



## THE CITY OF SAN DIEGO

DATE: March 25, 2014

TO: Jeff Sturak, Deputy Chief Operating Officer  
Internal Operations

FROM: Eduardo Luna, CIA, CGFM, City Auditor  
Office of the City Auditor

SUBJECT: Hotline Investigation of Overtime and Telephone Usage

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The Office of the City Auditor received a Fraud Hotline Complaint that alleged that for over a year an employee has been reporting more overtime on the employee's time card than was actually worked. The caller also stated that in addition to reporting excess overtime hours, the employee does not exclude the lunch period from her regular time.

The complaint also alleged that the employee uses the City phone for personal calls while on paid City time. The complainant included a list of personal calls and a log in which the employees hours in the office were tracked.

The investigation determined that the department uses informal procedures to pre-approve overtime which does not comply with the City's Overtime Compensation Administrative Regulations. The investigation also determined that as many as 160 hours entered on the employee's time card may not have represented actual hours that were worked at a cost to the City of \$8,290. In addition the subject employee admitted making personal calls over 14 months that lasted 14.5 hours at a cost to the City of \$576.

Therefore, based on the findings in the Fraud Hotline Investigation:

1. We recommend that Real Estate Assets initiate an independent Fact-Finding process to complete a formal investigation into the allegation that time card entries may not have represented actual hours that were worked and that excessive personal toll calls were made from a City phone and that the City seek reimbursement for any excessive or unauthorized expenditures.
2. We recommend that Real Estate Assets update and implement Department policies regarding the pre-approval of overtime hours to be in compliance with the requirements set forth in Administration Regulation §95.01 and Personnel Manual Index Code H-4.

This investigation was conducted under the authority of California Government Code § 53087.6 which states:

*§(e) (2) Any investigative audit conducted pursuant to this subdivision shall be kept confidential, except to issue any report of an investigation that has been substantiated, or to release any findings resulting from a completed investigation that are deemed necessary to serve the interests of the public. In any event, the identity of the individual or individuals reporting the improper government activity, and the subject employee or employees shall be kept confidential.*

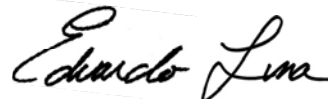
*(3) Notwithstanding paragraph (2), the auditor or controller may provide a copy of a substantiated audit report that includes the identities of the subject employee or employees and other pertinent information concerning the investigation to the appropriate appointing authority for disciplinary purposes. The substantiated audit report, any subsequent investigatory materials or information, and the disposition of any resulting disciplinary proceedings are subject to the confidentiality provisions of applicable local, state, and federal statutes, rules, and regulations.*

***Real Estate Assets Department's Response***

*Staff agrees with the recommendations and has requested that the Human Resources Department take the lead in initiating a Fact-Finding.*

We appreciate all of the assistance we received from the Real Estate Assets Department during our investigation. Thank you.

Respectfully submitted,



Eduardo Luna  
City Auditor

cc: Honorable Mayor Kevin Faulconer  
Honorable Members of the City Council  
Honorable Members of the Audit Committee  
Scott Chadwick, Chief Operating Officer  
Stacey LoMedico, Assistant Chief Operating Officer  
Mary Lewis, Chief Financial Officer  
Judy von Kalinowski, Human Resources Director  
Rolando Charvel, Interim City Comptroller  
Jan Goldsmith, City Attorney  
Andrea Tevlin, Independent Budget Analyst