

Report #  
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# City Auditor's Whistleblower Hotline Activity Report (Nov 2014– May 2015)



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## Whistleblower Program Background

### To Contact the City's Whistleblower Hotline

City staff or members of the public may submit allegations by either calling the Whistleblower Hotline's toll-free number 1-888-245-8859 or by completing the online form located at <https://www.reportlineweb.com/cityofsacramento>. In addition, individuals may also submit allegations directly to the City Auditor or any Auditor Office staff member. Any individual who files a complaint may elect to have their identity kept confidential. The individual's identity will be kept confidential to the extent permitted by law unless the individual waives confidentiality in writing. Information can be submitted in person, over the phone, by voicemail, by e-mail, or by mail.

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### Auditor's role and responsibilities

The City Auditor is the City's independent auditor who reports directly to the Mayor and City Council. Council approves the Auditor's annual audit plan and has historically added audits to the plan when needed.

California Government Code Section 53087.6 allows local governments to create whistleblower hotlines. State law sets the requirements for establishing and running a whistleblower hotline, but local auditors have discretion in how to operate their programs.

The following includes key points of the Government Code section and how it pertains to the City of Sacramento:

- The City Auditor shall obtain approval from City Council before establishing a whistleblower hotline. This approval was obtained from the Sacramento City Council in March 2012.
- The hotline is used to receive calls from people who have information regarding fraud, waste, or abuse.
- The City Auditor may refer calls received on the hotline to the appropriate government authority for review and investigation.
- During the initial review of calls received, the City Auditor (or the appropriate government authority to whom the call is referred) shall hold in confidence information disclosed through the hotline. This includes the identities of the callers disclosing information and the people identified by the callers.
- Upon receiving specific information that an employee has engaged in an improper government activity, the City Auditor may conduct an investigative audit.

- The identity of the people providing information that initiated the investigative audit shall not be disclosed without their written permission, unless the disclosures are to law enforcement agencies that are conducting criminal investigations.
- The investigative audit shall be kept confidential except to issue a report of an investigation that had been substantiated or to release findings from completed investigations that are deemed necessary to serve the interests of the public.
- The identities of individuals reporting the improper government activities and the subject employees investigated shall be kept confidential.
- However, the City Auditor may provide a substantiated audit report and other information (including subject employee identities) to appointing authorities for disciplinary purposes.

## Whistleblower procedures target high-risk tips

Due to the limited number of staff members in the Office of the City Auditor and the Office's chief responsibility to conduct performance audits in accordance with the Council-approved Audit Plan, conducting full investigations of all tips is not feasible. Instead, the City Auditor has adopted a risk-based approach to investigate whistleblower tips.

As part of the program's intake process, we rank tips by risk and focus investigative efforts on those that represent the greatest risk to the City. The following shows how we generally classify types of tips based on risk:

### **High Priority**

Some reasons why allegations may be considered high priority are that they could include a safety concern, loss<sup>1</sup> to the City of more than \$75,000, criminal activity resulting in a loss of at least \$400, high-level involvement, collusion of multiple wrongdoers, major department-wide issue, or need for immediate action to stop a potential major issue. Addressing these items could take priority over other investigations and audits – at the City Auditor's discretion.

### **Medium Priority**

Allegations in this category could include a loss to the City of more than \$25,000, abuse of authority, medium-to low-level employee involvement, minor department-wide issues, or patterns of small problems that could become serious when summed. Some medium-priority items could be referred to a department for their review.

### **Low Priority**

Allegations in this category could include a loss to the City of less than \$25,000, isolated instances of time abuse, wasteful practices that would lead to limited gains in efficiencies if corrected, or allegations that lack credibility and evidence. The office would aim to investigate items in this list, but may not do so because of limited resources. However, if the same or similar issues were reported multiple times – low-priority items may become more of a priority. Additionally, some low-priority tips could be referred to a department for their review.

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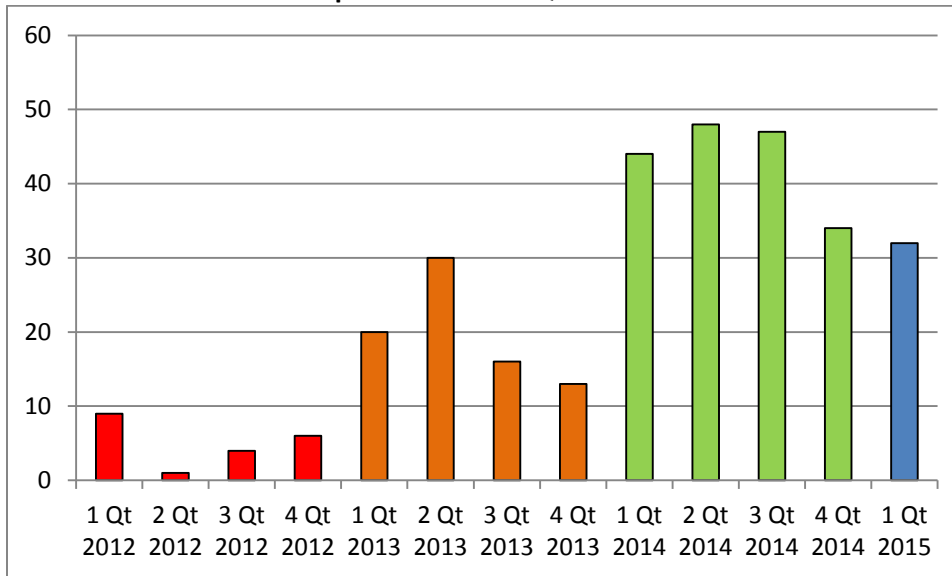
<sup>1</sup> Loss could entail actual or potential loss of money, waste, or inefficiencies.

## Status of Investigations

### The number of tips received by the City Auditor have been growing steadily

Use of the City Auditor’s Whistleblower Hotline has shown significant growth. In 2012, we received 20 tips, in 2013, we received 79 tips, and in 2014 we received 173 tips. The table below shows the number of tips received per quarter since the program’s inception.

**Exhibit 1: Whistleblower Tips Received Per Quarter**



We will continue to monitor call volume and report on the call activity.

### Over 80 percent of tips received have been processed and closed

As previously noted, the City Council directed the City Auditor in March 2012 to establish a Whistleblower Hotline Program. The following shows the top ten types of allegations reported as of May 2015.

**Exhibit 2: Top Ten Types of Allegations Reported as of May 2015**

Primary Type of Allegation	Count of Case #	Percent
Unrelated to the City	38	10%
Case Canceled	37	10%
Employee Relations	34	9%
Violate Policy	25	7%
Abuse of Position or Authority	25	7%
Violate Local/State/Fed Law	19	5%
Wasteful Practice	17	4%
Misuse City Property	17	4%
City Repair information/311	16	4%
Watering/311	14	4%

The following exhibit provides information about cases that we closed since our last semiannual whistleblower hotline activity report. A summary of the investigation results are included for tips that were substantiated.

**Exhibit 3: Seventy-seven tips were closed of which Four Tips Were Substantiated**

Case #	Primary Type of Allegation	Priority	Result
3	Miscategorized Expenses	Medium	Unsubstantiated: Per Investigation
109	City Resources For Other Job	Low	<b>Substantiated and Referred:</b> We received a complaint alleging the Fire Department 1) inappropriately used City resources to develop a hardbound training manual (Engine Manual) and 2) it was unclear if the City was being fully reimbursed for the sales of the books. Based on the information we reviewed 1) we were not able to substantiate allegations related to inappropriate use of City resources and 2) we were able to substantiate the claim that the Department may not have been fully reimbursed for the sales of the books. We made recommendations to improve recordkeeping.
125	Hiring Irregularities	Low	<b>Substantiated &amp; Referred:</b> We received an allegation regarding inappropriate employment practices by the City's Utility Department. The alleged inappropriate practices included concerns about nepotism. Based on the information provided by staff, there may be over 40 individuals working in the Utilities Department that meet the department's definition of a relative. A few of these individuals appear to create a direct conflict of interest. Although most of these relationships do not create a direct supervisory conflict of interest, employing this many employees with relatives across the department exposes the City to potential inappropriate favoritism, or the appearance of inappropriate favoritism. As a result, we recommended the City should implement a Citywide nepotism policy. Doing so will help prevent conflicts of interest and deter nepotism-based favoritism by those who make decisions and/or take actions related to hiring, employment, job assignment, promotion or discipline.
134	Employee Relations	Low	Resolved prior to investigation
167	Hiring Irregularities	Low	Unsubstantiated
189	Test Case	Test Case	Test Case
256	Violate Policy	Low	Unsubstantiated
298	Overcharging City	Low	Unsubstantiated
299	Time Abuse	Low	Referred To Department
300	Watering/311	Low	Unsubstantiated
301	Hiring Irregularities	Low	Investigated & Referred: Fire Department
302	Theft of goods/services	Low	Unrelated to the City
303	City Repair information/311	Low	Referred to 311
304	Case Canceled	Canceled	Canceled

305	Hiring Irregularities	Low	Unsubstantiated: No Investigation Warranted
306	Case Canceled	Canceled	Canceled
307	Wasteful Practice	Low	Unsubstantiated
308	City Repair information/311	Low	Referred to 311
309	City Repair information/311	Low	Unsubstantiated: No Investigation Warranted
310	Employee Relations	Low	Unsubstantiated: No Investigation Warranted
311	Violate Local/State/Fed Law	Low	Referred To Department
312	Case Canceled	Canceled	Canceled
313	Abuse of Position or Authority	Low	Unsubstantiated: No Investigation Warranted
314	Abuse of Position or Authority	Low	Unsubstantiated: No Investigation Warranted
315	Violate Local/State/Fed Law	Low	Unsubstantiated: No Investigation Warranted
316	Abuse of Position or Authority	Low	Unsubstantiated: No Investigation Warranted
317	Information Request	Low	Unsubstantiated: Per Investigation
319	Case Canceled	Canceled	Canceled
320	Violate Local/State/Fed Law	Low	Investigated & Referred: 311
			<b>Substantiated and Referred:</b> We received an allegation that significant lead hazards were identified at the James G. Mangan Rifle and Pistol Range (Gun Range) located in Mangan Park. Our investigation confirmed this allegation and revealed additional issues with the Gun Range facility and users. Given the importance of these issues, we immediately brought this to the attention of the Department of Parks and Recreation, City Manager's Office, Department of General Services, and City Attorney's Office.
321	Improper Controls	High	
322	Violate Local/State/Fed Law	Low	Non-City complaint
323	Wasteful Practice	Low	Unsubstantiated: No Investigation Warranted
324	Case Canceled	Canceled	Canceled
325	Unrelated to the City	Low	Investigated & Referred: Parks & Recreation Department
326	Violate Policy	Low	Unsubstantiated: No Investigation Warranted
327	Abuse of Position or Authority	Low	Unsubstantiated: No Investigation Warranted
328	Violate Policy	Low	Unsubstantiated: Not enough information provided
329	City Resources For Other Job	Low	Unsubstantiated: Not enough information provided
330	Wasteful Practice	Low	Unsubstantiated: Per Investigation
			<b>Substantiated &amp; Referred:</b> We received an allegation that a marked Utilities Vehicle frequently uses the fire department's emergency parking spot in front of a coffee shop so that the employee can quickly pickup their coffee. The employee assigned to the vehicle admitted to the alleged activity and acknowledged that parking in the fire lane was inappropriate behavior. The employee committed to stop the behavior. This case and supporting information were referred to the Utilities Department for further consideration.
331	Abuse of Position or Authority	Low	
332	Time Abuse	Low	Unsubstantiated: Per Investigation
333	Contract Issue	Low	Unsubstantiated: Per Investigation

334	City Property Issues/311	Low	Investigated & Referred: Parks & Recreation Department
335	Unprofessionalism by City Employee	Low	Unsubstantiated: Per Investigation
338	Time Abuse	Low	Unsubstantiated: Per Investigation
339	Housing/311	Low	Investigated & Referred: Community Development Department
340	Case Canceled	NA	Canceled
341	Case Canceled	NA	Canceled
342	Insufficient action by City	Low	Investigated & Referred: Police Department
344	Case Canceled	NA	Canceled
346	Case Canceled	Canceled	Canceled
347	Case Canceled	Canceled	Canceled
348	Unrelated to the City	Low	Unrelated to the City
349	Unrelated to the City	Low	Unrelated to the City
350	Housing/311	Low	Investigated & Referred: 311
351	Theft of goods/services	Low	Unsubstantiated: Per Investigation
353	Case Canceled	NA	Canceled
354	Unrelated to the City	Low	Unrelated to the City
358	Watering/311	Low	Unsubstantiated: No Investigation Warranted
359	Case Canceled	NA	Canceled
361	Insufficient action by City	Low	Unsubstantiated: No Investigation Warranted
362	City Property Issues/311	Low	Investigated & Referred: 311
363	Case Canceled	NA	Canceled
364	Violate Policy	Low	Investigated & Referred: Utilities Department
365	City Property Issues/311	Low	Investigated & Referred: 311
366	Case Canceled	NA	Canceled
367	Unrelated to the City	Low	Unrelated to the City
368	Housing/311	Low	Unsubstantiated: No Investigation Warranted
369	Case Canceled	NA	Canceled
370	Unrelated to the City	Low	Unrelated to the City
371	Unrelated to the City	Low	Unrelated to the City
372	Violate Policy	Low	Unsubstantiated: No Investigation Warranted
373	Violate Policy	Low	Unsubstantiated: Not enough information provided
375	Case Canceled	NA	Canceled
376	Unrelated to the City	Low	Unrelated to the City
380	Unrelated to the City	Low	Unrelated to the City
381	Wasteful Practice	Low	Unsubstantiated: No Investigation Warranted

### Further Consideration

During the last Activity Report presented to the City Council, the Council committed to revisit the potential expansion of the Auditor’s Office to accommodate call volume and workload. As previously mentioned, the reception of the Whistleblower Hotline has been positive both internally and in the



media. Call volume has increased significantly and therefore has resulted in greater workload. Given the growth of the program, we request the Council consider adding to the City Auditor's Office 1 FTE that would be dedicated to primarily handle and investigate whistleblower tips. Doing so would help us better manage and respond to whistleblower tips as well as complete our normally scheduled performance audit reports in a more timely manner. Estimated costs for this position would likely be in line with the current Senior Auditor classification which has a salary range of \$58,567 to \$87,851.