

# City Auditor's Whistleblower Hotline Activity Report: October 2021 – March 2022

Jorge Oseguera  
City Auditor



*City of*  
**SACRAMENTO**  
Office of the City Auditor

Investigations Division  
May 2022



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# Whistleblower Hotline Activity Report

October 2021 - March 2022

Open Cases as of October 1, 2021

19



Cases Received During Period

65



Cases Closed During Period

71



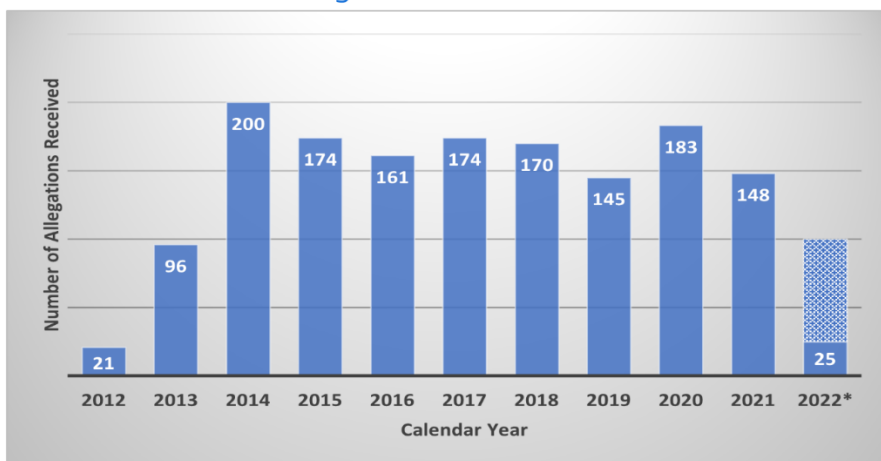
Open Cases as of April 1, 2022

13

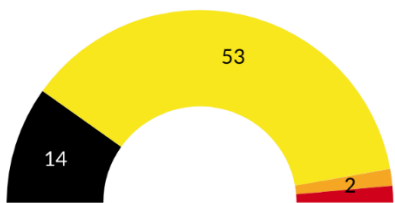
**71 Cases Were Closed During the Period**

The City of Sacramento's Whistleblower Hotline has received more than 1,500 allegations since 2012 with an estimated benefit of more than **\$1.0 million.**

Number of Allegations Received Each Year



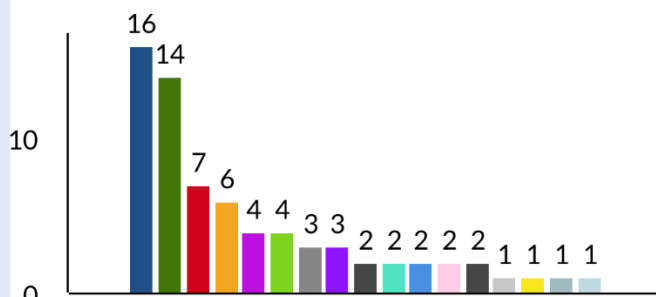
## Case Priority



- Unrelated to the City (19.72%)
- Low (74.65%)
- Medium (2.82%)
- High (2.82%)



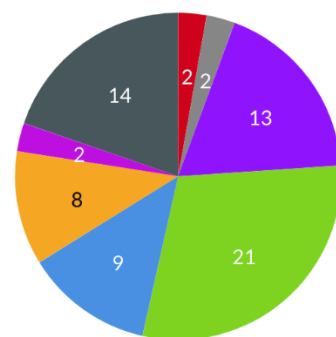
## Types of Allegations



- Employee Relations
- Unrelated to the City
- Violate City Policy, Local, State, or Federal Law
- Not Enough Information Provided
- 311
- Safety and Sanitation Issues
- Insufficient Action by City
- Conflict of Interest
- Theft of Goods or Services
- Information Request
- Wasteful Practice
- Unrelated to the City
- Substantiated & Referred
- Investigated & Referred
- Informational Referral
- Unsubstantiated
- Resolved Prior to or During Investigation
- Not Enough Information Provided
- Duplicate
- Unrelated to the City

▲ 1/2 ▼

## Disposition of Closed Cases



- Substantiated & Referred (2.82%)
- Investigated & Referred (2.82%)
- Informational Referral (18.31%)
- Unsubstantiated (29.58%)
- Resolved Prior to or During Investigation (12.77%)
- Not Enough Information Provided (11.27%)
- Duplicate (2.82%)
- Unrelated to the City (19.72%)

## Whistleblower Hotline Program

### Contact the City's Whistleblower Hotline

City staff or members of the public may submit reports by calling the Whistleblower Hotline's toll-free number [1-888-245-8859](tel:1-888-245-8859) or online at [www.cityofsacramento.ethicspoint.com](http://www.cityofsacramento.ethicspoint.com). Individuals may also submit whistleblower reports directly to any staff member in the Office of the City Auditor in person, over the phone, by voicemail, by e-mail, or by mail. Individuals who provide whistleblower information will have their identity kept confidential to the extent permitted by law unless the individual waives confidentiality in writing.

Sacramento Office of the City Auditor  
915 "I" Street  
Historic City Hall, 2<sup>nd</sup> floor  
Sacramento, CA 95814

Office of the City Auditor Website: <http://www.cityofsacramento.org/auditor/>

### The City Auditor's Independence, Authority, and Responsibility

The City Auditor reports directly to the Mayor and City Council, and is independent of other City departments and agencies. This independence reduces the threat of coercion, influence, or conflict of interest during whistleblower investigations.

California Government Code Section 53087.6 allows local governments to create whistleblower hotlines. While State law sets certain requirements for establishing and managing a whistleblower hotline, local auditors have discretion in how to operate their programs.

Key points of the Government Code section and how it pertains to the City of Sacramento include the following:

- The City Auditor shall obtain approval from City Council before establishing a whistleblower hotline. This approval was obtained from the Sacramento City Council in March 2012.
- The hotline is used to receive calls from people who have information regarding fraud, waste, or abuse.
- The City Auditor may refer calls received on the hotline to the appropriate government authority for review and investigation.
- During the initial review of calls received, the City Auditor (or the appropriate government authority to whom the call is referred) shall hold in confidence information disclosed through the hotline. This includes the identities of the callers disclosing information and the people identified by the callers.
- Upon receiving specific information that an employee has engaged in an improper government activity, the City Auditor may conduct an investigative audit.

- The identity of the people providing information that initiated the investigative audit shall not be disclosed without their written permission, unless the disclosures are to law enforcement agencies conducting criminal investigations.
- The investigative audit shall be kept confidential except to issue a report of an investigation that has been substantiated or to release findings from completed investigations that are deemed necessary to serve the interests of the public.
- The identities of individuals reporting the improper government activities and the subject employees investigated shall be kept confidential.
- The City Auditor may provide a substantiated audit report and other information (including subject employee identities) to appointing authorities for disciplinary purposes.

### **Whistleblower Procedures Prioritize High-Risk Allegations**

Due to the limited staff in the Office of the City Auditor and the Office’s chief responsibility to conduct performance audits, research, and analysis in accordance with the City Council-approved workplan, conducting full investigations of all allegations is not feasible. Instead, the City Auditor applies a risk-based approach to investigate whistleblower allegations.

As part of the whistleblower program’s intake process, we rank initial reports by risk and focus investigative efforts on those that represent the greatest risk to the City. Allegations are generally classified in one of the following categories:

#### ***High Priority***

Allegations may be considered high priority if they include a safety concern, loss<sup>1</sup> to the City of more than \$75,000, criminal activity resulting in a loss of at least \$400, high-level involvement, collusion of multiple wrongdoers, major department-wide issue, or need for immediate action to stop a potentially major issue. Addressing these items could take priority over other investigations and audits, at the City Auditor’s discretion.

#### ***Medium Priority***

This category includes loss to the City of more than \$25,000, abuse of authority, medium to low-level employee involvement, minor department-wide issues, or patterns of small problems that could become serious when summed. Some medium-priority items could be referred to a department for their review.

#### ***Low Priority***

This category includes loss to the City of less than \$25,000, isolated instances of time abuse, wasteful practices that would lead to limited gains in efficiencies if corrected, or allegations that lack credibility and evidence. The office would aim to investigate items in this category, but may not do so because of limited resources. However, if the same or similar issues were reported multiple times, low- priority

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<sup>1</sup> Loss could entail actual or potential loss of money, waste, or inefficiencies.

items may become a higher priority. Additionally, some low-priority allegations could be referred to a department for their review.

### ***Unrelated to the City***

Some allegations received through the Whistleblower Hotline do not involve City of Sacramento agencies or staff. The Office of the City Auditor investigates these allegations for any City involvement. If no City involvement can be determined, those allegations are closed as “unrelated to the City”; some allegations not related to the City are referred to other jurisdictions.

### **Whistleblower Hotline Dashboard**

The Office of the City Auditor maintains a Whistleblower Hotline Dashboard on its public website. City Officials and the public can use this dashboard to see statistics on the types of cases received through the City’s Whistleblower Hotline, the disposition of closed cases, brief descriptions of substantiated cases, actions taken as a result of substantiated cases, and the monetary benefit of the hotline. The dashboard is updated semi-annually with the release of each Whistleblower Hotline Activity Report. The Whistleblower Hotline Dashboard can be found at:

<https://www.cityofsacramento.org/Auditor/Reports/Whistleblower-Activity>

### **COVID-19 and the Whistleblower Hotline**

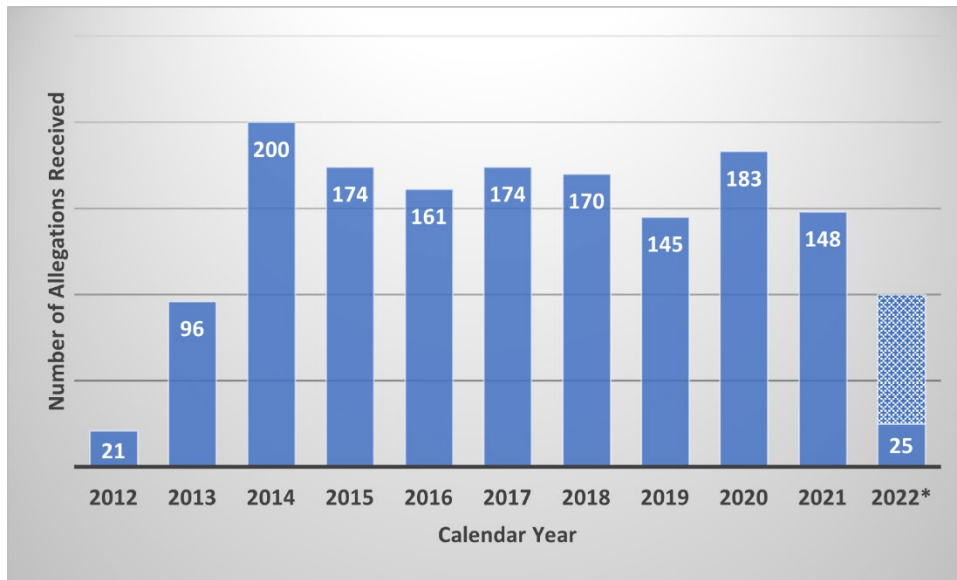
The Office of the City Auditor investigates reports of fraud, waste, and abuse related to the COVID-19 pandemic received through the City’s Whistleblower Hotline. As of March 31, 2022, the City’s Whistleblower Hotline has received 61 complaints related to COVID-19. For complaints that are related to employee health and safety, we refer the information to the City’s Risk Management Division. For complaints that are related to the public’s health and safety, we refer the information to Sacramento County. Any information referred to another department or agency is referred in compliance with California whistleblower regulations, which require our office protect the identity of the whistleblower.

## **Status of Investigations**

### **The Number of Whistleblower Reports has Remained Steady**

Since the hotline’s inception in 2012, the Office of the City Auditor has received more than 1,500 reports. Use of the City Auditor’s Whistleblower Hotline grew significantly in the first few years and has been steady since 2014 as shown in Exhibit 1. The table below shows the number of allegations received per year since the program’s inception.

**Exhibit 1: Whistleblower Allegations Received Per Year**



\*Denotes a partial year. Hatched area represents projected number of allegations based on number of cases received during the first quarter of 2022. Data as of March 31, 2022.

**71 Cases Were Closed During the Period**

At the beginning of the October 2021 through March 2022 reporting period, the Office of the City Auditor had 19 open cases. During that six-month period, 65 new reports were received by the hotline, and the Office of the City Auditor investigated, processed, and closed 71 cases; 13 cases remained open at the end of the reporting period. Exhibit 2 below provides information on all cases that were closed during the October 2021 through March 2022 reporting period.

**Exhibit 2: 71 Cases Were Closed During the Period**

Case #	Primary Type of Allegation	Priority	Result
1043	Internal Control Issues	Medium	<b>Substantiated and Referred</b>
1093	Violate City Policy, Local, State, or Federal Law	Low	<b>Substantiated and Referred</b>
1171	Fraud	Low	Investigated and Referred
1375	Fraud	Medium	Unsubstantiated
1403	Employee Relations	Low	Resolved Prior To or During Investigation
1419	Employee Relations	Low	Informational Referral
1424	Employee Relations	Low	Informational Referral
1431	Fraud	Low	Unsubstantiated
1432	Employee Relations	Low	Unsubstantiated
1433	Theft of Goods or Services	Low	Duplicate
1435	Violate City Policy, Local, State, or Federal Law	Low	Resolved Prior To or During Investigation
1436	Violate City Policy, Local, State, or Federal Law	Low	Resolved Prior To or During Investigation
1437	Conflict of Interest	Low	Unsubstantiated

1439	Employee Relations	Low	Informational Referral
1440	Unrelated to the City	Unrelated to the City	Unrelated to the City
1441	Wasteful Practice	Low	Unsubstantiated
1442	Insufficient Action by City	Low	Unsubstantiated
1443	Employee Relations	Low	Resolved Prior To or During Investigation
1444	Unrelated to the City	Unrelated to the City	Unrelated to the City
1445	Insufficient Action by City	Low	Unsubstantiated
1446	Unrelated to the City	Unrelated to the City	Unrelated to the City
1447	Unrelated to the City	Unrelated to the City	Unrelated to the City
1448	Insufficient Action by City	Low	Unsubstantiated
1449	Violate City Policy, Local, State, or Federal Law	Low	Unsubstantiated
1450	Employee Relations	Low	Unsubstantiated
1451	Payroll and Timecard Issues	Low	Unsubstantiated
1452	Abuse of Position or Authority	Low	Informational Referral
1453	Employee Relations	Low	Resolved Prior To or During Investigation
1456	Not Enough Information Provided	Low	Not Enough Information Provided
1457	Safety and Sanitation Issues	Low	Unsubstantiated
1458	Not Enough Information Provided	Low	Not Enough Information Provided
1460	Unrelated to the City	Unrelated to the City	Unrelated to the City
1461	Employee Relations	Low	Informational Referral
1462	Safety and Sanitation Issues	Low	Duplicate
1463	Employee Relations	Low	Resolved Prior To or During Investigation
1464	Unrelated to the City	Unrelated to the City	Unrelated to the City
1465	Payroll and Timecard Issues	Low	Unsubstantiated
1466	Fraud	Low	Investigated and Referred
1467	Unrelated to the City	Unrelated to the City	Unrelated to the City
1468	Information Request	Low	Unsubstantiated
1469	Employee Relations	Low	Unsubstantiated
1470	Wasteful Practice	Low	Not Enough Information Provided
1472	Corruption, Bribery, and Kickbacks	Low	Resolved Prior To or During Investigation
1474	311	Low	Informational Referral
1475	Contested City Charges	Low	Resolved Prior To or During Investigation



1476	Unrelated to the City	Unrelated to the City	Unrelated to the City
1478	Unrelated to the City	Unrelated to the City	Unrelated to the City
1479	Not Enough Information Provided	Low	Not Enough Information Provided
1480	311	Low	Informational Referral
1482	Not Enough Information Provided	Low	Not Enough Information Provided
1483	Employee Relations	Low	Informational Referral
1484	Unrelated to the City	Unrelated to the City	Unrelated to the City
1485	Conflict of Interest	Low	Unsubstantiated
1486	Not Enough Information Provided	Low	Not Enough Information Provided
1487	Violate City Policy, Local, State, or Federal Law	High	Informational Referral
1489	Unrelated to the City	Unrelated to the City	Unrelated to the City
1490	Unrelated to the City	Unrelated to the City	Unrelated to the City
1491	Employee Relations	Low	Unsubstantiated
1492	Violate City Policy, Local, State, or Federal Law	Low	Unsubstantiated
1493	Violate City Policy, Local, State, or Federal Law	Low	Unsubstantiated
1494	Unrelated to the City	Unrelated to the City	Unrelated to the City
1495	Employee Relations	Low	Unsubstantiated
1496	Safety and Sanitation Issues	High	Informational Referral
1497	Information Request	Low	Not Enough Information Provided
1498	311	Low	Informational Referral
1499	Employee Relations	Low	Informational Referral
1500	Not Enough Information Provided	Low	Not Enough Information Provided
1501	Unrelated to the City	Unrelated to the City	Unrelated to the City
1503	Theft of Goods or Services	Low	Informational Referral
1505	311	Low	Resolved Prior To or During Investigation
1506	Employee Relations	Low	Unsubstantiated

### **Of the 71 Cases Closed During the Period, 2 Were Substantiated**

For cases that are substantiated, the Office of the City Auditor requests departments to report back on actions taken as a result of our investigations and any recommendations made in the investigative audit within 60 days of receiving the completed investigative audit report. Of the 71 cases that were closed during the October 2021 through March 2022 reporting period, 2 allegations were substantiated. Exhibit 3 below provides a brief summary of the 2 substantiated cases during the period and the actions reported by the responsible department.

**Exhibit 3: 2 Allegations Were Substantiated During the Period**

Case #	Case Summary	Department Response
1043	We received allegations that Youth, Parks, and Community Enrichment's Parks Maintenance Division lacked sufficient internal controls over inventory. We substantiated that their policies were not sufficient, and staff could not account for the location of more than \$34,000 worth of equipment. Additionally, we substantiated that their inventory policies should be updated, documented, and training provided to staff.	The Youth, Parks, and Community Enrichment Department plans to implement various controls over their inventory including: inventorying small power equipment, creating formal policies and procedures, implementing a computer-based asset tracking system, ensuring assets have unique identification numbers, and performing periodic inventory counts.
1093	We received an allegation that an employee from the Department of Utilities received a certification without meeting the required number of hours. The investigation found that the employee was short the hours at the time of the certification, due to a misunderstanding of City time reporting codes, but had received the hours by the time the investigation began. We referred this case to the Department of Utilities for further review.	The Department of Utilities reported the receipt of a complaint letter regarding this issue to the certifying agency. The department followed the certifying agency's investigation and reported progress to the Auditor's office to resolution. Additionally, the department updated standard operating procedures to prevent this error from recurring.