

Section 8

Fraud Hotline Procedures

In this section of the audit manual, we discuss the City Auditor's policy and procedures for reviewing and reporting on Fraud Hotline referrals.

Overview of the Fraud Hotline Program

Introduction

The Office of the City Auditor has contracted with an independent third-party provider to receive Fraud Hotline calls from City employees and the public at 866-809-3500 providing complete confidentiality. The caller can choose to remain anonymous. The third-party provider also offers online reporting.

Information received from a whistleblower, or Fraud Hotline reporter, is documented in an organized Fraud Hotline report. Reports that are made directly to the Office of the City Auditor in person, by telephone, email, or by written correspondence are also entered into the Case Management System as a Fraud Hotline report.

On a regular basis, the City Auditor will convene a Fraud Hotline Intake and Review Committee to review all Fraud Hotline reports received. A summary of reports that were not in the purview of the Fraud Hotline and investigations to be conducted by the Office of the City Auditor will be provided. The Committee is composed of the following members or designees: (1) City Auditor, (2) Assistant City Auditor, (3) City Auditor's Fraud Investigators, (4) Personnel Director, (5) Human Resources Director, and (6) Chief Compliance Officer.

Fraud Hotline reports to be referred to City departments for investigation and the results of prior investigations will be reviewed in detail by the Fraud Hotline Intake and Review Committee. Fraud Hotline reports to be referred to City departments for investigation include issues such as employee relations not involving management, customer service complaints, policy matters, or labor/management issues that have been made to the Office of the City Auditor either through the Fraud Hotline or by any other means.

Reports received by the Fraud Hotline that allege certain labor/management issues (e.g. discrimination, sexual harassment, substance abuse, and workplace violence/threats) are generally forwarded to the appropriate management function for review with no further action by the City Auditor. The complete facts of each case will determine the disposition, in consultation with HR/Personnel/other relevant agencies, as necessary.

Fraud Hotline Incident Report Dissemination

Upon completion of a Fraud Hotline reporter's call or online report, the independent third-party provider sends a Fraud Hotline report to the City Auditor who makes the determination of how the report will be investigated. At the time of the call, in the instance where the reporter has identified him/herself, the third-party provider shall ask whether the City Auditor may share his/her identity with persons outside of the Office of the City Auditor. A Fraud Investigator will contact the Fraud Hotline reporter to verify if his/her identity may be shared. Identities of Fraud Hotline reporters will not be shared outside of the City Auditor without such permission, in writing, and will comply with the California Government Code §53087.6.

Fraud Hotline report contents shall only be discussed with: management and staff in the City Auditor's Office with a need to know, attorneys and investigators from the City Attorney's Office, Law Enforcement regarding actual or potential referrals for investigation, Fraud Hotline Intake and Review committee members related to the work of the committee, and other individuals as determined by the City Auditor.

Prior and current Fraud Hotline reports and identified risks relevant to performance audits conducted by the Office of the City Auditor will be reported to the audit team as part of the Government Auditing Standards' requirement to consider fraud risks when planning audit procedures.

Incomplete reports will result in a request for more information via the third-party provider's case management system and closed if the necessary details are not provided within 30 days of the last message from the Fraud Hotline reporter, or the initial report date if no subsequent information was provided. If the Fraud Hotline system was not used to make the initial report (such as anonymous notes delivered through interoffice mail) the incomplete Fraud Hotline report will be held open for 30 days.

Reporting

When a significant allegation is substantiated, a public Fraud Hotline Investigation Report will be issued. The City Auditor will determine which allegations are significant, and will exercise discretion regarding the nature, timing, and extent of public reports of substantiated Fraud Hotline investigations.

The City Auditor will maintain the appropriate level of confidentiality regarding all Fraud Hotline information, including the information provided in public reports. In order to protect the confidentiality and integrity of investigations, whistleblowers who provide an allegation will not be given details or updates regarding the investigation except for the information provided in publicly-issued reports.