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# CITY AUDITOR'S QUARTERLY FRAUD HOTLINE REPORT

*Fiscal Year 2018*

*Quarter 2*

Office of the City  
Auditor

City of San Diego



## About the Fraud Hotline:

The Office of the City Auditor administers the City's Fraud Hotline program. The primary objective of the Fraud Hotline is to provide a means for a City employee or resident to confidentially report any activity or conduct—related to or involving City personnel, resources, or operations—for which he or she suspects instances of fraud, waste, or abuse.

The City's Fraud, Waste, and Abuse Hotline is operated pursuant to California Government Code §53087.6. The Statute defines fraud, waste, or abuse as "any activity by a local agency or employee that is undertaken in the performance of the employee's official duties, including activities deemed to be outside the scope of his or her employment, that is in violation of any local, state, or federal law or regulation relating to corruption, malfeasance, bribery, theft of government property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse of government property, or willful omission to perform duty, is economically wasteful, or involves gross misconduct."

The statute also requires that investigations conducted pursuant to its authority be 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.

NAVEX, an independent third-party provider, accepts calls from City employees and the public at (866) 809-3500 or online at [www.sandiego.gov/fraudhotline](http://www.sandiego.gov/fraudhotline). Callers can choose to remain anonymous and all information provided via the Hotline will remain confidential. NAVEX prepares a report for each complaint received and sends them to the Office of the City Auditor via email. Complaints can also be submitted directly to the Office of the City Auditor, or online by following a link labeled "Fraud, Waste, and Abuse Hotline" on the City Auditor's home page.



## THE CITY OF SAN DIEGO

DATE: January 18, 2018  
TO: Honorable Members of the Audit Committee  
FROM: Eduardo Luna, City Auditor  
SUBJECT: City Auditor's Quarterly Fraud Hotline Report – Fiscal Year 2018 Quarter 2

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### Complaints Received in the Second Quarter of Fiscal Year 2018

During the second quarter of Fiscal Year 2018 (October – December 2017), we received 71 Fraud Hotline complaints. We investigated six new complaints and presented 47 complaints to the Intake and Review Committee to be referred to City Departments for investigation and resolution. We found that 18 complaints were not in the purview of the Fraud Hotline and were closed. **Table 1** below summarizes the types of complaints received during Fiscal Year 2018.



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PHONE 619 533-3165 • FAX 619 533-3036

**TO REPORT FRAUD, WASTE, OR ABUSE, CALL OUR FRAUD HOTLINE: (866) 809-3500**



**Table 1:**

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**Complaints Received in Fiscal Year 2018**

<b>City Auditor Investigations</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Total FY 18</b>
Fraud	3	1	4
Waste and Abuse	7	4	11
Theft of Time	0	1	1
<b>Subtotal OCA Investigations</b>	<b>10</b>	<b>6</b>	<b>16</b>
<b>City Department Investigations</b>			
Customer Relations	1	0	1
Employee Relations	5	8	13
Fraud	0	6	6
Miscellaneous	2	1	3
Safety and Sanitation	2	4	6
Theft of Goods	1	1	2
Theft of Time	6	8	14
Waste and Abuse	18	19	37
<b>Subtotal Department Investigations</b>	<b>35</b>	<b>47</b>	<b>82</b>
<b>Total Complaints Received In Purview of Fraud Hotline</b>	<b>45</b>	<b>53</b>	<b>98</b>
Direct Referrals, Non-City Complaints or Complaints Not in Purview of Fraud Hotline	10	18	28
<b>Total Complaints Received in FY 18</b>	<b>55</b>	<b>71</b>	<b>126</b>

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### Status of Hotline Complaints

As reported, 71 complaints were filed with the Hotline between October 1, 2017 and December 31, 2017. It was determined that 18 of these complaints were not in the purview of the Fraud Hotline, leaving 53 complaints that were added to the inventory.

In addition to the receipt of 53 new complaints for investigation, 52 City-related complaints remained open and unresolved at the end of the previous quarter, resulting in an active inventory of 105 complaints during the second quarter of Fiscal Year 2018. **Table 2**, below, summarizes the status of Fraud Hotline complaints for the second quarter of Fiscal Year 2018.

Of the 105 active complaints in our inventory, 47 remain open and unresolved, and 58 were closed. Two City Auditor investigations were found to be substantiated, one resulted in corrective action, and four were unsubstantiated or were otherwise resolved. The allegations made in eight Department investigations were found to be substantiated, 11 were closed with corrective action, and 32 were unsubstantiated or were otherwise resolved.

Note that Fraud Hotline complaint 126182390 was preliminarily listed as a Department investigation in the prior Quarterly report, but the category was changed to not in the purview of the Fraud Hotline after a review by the Fraud Hotline Intake and Review Committee which took place during this quarter. That case is included in the "other" category of Department investigations in the table below.

**Table 2:**

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### Status of Fraud Hotline Complaints

Complaint Status	City Auditor Investigations	Referred to Dept.	Total City-Related	Not in Hotline's Purview	Total
Unresolved on 10/1/17	17	35	52	0	52
Received in 2 <sup>nd</sup> Quarter	6	47	53	18	71
Subtotal – Active Inventory	23	82	105	18	123
Complaints Closed	-7	-51	-58	-18	-76
Substantiated	-2	-8	-10	-0	-10
Corrective Action	-1	-11	-12	-0	-12
Unsubstantiated/other	-4	-32	-36	-18	-54
Unresolved on 12/31/17	16	31	47	0	47

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**Table 3** summarizes the status of the 23 active City Auditor Fraud Hotline investigations during the second quarter of Fiscal Year 2018, including the incident type, complaint number, date the complaint was received, a general description of the complaint, case status, and the final resolution.

## Status of City Auditor Hotline Investigations

No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
	<b>Allegation/Outcome</b>					
1	Abuse	125413607	Received	5/4/17	Substantiated	12/28/17
	<p>An allegation that a vendor for the City's two general aviation airports has been using water from City hydrants without paying for several years was investigated and found to be substantiated. We made four recommendations to hold the vendor accountable, update City's policy, recover costs, and include payment for water use in the new contract. City management agreed to implement all four recommendations.</p> <p>The report was issued and later revised because our initial estimate of the potential costs of the water used may have been overstated due to a calculation error. The revised report removed the dollar estimate of the unpaid water costs.</p> <p>As originally recommended, the Public Utilities Department, in consultation with the Office of the City Attorney, will determine if the costs of water used should be recovered from the vendor, and take the appropriate action. The amounts recovered, if any, will be included in a future Audit Recommendation Follow-up Report.</p> <p>Our revised public report, issued on January 9, 2018, can be found at:</p> <p><a href="http://www.sandiego.gov/sites/default/files/18-014_fraud_hotline_investigation_of_water_theft.pdf">www.sandiego.gov/sites/default/files/18-014_fraud_hotline_investigation_of_water_theft.pdf</a></p>					
2	Fraud	126134838	Received	9/14/17	Substantiated	12/4/17
	<p>An allegation that a staff report related to a \$14 million contract authorization did not disclose materially important information to the City Council was investigated and substantiated. We made six recommendations to improve disclosures in staff reports, verify the information in the current staff report, and improve internal controls regarding vendor payments. City management agreed with all six recommendations and emphasized that the deficiencies in the staff report were not intentional.</p> <p>A public report was issued on December 4, 2017, and can be found at:</p> <p><a href="http://www.sandiego.gov/sites/default/files/hotline_investigation_of_an_information_technology_contract.pdf">www.sandiego.gov/sites/default/files/hotline_investigation_of_an_information_technology_contract.pdf</a></p>					

No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
<b>Allegation/Outcome</b>						
3	Fraud	124381731	Received	10/26/16	Corrective Action	12/22/17
	<p>An allegation that the Transportation and Storm Water Department's Transportation Alternatives Program was lacking internal controls, especially over cash handling and the reconciliation of records, was investigated and resulted in corrective action. We identified significant internal control weaknesses that resulted in overpayments to a vendor, unreconciled cash collections, and contracting deficiencies. We made 12 recommendations, and management agreed to implement all of them.</p> <p>A public report was issued on December 22, 2017, and can be found at:  <a href="http://www.sandiego.gov/sites/default/files/18-013_waste_in_tap.pdf">www.sandiego.gov/sites/default/files/18-013_waste_in_tap.pdf</a></p>					
4	Fraud	124581926	Received	12/2/16	Unsubstantiated	11/22/17
	An allegation regarding poor purchase and inventory controls related to City equipment was investigated and found to be unsubstantiated.					
5	Abuse	125608281	Received	6/9/17	Unsubstantiated	12/20/17
	An allegation regarding management override of internal controls, and the San Diego Municipal Code, related to a purchase order was investigated and found to be unsubstantiated.					
6	Abuse	126050075	Received	8/29/17	Unsubstantiated	12/19/17
	An allegation regarding abuse and violations of environmental testing standards was investigated and found to be unsubstantiated.					
7	Theft of Time	126442943	Received	11/8/17	Unsubstantiated	12/28/17
	An allegation regarding theft of time related to Jury Duty service was investigated and found to be unsubstantiated.					
8	Fraud	124779537	Received	1/9/17	Open/Unresolved	
	Allegation regarding private businesses conducting recreation activities without permits, insurance, or background checks.					
9	Fraud	125106322	Received	3/9/17	Open/Unresolved	
	Allegation regarding fraud involving a City agency.					
10	Fraud	125248496	Received	4/5/17	Open/Unresolved	
	Allegation regarding possible theft of funds from a City facility.					
11	Abuse	125512239	Received	5/23/17	Open/Unresolved	
	Allegation regarding abuse of discretion, policy violations, and waste at a City Department.					
12	Fraud	125610382	Received	6/11/17	Open/Unresolved	
	Allegation regarding fraudulent contract and billing practices.					
13	Abuse	125750480	Received	7/6/17	Open/Unresolved	
	Allegation regarding abuse of discretion in Purchase Requisition approvals.					
14	Fraud	125847009	Received	7/24/17	Open/Unresolved	
	Allegation regarding potential fraud in Jury Duty payments for City employees.					

No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
<b>Allegation/Outcome</b>						
15	Abuse	125907674	Received	8/3/17	Open/Unresolved	
	Allegation regarding abuse of authority related to workplace monitoring.					
16	Abuse	125939634	Received	8/9/17	Open/Unresolved	
	Allegation regarding a City vendor that does not have a valid contractor's license.					
17	Abuse	126197651	Received	9/25/17	Open/Unresolved	
	Allegation regarding abuse of discretion related to contract awards.					
18	Fraud	126205519	Received	9/27/17	Open/Unresolved	
	Allegation regarding fraud related to contracts with City vendors.					
19	Abuse	126265359	Received	10/6/17	Open/Unresolved	
	Allegation regarding Public Records Act violations.					
20	Waste	126265623	Received	10/6/17	Open/Unresolved	
	Allegation regarding waste related to uncollected fees for shared maintenance costs.					
21	Waste	126298451	Received	10/13/17	Open/Unresolved	
	Allegation regarding waste related to trash service being provided to short-term rental properties and Transient Occupancy Tax not being assessed.					
22	Waste	126368156	Received	10/27/17	Open/Unresolved	
	Allegation regarding waste related to the hiring of an executive at a City agency.					
23	Fraud	126473594	Received	11/14/17	Open/Unresolved	
	Allegation regarding attempted theft, inappropriate language, and unprofessional behavior in the workplace.					

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## City Department Investigations Summary

The City Auditor, through the Intake and Review Committee, reviews the final resolution of complaints investigated by the departments to ensure that the department has taken the proper actions to resolve the complaint. A complaint whose allegations cannot be substantiated can still result in the department taking corrective, proactive, or preventative measures to reinforce a policy or procedure, improve internal controls, or to improve City operations.

**Table 4** below summarizes the status of the 82 active Fraud Hotline investigations conducted by the Departments during the second quarter of Fiscal Year 2018, including the incident type, a general description of the complaint, and the case status.

**Table 4:**

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### Status of Department-Investigated Fraud Hotline Complaints

No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
<b>Allegation/Outcome</b>						
1	Employee Relations	125018544	Received	2/22/17	Substantiated	10/18/17
	An allegation regarding rude behavior by an employee was investigated and found to be substantiated. The department took the appropriate corrective action with respect to the identified employee.					
2	Theft of Time	125109559	Received	3/10/17	Substantiated	12/13/17
	An allegation regarding theft of time was investigated and substantiated. The department took the appropriate corrective action with respect to the identified employees and increased oversight activities.					
3	Employee Relations	125568779	Received	6/2/17	Substantiated	11/1/17
	An allegation regarding an abusive manager was investigated and substantiated. The department took the appropriate corrective action with respect to the identified employee.					
4	Abuse	125665853	Received	6/21/17	Substantiated	10/4/17
	An allegation regarding a supervisor who does not perform their duties as required was investigated and substantiated. The identified supervisor was returned to normal duties once staffing issues were resolved.					
5	Employee Relations	125698653	Received	6/27/17	Substantiated	10/18/17
	An allegation regarding a workplace conflict was investigated and substantiated. Appropriate corrective action was taken with respect to an employee.					
6	Waste	125973159	Received	8/17/17	Substantiated	10/18/17
	An allegation of waste related to the disposal of recyclable materials by a private waste hauler was investigated by the Environmental Services Department's Franchise Administrator and found to be substantiated. The equipment in question was repaired and private waste hauler's drivers were reminded about proper procedures.					

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No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
<b>Allegation/Outcome</b>						
7	Theft of Time	126030248	Received	8/25/17	Substantiated	10/18/17
	An allegation regarding theft of time related to excessive personal email and Internet use was investigated and found to be substantiated. The Department took the appropriate corrective action with respect to the identified employee.					
8	Theft of Time	126230452	Received	10/1/17	Substantiated	10/18/17
	An allegation regarding theft of time related to an employee completing college coursework on City time was investigated and found to be substantiated. Due to confusion regarding the City's policy, supervisors were reminded of the City's Administrative Regulation 70.30, which states that City time may not be used to complete coursework.					
9	Employee Relations	125073988	Received	3/3/17	Corrective Action	12/27/17
	An allegation regarding favoritism and inappropriate comments in the workplace was investigated and resulted in corrective action. Although the original allegations could not be substantiated, the Department took appropriate corrective action with respect to City staff and volunteers.					
10	Customer Relations	125403493	Received	5/3/17	Corrective Action	12/13/17
	An allegation regarding an apparent threat to take adverse action regarding a permit due to a conflict with a DSD customer was investigated. Although the reported conduct could not be substantiated, the Department took corrective action to provide additional training to staff regarding customer service, City policy, and relevant state and federal laws.					
11	Abuse	125721724	Received	6/30/17	Corrective Action	11/15/17
	An allegation regarding inappropriate product endorsements on the City's website was investigated and resulted in corrective action. The hyperlinks to for-profit resources that were not part of the City's Corporate Partnerships and Development Program were removed from the City's website.					
12	Safety and Sanitation	126009549	Received	8/22/17	Corrective Action	10/18/17
	An allegation regarding building code violations was investigated and resulted in corrective action. The Development Services Department issued an Administrative Citation Warning and is assuring compliance.					
13	Abuse	126137577	Received	9/14/17	Corrective Action	12/27/17
	An allegation regarding a new position with duties that were not consistent with the City's approved job descriptions was investigated and resulted in corrective action. The job duties were revised and a new position announcement was sent.					
14	Abuse	126226435	Received	9/29/17	Corrective Action	12/27/17
	An allegation regarding City employees parking illegally and smoking in City vehicles was investigated. Although the conduct could not be confirmed, City staff were reminded of the City policies and laws regarding parking and smoking in City vehicles.					
15	Safety and Sanitation	126247007	Received	10/4/17	Corrective Action	11/1/17
	A concern regarding safety and sanitation in a neighborhood alley was investigated and resulted in corrective action. Due to public health concerns, the reported area was scheduled for cleaning, and was cleaned.					
16	Employee Relations	126317155	Received	10/17/17	Corrective Action	11/29/17
	An allegation regarding abuse by a supervisor was investigated and resulted in corrective action. The Department took the appropriate corrective action with respect to the supervisor.					

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No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
<b>Allegation/Outcome</b>						
17	Employee Relations	126328292	Received	10/18/17	Corrective Action	11/29/17
	An allegation regarding inappropriate communication regarding payroll deadlines was investigated and resulted in corrective action. A new bi-weekly meeting with management and payroll staff was created to strengthen communication and resolve payroll issues.					
18	Employee Relations	126332790	Received	10/19/17	Corrective Action	12/27/17
	An allegation regarding an employee who was unfairly sent home due to inappropriate attire was investigated and resulted in corrective action. The Department took the appropriate corrective action with respect to the supervisor.					
19	Miscellaneous	126467076	Received	11/12/17	Corrective Action	11/29/17
	An allegation regarding several street lights that were burned out on a City block and reported in early 2016 was referred to the Transportation and Storm Water Department's Street Division and the lights were repaired.					
20	Abuse	125695429	Received	6/26/17	Unsubstantiated	12/13/17
	An allegation regarding abusive workplace monitoring was investigated and found to be unsubstantiated.					
21	Waste	125869764	Received	7/28/17	Unsubstantiated	10/18/17
	An allegation of waste related to uncollected water and sewer fees was investigated and found to be unsubstantiated.					
22	Theft of Time	125991035	Received	8/18/17	Unsubstantiated	11/1/17
	An allegation of theft of time by several City employees was investigated and found to be unsubstantiated.					
23	Miscellaneous	125991282	Received	8/18/17	Unsubstantiated	11/1/17
	An allegation that City employees are improperly parking in handicapped spaces was investigated and found to be unsubstantiated.					
24	Theft of Time	126028261	Received	8/24/17	Unsubstantiated	11/1/17
	An allegation regarding theft of time by a City employee shopping on City time was investigated and found to be unsubstantiated.					
25	Waste	126038931	Received	8/27/17	Unsubstantiated	10/4/17
	An allegation regarding wasteful expenditures was investigated and found to be unsubstantiated.					
26	Waste	126056461	Received	8/30/17	Unsubstantiated	10/4/17
	An allegation of waste regarding the requirement that all City employees complete Sexual Harassment Prevention Training designed for supervisors was investigated and determined to be unsubstantiated. State law requires the training for supervisors and "leads." Temporary assignments, transfers, and rotations may mean that the training requirement would be triggered. According to City management, it is more efficient and generally beneficial to train all employees.					
27	Abuse	126084732	Received	9/5/17	Unsubstantiated	12/27/17
	An allegation regarding favoritism and abuse by City management was investigated and found to be unsubstantiated.					
28	Theft of Goods/Services	126141348	Received	9/15/17	Unsubstantiated	11/1/17
	An allegation regarding theft of City property was investigated and found to be unsubstantiated.					

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No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
<b>Allegation/Outcome</b>						
29	Theft of Time	126144728	Received	9/15/17	Unsubstantiated	11/15/17
	An allegation regarding theft of time by a manager was investigated and found to be unsubstantiated.					
30	Abuse	126173766	Received	9/21/17	Unsubstantiated	11/1/17
	An allegation regarding abuse in a hiring process was investigated and found to be unsubstantiated.					
31	Safety and Sanitation	126181528	Received	9/22/17	Unsubstantiated	11/1/17
	An allegation regarding a business operating without proper occupancy permits was investigated and found to be unsubstantiated.					
32	Abuse	126195910	Received	9/25/17	Unsubstantiated	11/15/17
	An allegation regarding abuse and nepotism in hiring was investigated and found to be unsubstantiated.					
33	Waste	126264421	Received	10/6/17	Unsubstantiated	11/1/17
	An allegation regarding waste related to unnecessary travel for training unrelated to job duties was investigated and found to be unsubstantiated.					
34	Fraud	126269490	Received	10/8/17	Unsubstantiated	11/29/17
	An allegation regarding fraud related to water billing was investigated and found to be unsubstantiated.					
35	Theft of Time	126272306	Received	10/9/17	Unsubstantiated	11/15/17
	An allegation regarding theft of time and falsified time records by an employee was investigated and found to be unsubstantiated.					
36	Fraud	126294891	Received	10/12/17	Unsubstantiated	12/13/17
	An allegation regarding fraudulent workers' compensation claims was investigated and found to be unsubstantiated.					
37	Theft of Time	126295034	Received	10/12/17	Unsubstantiated	11/1/17
	An allegation regarding theft of time was investigated and found to be unsubstantiated.					
38	Abuse	126294766	Received	10/12/17	Unsubstantiated	11/1/17
	An allegation regarding hiring abuse was investigated and found to be unsubstantiated.					
39	Employee Relations	126294091	Received	10/12/17	Unsubstantiated	12/27/17
	An allegation regarding employee relations and retaliation from management was investigated and found to be unsubstantiated.					
40	Theft of Time	126342463	Received	10/20/17	Unsubstantiated	12/13/17
	An allegation regarding theft of time was investigated and determined to be unsubstantiated.					
41	Abuse	126370456	Received	10/26/17	Unsubstantiated	12/27/17
	An allegation regarding abuse in two hiring processes was investigated and found to be unsubstantiated.					
42	Waste	126380286	Received	10/27/17	Unsubstantiated	11/29/17
	An allegation regarding overpayments to a City employee was investigated and found to be unsubstantiated.					

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No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
<b>Allegation/Outcome</b>						
43	Fraud	126497762	Received	11/19/17	Unsubstantiated	12/27/17
	An allegation regarding an improper contract award and conflict of interest was investigated and determined to be unsubstantiated.					
44	Waste	126051416	Received	8/29/17	No Further Action Necessary	10/4/17
	An allegation regarding waste related to the DROP program and under-performing employees did not contain sufficient details. No response to a request for more information was received within 30 days of the report, so the case was closed with no further action necessary.					
45	Employee Relations	126059373	Received	8/30/17	No Further Action Necessary	10/4/17
	An allegation regarding unfair treatment and retaliation by management related to a past report and investigation required the written permission of the complainant in order to investigate. No response was received regarding our request in more than 30 days, so the case was closed with no further action necessary.					
46	Waste	126062137	Received	8/31/17	No Further Action Necessary	10/4/17
	An allegation regarding waste of time by a manager was investigated. Based on the Department's investigation, no further action appears to be necessary.					
47	Abuse	126274351	Received	10/9/17	No Further Action Necessary	11/29/17
	An allegation regarding abuse by management did not contain sufficient information to investigate. No response to additional questions was provided via the Fraud Hotline reporting system within 30 days so the case was closed.					
48	Abuse	126390900	Received	10/30/17	No Further Action Necessary	11/29/17
	An allegation regarding abuse of authority related to City employees was investigated and a satisfactory response was provided to the Fraud Hotline Intake and Review Committee. No further action is necessary.					
49	Abuse	126410459	Received	11/2/17	No Further Action Necessary	12/13/17
	An allegation regarding speeding City vehicles did not contain sufficient details to investigate and there was no response to our request for more information within 30 days, so the case was closed.					
50	Fraud	126479317	Received	11/15/17	No Further Action Necessary	12/13/17
	An allegation regarding the unauthorized use of a credit card did not include sufficient details to permit an investigation. Questions were submitted to the anonymous complainant via the Fraud Hotline reporting system. No response was received within 30 days, and the case was closed.					
51	Employee Relations	126182390	Received	9/22/17	No Further Action Necessary	10/4/17
	An allegation regarding conflicting approvals related to leave time was determined to be outside the purview of the Fraud Hotline.					

No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
<b>Allegation/Outcome</b>						
52	Waste	126493729	Received	11/17/17	Open/Unresolved	
	Allegation regarding waste of City resources related to park maintenance costs and property damage by a City employee.					
53	Abuse	125381454	Received	4/28/17	Open/Unresolved	
	Allegation that a City employee lacked necessary safety training to perform assigned job duties.					
54	Abuse	125767868	Received	7/10/17	Open/Unresolved	
	Allegation of abuse related to a department's report.					
55	Abuse	125826472	Received	7/20/17	Open/Unresolved	
	Allegation of abuse of discretion, poor hygiene, overtime abuse, and poor information security.					
56	Waste	126030237	Received	8/25/17	Open/Unresolved	
	Allegation of waste related to sending excess undeliverable mail.					
57	Miscellaneous	126076120	Received	9/2/17	Open/Unresolved	
	Allegation regarding a permit violation.					
58	Waste	126329151	Received	10/18/17	Open/Unresolved	
	Allegation regarding a City vehicle parking briefly, yet frequently, in a vacant lot and apparently wasting City time.					
59	Abuse	126335633	Received	10/19/17	Open/Unresolved	
	Allegation regarding abuse and unethical behavior related to a hiring process.					
60	Employee Relations	126361560	Received	10/25/17	Open/Unresolved	
	Allegation regarding an inappropriate personal relationship between an employee and supervisor.					
61	Employee Relations	126373197	Received	10/26/17	Open/Unresolved	
	Allegation regarding the inappropriate discussion of personal matters in the workplace.					
62	Employee Relations	126367968	Received	10/26/17	Open/Unresolved	
	Allegation regarding abuse by a supervisor.					
63	Abuse	126382004	Received	10/28/17	Open/Unresolved	
	Allegation regarding abuse of authority related to supervisors receiving special pay without meeting the requirements.					
64	Fraud	126411613	Received	11/2/17	Open/Unresolved	
	Allegation regarding theft of time.					
65	Abuse	126418441	Received	11/3/17	Open/Unresolved	
	Allegation regarding a supervisor who is not performing required duties.					
66	Abuse	126426200	Received	11/6/17	Open/Unresolved	
	Allegation regarding discrimination in a hiring process.					

No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
<b>Allegation/Outcome</b>						
67	Theft of Goods/Services	126427365	Received	11/6/17	Open/Unresolved	
	Allegation regarding theft of City property.					
68	Theft of Time	126432363	Received	11/7/17	Open/Unresolved	
	Allegation regarding a City employee parking at a restaurant for extensive time periods on a daily basis.					
69	Abuse	126464740	Received	11/13/17	Open/Unresolved	
	Allegation regarding City vendors parking illegally in disabled parking spaces.					
70	Theft of Time	126472880	Received	11/14/17	Open/Unresolved	
	Allegation of theft of time.					
71	Employee Relations	126500069	Received	11/20/17	Open/Unresolved	
	Allegation regarding an unfair Fact Finding investigation process.					
72	Safety and Sanitation	126511759	Received	11/21/17	Open/Unresolved	
	Allegation regarding illegal dumping resulting in safety and sanitation concerns.					
73	Theft of Time	126535227	Received	11/28/17	Open/Unresolved	
	Allegation regarding theft of time and use of City resources to run a private business.					
74	Theft of Time	126558452	Received	12/1/17	Open/Unresolved	
	Allegation regarding theft of time by a supervisor.					
75	Abuse	126570916	Received	12/5/17	Open/Unresolved	
	Allegation regarding abuse of authority by City management.					
76	Safety and Sanitation	126594288	Received	12/8/17	Open/Unresolved	
	Allegation of illegal dumping of toxic fluids into a City storm drain.					
77	Safety and Sanitation	126604600	Received	12/11/17	Open/Unresolved	
	Allegation regarding a workplace safety concern.					
78	Abuse	126611200	Received	12/12/17	Open/Unresolved	
	Allegation regarding abuse of leave time.					
79	Fraud	126614575	Received	12/12/17	Open/Unresolved	
	Allegation of potential fraud related to utility bill payments.					
80	Abuse	126614523	Received	12/12/17	Open/Unresolved	
	Allegation of abuse of call-back pay.					
81	Abuse	126644035	Received	12/18/17	Open/Unresolved	
	Allegation of unfair hiring and inappropriate favoritism.					
82	Abuse	126670430	Received	12/22/17	Open/Unresolved	
	Allegation regarding abuse of discretion and a lack of transparency regarding a public monument.					

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## Not in Purview Complaints Summary

**Table 5**, below, summarizes the results of the 18 Fraud Hotline complaints that were received during the second quarter of Fiscal Year 2018, but were determined to be not within the purview of the Fraud Hotline and were closed.

Table 5:

## Status of Not in Purview Fraud Hotline Reports

No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
	<b>Allegation/Outcome</b>					
1	Miscellaneous	126298082	Received	10/12/17	No Further Action Necessary	10/13/17
	An allegation regarding a non-City employee was referred to the appropriate agency and closed.					
2	Employee Relations	126338544	Received	10/20/17	No Further Action Necessary	10/20/17
	Duplicate complaint, see 126332790.					
3	Fraud	126340107	Received	10/20/17	No Further Action Necessary	10/20/17
	An allegation regarding a fraudulent solicitation was referred to the appropriate agencies and closed.					
4	Fraud	126344131	Received	10/21/17	No Further Action Necessary	10/23/17
	A complaint regarding a non-City employer was closed as not in purview of the City's Fraud Hotline.					
5	Abuse	126397512	Received	10/31/17	No Further Action Necessary	12/13/17
	An allegation regarding non-City employees issuing parking tickets without posted regulations or processes was referred to the City Treasurer. The allegation was determined to be not within the purview of the City's Parking Administration Program to investigate.					
6	Fraud	126449688	Received	11/9/17	No Further Action Necessary	11/13/17
	An allegation of fraud related to a non-City employee was referred to the appropriate agency and closed.					
7	Employee Relations	126473673	Received	11/14/17	No Further Action Necessary	11/15/17
	Duplicate complaint.					
8	Abuse	126486349	Received	11/16/17	No Further Action Necessary	12/13/17
	An allegation regarding disparate billing practices for utility services for various private and public customers was based on speculation. The Fraud Hotline Intake and Review Committee determined that no investigation is necessary based on the information provided.					



No.	Incident Type	Complaint #	Received	Date	Status/Outcome	Date
<b>Allegation/Outcome</b>						
9	Fraud	126510603	Received	11/21/17	No Further Action Necessary	11/21/17
	An allegation regarding a non-City employee was reviewed and determined not to be within the purview of the Fraud Hotline. The complainant was referred to local law enforcement.					
10	Abuse	126505408	Received	11/21/17	No Further Action Necessary	11/21/17
	An allegation regarding a non-City employee was reviewed and determined not to be within the purview of the Fraud Hotline. The complainant was referred to local law enforcement.					
11	Fraud	126545314	Received	11/29/17	No Further Action Necessary	12/1/17
	An allegation regarding an IRS phone call scam was referred to the Treasury Inspector General for Tax Administration.					
12	Miscellaneous	126557425	Received	12/1/17	No Further Action Necessary	12/1/17
	An allegation regarding a private business was not in the purview of the Fraud Hotline and was closed.					
13	Fraud	126557741	Received	12/1/17	No Further Action Necessary	12/1/17
	An allegation regarding a private business was not in the purview of the Fraud Hotline and was referred to the appropriate agency.					
14	Waste	126576649	Received	12/5/17	No Further Action Necessary	12/5/17
	An allegation regarding a non-City agency was referred to the appropriate entity for investigation.					
15	Employee Relations	126614009	Received	12/12/17	No Further Action Necessary	12/13/17
	An allegation of an unfair personnel action was not in the purview of the Fraud Hotline. Existing appeal options are available to the complainant.					
16	Fraud	126658715	Received	12/20/17	No Further Action Necessary	12/21/17
	An allegation regarding mail theft was referred to the United States Postal Inspection Service and closed.					
17	Miscellaneous	126674606	Received	12/26/17	No Further Action Necessary	12/26/17
	An allegation regarding speculation about a potential future fraud that did not involve City employees or operations was closed.					
18	Miscellaneous	126696842	Received	12/30/17	No Further Action Necessary	12/30/17
	An allegation regarding a private employer was not in the purview of the Fraud Hotline, so the case was closed.					

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## Conclusion

The Office of the City Auditor is dedicated to ensuring that all reported claims of fraud, waste, and abuse related to City operations are investigated and properly resolved.

In Fiscal Year 2018, we have applied approximately 933 hours administering the Fraud Hotline, coordinating Intake and Review Committee activities, and investigating Fraud Hotline complaints.

I will be prepared to discuss this report at the next available Audit Committee meeting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Eduardo Luna". The signature is fluid and cursive, with the first name "Eduardo" and last name "Luna" clearly distinguishable.

Eduardo Luna  
City Auditor

cc:     Honorable Mayor Kevin Faulconer  
         Honorable Members of the City Council  
         Mara Elliott, City Attorney  
         Scott Chadwick, Chief Operating Officer  
         Stacey LoMedico, Assistant Chief Operating Officer  
         Andrea Tevlin, Independent Budget Analyst