

**Office of the City Auditor  
City of San Diego**

**Fraud Hotline Update  
FY2011 Quarter 4  
(April 2011 – June 2011)**

**Audit Committee, September 12, 2011**



# Hotline Activity

## Fiscal Year 2011 Summary

Category	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total FY11	% of Total	City Auditor	Referred to Dept	Non-City
<b>Fraud</b>	<b>11</b>	<b>5</b>	<b>8</b>	<b>6</b>	<b>30</b>	<b>39%</b>	<b>16</b>	<b>10</b>	<b>4</b>
<b>Non-Fraud</b>	<b>12</b>	<b>11</b>	<b>13</b>	<b>10</b>	<b>46</b>	<b>61%</b>	<b>4</b>	<b>30</b>	<b>12</b>
<b>Total Complaints FY11</b>	<b>23</b>	<b>16</b>	<b>21</b>	<b>16</b>	<b>76</b>	<b>100%</b>	<b>20</b>	<b>40</b>	<b>16</b>

# Hotline Activity

## Fiscal Year 2011 Qtr 4 and Cumulative

<b>Category: Fraud</b>	<b>Qtr 4</b>	<b>Total FY 11</b>	<b>% of Total</b>	<b>City Auditor</b>	<b>Referred to Dept</b>	<b>Non-City</b>
<b>Accounting/Audit Irregularities</b>	<b>2</b>	<b>4</b>	<b>5.3%</b>	<b>4</b>	<b>0</b>	<b>0</b>
<b>Fraud</b>	<b>2</b>	<b>9</b>	<b>11.8%</b>	<b>6</b>	<b>1</b>	<b>2</b>
<b>Fraudulent Insurance Claims</b>	<b>0</b>	<b>1</b>	<b>1.3%</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Theft of Goods/Services</b>	<b>1</b>	<b>6</b>	<b>7.9%</b>	<b>1</b>	<b>3</b>	<b>2</b>
<b>Theft of Time</b>	<b>1</b>	<b>4</b>	<b>5.3%</b>	<b>0</b>	<b>4</b>	<b>0</b>
<b>Waste and Abuse</b>	<b>0</b>	<b>6</b>	<b>7.9%</b>	<b>5</b>	<b>1</b>	<b>0</b>
<b>Subtotal Fraud</b>	<b>6</b>	<b>30</b>	<b>39.5%</b>	<b>16</b>	<b>10</b>	<b>4</b>

# Hotline Activity

## Fiscal Year 2011 Qtr 4 and Cumulative

Category: Non-Fraud	Qtr 4	FY 11 Total	% of Total	City Audit or	Referred to Dept	Non-City
Employee Relations	1	5	6.6%	0	3	2
Customer Relations	4	13	17.1%	1	9	3
Policy Issues	4	17	22.4%	3	11	3
Retaliation of Whistleblowers	0	3	3.9%	0	1	2
Safety Issues and Sanitation	1	3	3.9%	0	2	2
Substance Abuse	0	1	1.3%	0	1	0
Wage/Hour Issues	0	2	2.6%	0	2	0
Workplace Violence/Threats	0	1	1.3%	0	1	0
<b>Subtotal Non-Fraud</b>	<b>10</b>	<b>46</b>	<b>60.5%</b>	<b>4</b>	<b>30</b>	<b>12</b>

# Source of Hotline Complaints

<b>FY</b>	<b>Anonymous</b>		<b>Identified</b>		<b>Total</b>
<b>2009</b>	<b>69</b>	<b>49%</b>	<b>71</b>	<b>51%</b>	<b>140</b>
<b>2010</b>	<b>28</b>	<b>46%</b>	<b>33</b>	<b>54%</b>	<b>61</b>
<b>2011</b>	<b>35</b>	<b>46%</b>	<b>41</b>	<b>54%</b>	<b>76</b>

# Hotline Activity, April 2011 – June 2011 and Open Complaints from Previous Qtr

- As reported, 16 complaints were filed with the Hotline between April 2011 and June 2011. Two complaints received in FY 2011, Qtr 4 did not relate to City Operations, therefore 14 complaints were added to inventory
- In addition, at the end of the previous quarter (3/31/2010), 7 complaints remained open and unresolved for a total of 21 active complaints in inventory during Qtr 4.
- The following table shows the status of these 21 complaints.

# Hotline Activity, April 2011 – June 2011 and Open Complaints from Previous Qtr

Complaint Status	City Auditor	Referred to Dept	Sub-Total	Percent (City Operations Only)
<b>Complaints Unresolved 3/31/2011</b>	<b>6</b>	<b>1</b>	<b>7</b>	
<b>New Complaints Received in 4th Qtr</b>	<b>5</b>	<b>9</b>	<b>14</b>	
<b>Subtotal</b>	<b>11</b>	<b>10</b>	<b>21</b>	
<b>Complaints Closed</b>	<b>-5</b>	<b>-7</b>	<b>-12</b>	
<b>Substantiated/ Corrective Action</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>41.6%</b>
<b>Unsubstantiated</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>58.4%</b>
<b>Complaints Open/Unresolved 6/30/2011</b>	<b>6</b>	<b>3</b>	<b>9</b>	

# Summary of Complaints Substantiated and/or Corrective Action Taken

Incident Type	General Description of Complaint	Outcome / Status
Waste and Abuse 907292434	Allegation of committing funds to projects that are not likely to come to fruition	Included in the Capital Improvement Program Performance Audit Corrective Action Taken
Waste and Abuse 114638660	Allegation relates to employee malfeasance	Complaint found to be Substantiated, Public Report Issued
Customer Relations 115066053	Allegation of poor customer service with regards to replacement of broken refuse container	The Department personally contacted citizen and resolved issue; the Department also issued reminder to all staff involved of the importance of communicating with customers in a thorough and polite manner. Corrective Action Taken
Policy Issues 115132555	Allegation of a business violating residential zoning codes.	Neighborhood Code Compliance conducted and inspection of the property and the determined that the citizen was in violation. A citation and referral to the City Attorney was made. Complaint to be Substantiated
Customer Relations 115086448	Allegation of citizen receiving collections notices after the bill had been paid	Treasurer contacted citizen and resolved issue. Determined that problem occurred when citizen attempted to pay two accounts with one check. Corrective Action Taken

# Hotline Activity, Cumulative FY 2011

<b>FY 2011 Cumulative Statistics</b>	<b>City Auditor</b>	<b>Referred to Dept</b>	<b>FY11 Total</b>	<b>Percent</b>	<b>Not Related to City Operations</b>	<b>Total</b>
<b>Complaints Unresolved 7/1/2010</b>	<b>9</b>	<b>15</b>	<b>24</b>		<b>0</b>	<b>24</b>
<b>Total Complaints Received FY 2011</b>	<b>20</b>	<b>40</b>	<b>60</b>		<b>16</b>	<b>76</b>
<b>Subtotal</b>	<b>29</b>	<b>55</b>	<b>84</b>		<b>16</b>	<b>100</b>
<b>Total Complaints Closed FY 2011</b>	<b>-22</b>	<b>-53</b>	<b>-75</b>		<b>-16</b>	<b>-91</b>
<b>Substantiated /Corrective Action</b>	<b>7</b>	<b>18</b>	<b>25</b>	<b>33%</b>		
<b>Unsubstantiated</b>	<b>15</b>	<b>35</b>	<b>50</b>	<b>67%</b>		
<b>Complaints Referred after preliminary Investigation</b>	<b>-1</b>	<b>1</b>	<b>0</b>			<b>0</b>
<b>Complaints Unresolved 3/31/2010</b>	<b>6</b>	<b>3</b>	<b>9</b>		<b>0</b>	<b>9</b>

# City Auditor Fraud Hotline

## Public Report Issued

- The Office of the City Auditor conducted an investigation of an Environmental Services Department (ESD) employee in response to a Fraud Hotline complaint. The complaint alleged that the employee was paid for services rendered to an outside vendor while on City duty. Our investigation concluded that the allegation was substantiated and a public report was issued during the 4<sup>th</sup> quarter. ESD agreed with the two recommendations that we made in this report.
- The Hotline Report of this investigation, including management's response, can be found on our website at:  
[http://www.sandiego.gov/auditor/reports/fy11\\_pdf/hotline/11-023\\_hotline\\_inv.pdf](http://www.sandiego.gov/auditor/reports/fy11_pdf/hotline/11-023_hotline_inv.pdf)

# Conclusion

Fraud Hotline (866) 809-3500