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# CITY AUDITOR'S QUARTERLY FRAUD HOTLINE REPORT

*Fiscal Year 2018*

*Quarter 3*

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 notification. 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.

Note that on March 21, 2018, the Fraud Hotline software platform was updated. As a result, the Fraud Hotline report numbering system will be in a different format from that date forward.



## THE CITY OF SAN DIEGO

DATE: April 16, 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 3

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

During the third quarter of Fiscal Year 2018 (January – March 2018), we received 47 Fraud Hotline complaints. We investigated eight new complaints and presented 24 complaints to the Intake and Review Committee to be referred to City Departments for investigation and resolution. We found that 15 complaints were not in the purview of the Fraud Hotline and were closed. **Table 1** on the following page summarizes the types of complaints received during Fiscal Year 2018.



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*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>Qtr 3</b> | <b>Total FY 18</b> |
|-------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------------|
| Fraud                                                                               | 3            | 1            | 3            | 7                  |
| Waste and Abuse                                                                     | 7            | 4            | 4            | 15                 |
| Theft of Time                                                                       | 0            | 1            | 0            | 1                  |
| Customer Relations                                                                  | 0            | 0            | 1            | 1                  |
| <b>Subtotal OCA Investigations</b>                                                  | <b>10</b>    | <b>6</b>     | <b>8</b>     | <b>24</b>          |
| <b>City Department Investigations</b>                                               |              |              |              |                    |
| Conflict of Interest                                                                | 0            | 0            | 1            | 1                  |
| Customer Relations                                                                  | 1            | 0            | 1            | 2                  |
| Discrimination                                                                      | 0            | 0            | 1            | 1                  |
| Employee Relations                                                                  | 5            | 8            | 4            | 17                 |
| Fraud                                                                               | 0            | 6            | 0            | 6                  |
| Miscellaneous                                                                       | 2            | 1            | 2            | 5                  |
| Safety and Sanitation                                                               | 2            | 4            | 2            | 8                  |
| Theft of Goods                                                                      | 1            | 1            | 0            | 2                  |
| Theft of Time                                                                       | 6            | 8            | 1            | 15                 |
| Waste and Abuse                                                                     | 18           | 19           | 12           | 49                 |
| <b>Subtotal Department Investigations</b>                                           | <b>35</b>    | <b>47</b>    | <b>24</b>    | <b>106</b>         |
| <b>Total Complaints Received In Purview of Fraud Hotline</b>                        | <b>45</b>    | <b>53</b>    | <b>32</b>    | <b>130</b>         |
| Direct Referrals, Non-City Complaints or Complaints Not in Purview of Fraud Hotline | 10           | 18           | 15           | 43                 |
| <b>Total Complaints Received in FY 18</b>                                           | <b>55</b>    | <b>71</b>    | <b>47</b>    | <b>173</b>         |

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### Status of Hotline Complaints

As reported, 47 complaints were filed with the Hotline between January 1, 2018 and March 31, 2018. It was determined that 15 of these complaints were not in the purview of the Fraud Hotline, leaving 32 complaints that were added to the inventory.

In addition to the receipt of 32 new complaints for investigation, 46 City-related complaints remained open and unresolved at the end of the previous quarter, resulting in an active inventory of 78 complaints during the third quarter of Fiscal Year 2018. **Table 2**, below, summarizes the status of Fraud Hotline complaints for the third quarter of Fiscal Year 2018.

Of the 78 active complaints in our inventory, 42 remain open and unresolved, and 36 were closed. Two City Auditor investigations were found to be substantiated, one resulted in corrective action, and one was found to be unsubstantiated. The allegations made in four Department investigations were found to be substantiated, nine were closed with corrective action, and 19 were unsubstantiated or were otherwise resolved.

**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 1/1/18                | 16                          | 30                | 46                 | 0                        | 46    |
| Received in 3 <sup>rd</sup> Quarter | 8                           | 24                | 32                 | 15                       | 47    |
| Subtotal – Active Inventory         | 24                          | 54                | 78                 | 15                       | 93    |
| Complaints Closed                   | -4                          | -32               | -36                | -15                      | -51   |
| Substantiated                       | -2                          | -4                | -6                 | -0                       | -6    |
| Corrective Action                   | -1                          | -9                | -10                | -0                       | -10   |
| Unsubstantiated/other               | -1                          | -19               | -20                | -15                      | -35   |
| Unresolved on 3/31/18               | 20                          | 22                | 42                 | 0                        | 42    |

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### City Auditor Investigations Summary

**Table 3** summarizes the status of the 24 active City Auditor Fraud Hotline investigations during the third 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 date.

**Table 3:**

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#### Status of City Auditor Hotline Investigations

| No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Incident Type | Complaint # | Received | Date   | Status/Outcome | Date    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|----------|--------|----------------|---------|
| 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Fraud         | 124779537   | Received | 1/9/17 | Substantiated  | 3/29/18 |
| <p>During the course of our <a href="#">Hotline Investigation of Recreation Activity Permit Calculation Errors and Abuse</a>, we identified potential non-compliance with legal requirements and City policies related to City youth sports league referee background checks. In general, there are Citywide procedures to require individuals to complete background checks prior to working with children. However, we determined that the Parks and Recreation Department does not perform criminal background checks for a City-sponsored youth sport’s referees. The Department’s rationale was that since the service provider was not supervising children or patrons, and would not be left alone with them, criminal background checks were not required. Our investigation did not learn of any allegations that any of the recreation service providers engaged in any misconduct related to interactions with children. We made one recommendation that the Parks and Recreation Department require City youth sports league referees to operate under contracts that include background checks for all staff, and insurance coverage. Management agreed to implement the recommendation.</p> <p>A public report was issued on March 29, 2018, and can be found at:<br/> <a href="http://www.sandiego.gov/sites/default/files/18-017_hotline_city_youth_sports_league_refereeb_background_checks.pdf">www.sandiego.gov/sites/default/files/18-017_hotline_city_youth_sports_league_refereeb_background_checks.pdf</a></p> |               |             |          |        |                |         |

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| No. | Incident Type                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Complaint # | Received | Date     | Status/Outcome    | Date    |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------|----------|-------------------|---------|
| 2   | Fraud                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 126473594   | Received | 11/14/17 | Substantiated     | 2/6/18  |
|     | <p>An allegation regarding attempted theft, inappropriate language, and unprofessional behavior in the workplace was investigated. Our investigation determined that the allegation of attempted theft of City-provided clothing was substantiated. Furthermore, our investigation determined that four supervisors were aware of the incidents, but none of them took any official action to investigate the incident and the verbal abuse that followed. Although the dollar amount of the attempted theft is not substantial, the unethical conduct by the six Public Utilities Department (PUD) employees, and the management response, are concerning. We made one recommendation that the PUD conduct an independent investigation to determine if City policies were violated and take the appropriate corrective action with respect to the identified City employees and supervisors. Management agreed to implement the recommendation.</p> <p>A public report was issued on February 6, 2018, and can be found at:<br/> <a href="http://www.sandiego.gov/sites/default/files/18-016_hotline_investigation_of_attempted_theft_of_city-provided_clothing.pdf">www.sandiego.gov/sites/default/files/18-016_hotline_investigation_of_attempted_theft_of_city-provided_clothing.pdf</a></p> |             |          |          |                   |         |
| 3   | Abuse                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 125907674   | Received | 8/3/17   | Corrective Action | 3/29/18 |
|     | <p>An allegation regarding abuse of authority related to workplace email monitoring was investigated and resulted in corrective action. Our review of requests for email data identified three cases where City procedures were not followed. Retroactive approval forms were obtained and a reminder was sent to staff regarding the requirement that request forms be submitted and approved prior to conducting email searches.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |             |          |          |                   |         |
| 4   | Fraud                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 125248496   | Received | 4/5/17   | Unsubstantiated   | 1/16/18 |
|     | <p>An allegation regarding possible theft of funds from a City facility was investigated and found to be unsubstantiated.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |             |          |          |                   |         |
| 5   | Fraud                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 125106322   | Received | 3/9/17   | Open/Unresolved   |         |
|     | <p>Allegation regarding fraud involving a City agency.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |             |          |          |                   |         |
| 6   | Abuse                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 125512239   | Received | 5/23/17  | Open/Unresolved   |         |
|     | <p>Allegation regarding abuse of discretion, policy violations, and waste at a City Department.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |             |          |          |                   |         |
| 7   | Fraud                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 125610382   | Received | 6/11/17  | Open/Unresolved   |         |
|     | <p>Allegation regarding fraudulent contract and billing practices.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |             |          |          |                   |         |
| 8   | Abuse                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 125750480   | Received | 7/6/17   | Open/Unresolved   |         |
|     | <p>Allegation regarding abuse of discretion in Purchase Requisition approvals.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |             |          |          |                   |         |
| 9   | Fraud                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 125847009   | Received | 7/24/17  | Open/Unresolved   |         |
|     | <p>Allegation regarding potential fraud in Jury Duty payments for City employees.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |             |          |          |                   |         |

| No. | Incident Type                                                                                                                                      | Complaint # | Received | Date     | Status/Outcome  | Date |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------|----------|-----------------|------|
|     | <b>Allegation/Outcome</b>                                                                                                                          |             |          |          |                 |      |
| 10  | Abuse                                                                                                                                              | 125939634   | Received | 8/9/17   | Open/Unresolved |      |
|     | Allegation regarding a City vendor that does not have a valid contractor's license.                                                                |             |          |          |                 |      |
| 11  | Abuse                                                                                                                                              | 126197651   | Received | 9/25/17  | Open/Unresolved |      |
|     | Allegation regarding abuse of discretion related to contract awards.                                                                               |             |          |          |                 |      |
| 12  | Fraud                                                                                                                                              | 126205519   | Received | 9/27/17  | Open/Unresolved |      |
|     | Allegation regarding fraud related to contracts with City vendors.                                                                                 |             |          |          |                 |      |
| 13  | Waste                                                                                                                                              | 126265623   | Received | 10/6/17  | Open/Unresolved |      |
|     | Allegation regarding waste related to uncollected fees for shared maintenance costs.                                                               |             |          |          |                 |      |
| 14  | Abuse                                                                                                                                              | 126265359   | Received | 10/6/17  | Open/Unresolved |      |
|     | Allegation regarding Public Records Act violations.                                                                                                |             |          |          |                 |      |
| 15  | 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. |             |          |          |                 |      |
| 16  | Waste                                                                                                                                              | 126368156   | Received | 10/27/17 | Open/Unresolved |      |
|     | Allegation regarding waste related to the hiring of an executive at a City agency.                                                                 |             |          |          |                 |      |
| 17  | Abuse                                                                                                                                              | 126706644   | Received | 1/2/18   | Open/Unresolved |      |
|     | Allegation regarding abuse of authority and poor internal controls at a City agency.                                                               |             |          |          |                 |      |
| 18  | Fraud                                                                                                                                              | 126718901   | Received | 1/4/18   | Open/Unresolved |      |
|     | Allegation of waste and fraud related to unnecessary construction work.                                                                            |             |          |          |                 |      |
| 19  | Abuse                                                                                                                                              | 126876169   | Received | 2/3/18   | Open/Unresolved |      |
|     | Allegation regarding abuse related to improper water billing and excessive charges.                                                                |             |          |          |                 |      |
| 20  | Fraud                                                                                                                                              | 126877325   | Received | 2/4/18   | Open/Unresolved |      |
|     | Allegation regarding fraudulent use of City data for personal profit.                                                                              |             |          |          |                 |      |
| 21  | Abuse                                                                                                                                              | 126896337   | Received | 2/7/18   | Open/Unresolved |      |
|     | Allegation regarding inadequate inventory reviews.                                                                                                 |             |          |          |                 |      |
| 22  | Fraud                                                                                                                                              | 126968248   | Received | 2/21/18  | Open/Unresolved |      |
|     | Allegation regarding fraudulent use of City equipment for personal benefit.                                                                        |             |          |          |                 |      |



| No. | Incident Type                                                             | Complaint # | Received | Date    | Status/Outcome  | Date |
|-----|---------------------------------------------------------------------------|-------------|----------|---------|-----------------|------|
| 23  | Customer Relations                                                        | 126999254   | Received | 2/27/18 | Open/Unresolved |      |
|     | Allegation regarding an inaccurate bill for services never received.      |             |          |         |                 |      |
| 24  | Abuse                                                                     | 127009078   | Received | 2/28/18 | Open/Unresolved |      |
|     | Allegation regarding retaliation related to a prior Fraud Hotline report. |             |          |         |                 |      |

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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 54 active Fraud Hotline investigations conducted by the Departments during the third 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    |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------|----------|-------------------|---------|
| 1   | Abuse                                                                                                                                                                                                                                                | 125381454   | Received | 4/28/17  | Substantiated     | 1/10/18 |
|     | An allegation that a City employee lacked necessary safety training to perform assigned job duties as required by the City Department's procedures was investigated and substantiated. The employee was subsequently provided with the training.     |             |          |          |                   |         |
| 2   | Fraud                                                                                                                                                                                                                                                | 126411613   | Received | 11/2/17  | Substantiated     | 1/24/18 |
|     | An allegation regarding theft of time was investigated and substantiated. The Department took the appropriate corrective action with respect to the identified employee.                                                                             |             |          |          |                   |         |
| 3   | Theft of Time                                                                                                                                                                                                                                        | 126472880   | Received | 11/14/17 | Substantiated     | 2/7/18  |
|     | An allegation of theft of time was investigated and found to be substantiated. The Department took the appropriate corrective action with respect to the identified employee.                                                                        |             |          |          |                   |         |
| 4   | Safety and Sanitation                                                                                                                                                                                                                                | 126927037   | Received | 2/13/18  | Substantiated     | 3/21/18 |
|     | An allegation that a City employee was driving a City vehicle on the highway while using a hand-held cell phone was investigated and substantiated. The Department took the appropriate corrective action with respect to the identified employee.   |             |          |          |                   |         |
| 5   | Abuse                                                                                                                                                                                                                                                | 125826472   | Received | 7/20/17  | Corrective Action | 1/10/18 |
|     | An allegation of abuse of discretion, poor hygiene, overtime abuse, and poor information security was investigated and resulted in corrective action. The Department took the appropriate corrective action with respect to the identified employee. |             |          |          |                   |         |

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| No. | Incident Type                                                                                                                                                                                                                                                           | Complaint # | Received | Date     | Status/Outcome    | Date    |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------|----------|-------------------|---------|
| 6   | Waste                                                                                                                                                                                                                                                                   | 126030237   | Received | 8/25/17  | Corrective Action | 1/24/18 |
|     | An allegation of waste related to sending excess undeliverable mail was investigated and resulted in corrective action. The Department added review steps to ensure the accuracy and completeness of mail address information.                                          |             |          |          |                   |         |
| 7   | Waste                                                                                                                                                                                                                                                                   | 126329151   | Received | 10/18/17 | Corrective Action | 2/7/18  |
|     | An allegation regarding a City vehicle parking briefly, yet frequently, in a vacant lot and apparently wasting City time was investigated and resulted in corrective action. The subject employee was advised not to use the vacant lot for designated break periods.   |             |          |          |                   |         |
| 8   | Employee Relations                                                                                                                                                                                                                                                      | 126367968   | Received | 10/26/17 | Corrective Action | 3/21/18 |
|     | 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 identified supervisor.                                                                      |             |          |          |                   |         |
| 9   | Abuse                                                                                                                                                                                                                                                                   | 126418441   | Received | 11/3/17  | Corrective Action | 1/24/18 |
|     | An allegation regarding a supervisor who was not performing required duties was investigated and resulted in corrective action to modify the supervisor's job duties.                                                                                                   |             |          |          |                   |         |
| 10  | Abuse                                                                                                                                                                                                                                                                   | 126464740   | Received | 11/13/17 | Corrective Action | 1/10/18 |
|     | An allegation regarding City vendors parking illegally in disabled parking spaces was investigated and resulted in corrective action. The vendor was reminded to park in a way that does not hinder access to disabled parking spaces.                                  |             |          |          |                   |         |
| 11  | Theft of Time                                                                                                                                                                                                                                                           | 126558452   | Received | 12/1/17  | Corrective Action | 1/24/18 |
|     | An allegation regarding theft of time by a supervisor was investigated and resulted in corrective action. The department took the appropriate corrective action with respect to the identified supervisor.                                                              |             |          |          |                   |         |
| 12  | Safety and Sanitation                                                                                                                                                                                                                                                   | 126604600   | Received | 12/11/17 | Corrective Action | 2/21/18 |
|     | An allegation regarding a workplace safety concern was incidentally addressed when the affected employees changed work sites as planned.                                                                                                                                |             |          |          |                   |         |
| 13  | Fraud                                                                                                                                                                                                                                                                   | 126614575   | Received | 12/12/17 | Corrective Action | 1/24/18 |
|     | An allegation of potential fraud related to online utility bill payment processing was investigated and resulted in corrective action. The Department will add an additional requirement for users to correctly enter information twice to minimize inadvertent errors. |             |          |          |                   |         |

| No. | Incident Type                                                                                                                                                              | Complaint # | Received | Date     | Status/Outcome  | Date    |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------|----------|-----------------|---------|
|     | <b>Allegation/Outcome</b>                                                                                                                                                  |             |          |          |                 |         |
| 14  | Employee Relations                                                                                                                                                         | 126361560   | Received | 10/25/17 | Unsubstantiated | 2/21/18 |
|     | An allegation regarding an inappropriate personal relationship between an employee and supervisor was investigated and found to be unsubstantiated.                        |             |          |          |                 |         |
| 15  | Employee Relations                                                                                                                                                         | 126373197   | Received | 10/26/17 | Unsubstantiated | 1/24/18 |
|     | An allegation regarding the inappropriate discussion of personal matters in the workplace was investigated and found to be unsubstantiated.                                |             |          |          |                 |         |
| 16  | Abuse                                                                                                                                                                      | 126382004   | Received | 10/28/17 | Unsubstantiated | 1/24/18 |
|     | An allegation regarding abuse of authority related to supervisors receiving special pay without meeting the requirements was investigated and found to be unsubstantiated. |             |          |          |                 |         |
| 17  | Abuse                                                                                                                                                                      | 126426200   | Received | 11/6/17  | Unsubstantiated | 1/24/18 |
|     | An allegation regarding discrimination in a hiring process was investigated and found to be unsubstantiated.                                                               |             |          |          |                 |         |
| 18  | Theft of Goods/Services                                                                                                                                                    | 126427365   | Received | 11/6/17  | Unsubstantiated | 2/21/18 |
|     | An allegation regarding theft of City property was investigated and found to be unsubstantiated.                                                                           |             |          |          |                 |         |
| 19  | Waste                                                                                                                                                                      | 126493729   | Received | 11/17/17 | Unsubstantiated | 2/21/18 |
|     | An allegation regarding waste of City resources related to park maintenance costs and property damage by a City employee was investigated and found to be unsubstantiated. |             |          |          |                 |         |
| 20  | Safety and Sanitation                                                                                                                                                      | 126511759   | Received | 11/21/17 | Unsubstantiated | 1/10/18 |
|     | An allegation regarding illegal dumping resulting in safety and sanitation concerns was investigated and found to be unsubstantiated.                                      |             |          |          |                 |         |
| 21  | Abuse                                                                                                                                                                      | 126570916   | Received | 12/5/17  | Unsubstantiated | 3/21/18 |
|     | An allegation regarding abuse of authority by City management was investigated and found to be unsubstantiated.                                                            |             |          |          |                 |         |
| 22  | Abuse                                                                                                                                                                      | 126611200   | Received | 12/12/17 | Unsubstantiated | 2/7/18  |
|     | An allegation regarding abuse of leave time was investigated and found to be unsubstantiated.                                                                              |             |          |          |                 |         |

| No. | Incident Type                                                                                                                                                                                                                                          | Complaint # | Received | Date     | Status/Outcome              | Date    |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------|----------|-----------------------------|---------|
| 23  | Abuse                                                                                                                                                                                                                                                  | 126644035   | Received | 12/18/17 | Unsubstantiated             | 2/21/18 |
|     | An allegation of unfair hiring and inappropriate favoritism was investigated and found to be unsubstantiated.                                                                                                                                          |             |          |          |                             |         |
| 24  | Abuse                                                                                                                                                                                                                                                  | 126735978   | Received | 1/8/18   | Unsubstantiated             | 2/7/18  |
|     | An allegation of abuse of authority by a manager was investigated and found to be unsubstantiated.                                                                                                                                                     |             |          |          |                             |         |
| 25  | Employee Relations                                                                                                                                                                                                                                     | 126873735   | Received | 2/2/18   | Unsubstantiated             | 3/21/18 |
|     | An allegation regarding an unfair employment action was investigated and found to be unsubstantiated.                                                                                                                                                  |             |          |          |                             |         |
| 26  | Employee Relations                                                                                                                                                                                                                                     | 126500069   | Received | 11/20/17 | No Further Action Necessary | 1/24/18 |
|     | An allegation regarding an unfair Fact Finding investigation process was reviewed and the Fraud Hotline Intake and Review Committee determined that no further action is necessary. The complaint should be addressed through existing City processes. |             |          |          |                             |         |
| 27  | Safety and Sanitation                                                                                                                                                                                                                                  | 126594288   | Received | 12/8/17  | No Further Action Necessary | 1/24/18 |
|     | An allegation of illegal dumping of toxic fluids into a City storm drain did not contain sufficient information to permit an investigation. No response to a request for additional information was received.                                          |             |          |          |                             |         |
| 28  | Abuse                                                                                                                                                                                                                                                  | 126670430   | Received | 12/22/17 | No Further Action Necessary | 1/16/18 |
|     | An allegation regarding abuse of discretion and a lack of transparency regarding a public monument was referred to the appropriate department and closed with no further action necessary.                                                             |             |          |          |                             |         |
| 29  | Waste                                                                                                                                                                                                                                                  | 126743549   | Received | 1/9/18   | No Further Action Necessary | 3/21/18 |
|     | An allegation of waste and abuse related to a City program's administration was reviewed and the Fraud Hotline Intake and Review Committee determined that no further action is necessary.                                                             |             |          |          |                             |         |
| 30  | Safety and Sanitation                                                                                                                                                                                                                                  | 126791501   | Received | 1/18/18  | No Further Action Necessary | 2/21/18 |
|     | An allegation of harmful health effects caused by scented devices was investigated and previously addressed at the department level. No further action is necessary.                                                                                   |             |          |          |                             |         |

| No. | Incident Type                                                                                                                                                                                                  | Complaint # | Received | Date     | Status/Outcome              | Date    |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------|----------|-----------------------------|---------|
|     | <b>Allegation/Outcome</b>                                                                                                                                                                                      |             |          |          |                             |         |
| 31  | Employee Relations                                                                                                                                                                                             | 126819667   | Received | 1/24/18  | No Further Action Necessary | 2/7/18  |
|     | An allegation regarding poor employee relations was closed with no further action necessary.                                                                                                                   |             |          |          |                             |         |
| 32  | Miscellaneous                                                                                                                                                                                                  | 127108603   | Received | 3/20/18  | No Further Action Necessary | 3/21/18 |
|     | An allegation regarding fears of retaliation related to a department fact finding investigation was reviewed and the Fraud Hotline Intake and Review Committee determined that no further action is necessary. |             |          |          |                             |         |
| 33  | Miscellaneous                                                                                                                                                                                                  | 126076120   | Received | 9/2/17   | Open/Unresolved             |         |
|     | Allegation regarding a permit violation.                                                                                                                                                                       |             |          |          |                             |         |
| 34  | Abuse                                                                                                                                                                                                          | 126335633   | Received | 10/19/17 | Open/Unresolved             |         |
|     | Allegation regarding abuse and unethical behavior related to a hiring process.                                                                                                                                 |             |          |          |                             |         |
| 35  | 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.                                                                                                      |             |          |          |                             |         |
| 36  | 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.                                                                                                                        |             |          |          |                             |         |
| 37  | Abuse                                                                                                                                                                                                          | 126614523   | Received | 12/12/17 | Open/Unresolved             |         |
|     | Allegation of abuse of call-back pay.                                                                                                                                                                          |             |          |          |                             |         |
| 38  | Employee Relations                                                                                                                                                                                             | 126793938   | Received | 1/19/18  | Open/Unresolved             |         |
|     | Allegation of harassment and retaliation by a supervisor.                                                                                                                                                      |             |          |          |                             |         |
| 39  | Waste                                                                                                                                                                                                          | 126805383   | Received | 1/22/18  | Open/Unresolved             |         |
|     | Allegation regarding waste and financial mismanagement related to a planned relocation.                                                                                                                        |             |          |          |                             |         |
| 40  | Abuse                                                                                                                                                                                                          | 126835999   | Received | 1/26/18  | Open/Unresolved             |         |
|     | Allegation regarding inappropriate comments in the workplace.                                                                                                                                                  |             |          |          |                             |         |
| 41  | Theft of Time                                                                                                                                                                                                  | 126910773   | Received | 2/9/18   | Open/Unresolved             |         |
|     | Allegation regarding theft of time.                                                                                                                                                                            |             |          |          |                             |         |

| No. | Incident Type                                                                                 | Complaint #  | Received | Date    | Status/Outcome  | Date |
|-----|-----------------------------------------------------------------------------------------------|--------------|----------|---------|-----------------|------|
|     | <b>Allegation/Outcome</b>                                                                     |              |          |         |                 |      |
| 42  | Employee Relations                                                                            | 126921143    | Received | 2/12/18 | Open/Unresolved |      |
|     | Allegation regarding an abusive manager.                                                      |              |          |         |                 |      |
| 43  | Abuse                                                                                         | 126933017    | Received | 2/14/18 | Open/Unresolved |      |
|     | Allegation regarding inappropriate access to City facilities and data by a non-City employee. |              |          |         |                 |      |
| 44  | Miscellaneous                                                                                 | 126970968    | Received | 2/21/18 | Open/Unresolved |      |
|     | Allegation regarding an employee parking illegally in handicapped parking spaces.             |              |          |         |                 |      |
| 45  | Abuse                                                                                         | 126976778    | Received | 2/22/18 | Open/Unresolved |      |
|     | Allegation regarding an unfair hiring process.                                                |              |          |         |                 |      |
| 46  | Abuse                                                                                         | 126983171    | Received | 2/23/18 | Open/Unresolved |      |
|     | Allegation regarding an unfair community planning group election process.                     |              |          |         |                 |      |
| 47  | Abuse                                                                                         | 126982030    | Received | 2/23/18 | Open/Unresolved |      |
|     | Allegation regarding inappropriate comments in the workplace.                                 |              |          |         |                 |      |
| 48  | Abuse                                                                                         | 126982183    | Received | 2/23/18 | Open/Unresolved |      |
|     | Allegation regarding expenditures in excess of contractual capacity.                          |              |          |         |                 |      |
| 49  | Abuse                                                                                         | 127009608    | Received | 3/1/18  | Open/Unresolved |      |
|     | Allegation of abuse related to construction contract administration.                          |              |          |         |                 |      |
| 50  | Conflict of Interest                                                                          | 127014170    | Received | 3/1/18  | Open/Unresolved |      |
|     | Allegation regarding a conflict of interest in a grant award.                                 |              |          |         |                 |      |
| 51  | Abuse                                                                                         | 127026018    | Received | 3/4/18  | Open/Unresolved |      |
|     | Allegation regarding threats of violence by City employees.                                   |              |          |         |                 |      |
| 52  | Discrimination                                                                                | 127053271    | Received | 3/8/18  | Open/Unresolved |      |
|     | Allegation regarding sexual harassment in the workplace.                                      |              |          |         |                 |      |
| 53  | Abuse                                                                                         | 655098169601 | Received | 3/22/18 | Open/Unresolved |      |
|     | Allegation regarding improper use of City resources.                                          |              |          |         |                 |      |
| 54  | Customer Relations                                                                            | 926332114501 | Received | 3/31/18 | Open/Unresolved |      |
|     | Allegation regarding poor trash service.                                                      |              |          |         |                 |      |

### Not in Purview Complaints Summary

**Table 5**, below, summarizes the results of the 15 Fraud Hotline complaints that were received during the third quarter of Fiscal Year 2018, but were determined to be not within the purview of the Fraud Hotline and were closed.

**Table 5:**

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#### Status of Not in Purview Fraud Hotline Reports

| No.                                                                                                                                                                                             | Incident Type | Complaint # | Received | Date    | Status/Outcome              | Date    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|----------|---------|-----------------------------|---------|
| 1                                                                                                                                                                                               | Miscellaneous | 126700639   | Received | 1/1/18  | No Further Action Necessary | 1/1/18  |
| A number of allegations regarding multiple issues did not involve any specific allegations of fraud, waste, or abuse that were within the purview of the Fraud Hotline, so the case was closed. |               |             |          |         |                             |         |
| 2                                                                                                                                                                                               | Fraud         | 126725950   | Received | 1/5/18  | No Further Action Necessary | 1/5/18  |
| An allegation regarding an online loan scam was not in the purview of the City's Fraud Hotline. The complainant was referred to the appropriate agency and the case was closed.                 |               |             |          |         |                             |         |
| 3                                                                                                                                                                                               | Fraud         | 126747107   | Received | 1/10/18 | No Further Action Necessary | 1/10/18 |
| An allegation regarding a credit card fraud was referred to the appropriate agency and the case was closed as not in the purview of the Fraud Hotline.                                          |               |             |          |         |                             |         |
| 4                                                                                                                                                                                               | Miscellaneous | 126825536   | Received | 1/25/18 | No Further Action Necessary | 1/26/18 |
| An allegation regarding an IRS phone call scam was referred to the Treasury Inspector General for Tax Administration.                                                                           |               |             |          |         |                             |         |
| 5                                                                                                                                                                                               | Fraud         | 126904334   | Received | 2/8/18  | No Further Action Necessary | 2/9/18  |
| An allegation regarding a non-City Civil fraud matter was not in the purview of the Fraud Hotline and was closed.                                                                               |               |             |          |         |                             |         |
| 6                                                                                                                                                                                               | Abuse         | 126910870   | Received | 2/9/18  | No Further Action Necessary | 2/9/18  |
| An allegation received via an anonymous letter did not involve City employees and did not contain sufficient information to refer to an other agency.                                           |               |             |          |         |                             |         |

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| No.                                                                                                                                                                                                                                    | Incident Type | Complaint #  | Received | Date    | Status/Outcome              | Date    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|----------|---------|-----------------------------|---------|
| 7                                                                                                                                                                                                                                      | Theft of Time | 126910824    | Received | 2/9/18  | No Further Action Necessary | 2/21/18 |
| An allegation received via an anonymous letter regarding theft of time by un-named City employees did not contain sufficient information to permit an investigation, such as employee names, departments, dates, or specific examples. |               |              |          |         |                             |         |
| 8                                                                                                                                                                                                                                      | Fraud         | 126941110    | Received | 2/15/18 | No Further Action Necessary | 2/20/18 |
| An allegation regarding an attempted fraud was not in the purview of the City's Fraud Hotline. The caller was referred to local Law Enforcement.                                                                                       |               |              |          |         |                             |         |
| 9                                                                                                                                                                                                                                      | Fraud         | 126992108    | Received | 2/26/18 | No Further Action Necessary | 3/1/18  |
| An allegation regarding an online fraud scheme was referred to the appropriate agency and closed.                                                                                                                                      |               |              |          |         |                             |         |
| 10                                                                                                                                                                                                                                     | Fraud         | 127028876    | Received | 3/5/18  | No Further Action Necessary | 3/5/18  |
| An allegation regarding a private credit card fraud complaint was referred to Law Enforcement and closed.                                                                                                                              |               |              |          |         |                             |         |
| 11                                                                                                                                                                                                                                     | Fraud         | 127051095    | Received | 3/8/18  | No Further Action Necessary | 3/12/18 |
| An allegation regarding an alleged crime, not involving City employees or operations, was referred to SDPD and closed.                                                                                                                 |               |              |          |         |                             |         |
| 12                                                                                                                                                                                                                                     | Fraud         | 127094536    | Received | 3/16/18 | No Further Action Necessary | 3/16/18 |
| A caller reporting an allegation regarding an attempted fraud scheme not involving City operations was referred to SDPD.                                                                                                               |               |              |          |         |                             |         |
| 13                                                                                                                                                                                                                                     | Fraud         | 947716945101 | Received | 3/22/18 | No Further Action Necessary | 3/22/18 |
| An allegation regarding a private legal issue was not in the purview of the Fraud Hotline. The case was closed.                                                                                                                        |               |              |          |         |                             |         |
| 14                                                                                                                                                                                                                                     | Miscellaneous | 592839125901 | Received | 3/22/18 | No Further Action Necessary | 3/22/18 |
| A report regarding a criminal incident was referred to Law Enforcement for immediate investigation. The Fraud Hotline report was closed.                                                                                               |               |              |          |         |                             |         |

| No.                                                 | Incident Type | Complaint #  | Received | Date    | Status/Outcome              | Date    |
|-----------------------------------------------------|---------------|--------------|----------|---------|-----------------------------|---------|
| 15                                                  | Abuse         | 413287319001 | Received | 3/25/18 | No Further Action Necessary | 3/27/18 |
| Duplicate of Fraud Hotline Report number 127026018. |               |              |          |         |                             |         |

### 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 2,246 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,



Eduardo Luna  
City Auditor

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

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