



Fraud Hotline Update July 2008 – March 2009 Office of the City Auditor

**Audit Committee Meeting
July 20, 2009**

Hotline Phone Number (866) 809-3500

Hotline Activity

July 2008 through March 2009

- During July 2008 through March 2009, 119 complaints were received, and 53% of these complaints pertain to:
 - Employee Relations – 24.4%
 - Policy Issues – 20.2%
 - Customer Relations – 8.4%
- As shown in the following table, the majority of complaints made to the Hotline continue to be non-fraud, waste, or abuse related.

Hotline Activity By Complaint Type

Category	Qtr 1 July-Sept	Qtr 2 Oct-Dec	Qtr 3 Jan-Mar	Subtotal	Percent	City Auditor Investigations	Referred to Departments
Employee Relations	18	10	1	29	24.4%	0	29
Policy Issues	15	8	1	24	20.2%	3	21
Customer Relations	6	2	2	10	8.4%	1	9
Fraud	4	2	2	8	6.7%	4	4
Conflicts of Interest	5	2	0	7	5.9%	1	6
Discrimination	1	4	1	6	5.0%	0	6
Theft of Time	3	2	0	5	4.2%	0	5
Waste and Abuse	1	4	0	5	4.2%	3	2
Retaliation of Whistleblowers	1	3	0	4	3.4%	0	4
Theft of Goods/Services	1	3	0	4	3.4%	1	3
Accounting/Audit Irregularities	3	0	0	3	2.5%	3	0
Safety Issues and Sanitation	2	1	0	3	2.5%	1	2
Sexual Harassment	1	2	0	3	2.5%	0	3
Substance Abuse	3	0	0	3	2.5%	0	3
Falsification of Records	0	2	0	2	1.7%	0	2
Wage/Hour Issues	0	1	1	2	1.7%	0	2
Workplace Violence	1	0	0	1	0.8%	0	1
Total	65	46	8	119	100%	17	102

Hotline Activity

July 2008 through March 2009

- As shown below, of the 119 complaints received, 93 (78.2%) cases have been closed and 26 (21.8%) remain open.
- 29 complaints were substantiated and/or corrective actions were taken, 55 complaints were unsubstantiated, and 5 complaints did not have enough information to permit an investigation.

Complaint Status	City Auditor Investigations	Department Investigations	Total	Percent
Complaint Substantiated / Open	4	25	29	24.4%
Complaint Unsubstantiated	7	48	55	46.2%
Not Enough Information Provided	2	3	5	4.2%
Complaint Outside the Purview of the Fraud Hotline	0	4	4	3.4%
Subtotal – Investigations Closed	13	80	93	78.2%
Complaints Open and Unresolved	4	22	26	21.8%
Total	17	102	119	100.0%

Hotline Activity

City Auditor Investigations

- From July 2008 through March 2009 there have been 4 City Auditor investigations that substantiated allegations and/or corrective actions were taken.
- 2 of these cases have occurred since our last update:
 - An allegation regarding the handling of valuable scrap by the Metropolitan Wastewater Department was found to be unsubstantiated; however, we discovered that there are no specific management plans or procedures in place to ensure the proper tracking, recycling or reuse of scrap material. The Department agreed to implement a process to better manage and monitor valuable scrap metal.
 - An allegation that the Water Department performed a duplicate and unnecessary replacement of a meter box was substantiated. We expanded our testing and found that approximately 92 boxes were scheduled to have replacement work performed on boxes that had already been replaced or repaired within the last two years. We estimate the potential duplicate and unnecessary replacement costs for these 92 water meter boxes is at least \$30,728. The Department has agreed to implement procedures to ensure that meter boxes are not being replaced unnecessarily.

Fraud Hotline Number

(866) 809-3500

24 hours per day