awareness Wallet Card \$750.00

- Size Finished: 2.125" x 3.375"
- Paper: 100# Cover
- Color: 4/4
- Bleed: Full
- Print Quantity: 1,000

<http://www.globalcompliance.com/communication-campaigns/awareness-samples/50-communicate/505-awareness-samples.html>

**You may choose from any of the 15 templates found at the above link under "semi-custom" library. While you may have your own resources for awareness materials, having the 3rd party provide the professionally developed materials will help explain and validate the Alertline service as an objective outsourced reporting avenue capable of providing true anonymity.*

STANDARD ALLEGATIONS		
Class	Allegation	Definition
Diversity, Equal Opportunity and Respect in the Workplace	Discrimination	Statements or actions based on age, race, color, national origin, sexual orientation, gender, disability or religion that are the basis for employment, promotion or compensation decisions.
Diversity, Equal Opportunity and Respect in the Workplace	Harassment - Sexual	Statements or actions expressing unwelcome sexual advances, requests for sexual favors, unsolicited physical contact or propositions, unwelcome flirtations, or offensive verbal or visual expressions or physical conduct of a sexual nature.
Diversity, Equal Opportunity and Respect in the Workplace	Harassment - Workplace	Persistent statements, conduct or actions that are uninvited, degrading, offensive, humiliating or intimidating and create an unpleasant or hostile environment.
Diversity, Equal Opportunity and Respect in the Workplace	Retaliation or Retribution	Statements or actions discharging, demoting, suspending, threatening, harassing or discriminating against an employee because of any lawful act taken by such employee in connection with reporting a violation of law or policy, filing a complaint, or assisting with an investigation or proceeding.
Employee Relations	Conflict of Interest - Personal	Any personal interest, any business or professional activity or relationship, prior or current employment, or any obligation that may interfere with the ability to objectively perform job duties and responsibilities or impair independence and objectivity.
Employee Relations	Inappropriate Behavior	Statements or actions that are not harassing in nature, but are believed to be unsuitable for the workplace.
Employee Relations	Unfair Employment Practices	Employment decisions, practices or disciplinary actions that are believed to be unfair regardless of whether they are the result of job performance, changes in business needs or other business related decisions.
Environmental, Health and Safety	Environment, Health and Safety	Conduct, actions, policies or practices that either violate local, provincial or federal environmental, health or safety laws or regulations or may cause or result in potentially hazardous conditions that impact the environment or the health or safety of employees, customers or others.
Environmental, Health and Safety	Substance Abuse	The unlawful use, possession, sale, conveyance, distribution, concealment, transportation or manufacture of illegal drugs, intoxicants, controlled substances or drug paraphernalia in the workplace or while conducting business.
Environmental, Health and Safety	Threats and Physical Violence	Statements or actions that threaten acts of violence or the presence of weapons, firearms, ammunition, explosives or incendiary devices in the workplace, on work premises or in work vehicles.
Financial Concerns	Accounting and Auditing Practices	Statements or actions that violate or conflict with either internal policies, procedures, or practices or government regulations related to the detailed reporting of the financial state or transactions of an organization or the examination, verification, or correction of its financial accounts.
Financial Concerns	Conflict of Interest - Financial	Any financial interest, any business or professional activity, prior or current employment, or any obligation that may interfere with the ability to objectively perform job duties and responsibilities or impair independence and objectivity.
Financial Concerns	Gifts, Bribes and Kickbacks	Payments, payments in kind, gifts, bribes, extensions of credit or benefits extended to or received by customers, employees, suppliers, vendors, competitors, directors, officers, auditors, government employees, government officials or agencies, or other parties that are unlawful, improper, or designed to influence business decisions or political processes.

Financial Concerns	Trading on Inside Information	The purchase or sale of stock or other securities based on non-public and material information obtained during the course of employment or providing such information to another person who purchases or sells stock or other securities based upon that information.
Misuse or Misappropriation of Assets or Information	Customer Relations	Statements or actions that are negatively impacting or interfering with customers, customer relationships or customer agreements.
Misuse or Misappropriation of Assets or Information	Disclosure of Confidential Information	The unauthorized or illegal disclosure, copying, duplication, misuse or release of confidential or personal data including but not limited to employment, financial, medical and health, customer lists, contracts, business plans, personnel records or other property marked or generally regarded as confidential or trade secrets.
Misuse or Misappropriation of Assets or Information	Misuse of Resources	The improper, unauthorized or unlicensed use of property or resources for non-business related reasons or purposes including improper use of systems and timekeeping.
Misuse or Misappropriation of Assets or Information	Theft	The unauthorized removal or taking of supplies, equipment, furniture, fixtures, products, cash, merchandise or other tangible property.
Other	Guidance Request	Request for guidance, interpretation, or other information regarding matters of law, regulations, or policies.
Other	Other	Statements actions or policies that concern the caller but are not currently resulting in harm, injury or corporate liability and cannot be included in any other category.
Policy and Process Integrity	Antitrust or Fair Trading	Discussions or agreements with competitors about prices or credit terms, submission of bids or offers, allocation of markets or customers, restrictions on production, distribution or boycotts of suppliers or customers that would result in monopolization or anticompetitive markets.
Policy and Process Integrity	Espionage or Sabotage	Actions that result in the gathering, receipt or acceptance of non-public confidential information or trade secrets about competitors to gain a competitive advantage or the deliberate destruction, disruption or damage to a competitor's equipment or property for competitive advantage or gain.
Policy and Process Integrity	Falsification or Destruction of Information	Statements or actions that encourage or result in unlawful, untimely, false or intentional misrepresentation, concealment or destruction of information in order to deceive or mislead.
Policy and Process Integrity	Quality Control	Complaints about product or service quality or effectiveness; allegations of product tampering; violation of policies and practices for manufacturing controls; allegations of non-compliance with product standards or service delivery.



REPORT DETAIL

BTC-06-06-0001

CONFIDENTIAL MEMORANDUM

THE INFORMATION CONTAINED IN THIS REPORT SHOULD BE HANDLED AS CONFIDENTIAL

Report Type:	WPA Initial Report	Source	Client Telephone
Report Priority:	B - Urgent	Documented by:	LEVEL.TWO@BASE.COM
Date/Time Received:	2006-06-13 00:00 AM	Language Used:	English
Follow-up Date:	2006-10-20 00:00 AM	Awareness Resource:	Poster
Duration:	00:00:00		

Allegation	Class	Priority	Primary?	Assigned By
Corporate Policy or Conduct Violation	Financial and Business Integrity	B	Yes	level.two@base.com

Location Details	Location Geography	Location Function
Location Provided by Caller Grand Army Plaza Brooklyn, NY 11238	N/A	N/A

Party Type	Party Name and Title	Party Phone Number	Party E-mail	Party Description
Caller	Anonymous Caller - <None>			
Reporter	Anonymous Caller -			
Subject	Jack Higgins - Director of Human Resources			

Report Summary

The Caller said Jack Higgins forged his/her initials on his Vacation Approval forms.

Report Details

In June 2006 (exact day unknown), the Caller noticed Jack Higgins' Vacation Approval forms had his/her initials and he/she did not initial his forms. The vacation Approval forms are referenced under number 2-204. The Caller explained that Vacation Approval forms are sent to Jack for his signature, but supervisor has to initial each Vacation form for verification purposes.

According to Jack's Vacation Approval forms, he used six vacation days in eight hour increments. The Caller does not know the dates that are documented on Jack's Vacation Approval forms. Also, the Caller does not know if Jack actually took six random days off, or if he cashed out some of his vacation days.

Approximately six months ago (exact day unknown), Jack told Employees (names and titles withheld) that on June 30, employees with excessive vacation time could cash out, or allow their vacation time to roll over because the company is changing Accounting programs at the end of the company's fiscal year.

The Caller has not addressed the issue with local management because Jack is the director, and he/she does not know if he violated a company policy.

The Caller was thanked for calling and was issued a report identification number.

Special Information Requested of Reporter

Responses

Global Compliance Comments

Report Notes

Date/Time of Note

Noted By

The Caller spelled all proper names included in this report. The 2006-10-13 11:22 AM
Caller was issued a five day follow-up date because the report
was upgraded to a "B" priority towards the end of the interview,
but the system generated a 14 day follow up date.

level.two@base.com

Follow-up Report Activity

None

*Client agrees and understands that Global Compliance neither warrants, vouches for, nor authenticates the reliability of the allegations provided in this report. Client agrees that it shall have the sole responsibility for investigating or otherwise evaluating these allegations and other information provided and to comply with all local, state and federal laws pertaining to the investigation and protection of such information, as well as the protection of all rights of any person or persons accused of any wrongdoing.



Confidential Report

Global Compliance Services Inc.
13950 Ballantyne Corporate Place
Charlotte, NC 28277
(800) 528-5745

Program Name: Sample Ethics & Compliance Program

Program Start Date: February 27, 2001

Monthly Management Summary Report

August 2003

Table with 4 columns: Category, Current Period (Total, %, YTD, %), and Prior Year (Total, %, YTD, %). Rows include Workplace Alert Reports, Anonymous Callers, First Time Callers, Business Hours, and After Hours.

Table with 4 columns: Category, Current Period (Total, %, YTD, %), and Prior Year (Total, %, YTD, %). Rows include Follow-Up Reports, Initial Follow-Up Reports, and Repeat Follow-Up Reports.

Table with 4 columns: Category, Current Period (Total, YTD), and Prior Year (Total, YTD). Row includes Information Referrals.

Table with 4 columns: Category, Current Period (Total, YTD), and Prior Year (Total, YTD). Row includes TOTAL REPORTS.



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Table with 4 columns: Allegation Class Statistics, Current Period (Total, %, YTD, %), and Prior Year (Total, %, YTD, %). Rows include Allegation Class Totals, Customers, Vendors, and Business Partners, EEO/Diversity Issues, etc.

Table with 4 columns: Allegation Statistics, Current Period (Total, %, YTD, %), and Prior Year (Total, %, YTD, %). Rows include Allegation Totals, Alcohol and Drug Abuse [A], Alcohol and Drug Abuse [B], etc.



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Table with 10 columns: Category, Count, Percentage, and four additional columns. Rows include categories like Espionage & Sabotage, Falsification of Audit Records, Fraud, General Concern, etc.



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How Callers Became Aware of Program	Current Period				Prior Year			
	Total	%	YTD	%	Total	%	YTD	%
Workplace Alert Reports	24		265		43		253	
Brochure	8	33%	38	14%	7	16%	31	12%
Calendar	1	4%	10	4%	3	7%	12	5%
Code of Business Conduct	1	4%	31	12%	5	12%	28	11%
Compliance Training	1	4%	17	6%	3	7%	14	6%
Co-worker	3	13%	29	11%	2	5%	16	6%
Declined	0	0%	12	5%	4	9%	17	7%
E-Mail	3	13%	21	8%	3	7%	22	9%
Employee Meeting	0	0%	10	4%	3	7%	21	8%
Intranet	1	4%	3	1%	2	5%	5	2%
Newsletter	1	4%	8	3%	0	0%	5	2%
Other	0	0%	5	2%	1	2%	15	6%
Poster	1	4%	33	12%	4	9%	38	14%
Training Session	1	4%	6	2%	1	2%	7	3%
Unknown	1	4%	14	5%	1	2%	6	2%
Video	0	0%	0	0%	2	5%	7	3%
Wallet Card	2	8%	28	11%	2	5%	11	4%

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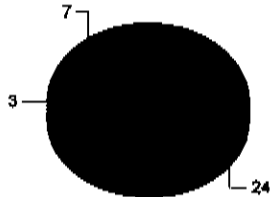
Program Start Date: February 27, 2001

Monthly Management Summary Report

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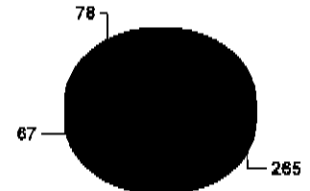
CALL TYPES

Current Period



Initial WPA Alert	70.6%
Follow-up WPA Alert	8.8%
Inquiry or Referral	20.6%
Total:	100.0%

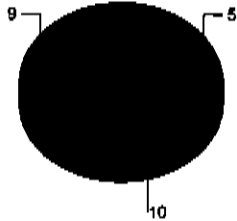
YTD



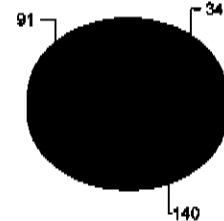
Initial WPA Alert	64.6%
Follow-up WPA Alert	16.3%
Inquiry or Referral	19.0%
Total:	100.0%

INITIAL WORKPLACE ALERT REPORTS

Priority

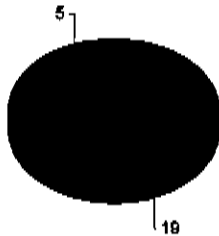


A	20.8%
B	41.7%
C	37.5%
Total:	100.0%

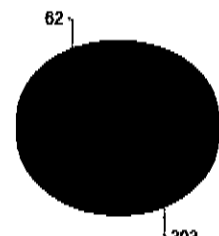


A	12.8%
B	52.8%
C	34.3%
Total:	100.0%

Anonymity



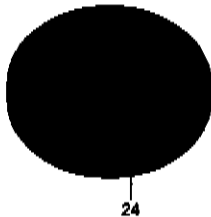
Anonymous Callers	79.2%
Identified Callers	20.8%
Total:	100.0%



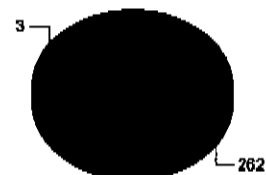
Anonymous Callers	76.6%
Identified Callers	23.4%
Total:	100.0%

Business Hours/After Hours Usage

* Business Hours 8 am to 9 pm EDT

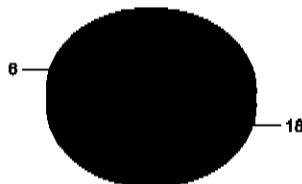


Business Hours	100.0%
After Hours	0.0%
Total:	100.0%



Business Hours	98.9%
After Hours	1.1%
Total:	100.0%

First Time Users (self-reporting)



First-Time Callers	75.0%
Have Called Previously	25.0%
Total:	100.0%



First-Time Caller	87.9%
Have Called Previously	12.1%
Total:	100.0%

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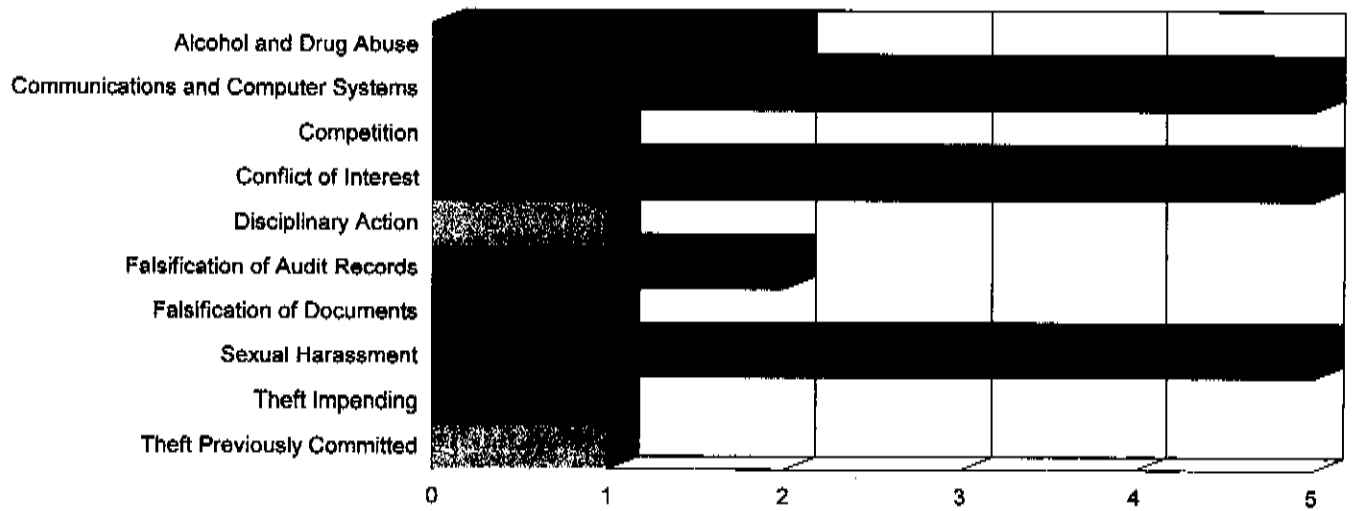
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Allegations



Graphs represent data gathered for the reporting period only, and do not include year-to-date data.



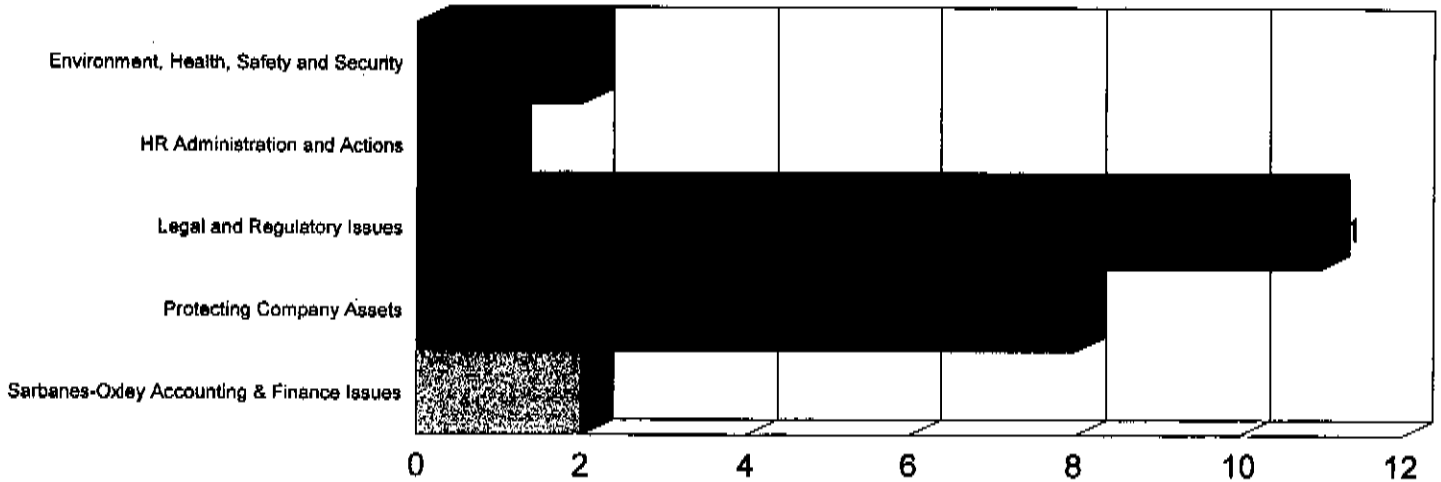
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Allegation Classes



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