

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

**Fraud Hotline Update  
FY2013 Quarter 1  
(July 2012 – September 2012)**

**Audit Committee, November 26, 2012**



# Fraud Hotline Complaints Received

## FY 2013 Quarter 1 Summary

	Qtr 1	% of Total
<b>Office of City Auditor Investigations</b>	<b>9</b>	<b>18%</b>
<b>Referred to City Departments for Investigation</b>	<b>7</b>	<b>14%</b>
<b>Total Complaints received in Purview of the Fraud Hotline</b>	<b>16</b>	<b>32%</b>
<b>Complaints Not in Purview of Fraud Hotline- Referred to Proper Authority</b>	<b>34</b>	<b>68%</b>
<b>Total Complaints Received in FY2013 Quarter 1</b>	<b>50</b>	<b>100%</b>

# Hotline Activity, July 2012 – September 2012 and Open Complaints from Previous Qtr

- **Complaints Open/Unresolved 7/01/2012** **24**
- Complaints Received 50
- Complaints Not in Fraud Hotline Purview -34
- New Complaints Requiring Investigation 16
- Active Complaints in 4th Quarter of FY 12 40
- **Complaints closed** **-17**
  - ♦ **1** ( 6%) OCA investigation substantiated allegation
  - ♦ **4** (24%) allegations were unsubstantiated with preventative action taken, 3 from City Auditor recommendations and 1 by the Departments' actions
  - ♦ **12** (70%) complaints were unsubstantiated; 3 by the City Auditor and 9 by the Departments
- **Complaints Open/Unresolved on 9/30/2012** **23**

# Complaint Allegations Substantiated by OCA Investigations

- Complaint #116005801

12/16/12 – 8/21/12

The allegation that the San Diego Convention Center Corporation (SDCCC) misstated the actual hotel-room night totals was found to be substantiated. We found that the Transient Occupancy Tax (TOT) and Total Tax Revenue statistics were based on attendance and spending per attendee averages, as opposed to actual hotel room-night figures. The SDCCC used attendance and spending per attendee averages to forecast and report economic impact statistics and hotel and sales taxes generated by events at the Convention Center. The SDCCC accepted two recommendations to increase accuracy of published statistics.

Public Report Issued 8/21/2012

# Park and Recreation Fraud Risk Assessment

- Complaint #114042861

6/17/2010 – 9/11/2012

In March 2011, the City Auditor issued a report titled, “Hotline Investigation of Misappropriation of City Funds.” The report was issued after a Fraud Hotline investigation substantiated allegations that an employee may have been responsible for missing funds, making false entries into financial records, and concealing or destroying financial records from a recreation center. The missing funds totaled \$100,998.

Pursuant to conditions uncovered in this investigation, the Park and Recreation Director requested that the City Auditor conduct a fraud risk assessment with respect to cash handling practices in the City’s recreation centers.

The Department agreed with seven recommendations and partially agreed to four recommendations made by the OCA to minimize fraud risks with cash handling at City Recreation Centers.

Public Report Issued 9/11/2012

# **Complaint Allegations Unsubstantiated by OCA Investigations but Corrective Action Taken**

- Complaint #116875059

7/26/12 – 8/27/12

An allegation of misuse of Take-Home vehicle was investigated and found to be unsubstantiated; the Department initiated actions with the Take-Home vehicle prior to the commencement of the investigation.

- Complaint # 116235836

2/18/12 – 9/28/12

An allegation of City funds being wasted on an unnecessary IT Project was investigated and found that the Department changed consultants, completed the project, and revised project planning procedures. These actions were planned and ongoing prior to the commencement of the investigation.

## **Complaint Allegations Unsubstantiated by Department Investigations Resulting in Preventative or Corrective Actions**

- Complaint #116714303                      6/15/12/12 – 9/28/12/12  
An allegation of ethnic imbalance with interview panel(s) was investigated by the Department and although the allegation was found to be unsubstantiated the Department took action to revise interview panel staffing procedures to ensure that future panels were ethnically balanced.

# Fraud Hotline Transparency

- In order to maintain the highest level of transparency while adhering to the confidentiality requirements of §53087.6 we will begin to report the status on all complaints that are determined to be in the purview of the Fraud Hotline. The City Auditor has determined that it is in the public interest to receive information regarding all complaints that are investigated by the City Auditor or by the Departments under the aegis of the Intake and Review Committee.
- The City Auditor will continue to create—and make public—reports for all complaints that have been substantiated. In addition, the City Auditor will provide summaries on all complaints received that are in the purview of the City's Fraud, Waste, and Abuse Hotline.
- FY13 Qtr 1 Report includes summaries of 17 OCA investigations and Table 4 includes summaries of 23 Department investigations conducted under the jurisdiction of § 53087.6



# Conclusion

Fraud Hotline (866) 809-3500