

Report #
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City Auditor's Whistleblower Hotline Activity Report (October 2016– March 2017)

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Whistleblower Hotline 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>. Individuals may also submit allegations directly to the City Auditor or any Auditor Office staff member. Any individual who provides information 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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Office of the City Auditor Website: <http://www.cityofsacramento.org/auditor/>

Auditor's role and responsibilities

The City's independent auditor 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 has 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 allegations

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 allegations is not feasible. Instead, the City Auditor has adopted a risk-based approach to investigate whistleblower allegations.

As part of the program’s intake process, we rank allegations 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 allegations based on risk:

High Priority

Some reasons why allegations may be considered high priority are that they could include a safety concern, loss¹ 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 allegations could be referred to a department for their review.

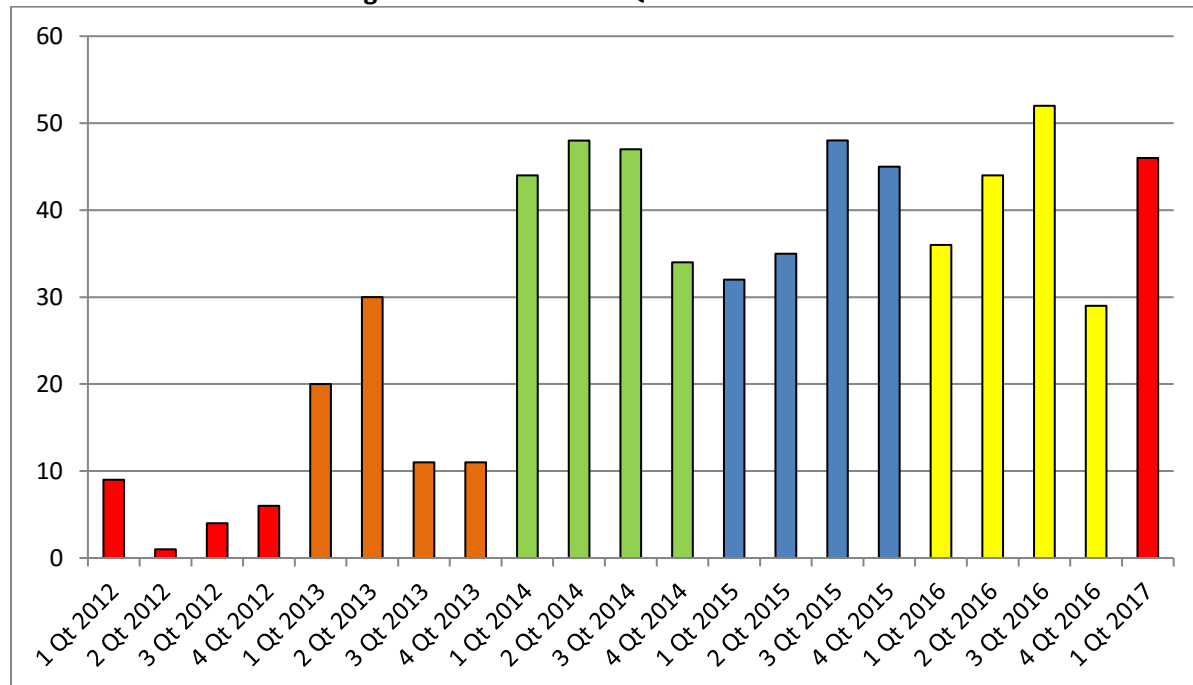
Status of Investigations

The number of allegations received by the City Auditor has been growing steadily

Use of the City Auditor’s Whistleblower Hotline has grown significantly as shown in Exhibit 1. The table below shows the number of allegations received per quarter since the program’s inception.

¹ Loss could entail actual or potential loss of money, waste, or inefficiencies.

Exhibit 1: Whistleblower Allegations Received Per Quarter



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

Over 90 percent of allegations 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. Since the inception, the City Auditor’s Office has received nearly 700 allegations. In the beginning of the reporting period, the Auditor’s Office had 32 open cases. During the current reporting period of October 2016 to March 2017, the Auditor’s Office received 75 cases. During this same period, the Auditor’s Office processed and closed a total of 72 cases. The Auditor’s Office had 35 open cases at the end of the reporting period.

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

Exhibit 2: Seventy-Two Cases Were Closed of Which Ten Allegations Were Substantiated

Case #	Primary Type of Allegation	Priority	Result
209	Abuse of Position or Authority	Low	Unsubstantiated: Per Investigation
385	Wasteful Practice	Low	Investigated & Referred: City Attorney's Office
450	Wasteful Practice	Low	Incorporated Into A Performance Audit
470	Violate Local/State/Fed Law	Low	Substantiated & Referred: We received a complaint alleging that the USA program in the Department of Utilities may have fewer employees than it should and that this may create potential Proposition 218 violations. It was unsubstantiated that the USA program had fewer positions than required. However, it was substantiated that the current funding methodology of the USA program does not capture 100 percent of labor costs. This results in a disproportionate amount of USA program costs being funded by the Drainage Fund, which may be inconsistent with Proposition 218. We have recommended that the department adjust the funding methodology to capture the true labor costs of the program so that these costs can be allocated among all three utility funds, to be consistent with Proposition 218.
471	Time Abuse	Low	Substantiated & Referred: We received a complaint alleging that Fire Department and Labor Relations employees violated Civil Service Board Rules by allowing a Fire Department employee to use vacation time during the first six months of employment and that an override code was used to facilitate the use of vacation time. We substantiated the complaint that a former City employee was able to use vacation time during the first six months of being rehired by the Fire Department and that the City's Payroll Department used an Administrative Leave code in place of the Vacation Leave code to facilitate the use of vacation time. We have referred this case to Labor Relations, Finance, and Fire for further review.
510	Improper Controls	Low	Substantiated & Referred: We received a complaint about the security of some personal health information that Fire Department employees were being asked to upload to an electronic system. We reviewed the information being uploaded to the system and substantiated the complaint that these documents appeared to contain some sensitive personal health

			information that may require additional safeguards. We recommend the Fire Department reevaluate how this sensitive information is obtained and stored to determine if the process is compliant with applicable laws and regulations.
512	Conflict of Interest	Low	Investigated & Referred: Police Department
518	Contested City Charges	Low	Unsubstantiated: Per Investigation
530	Time Abuse	Low	Investigated & Referred: Fire Department
540	Contested City Charges	Low	Unsubstantiated: Per Investigation
560	Violate Policy	Low	Unsubstantiated: Per Investigation
576	Employee Relations	Low	Substantiated & Referred: We received a complaint alleging that a Parks and Recreation Department employee was driving a City vehicle erratically and exceeding posted speed limits. Our review found that the vehicle was in the alleged place during the time and was driving over the speed limit. We referred this complaint to the Parks and Recreation Department for further review.
592	Violate Local/State/Fed Law	Low	Substantiated & Referred: We received a complaint alleging a City golf course was overcharging tax on some purchases. It was substantiated that the facility was charging more tax than required by law on some sales. We also determined the golf course was remitting the overcharged taxes to the State as allowed by statute. We referred this case to the Finance Department for further review.
604	Insufficient action by City	Low	Unsubstantiated: Per Investigation
611	Violate Policy	Low	Unsubstantiated: Per Investigation
614	Harassment	Low	Investigated & Referred: Parks & Recreation Department
615	Theft of goods/services	Low	Investigated & Referred: Utilities Department
616	Payroll	Low	Investigated & Referred: Fire Department
617	Payroll	Low	Not enough Information provided
618	Theft of goods/services	Low	Non-City complaint
619	Time Abuse	Low	Unsubstantiated: No Investigation Warranted
620	City Property Issues/311	Low	Substantiated & Referred: We received a complaint alleging that landscaping changes at a Natomas skate park could potentially increase the risk of tripping hazards. Parks & Recreation Department staff reviewed the landscaping changes at the skate park, determined that additional steps could be taken to reduce the risk of tripping hazards, and will work to

			implement a resolution.
622	Violate Local/State/Fed Law	Low	Substantiated & Referred: We received a complaint alleging a business was operating within City limits without paying proper taxes. It was substantiated as the business did not have a Business Operations Tax certificate. We referred the complaint to the Finance Department and recommended that the department reach out to the business and consider seeking repayment for taxes owed.
623	Violate Local/State/Fed Law	Low	Duplicate case
624	Misuse City Property	Low	Unsubstantiated: Per Investigation
626	Employee Relations	Low	Investigated & Referred: Utilities Department
627	Falsify Records	Low	Investigated & Referred: Utilities Department
628	Violate Policy	Low	Investigated & Referred: Parks & Recreation Department
629	Unrelated to the City	Test Case	Test Case
630	Wasteful Practice	Medium	Unsubstantiated: Per Investigation
631	Unprofessionalism by City Employee	Low	Unsubstantiated: Not enough information provided
632	Case Canceled	Canceled	Canceled
633	Not Enough Information Provided	Low	Non-City complaint
634	Case Canceled	Canceled	Canceled
635	Payroll	Low	Duplicate case
636	Unrelated to the City	Low	Non-City complaint
637	Unrelated to the City	Low	Unsubstantiated: No Investigation Warranted
638	Abuse of Position or Authority	Low	Non-City complaint
640	Contested City Charges	Low	Unsubstantiated: Not enough information provided
641	Contract Issue	Low	Substantiated & Referred: We received a complaint alleging that a Department of Utilities employee was paid as a vendor in violation of City code. It was substantiated that the employee did receive payment as a vendor in the past. We have recommended that the Finance Department de-activate the business from the master vendor file.
642	Employee Safety	Medium	Resolved During Investigation
643	Violate Local/State/Fed Law	Low	Investigated & Referred: Community Development Department
644	Unprofessionalism by City Employee	Low	Informational Referral

645	City Property Issues/311	Low	Unsubstantiated: Per Investigation
646	Harassment	Low	Investigated & Referred: Human Resources Department
647	City Property Issues/311	Low	Investigated & Referred: 311
648	Violate Local/State/Fed Law	Low	Resolved prior to investigation
650	Fraud	Low	Not enough Information provided
651	Employee Safety	Low	Informational Referral
652	Unrelated to the City	Low	Investigated & Referred: Outside Entity
654	Fraud	Low	Non-City complaint
656	Harassment	Low	Non-City complaint
659	Case Canceled	Canceled	Canceled
660	Abuse of Position or Authority	Low	Investigated & Referred: Community Development Department
661	Violate Policy	Low	Informational Referral
662	Unrelated to the City	Low	Non-City complaint
663	Insufficient action by City	Low	Informational Referral
666	Misuse of funds	Low	Unsubstantiated: Per Investigation
668	Unprofessionalism by City Employee	Low	Informational Referral
671	Violate Policy	Low	Informational Referral
672	Wasteful Practice	Low	Substantiated & Referred: We received a complaint alleging anomalies in a City Department's parking entitlement management were potentially wasteful and/or duplicative. We substantiated that a small number of employees received multiple or financially inefficient parking privileges. Correcting these anomalies could result in annual department savings of up to \$7,620.
674	Harassment	Low	Unsubstantiated: Per Investigation
676	Housing/311	Low	Informational Referral
678	Unprofessionalism by City Employee	Low	Informational Referral
679	Violate Local/State/Fed Law	Low	Informational Referral
680	Payroll	Medium	Substantiated & Referred: We received a complaint alleging that a Fire Department employee has been working out-of-class, while also earning incentives and overtime, for over a year. Based on the information we reviewed, it appears the hourly rate for the out-of-classification assignment may have been overstated and warrants reevaluation. We have referred this complaint to Human Resources and the Fire Department for further review.
682	Unrelated to the City	Low	Non-City complaint

683	Misuse City Property	Low	Investigated & Referred: Utilities Department
684	Unrelated to the City	Low	Informational Referral
685	Unrelated to the City	Low	Informational Referral
690	Violate Local/State/Fed Law	Low	Informational Referral
696	Case Canceled	Canceled	Canceled