

Report #  
2016-06

# City Auditor's Whistleblower Hotline Activity Report (April 2016– September 2016)

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Office of the City Auditor  
December, 2016

## Contents

Whistleblower Program Background.....	1
To contact the City’s whistleblower hotline .....	1
Auditor’s role and responsibilities .....	1
Whistleblower procedures target high-risk tips .....	2
Status of Investigations.....	3
The number of tips received by the City Auditor has been growing steadily.....	3
Over 80 percent of tips received have been processed and closed .....	3

## 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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Office of the City Auditor Website: <http://www.cityofsacramento.org/auditor/>

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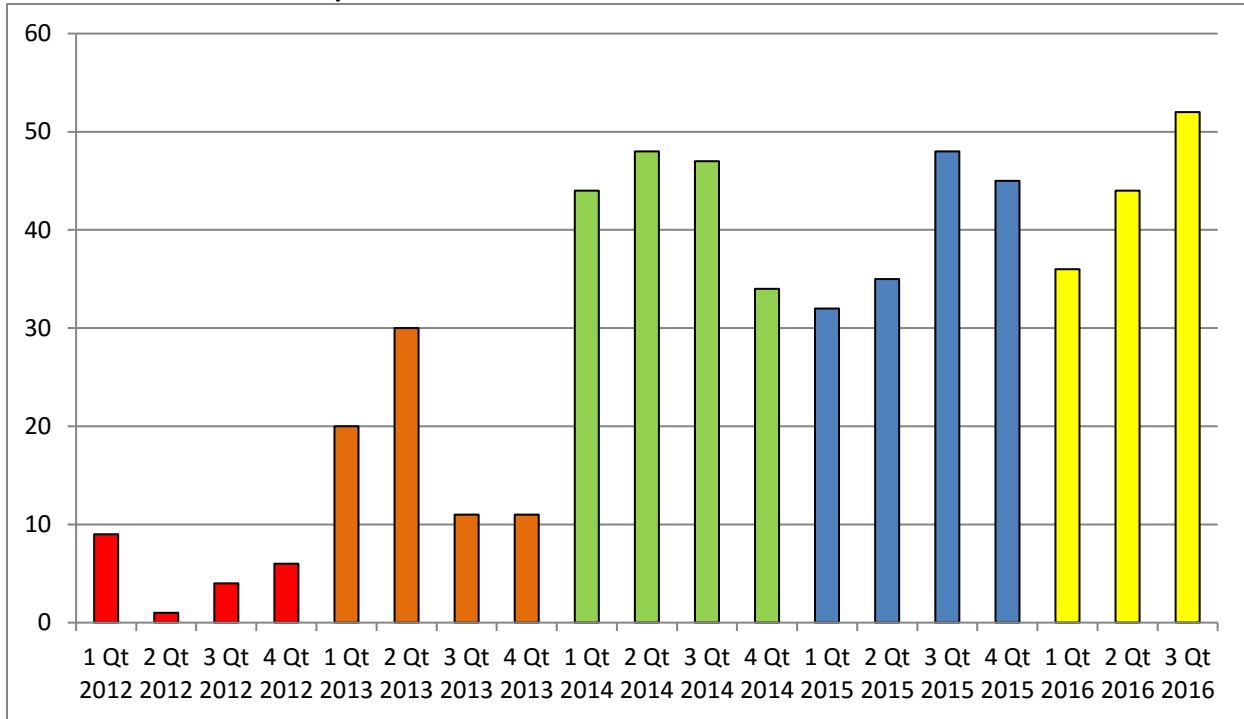
<sup>1</sup> Loss could entail actual or potential loss of money, waste, or inefficiencies.

## Status of Investigations

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

Use of the City Auditor's Whistleblower Hotline has shown significant growth as shown in Exhibit 1. 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. Since the inception, the City Auditor's Office has received over 500 tips. During the current reporting period of April 2016 to September 2016, the Auditor's Office received 96 cases. During this same period, the Auditor's Office processed and closed a total of 86 cases.

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 tips that were substantiated.

**Exhibit 2: Eighty-five Tips Were Closed of Which Two Tips Were Substantiated**

Case #	Primary Type of Allegation	Priority	Result
343	Contract Issue	Medium	Unsubstantiated: Per Investigation
			<b>Substantiated &amp; Referred:</b> We received a complaint alleging that a Department of Utilities employee stole a master key to the 24th Street Corporation Yard, made a duplicate, and used it to steal personnel and City property. It was substantiated that a master key was stolen and duplicated by a Department of Utilities employee. It cannot be determined if the duplicated key was used to steal the personal property of City personnel and/or City property. We have recommended that the Department review the security at the 24th Street Corporation Yard to ensure the security of City assets and personnel information.
452	Improper Controls	Low	
454	Abuse of Position or Authority	Low	Unsubstantiated: Per Investigation
463	Abuse of Position or Authority	Low	Unsubstantiated: Per Investigation
477	Harassment	Low	Unsubstantiated: Not enough information provided
503	Violate Local/State/Fed Law	Low	Not enough Information provided
508	Conflict of Interest	Low	Investigated & Referred: Community Development Department
514	Falsify Records	Low	Unsubstantiated: Per Investigation
516	Not Enough Information Provided	Low	Not enough Information provided
524	Employee Relations	Low	Investigated & Referred: Public Works Department
527	Housing/311	Low	Investigated & Referred: 311
528	Case Canceled	Canceled	Canceled
529	Contested City Charges	Low	Investigated & Referred: Fire Department
531	Case Canceled	Canceled	Canceled
532	Harassment	Low	Non-City complaint
533	Unrelated to the City	Low	Unsubstantiated: No Investigation Warranted
534	Unrelated to the City	Low	Unsubstantiated: No Investigation Warranted
535	Not Enough Information Provided	Low	Not enough Information provided
536	Harassment	Low	Unsubstantiated: Not enough information provided
538	Case Canceled	Canceled	Canceled
539	Case Canceled	Canceled	Canceled
541	Insufficient action by City	Low	Unsubstantiated: Per Investigation
542	Violate Local/State/Fed Law	Low	Unsubstantiated: Per Investigation
543	Insufficient action by City	Low	Investigated & Referred: Parks & Recreation Department
544	Abuse of Position or Authority	Low	Resolved prior to investigation
545	Violate Local/State/Fed Law	Low	Investigated & Referred: Fire Department
546	Unrelated to the City	Low	Non-City complaint

547	Violate Policy	Low	Investigated & Referred: Human Resources Department
548	Insufficient action by City	Low	Unsubstantiated: Per Investigation
549	Unrelated to the City	Low	Non-City complaint
550	Employee Relations	Low	Investigated & Referred: City Manager's Office
551	Watering/311	Low	Investigated & Referred: 311
552	Abuse of Position or Authority	Low	Resolved prior to investigation
553	Abuse of Position or Authority	Low	Unsubstantiated: Per Investigation
554	Employee Relations	Low	Not enough Information provided
555	Case Canceled	Canceled	Canceled
556	Unrelated to the City	Low	Non-City complaint
557	Misuse City Property	Low	Investigated & Referred: Utilities Department
558	Conflict of Interest	Low	Unsubstantiated: Per Investigation
559	Violate Local/State/Fed Law	Low	Resolved prior to investigation
561	Conflict of Interest	Low	Duplicate case
562	Abuse of Position or Authority	Low	Resolved prior to investigation
563	Insufficient action by City	Low	Dismissed: Does not appear to have merit
564	Case Canceled	Canceled	Canceled
565	Employee Relations	Low	Investigated & Referred: Labor Relations Division
566	Illegal Dumping/311	Low	Investigated & Referred: 311
567	Case Canceled	Canceled	Canceled
568	Unrelated to the City	Low	Non-City complaint
569	Parking	Low	Non-City complaint
570	Housing/311	Low	Non-City complaint
571	Case Canceled	Canceled	Canceled
572	Bribes / Kickbacks	Low	Not enough Information provided
573	Bribes / Kickbacks	Low	Not enough Information provided
574	Abuse of Position or Authority	Low	Investigated & Referred: Human Resources Department
575	Unrelated to the City	Low	Non-City complaint
577	Wasteful Practice	Low	Resolved During Investigation
578	Case Canceled	Canceled	Canceled
579	Employee Relations	Low	Unsubstantiated: Per Investigation
580	Case Canceled	Canceled	Canceled
581	Case Canceled	Canceled	Canceled
582	Case Canceled	Canceled	Canceled
583	Employee Relations	Low	Non-City complaint
584	Employee Relations	Low	Investigated & Referred: Human Resources Department
585	Housing/311	Low	Investigated & Referred: Outside Entity
586	Unrelated to the City	Low	Non-City complaint

			<b>Substantiated &amp; Referred:</b> We received a complaint alleging that a Department of Public Works employee was receiving an incentive pay that they were not eligible for per their labor agreement. It was substantiated that this employee had been incorrectly receiving this incentive pay since August 2015. We recommended that the department correct the error and consider seeking repayment from the employee.
587	Payroll	Low	
588	Parking	Low	Investigated & Referred: 311
589	Parking	Low	Investigated & Referred: Outside Entity
590	Conflict of Interest	Low	Duplicate case
591	Violate Local/State/Fed Law	Low	Non-City complaint
594	Watering/311	Low	Investigated & Referred: 311
596	Employee Relations	Low	Duplicate case
597	Employee Relations	Low	Duplicate case
598	Case Canceled	Canceled	Canceled
599	Case Canceled	Canceled	Canceled
600	Parking	Low	Unsubstantiated: No Investigation Warranted
601	Case Canceled	Canceled	Canceled
603	Unrelated to the City	Low	Non-City complaint
606	Case Canceled	Canceled	Canceled
607	Case Canceled	Canceled	Canceled
608	Unrelated to the City	Low	Non-City complaint
609	Unrelated to the City	Low	Non-City complaint
610	Unrelated to the City	Low	Non-City complaint
612	Case Canceled	Canceled	Canceled
613	Watering/311	Low	Investigated & Referred: 311