
CITY AUDITOR'S QUARTERLY FRAUD HOTLINE REPORT

Fiscal Year 2021

Quarter 2

Office of the City
Auditor

City of San Diego



January 2021

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. Callers can choose to remain anonymous and all information provided via the Hotline will remain confidential. NAVEX prepares a report for each report received and sends them to the Office of the City Auditor via email notification. Reports can also be submitted directly to the Office of the City Auditor, or online by following a link labeled "Fraud, Waste, and Abuse Hotline" on the City Auditor's home page.



THE CITY OF SAN DIEGO

DATE: January 14, 2021

TO: Honorable Members of the Audit Committee

FROM: Andy Hanau, City Auditor

SUBJECT: City Auditor's Quarterly Fraud Hotline Report – Fiscal Year 2021 Quarter 2

Reports Received in the Second Quarter of Fiscal Year 2021

During the second quarter of Fiscal Year 2021 (October – December 2020), we received 52 Fraud Hotline reports. We added five new reports to be investigated by the Office of the City Auditor and presented 28 reports to the Intake and Review Committee to be referred to City Departments for investigation and resolution. We found that 19 reports were not in the purview of the Fraud Hotline and they were closed. **Table 1** on the following page summarizes the types of reports received during Fiscal Year 2021.



OFFICE OF THE CITY AUDITOR
600 B STREET, SUITE 1350 • SAN DIEGO, CA 92101
PHONE 619 533-3165 • FAX 619 533-3036

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



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Table 1:**Reports Received in Fiscal Year 2021**

City Auditor Investigations	Qtr 1	Qtr 2
Abuse	5	4
Fraud	1	1
Subtotal OCA Investigations	6	5
City Department Investigations		
Abuse	19	17
Conflict of Interest	1	0
Customer Relations	1	0
Employee Relations	1	0
Fraud	1	3
Safety and Sanitation	4	6
Substance Abuse	1	0
Waste	5	2
Subtotal Department Investigations	33	28
Total Reports Received in Purview of Fraud Hotline	39	33
Direct Referrals, Non-City Reports or Reports Not in Purview of Fraud Hotline	21	19
Total Reports Received in FY 21	60	52

Status of Hotline Reports

A total of 52 reports were filed with the Fraud Hotline between October 1, 2020 and December 31, 2020. We determined that 19 of these reports were not in the purview of the Fraud Hotline, leaving 33 reports that were added to the inventory.

In addition to the receipt of 33 new reports for investigation, 41 City-related reports remained open and unresolved at the end of the previous quarter, resulting in an active inventory of 74 reports during the second quarter of Fiscal Year 2021. **Table 2**, below, summarizes the Fraud Hotline activity for the second quarter of Fiscal Year 2021.

Of the 74 active reports in our inventory, 44 remain open and unresolved, and 30 were closed. Seven City Auditor investigations were closed as unsubstantiated or with no further action necessary. The allegations made in seven Department investigations were found to be substantiated, one was closed with corrective action, and 15 were unsubstantiated or were otherwise resolved.

Table 2:

Status of Fraud Hotline Reports

Report Status	City Auditor Investigations	Referred to Dept.	Total City-Related	Not in Hotline's Purview	Total
Unresolved on 10/1/20	13	28	41	0	41
Received in 2 nd Quarter	5	28	33	19	52
Subtotal – Active Inventory	18	56	74	19	93
Reports Closed	-7	-23	-30	-19	-49
Substantiated	-0	-7	-7	-0	-7
Corrective Action	-0	-1	-1	-0	-1
Unsubstantiated/other	-7	-15	-22	-19	-41
Unresolved on 12/31/20	11	33	44	0	44

City Auditor Investigations Summary

Table 3 summarizes the status of the 18 active City Auditor Fraud Hotline investigations during the second quarter of Fiscal Year 2021, including the incident type, report number, date the report was received, a general description of the report, case status, and the final resolution date.

Table 3:

Status of City Auditor Hotline Investigations

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
1	Abuse	202524096101	Received	8/4/20	Unsubstantiated	10/14/20
	An allegation of abuse of discretion by City management related to the occupancy of a City building was investigated and determined to be unsubstantiated.					
2	Abuse	760420751801	Received	11/2/20	Unsubstantiated	12/23/20
	An allegation of abuse of discretion regarding a residential construction project improperly approved without required permits was investigated and determined to be unsubstantiated.					
3	Abuse	979498010201	Received	11/25/20	Unsubstantiated	12/17/20
	An allegation of waste related to parking benefits for City employees was investigated and determined to be unsubstantiated.					
4	Abuse	997963810201	Received	12/2/20	Unsubstantiated	12/23/20
	An allegation of abuse of discretion related to the City's practice of preferentially hiring relatives of existing employees was investigated and determined to be unsubstantiated.					
5	Abuse	783186805201	Received	3/18/2019	No Further Action Necessary	10/22/20
	An allegation of inaccurate reports being filed by a City department was investigated and the information developed will be incorporated into a Performance Audit by the Office of the City Auditor.					

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No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
6	Fraud	930894953001	Received	8/13/20	No Further Action Necessary	10/13/20
	An allegation of fraud related to a regulatory requirement was referred to the appropriate government agency for review and possible investigation.					
7	Fraud	496265025001	Received	10/15/20	No Further Action Necessary	11/13/20
	An allegation of fraud related to a former employee's records was investigated. We determined that the appropriate agency was already reviewing this issue. Therefore, the report was closed with no further action necessary.					
8	Theft of Goods/Services	606060892501	Received	1/5/2019	Open/Unresolved	
	Allegation of unbilled water provided to a commercial customer.					
9	Fraud	696179688501	Received	3/4/2019	Open/Unresolved	
	Allegation of fraud, waste, and abuse at a City department related to improper billing for services.					
10	Abuse	976576095401	Received	3/11/2019	Open/Unresolved	
	Allegation of abuse of discretion resulting in a City Charter violation.					
11	Abuse	274212080301	Received	4/23/2019	Open/Unresolved	
	Allegation regarding excessive charges for board-up services after a burglary.					
12	Abuse	355963460201	Received	7/1/2019	Open/Unresolved	
	Allegation of Public Records Act abuse at a City department.					
13	Fraud	822383404901	Received	11/5/2019	Open/Unresolved	
	Allegation of fraud perpetrated by a City employee.					
14	Abuse	353958676401	Received	2/10/20	Open/Unresolved	
	Allegation of abuse of discretion related to a safety report.					

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No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
15	Abuse	347090440601	Received	5/24/20	Open/Unresolved	
	Allegation of contract violations by a City-funded agency.					
16	Abuse	597570582401	Received	8/12/20	Open/Unresolved	
	Allegation related to a contract that was not processed according to City policy.					
17	Abuse	357290339701	Received	8/13/20	Open/Unresolved	
	Allegation of waste and abuse by management related to a contract.					
18	Abuse	670210303701	Received	11/29/20	Open/Unresolved	
	Allegation regarding abuse of discretion related to a Public Records Act request.					

City Department Investigations Summary

The City Auditor, through the Intake and Review Committee, reviews the final resolution of reports investigated by the departments to ensure that the department has taken the proper actions to resolve the report. A report 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 56 active Fraud Hotline investigations conducted by the Departments during the second quarter of Fiscal Year 2021, including the incident type, a general description of the report, and the case status.

Table 4:

Status of Department-Investigated Fraud Hotline Reports

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
1	Theft of Goods/Services	785834539601	Received	12/18/19	Substantiated	10/14/20
	An allegation regarding the personal use of the proceeds from the sale of recycled materials was investigated and determined to be substantiated. City staff were directed to rinse and sort recyclable materials on City time with the proceeds going to a staff holiday party. The recycling activity was cancelled, and the department took the appropriate corrective action with respect to the identified employee. A policy reminder will be distributed to all staff in the department.					
2	Discrimination	762248742501	Received	2/4/20	Substantiated	10/14/20
	An allegation that the hiring panel for a position was insufficiently diverse was investigated and determined to be substantiated. Subsequent hiring panels for similar positions were appropriately diverse.					
3	Abuse	928312507801	Received	9/16/20	Substantiated	11/18/20
	An allegation of abuse of discretion in cash handling and contract administration at a City department was investigated and determined to be substantiated. Multiple software system failures and extraordinary personnel issues were identified as causal factors. The issues are being addressed or have been mitigated through updates to policy.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
4	Abuse	440493698101	Received	9/21/20	Substantiated	11/18/20
	An allegation related to the management of Get it Done app work orders was investigated and determined to be substantiated. Although City crews completed the work assignments, an incorrect code was used, creating the appearance that the work was never completed. Additional customer communication codes will be added to the app to improve visibility into what actions were taken, including "after photos" for additional report types, and staff received additional training.					
5	Waste	589702351801	Received	9/28/20	Substantiated	10/28/20
	An allegation of waste related to inefficient and unproductive mailings was investigated and determined to be substantiated. Due to the COVID-19 protocols, fewer staff are available to handle mailings, resulting in delays of several days. The department hired an additional staff person to process mail within the 24-hour processing time goal.					
6	Safety and Sanitation	881768770801	Received	10/1/20	Substantiated	12/9/20
	An allegation regarding City staff and leadership not wearing masks during indoor public hearings in apparent violation of public health protocols was investigated and determined to be substantiated. City meetings were converted to virtual formats in order to ensure public health.					
7	Abuse	516836267501	Received	10/27/20	Substantiated	12/9/20
	An allegation related to improper violation notices from the Public Utilities Department was investigated and determined to be substantiated. The department has changed its violation notice procedures to address the issue that was identified.					
8	Substance Abuse	218619273001	Received	8/31/20	Corrective Action	11/18/20
	An allegation of substance abuse by an employee was determined to be unsubstantiated. However, the department reminded staff about EAP resources for stress management and the supervisor reviewed the updated reasonable suspicion training materials.					
9	Discrimination	541919456001	Received	10/21/19	Unsubstantiated	10/14/20
	An allegation of discrimination based on race at a City department was investigated and determined to be unsubstantiated.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
10	Discrimination	878189978401	Received	12/27/19	Unsubstantiated	11/18/20
	An allegation of discrimination based on race at a City department was investigated and determined to be unsubstantiated.					
11	Abuse	893439671601	Received	3/6/20	Unsubstantiated	11/18/20
	An allegation of abuse regarding favoritism shown to an employee was investigated and determined to be unsubstantiated.					
12	Abuse	526053167401	Received	4/16/20	Unsubstantiated	10/14/20
	An allegation of abuse related to a supervisor requiring several employees to ride in vehicles together was investigated and determined to be unsubstantiated.					
13	Safety and Sanitation	575321279401	Received	4/29/20	Unsubstantiated	10/14/20
	An allegation of supervisors violating social distancing rules was investigated and determined to be unsubstantiated.					
14	Abuse	819509757001	Received	7/31/20	Unsubstantiated	12/9/20
	An allegation of abuse by management related to unpaid overtime was investigated and determined to be unsubstantiated.					
15	Abuse	905417568301	Received	8/18/20	Unsubstantiated	10/28/20
	An allegation regarding abuse of discretion related to vehicle acquisitions was investigated and determined to be unsubstantiated.					
16	Fraud	590399872501	Received	9/1/20	Unsubstantiated	12/9/20
	An allegation of Workers' Compensation fraud was investigated and determined to be unsubstantiated.					
17	Abuse	815409322901	Received	10/5/20	Unsubstantiated	11/18/20
	An allegation of abuse related to employees assisting relatives to complete tests and perform job duties was investigated and determined to be unsubstantiated.					

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No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
18	Abuse	941855657101	Received	10/7/20	Unsubstantiated	11/18/20
	An allegation of theft of time and abuse of discretion by management was investigated and determined to be unsubstantiated.					
19	Safety and Sanitation	469789208201	Received	10/8/20	Unsubstantiated	10/28/20
	An allegation of repeated missed trash collections at a residential property was investigated and determined to be unsubstantiated.					
20	Abuse	949661063701	Received	11/1/20	Unsubstantiated	11/18/20
	An allegation of abuse of discretion related to the use of City equipment for political activities was investigated and determined to be unsubstantiated. A non-City-owned vintage fire engine was used in a political parade. The apparatus was red but did not bear any government markings.					
21	Safety and Sanitation	600500883201	Received	11/9/20	Unsubstantiated	12/9/20
	An allegation of a private business that may be violating zoning ordinances was investigated and determined to be unsubstantiated.					
22	Safety and Sanitation	857106796801	Received	11/18/20	Unsubstantiated	12/9/20
	An allegation of violations of City policy related to post-travel quarantine for two employees was investigated and determined to be unsubstantiated because no mandatory quarantine requirement exists.					
23	Fraud	372544399701	Received	10/19/20	No Further Action Necessary	11/20/20
	An anonymous allegation regarding an allegedly-fraudulent notice from the City did not contain the name or identifying information of the reporter. No response to our request for details was received within 30 days. Per our procedures, the report was closed.					
24	Abuse	667722170201	Received	1/26/20	Open/Unresolved	
	Allegation of abuse of discretion and discrimination based on race by a supervisor was referred to the Equal Employment Investigations Office.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
25	Abuse	393120254101	Received	2/9/20	Open/Unresolved	
	Allegation of abuse of discretion and discrimination by a supervisor based on race was referred to the Equal Employment Investigations Office.					
26	Abuse	277610519401	Received	2/14/20	Open/Unresolved	
	Allegation regarding abuse of discretion related to confined space pay.					
27	Abuse	283262903801	Received	5/8/20	Open/Unresolved	
	Allegation of abuse related to purchases.					
28	Abuse	553609922301	Received	5/26/20	Open/Unresolved	
	Allegation of abuse of authority by management.					
29	Abuse	358549969501	Received	6/3/20	Open/Unresolved	
	Allegation of abuse related to overtime use.					
30	Safety and Sanitation	504631548701	Received	6/30/20	Open/Unresolved	
	Allegation regarding a City department failing to follow health guidelines.					
31	Abuse	447366406901	Received	7/2/20	Open/Unresolved	
	Allegation of abuse related to un-approved salary increases.					
32	Abuse	227515491701	Received	7/16/20	Open/Unresolved	
	Allegation of abuse and favoritism in promotions.					
33	Abuse	756657750701	Received	7/16/20	Open/Unresolved	
	Allegation that the City is operating smart streetlights without a contract in place.					
34	Employee Relations	784114634601	Received	8/20/20	Open/Unresolved	
	Allegation regarding inappropriate employee relations between managers at a City department.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
35	Abuse	422925740201	Received	8/21/20	Open/Unresolved	
	Allegation of favoritism by management at a City department.					
36	Abuse	721896077501	Received	9/15/20	Open/Unresolved	
	Allegation of abuse of discretion related to City management providing free drinking water to City employees.					
37	Safety and Sanitation	694445475301	Received	9/25/20	Open/Unresolved	
	Allegation regarding unfair social distancing policy enforcement at a City department.					
38	Abuse	460821967601	Received	10/1/20	Open/Unresolved	
	Allegation of abuse of discretion and unfair treatment.					
39	Abuse	612526203801	Received	10/6/20	Open/Unresolved	
	Allegation of whistleblower retaliation through a department's failure to promote an employee after a concern was reported to agencies outside of the City and later through the Fraud Hotline.					
40	Abuse	568252166101	Received	10/23/20	Open/Unresolved	
	An allegation regarding a Code violation at a private residence.					
41	Abuse	209266673401	Received	10/27/20	Open/Unresolved	
	An allegation of abuse of authority by management.					
42	Waste	302680947501	Received	10/30/20	Open/Unresolved	
	Allegation of waste related to a real estate transaction involving undeveloped land.					
43	Abuse	893277142901	Received	11/20/20	Open/Unresolved	
	Allegation of abuse of discretion related to hiring.					
44	Abuse	503382655501	Received	11/23/20	Open/Unresolved	
	Allegation of abuse of authority related to a conflict of interest by management.					

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No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
45	Abuse	346984792701	Received	11/27/20	Open/Unresolved	
	Allegation of abuse of discretion by allowing a part-time employee to receive full-time benefits.					
46	Waste	929994296001	Received	12/7/20	Open/Unresolved	
	Allegation of waste regarding an inoperative flagpole at the Balboa Park Golf Course that has not been in use for a year.					
47	Safety and Sanitation	222176700301	Received	12/11/20	Open/Unresolved	
	Allegation regarding unsafe driving by a City employee in a City vehicle.					
48	Abuse	871534668401	Received	12/14/20	Open/Unresolved	
	Allegation of Brown Act violations by a community board.					
49	Abuse	636631821101	Received	12/14/20	Open/Unresolved	
	Allegation regarding abuse of discretion related to a consultant hired without a contract in place.					
50	Abuse	690636098501	Received	12/16/20	Open/Unresolved	
	Allegation of abuse of discretion related to management's oversight of an employee's work assignment.					
51	Abuse	719638788201	Received	12/16/20	Open/Unresolved	
	Allegation of retaliation against an employee who made a report of a safety concern.					
52	Fraud	256083519601	Received	12/16/20	Open/Unresolved	
	Allegation of medical leave fraud.					
53	Safety and Sanitation	907852306701	Received	12/22/20	Open/Unresolved	
	Allegation of lack of safety measures including notification of exposures at a City department.					

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No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
54	Fraud	613392370201	Received	12/22/20	Open/Unresolved	
	Allegation that a company is stealing water from a fire hydrant.					
55	Abuse	663522835901	Received	12/30/20	Open/Unresolved	
	An allegation of abuse regarding lab procedures.					
56	Abuse	489390076301	Received	12/30/20	Open/Unresolved	
	An allegation of abuse regarding clearing out homeless encampments.					

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Not in Purview Reports Summary

Table 5, below, summarizes the results of the 19 Fraud Hotline reports that were received during the second quarter of Fiscal Year 2021, but were determined to be not within the purview of the Fraud Hotline and were closed.

Table 5:**Status of Not in Purview Fraud Hotline Reports**

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
1	Miscellaneous	684864006801	Received	10/13/20	No Further Action Necessary	10/14/20
	An allegation regarding an immigration issue was not in the purview of the Fraud Hotline. The reporter was notified.					
2	Fraud	617552542501	Received	10/16/20	No Further Action Necessary	10/16/20
	Duplicate of 496265025001.					
3	Fraud	420194634701	Received	10/18/20	No Further Action Necessary	10/20/20
	Duplicate of 343902454501.					
4	Fraud	343902454501	Received	10/18/20	No Further Action Necessary	10/20/20
	An allegation regarding credit card fraud was not in the purview of the Fraud Hotline. The anonymous reporter was notified via our online reporting system.					
5	Miscellaneous	848103771501	Received	10/20/20	No Further Action Necessary	10/20/20
	An allegation regarding criminal activity outside of the City was referred to the appropriate jurisdiction for review and possible investigation.					
6	Abuse	276956649501	Received	10/27/20	No Further Action Necessary	10/27/20
	Duplicate of 899025436201.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
7	Fraud	303483339801	Received	10/28/20	No Further Action Necessary	10/28/20
	An allegation regarding an attempted fraud was not in the purview of the Fraud Hotline.					
8	Fraud	670804971701	Received	10/28/20	No Further Action Necessary	10/29/20
	Duplicate of 343902454501.					
9	Miscellaneous	584317384701	Received	10/29/20	No Further Action Necessary	10/30/20
	An allegation regarding criminal activity was not in the purview of the Fraud Hotline. The reporter was referred to the San Diego Police Department to make a report.					
10	Fraud	824504524501	Received	11/5/20	No Further Action Necessary	11/20/20
	An allegation regarding a private residence that was not receiving water or electricity services was referred to the appropriate agency for review and possible investigation.					
11	Abuse	305068732701	Received	11/9/20	No Further Action Necessary	11/9/20
	Duplicate of 949661063701.					
12	Miscellaneous	527582885801	Received	11/24/20	No Further Action Necessary	11/24/20
	An allegation regarding a private business transaction was not in the purview of the City's Fraud Hotline. The reporter was notified and the case was closed.					
13	Fraud	541518477001	Received	11/24/20	No Further Action Necessary	11/25/20
	An allegation regarding financial fraud perpetrated against an individual was not in the purview of the Fraud Hotline. The reporter was referred to the SDPD.					
14	Accounting/Audit Irregularities	872424608001	Received	12/3/20	No Further Action Necessary	12/9/20
	Duplicate of 756657750701.					

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No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
15	Fraud	988030459401	Received	12/4/20	No Further Action Necessary	12/7/20
An allegation regarding fraud by a private business was not in the purview of the Fraud Hotline. The report was referred to an other government agency for review and possible investigation.						
16	Fraud	613183445901	Received	12/7/20	No Further Action Necessary	12/7/20
Duplicate of 988030459401.						
17	Waste	394028773801	Received	12/14/20	No Further Action Necessary	12/14/20
Duplicate of 756657750701.						
18	Fraud	822801436601	Received	12/22/20	No Further Action Necessary	12/23/20
An allegation of mail theft and bank fraud was not in the purview of the City's Fraud Hotline. The reporter was notified and the case was closed.						
19	Fraud	976245379001	Received	12/29/20	No Further Action Necessary	12/29/20
An allegation regarding a non-City employee was referred to the appropriate agency for review and possible investigation.						

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 2021, we have applied approximately 1,839 hours administering the Fraud Hotline, coordinating Intake and Review Committee activities, and investigating Fraud Hotline reports. A total of 2,960 hours was budgeted for the year.

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

Respectfully submitted,



Andy Hanau
City Auditor

cc: Honorable Mayor Todd Gloria
 Honorable Members of the City Council
 Honorable Mara Elliott, City Attorney
 Jay Goldstone, Chief Operating Officer
 Matthew Helm, Chief Compliance Officer
 Andrea Tevlin, Independent Budget Analyst
