

Report #
2019/20-07

City Auditor's Whistleblower Hotline Activity Report: April 2019 – September 2019

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City Auditor



City of
SACRAMENTO
Office of the City Auditor

October 2019



Contents

Whistleblower Hotline Program	4
Contact the City’s Whistleblower Hotline.....	4
The City Auditor’s Independence, Authority, and Responsibility.....	4
Whistleblower Procedures Prioritize High-Risk Allegations	5
Status of Investigations.....	6
The Number of Whistleblower Reports has Remained Steady	6
98 Percent of Allegations have been Processed and Closed	6

Whistleblower Hotline Activity Report

April 2019 - September 2019

Open Cases as of April 1, 2019
21



Cases Received During Period
75



Cases Closed During Period
73

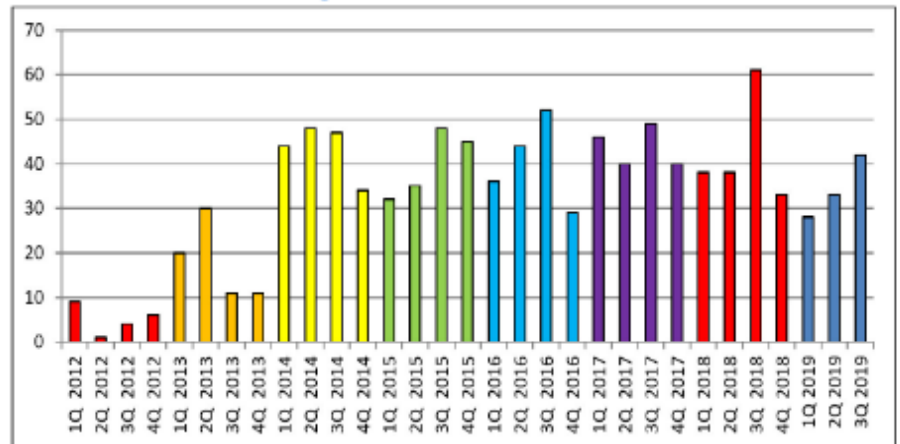


Open Cases as of September 1, 2019
23

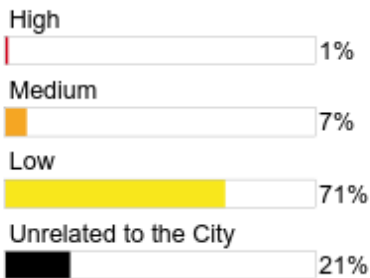
73 Cases Were Closed During the Period

The City of Sacramento's Whistleblower Hotline has received more than 1,100 allegations since 2012 with an estimated benefit of more than \$1.1 million.

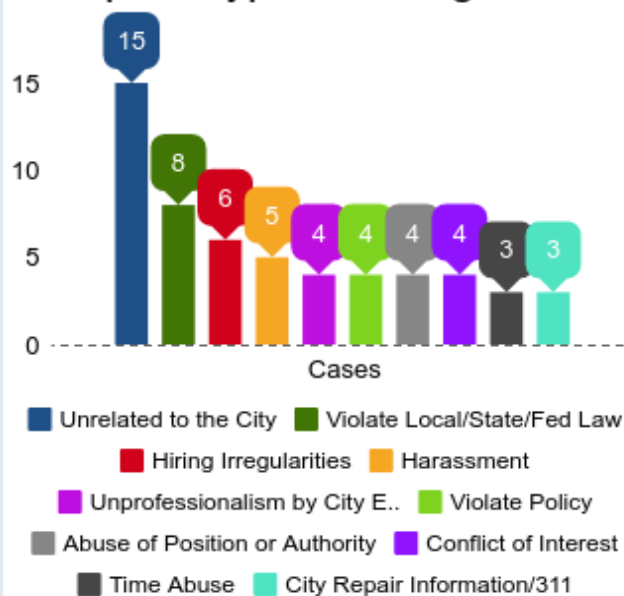
Number of Allegations Received Each Quarter



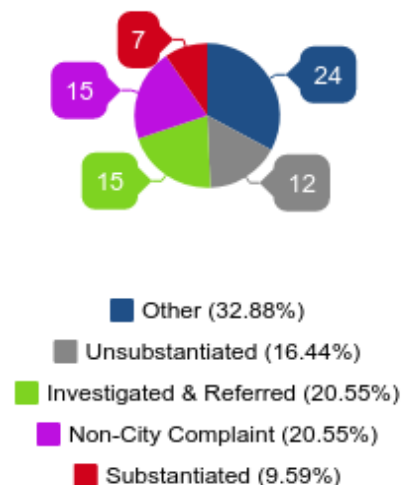
Case Priority



Top 10 Types of Allegations



Disposition of Closed Cases



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 <https://www.reportlineweb.com/cityofsacramento>. Individuals may also submit whistleblower reports directly to any staff member in the Office 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.

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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, loss¹ 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

¹ Loss could entail actual or potential loss of money, waste, or inefficiencies.

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

Unrelated to the City

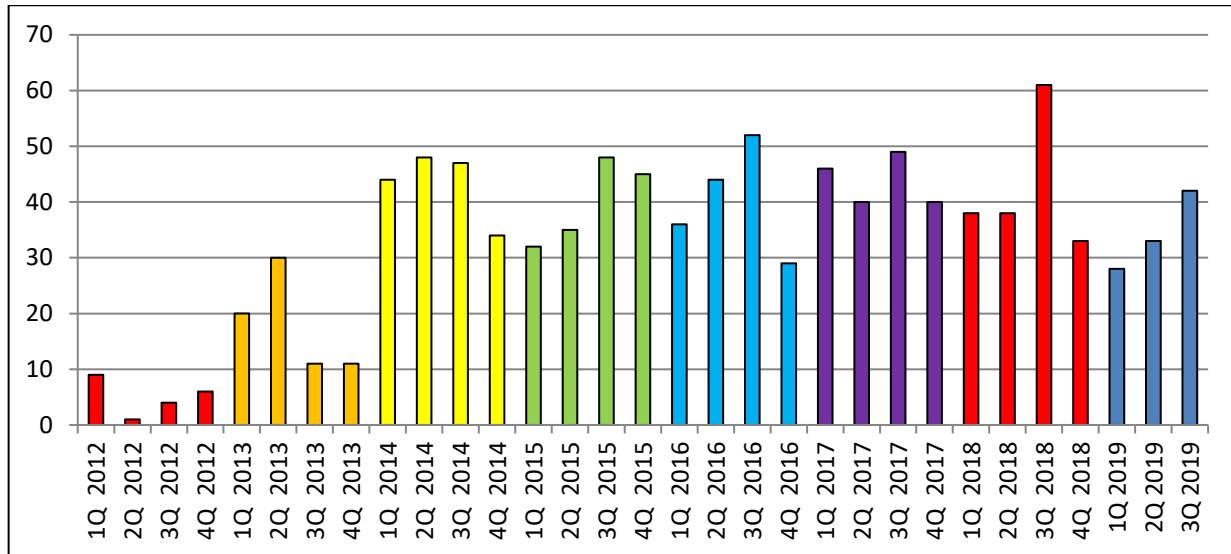
Some allegations received through the Whistleblower Hotline do not involve City of Sacramento agencies or staff. The Office of the City Auditor investigates these allegations for any City involvement. If no City involvement can be determined, those allegations are closed as “unrelated to the City”; some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

Status of Investigations

The Number of Whistleblower Reports has Remained Steady

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 quarter since the program’s inception.

Exhibit 1: Whistleblower Allegations Received Per Quarter



98 Percent of Allegations have been Processed and Closed

As previously noted, the City Council directed the City Auditor in March 2012 to establish a Whistleblower Hotline Program. Since the hotline’s inception, the City Auditor’s Office has received more than 1,100 reports. At the beginning of the April 2019 through September 2019 reporting period, the Auditor’s Office had 21 open cases. During that six-month period, 75 new reports were entered into the hotline, and the Auditor’s Office investigated, processed, and closed 73 cases; 23 cases remained open at the end of the reporting period. Exhibit 2 below provides information on all cases that were

closed during the April 2019 through September 2019 reporting period. A summary of the investigation results is included for substantiated allegations.

Exhibit 2: Seventy-Three Cases Were Closed; Six Allegations Were Substantiated

Case #	Primary Type of Allegation	Priority	Result
722	Theft of goods/services	Medium	Substantiated & Referred: We received a complaint alleging the Fire Department’s inventory of personal protective equipment (PPE) was not being properly tracked. Based on our sample testing, approximately \$21,000 of PPE ordered from one vendor was not entered into the inventory system. We have forwarded our findings and analysis to the Fire Department for further review.
983	City Resources For Other Job	Low	Investigated & Referred: Information Technology Department
992	City Resources For Other Job	Low	DUPLICATE CASE
993	Unprofessionalism by City Employee	Low	Investigated & Referred: Youth, Parks, & Community Enrichment Department
1003	Violate Local/State/Fed Law	Medium	Substantiated & Referred: We received a complaint alleging the Finance Department is collecting the incorrect SB 1186 fee for Business Operation Tax Certificate applications and renewals. Our review found the Finance Department collected the incorrect SB 1186 fee from cannabis businesses since January 1, 2013. We referred the complaint and our findings to the Finance Department for further review.
1006	Abuse of Position or Authority	Low	Substantiated: We received a complaint alleging a former Parking Division employee attempted to use their relationship with City employees to get their parking citations waived. We substantiated that attempts were made, but the citations were ultimately upheld.
1007	Violate Policy	Low	Substantiated & Referred: We received a complaint alleging the enrollment of an ineligible dependent in City-sponsored health plans by a retired employee of the Fire Department. Our investigation found that the retired employee enrolled an ineligible dependent in City-sponsored health plans which resulted the retiree receiving \$27,120 in City contribution that they were not entitled to. We referred the complaint and our findings to the Human Resources Department for further review.
1015	Conflict of Interest	Medium	Not Enough Information Provided
1021	Insufficient action by City	Low	Investigated & Referred: Police Department
1023	Hiring Irregularities	Low	Investigated & Referred: Human Resources Department
1024	Violate Policy	Medium	Substantiated & Referred: We received an allegation that expenditures on some citywide contracts had exceeded their spending limits. We substantiated that expenditures attributed to four citywide contracts had exceeded their "not-to-exceed" amount by a total of \$434,703. We have referred this information to the Finance Department for further review.

1026	Unrelated to the City	Unrelated to the City	Non-City Complaint
1027	Falsify Records	Low	DUPLICATE CASE
1028	Violate Local/State/Fed Law	Low	Investigated & Referred: Outside Entity
1029	Watering/311	Low	Resolved During Investigation
1030	Hiring Irregularities	Low	Investigated & Referred: Human Resources Department
1032	Time Abuse	Low	Unsubstantiated: Per Investigation
1034	Violate Policy	Low	Unsubstantiated: Per Investigation
1035	Unrelated to the City	Unrelated to the City	Non-City Complaint
1036	City Repair Information/311	Low	Investigated & Referred: 311
1037	City Repair Information/311	Low	DUPLICATE CASE
1038	City Repair Information/311	Low	DUPLICATE CASE
1039	Harassment	Low	Investigated & Referred: Office of Public Safety Accountability
1040	Unrelated to the City	Unrelated to the City	Non-City Complaint
1041	Conflict of Interest	Low	Unsubstantiated: Per Investigation
1042	Hiring Irregularities	Low	Informational Referral
1044	Conflict of Interest	Low	Unsubstantiated: Per Investigation
1045	Violate Policy	Low	Substantiated & Referred: We received a complaint that a Department of Utilities employee circumvented inventory controls to make City related purchases. It was substantiated that this incident occurred. Additionally, it appears that this may be a more widespread issue in the Department of Utilities. It appears the department is aware of the issue and is discussing options to maintain internal controls over inventory. We have referred this case to the Department of Utilities for further review.
1046	Harassment	Low	Unsubstantiated: No Investigation Warranted
1047	Abuse of Position or Authority	Low	Resolved Prior To Investigation
1048	Corruption	Low	Not Enough Information Provided
1049	Corruption	Low	Not Enough Information Provided
1050	Corruption	Low	Not Enough Information Provided
1051	Unrelated to the City	Unrelated to the City	Non-City Complaint
1052	Theft of goods/services	Low	Investigated & Referred: Fire Department
1053	Hiring Irregularities	Low	Unsubstantiated: Per Investigation
1054	High Price Purchases	High	Not Enough Information Provided

1055	Unprofessionalism by City Employee	Low	Resolved During Investigation
1056	Harassment	Low	Unsubstantiated: No Investigation Warranted
1057	Hiring Irregularities	Low	Resolved During Investigation
1058	Unrelated to the City	Unrelated to the City	Non-City Complaint
1059	Wasteful Practice	Low	Investigated & Referred: Fire Department
1060	Unrelated to the City	Unrelated to the City	Non-City Complaint
1061	Time Abuse	Low	Investigated & Referred: Fire Department
1062	Wasteful Practice	Low	Unsubstantiated: Not enough information provided
1063	Employee Relations	Low	Informational Referral
1064	Unrelated to the City	Unrelated to the City	Non-City Complaint
1065	Unrelated to the City	Unrelated to the City	Non-City Complaint
1066	Conflict of Interest	Low	DUPLICATE CASE
1067	Unrelated to the City	Unrelated to the City	Non-City Complaint
1069	Unrelated to the City	Unrelated to the City	Non-City Complaint
1070	Unrelated to the City	Unrelated to the City	Non-City Complaint
1072	Harassment	Medium	Informational Referral
1073	Abuse of Position or Authority	Low	Unsubstantiated: No Investigation Warranted
1074	Unrelated to the City	Unrelated to the City	Non-City Complaint
1075	Time Abuse	Low	Unsubstantiated: Per Investigation
1076	Abuse of Position or Authority	Low	DUPLICATE CASE
1077	Unrelated to the City	Unrelated to the City	Non-City Complaint
1078	Violate Local/State/Fed Law	Low	Investigated & Referred: Utilities Department
1079	Harassment	Low	Informational Referral
1080	Unprofessionalism by City Employee	Low	Informational Referral
1081	Unrelated to the City	Unrelated to the City	Non-City Complaint
1085	Violate Local/State/Fed Law	Low	Investigated & Referred: Office of Public Safety Accountability
1087	Violate Local/State/Fed Law	Low	Not Enough Information Provided

1088	Violate Local/State/Fed Law	Low	Investigated & Referred: Office of Public Safety Accountability
1089	Hiring Irregularities	Low	Unsubstantiated: Per Investigation
1090	Violate Local/State/Fed Law	Low	Unsubstantiated: No Investigation Warranted
1091	Illegal Dumping/311	Low	Informational Referral
1092	Unrelated to the City	Unrelated to the City	Non-City Complaint
1095	Misuse of Funds	Low	DUPLICATE CASE
1096	Unprofessionalism by City Employee	Low	Informational Referral
1097	Insufficient action by City	Low	DUPLICATE CASE
1098	Violate Local/State/Fed Law	Low	DUPLICATE CASE