

Report #  
2014-04

# City Auditor's Whistleblower Hotline Activity Report (November 2013– April 2014)



Jorge Oseguera  
City Auditor

Nicholas Cline  
Senior Auditor

Lynn Bashaw  
Senior Auditor

Farishta Ahrary  
Auditor



Office of the City Auditor  
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## **Whistleblower Program Background**

### **To Contact the City's Whistleblower Hotline**

City staff or members of the public may submit allegations by either calling the Whistleblower Hotline's toll-free number **1-888-245-8859** or by completing the online form located at <https://www.reportlineweb.com/cityofsacramento>. In addition, individuals may also submit allegations directly to the City Auditor or any Auditor Office staff member. Any individual who files a complaint may elect to have their identity kept confidential. The individual's identity will be kept confidential to the extent permitted by law unless the individual waives confidentiality in writing. Information can be submitted in person, over the phone, by voicemail, by e-mail, or by mail.

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/>

### **Auditor's role and responsibilities**

The City Auditor is the City's independent auditor who reports directly to the Mayor and City Council. Council approves the Auditor's annual audit plan and has historically added audits to the plan when needed.

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

The following includes key points of the Government Code section and how it pertains to the City of Sacramento:

- 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 that are conducting criminal investigations.
- The investigative audit shall be kept confidential except to issue a report of an investigation that had 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.
- However, the City Auditor may provide a substantiated audit report and other information (including subject employee identities) to appointing authorities for disciplinary purposes.

## Whistleblower procedures target high-risk tips

Due to the limited number of staff members in the Office of the City Auditor and the Office's chief responsibility to conduct performance audits in accordance with the Council-approved Audit Plan, conducting full investigations of all tips is not feasible. Instead, the City Auditor has adopted a risk-based approach to investigate whistleblower tips.

As part of the program's intake process, we rank tips by risk and focus investigative efforts on those that represent the greatest risk to the City. The following shows how we generally classify types of tips based on risk:

### **High Priority**

Some reasons why allegations may be considered high priority are that they could 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 potential major issue. Addressing these items could take priority over other investigations and audits – at the City Auditor's discretion.

### **Medium Priority**

Allegations in this category could include a 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**

Allegations in this category could include a 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 list, but may not do so because of limited resources. However, if the same or similar issues were reported multiple times – low-priority items may become more of a priority. Additionally, some low-priority tips could be referred to a department for their review.

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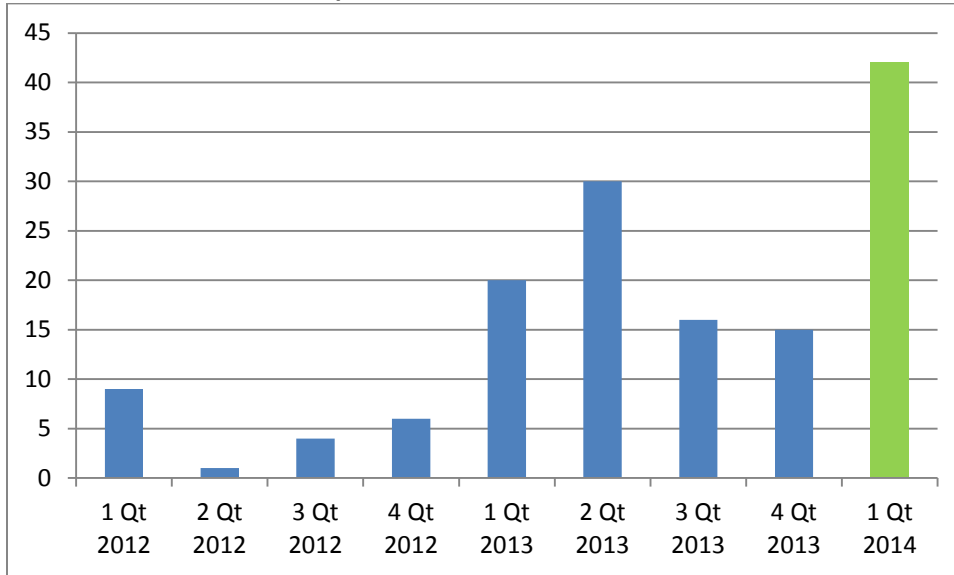
<sup>1</sup> Loss could entail actual or potential loss of money, waste, or inefficiencies.

## Status of investigations

### The number of tips received by the City Auditor have been growing steadily

Use of the City Auditor’s Whistleblower hotline has shown significant growth. From January 2012 to June 2012, the Auditor’s Office received 10 tips. Comparatively, from January 2013 to June 2013, the City Auditor’s Office experienced a 400 % increase in activity and received 50 tips. In the first quarter of 2014, the City Auditor’s Office received over 40 tips. The table below shows the number of tips received per quarter since the program’s inception.

**Exhibit 1: Whistleblower Tips Received Per Quarter**



We will continue to monitor call volume and report on the call activity.

### Over 80 percent of tips received have been processed and closed

As previously noted, the City Council directed the City Auditor in March 2012 to establish a Whistleblower Hotline Program. A total of 188 tips have been received. The following shows the top ten types of allegations reported as of April 2014.

**Exhibit 2: Top Ten types of Allegations Reported as of April 2014**

Type of Allegation	Number	Percent
Employee Relations	24	13%
Violate Policy	17	9%
Abuse of Position or Authority	12	6%
Test Case	11	6%
Unrelated to the City	11	6%
Misuse City Property	11	6%
Hiring Irregularities	10	5%
Wasteful Practice	10	5%
Violate State/Fed Rules	9	5%

Not Enough Information Provided	9	5%
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As explained in the background section, we classify tips as high, medium, or low. As shown in the table below, most cases are classified as low priority.

**Exhibit 3: Most Tips Represented Low Or Medium Priorities<sup>2</sup>**

Priority Level	Tips Reported	Percent
High	9	5%
Medium	23	14%
Low	133	81%

The following exhibit provides information about cases that we closed since our last semiannual whistleblower hotline activity report. The reason for the closure is noted. A summary of the result is included for tips that were substantiated.

**Exhibit 4: Seven Tips Were Substantiated And Nineteen Were Referred**

Case #	Primary Type of Allegation	Priority	Result
22	Payroll	High	<b>Unsubstantiated:</b> Per Investigation
27	Payroll	High	<b>Unsubstantiated:</b> Per Investigation
37	Falsify Records	Low	<b>Unsubstantiated:</b> Per Investigation
85	Time Abuse	Low	<b>Unsubstantiated:</b> Per Investigation
			<b>Substantiated &amp; Referred:</b> We received a complaint alleging that a local business had moved into the area that had not obtained the required City permits and was creating both a hazards and a nuisance. We referred the issue to the Community Development Department which confirmed that the business was not in compliance. The department subsequently worked with the business to reach compliance and safe operation.
86	Violate State/Fed Rules	Low	
89	Abuse of Position or Authority	Medium	<b>Referred To Department</b>
95	Abuse of Position or Authority	Medium	<b>Unsubstantiated:</b> No Investigation Warranted
98	Violate Policy	Low	<b>Unsubstantiated</b>
103	Improper Controls	Medium	<b>Unsubstantiated:</b> Per Investigation

<sup>2</sup> Excludes test cases and canceled cases.

			<b>Substantiated &amp; Referred:</b> We received a complaint that the City's Animal Care Center did not have adequate segregation of duties creating risk of misappropriation. During our investigation we found 1) Inadequate cash handling controls, 2) Inadequate segregation of duties, 3) Cash box was \$20 short, 4) frequent deviations from the City's approved fee schedule, and 4) Need for more frequent reconciliation processes. Our findings and recommendations were shared with the Department Director for corrective action.
104	Improper Controls	Medium	
106	Abuse of Position or Authority	Low	<b>Referred To Department</b>
			<b>Substantiated:</b> We received a complaint of improper timekeeping by a Fire Battalion Chief. We worked with both Labor Relations the Office of Public Safety and Accountability to investigate the matter. During our investigation, we confirmed that the Battalion Chief was accounting for time improperly. However, the timekeeping practice in question appeared to have been approved by superiors. The improper practice has been halted and will no longer be allowed in the future.
107	Payroll	High	
108	Abuse of Position or Authority	Low	<b>Unsubstantiated</b>
110	Unrelated to the City	Low	<b>Unsubstantiated: No Investigation Warranted</b>
111	Information Request	Low	<b>Referred To Department</b>
112	Hiring Irregularities	Low	<b>Referred To Department</b>
113	Misuse City Property	Low	<b>Referred To Department</b>
114	Violate State/Fed Rules	Low	<b>Referred To Department</b>
115	Not Enough Information Provided	Canceled	<b>Canceled</b>
116	City Repair information/311	Low	<b>Referred To Department</b>
117	Unrelated to the City	Low	<b>Referred To Outside entity</b>
118	Violate State/Fed Rules	Low	<b>Unsubstantiated: Per Investigation</b>
120	Violate State/Fed Rules	Low	<b>Unsubstantiated: Per Investigation</b>
121	Employee Relations	Low	<b>Referred To Department</b>
123	Hiring Irregularities	Low	<b>Unsubstantiated: Per Investigation</b>
124	Hiring Irregularities	Low	<b>Unsubstantiated: Per Investigation</b>
126	Not Enough Information Provided	Canceled	<b>Canceled</b>
127	Not Enough Information Provided	Canceled	<b>Canceled</b>
128	Hiring Irregularities	Low	<b>Referred To Department</b>
129	Contested City Charges	Low	<b>Unsubstantiated: No Investigation Warranted</b>
130	Contested City Charges	Low	<b>Referred To Department</b>
131	Contract Issue	Low	<b>Unsubstantiated: No Investigation Warranted</b>
132	Misuse City Property	Low	<b>Unsubstantiated: No Investigation Warranted</b>
133	Harassment	Low	<b>Unsubstantiated: No Investigation Warranted</b>
135	Violate State/Fed Rules	Low	<b>Unsubstantiated: No Investigation Warranted</b>
136	Wasteful Practice	Low	<b>Referred To Department</b>

138	Violate Policy	Low	<b>Unsubstantiated:</b> Per Investigation
140	Violate Policy	Low	<b>Unsubstantiated:</b> No Investigation Warranted
142	Violate Policy	Low	<b>Unsubstantiated:</b> No Investigation Warranted
145	Misuse City Property	Low	<b>Unsubstantiated:</b> Per Investigation
			<b>Substantiated and Referred:</b> We received a complaint that City Paramedics routinely do not complete patient care reports resulting in lost revenue. We reviewed recent reports and confirmed a significant increase in unreimbursed claims. As of January 2014, 420 claims were on hold. As a result, approximately \$168,000 had gone uncollected. In an effort to address the issue, the Fire Department aggressively pursued and obtained necessary information for 329 claims. The Department also held training sessions and issued a directive that outlines the importance of obtaining all necessary information. The nature of the complaint and our analysis was shared with the City Manager's Office and the Fire Department. We will monitor the number of claims on hold as to confirm the behavior has been rectified.
148	Violate Policy	High	
149	Wasteful Practice	Low	<b>Referred To Department</b>
150	Wasteful Practice	Low	<b>Duplicate case</b>
152	Case Cancelled	Cancelled	<b>Canceled</b>
			<b>Substantiated &amp; Referred:</b> We received a complaint that a parking enforcement vehicle had parked in a restricted area. The person submitting the complaint provided photo evidence to support their concern. The complaint and the photo evidence were provided to the Parking Manager for further review and corrective action.
153	Abuse of Position or Authority	Low	
154	Case Cancelled	Cancelled	<b>Canceled</b>
155	Case Cancelled	Cancelled	<b>Canceled</b>
156	City Repair information/311	Low	<b>Canceled</b>
159	Unrelated to the City	Low	<b>Referred To Outside entity</b>
160	Harassment	Low	<b>Referred To Department</b>
163	Watering/311	Low	<b>Referred To Department</b>
			<b>Substantiated:</b> We received an allegation that the CA State Controller's Office is holding "unclaimed property" for the City of Sacramento. We contracted the City's Finance Department and confirmed that City has a process in place for recovering unclaimed property. The Department noted that some records may not belong to the City even though the City is listed as the owner.
164	Wasteful Practice	Low	
165	Unrelated to the City	Low	<b>Unrelated to the City</b>
166	Illegal Dumping/311	Low	<b>Referred To Department</b>



168	Harassment	Low	<b>Unrelated to the City</b>
			<b>Substantiated:</b> We received a complaint of a safety hazard at the Miller Park Boat ramp due to inadequate lighting. This issue has been ongoing for over 3 years and had not been resolved. Based on our investigation, the Harbor Master placed a work order to have electricians repair/replace lamps in any non-functioning lights.
169	Violate Policy	Low	
171	Unrelated to the City	Low	<b>Unrelated to the City</b>
172	Unrelated to the City	Low	<b>Unrelated to the City</b>
174	Case Cancelled	Cancelled	<b>Canceled</b>
177	Harassment	Low	<b>Referred to 311</b>
179	Violate Policy	Low	<b>Referred to 311</b>
184	Misuse City Property	Low	<b>Duplicate Case</b>

Since the initiation of the Whistleblower Hotline, we have closed 152 of the 188 tips (81 percent). Of the 36 cases that are not closed, two were incorporated into planned audits and 34 remain open.

### **Further Consideration**

During the last Activity Report presented to the City Council, the Council committed to revisit the potential expansion of the Auditor’s office to accommodate call volume and workload. As previously mentioned, the reception of the Whistleblower hotline has been positive both internally and in the media. Call volume has increased significantly and therefore has resulted in greater workload. Given the growth of the program, we request the Council consider adding to the City Auditor’s Office 1 FTE that would be dedicated to primarily handle and investigate whistleblower tips. Doing so would help us better manage and respond to whistleblower tips as well as complete our normally scheduled performance audit reports in a more timely manner. Estimated costs for this position would likely be in line with the current Senior Auditor classification which has a salary range of \$58,567 to \$87,851.