

City Auditor's Whistleblower Hotline Activity Report: October 2019 – March 2020

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City Auditor



City of
SACRAMENTO
Office of the City Auditor

Investigations Division
April 2020



Whistleblower Hotline Activity Report

October 2019 - March 2020

Open Cases as of October 1, 2019

23



Cases Received During Period

90



Cases Closed During Period

64



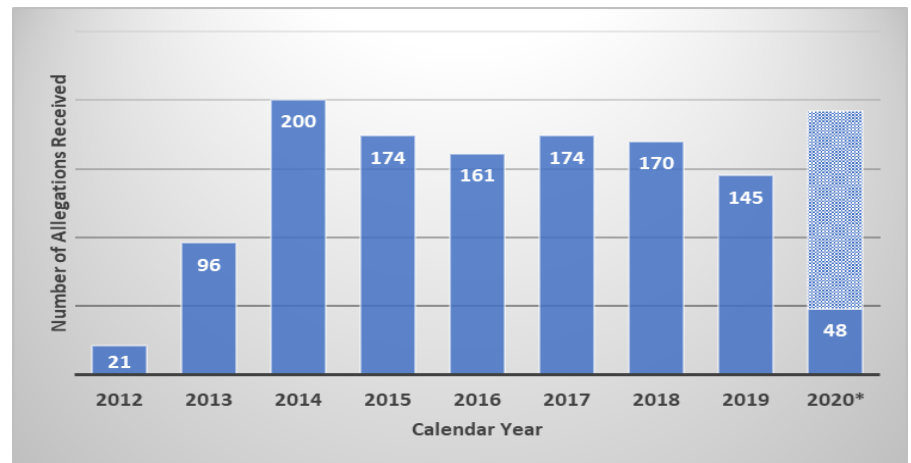
Open Cases as of April 1, 2020

49

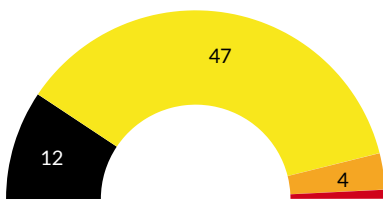
64 Cases Were Closed During the Period

The City of Sacramento's Whistleblower Hotline has received more than 1,100 allegations since 2012 with an estimated benefit of more than \$1.0 million.

Number of Allegations Received Each Year



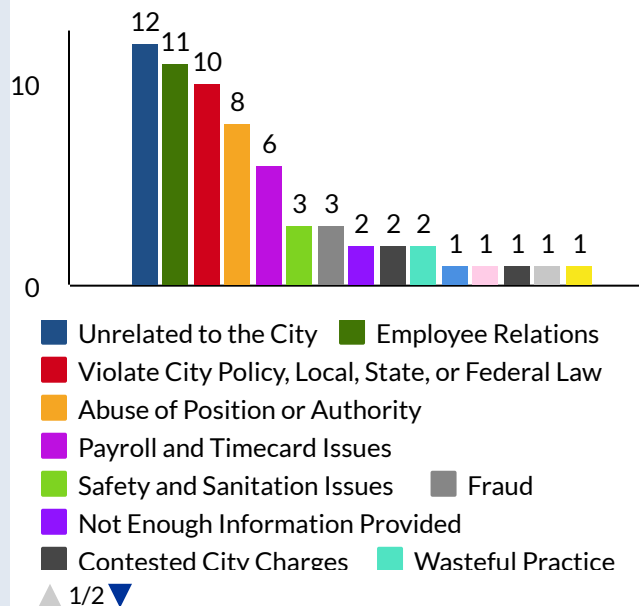
Case Priority



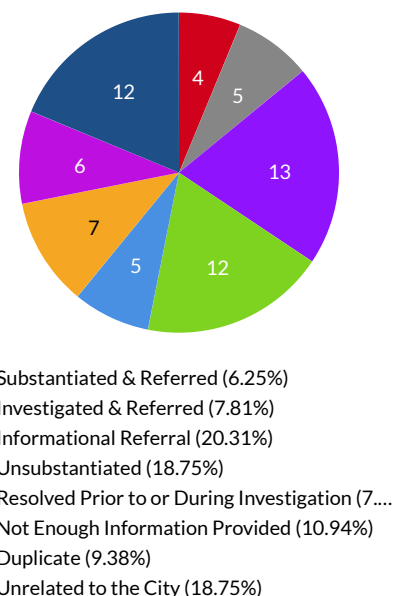
- Unrelated to the City (18.75%)
- Low (73.44%)
- Medium (6.25%)
- High (1.56%)



Types of Allegations



Disposition of Closed Cases



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Whistleblower Hotline Program

Contact the City's Whistleblower Hotline

City staff or members of the public may submit reports by calling the Whistleblower Hotline's toll-free number [1-888-245-8859](tel:1-888-245-8859) or online at <https://www.reportlineweb.com/cityofsacramento>. Individuals may also submit whistleblower reports directly to any staff member in the Office the City Auditor in person, over the phone, by voicemail, by e-mail, or by mail. Individuals who provide whistleblower information will have their identity kept confidential to the extent permitted by law unless the individual waives confidentiality in writing.

Sacramento Office of the City Auditor
915 "I" Street
Historic City Hall, 2nd floor
Sacramento, CA 95814

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

The City Auditor's Independence, Authority, and Responsibility

The City Auditor reports directly to the Mayor and City Council, and is independent of other City departments and agencies. This independence reduces the threat of coercion, influence, or conflict of interest during whistleblower investigations.

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

Key points of the Government Code section and how it pertains to the City of Sacramento include the following:

- 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 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.
- The City Auditor may provide a substantiated audit report and other information (including subject employee identities) to appointing authorities for disciplinary purposes.

Whistleblower Procedures Prioritize High-Risk Allegations

Due to the limited staff in the Office of the City Auditor and the Office's chief responsibility to conduct performance audits, research, and analysis in accordance with the City Council-approved workplan, conducting full investigations of all allegations is not feasible. Instead, the City Auditor applies a risk-based approach to investigate whistleblower allegations.

As part of the whistleblower program's intake process, we rank initial reports by risk and focus investigative efforts on those that represent the greatest risk to the City. Allegations are generally classified in one of the following categories:

High Priority

Allegations may be considered high priority if they 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 potentially major issue. Addressing these items could take priority over other investigations and audits, at the City Auditor's discretion.

Medium Priority

This category includes 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

This category includes 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 category, 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 a higher priority. Additionally, some low-priority allegations could be referred to a department for their review.

Unrelated to the City

Some allegations received through the Whistleblower Hotline do not involve City of Sacramento agencies or staff. The Office of the City Auditor investigates these allegations for any City involvement. If

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

no City involvement can be determined, those allegations are closed as “unrelated to the City”; some allegations not related to the City are referred to other jurisdictions.

NEW! - Whistleblower Hotline Dashboard

With the release of this report, the Office of the City Auditor also established an online Whistleblower Hotline Dashboard. City Officials and the public can use this dashboard to see statistics on the types of cases received through the City’s Whistleblower Hotline, the disposition of closed cases, brief descriptions of substantiated cases, actions taken as a result of substantiated cases, and the monetary benefit of the hotline. The dashboard will be updated semi-annually with the release of each Whistleblower Hotline Activity Report. The Whistleblower Hotline Dashboard can be found at: <https://www.cityofsacramento.org/Auditor/Reports/Whistleblower-Activity>

NEW! - Improvements to Internal Processes

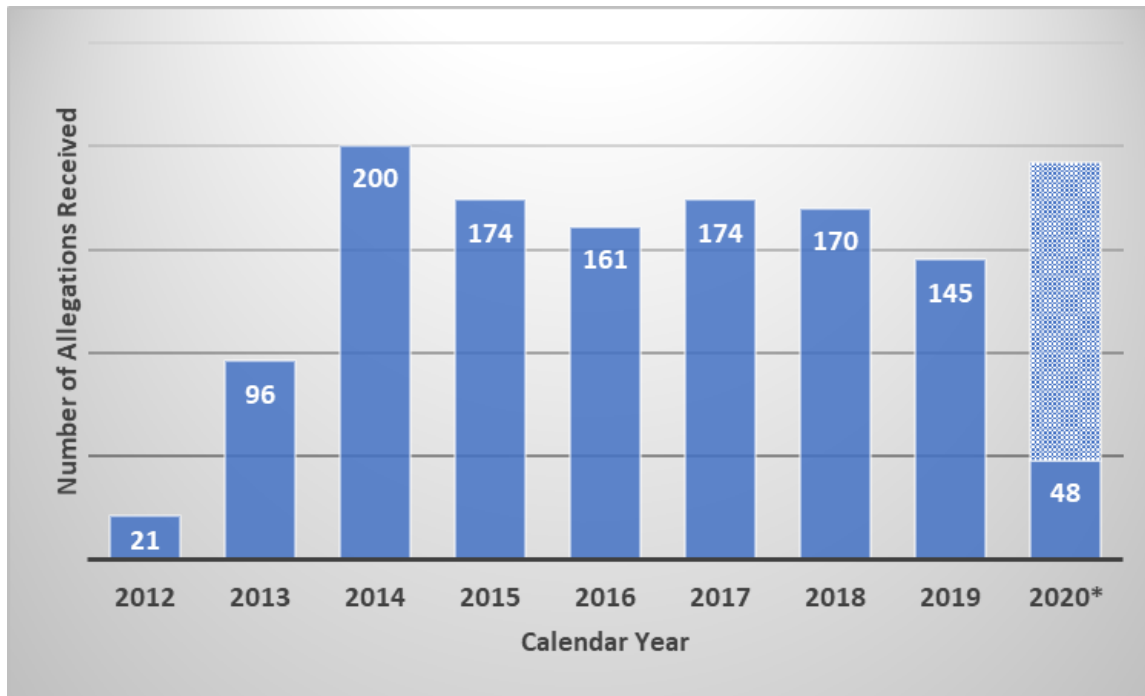
During the October 2019 to March 2020 reporting period, the Office of the City Auditor upgraded our case management system that relied heavily on paper documents to an entirely electronic process. Updated processes were vetted for ease of use and efficiency and became effective January 2020. We estimate this new electronic process will save approximately 1,000 sheets of paper each year, which equates to approximately 64 pounds CO₂ equivalent reduction in greenhouse gas emissions each year. Additionally, these updated processes have reduced the amount of time needed to complete our internal review process, thereby allowing us to resolve cases faster.

Status of Investigations

The Number of Whistleblower Reports has Remained Steady

Since the hotline’s inception in 2012, the Office of the City Auditor has received more than 1,100 reports. Use of the City Auditor’s Whistleblower Hotline grew significantly in the first few years and has been steady since 2014 as shown in Exhibit 1 below.

Exhibit 1: Whistleblower Allegations Received Per Year



*Denotes a partial year. Hatched area represents projected number of allegations based on number of cases received during the first quarter of 2020. Data as of March 31, 2020.

64 Cases Were Closed During the Period

At the beginning of the October 2019 through March 2020 reporting period, the Office of the City Auditor had 23 open cases. During that six-month period, 90 new reports were received and the Office of the City Auditor investigated, processed, and closed 64 cases; 49 cases remained open at the end of the reporting period. Exhibit 2 provides information on all cases that were closed during the October 2019 through March 2020 reporting period.

Exhibit 2: 64 Cases Were Closed During the Period

Case #	Primary Type of Allegation	Priority	Result
653	Violate City Policy, Local, State, or Federal Law	Medium	Substantiated and Referred
883	Misuse of Government Property	Low	Substantiated and Referred
1008	Abuse of Position or Authority	Low	Unsubstantiated
1014	Payroll and Timecard Issues	Low	Unsubstantiated
1031	Payroll and Timecard Issues	Low	Unsubstantiated
1033	Contested City Charges	Low	Investigated and Referred
1068	Contested City Charges	Low	Unsubstantiated
1083	Wasteful Practice	Low	Unsubstantiated
1086	Wasteful Practice	Low	Unsubstantiated
1099	311	Low	Informational Referral
1100	Fraud	Low	Resolved Prior To or During Investigation
1101	Safety and Sanitation Issues	Low	Investigated and Referred

1102	Violate City Policy, Local, State, or Federal Law	Low	Not Enough Information Provided
1103	Violate City Policy, Local, State, or Federal Law	Low	Duplicate
1104	Violate City Policy, Local, State, or Federal Law	Low	Informational Referral
1105	Payroll and Timecard Issues	Low	Resolved Prior To or During Investigation
1106	Unrelated to the City	Unrelated to the City	Unrelated to the City
1107	Not Enough Information Provided	Low	Not Enough Information Provided
1108	Unrelated to the City	Unrelated to the City	Unrelated to the City
1109	Abuse of Position or Authority	Low	Informational Referral
1110	Employee Relations	Low	Investigated and Referred
1111	Employee Relations	Low	Informational Referral
1113	Employee Relations	Low	Substantiated and Referred
1114	Unrelated to the City	Unrelated to the City	Unrelated to the City
1116	Violate City Policy, Local, State, or Federal Law	Low	Unsubstantiated
1117	Employee Relations	Low	Informational Referral
1122	Safety and Sanitation Issues	High	Substantiated and Referred
1123	Unrelated to the City	Unrelated to the City	Unrelated to the City
1124	Abuse of Position or Authority	Low	Investigated and Referred
1125	Employee Relations	Low	Resolved Prior To or During Investigation
1126	Employee Relations	Low	Informational Referral
1127	Information Request	Low	Not Enough Information Provided
1128	Unrelated to the City	Unrelated to the City	Unrelated to the City
1129	Unrelated to the City	Unrelated to the City	Unrelated to the City
1130	Violate City Policy, Local, State, or Federal Law	Low	Duplicate
1131	Safety and Sanitation Issues	Low	Not Enough Information Provided
1133	Employee Relations	Low	Informational Referral
1134	Fraud	Low	Unsubstantiated
1135	Abuse of Position or Authority	Low	Unsubstantiated
1138	Unrelated to the City	Unrelated to the City	Unrelated to the City
1139	Employee Relations	Low	Informational Referral
1140	Abuse of Position or Authority	Low	Investigated and Referred
1141	Insufficient Action by City	Low	Not Enough Information Provided
1142	Violate City Policy, Local, State, or Federal Law	Low	Duplicate

1143	Unrelated to the City	Unrelated to the City	Unrelated to the City
1144	Employee Relations	Low	Informational Referral
1145	Violate City Policy, Local, State, or Federal Law	Low	Duplicate
1149	Payroll and Timecard Issues	Low	Informational Referral
1150	Abuse of Position or Authority	Low	Duplicate
1151	Unrelated to the City	Unrelated to the City	Unrelated to the City
1154	Violate City Policy, Local, State, or Federal Law	Low	Unsubstantiated
1157	Abuse of Position or Authority	Low	Not Enough Information Provided
1158	Abuse of Position or Authority	Low	Unsubstantiated
1159	Employee Relations	Low	Resolved Prior To or During Investigation
1160	Unrelated to the City	Unrelated to the City	Unrelated to the City
1161	Violate City Policy, Local, State, or Federal Law	Medium	Informational Referral
1163	Procurement of Goods or Services Issues	Low	Resolved Prior To or During Investigation
1164	Not Enough Information Provided	Low	Not Enough Information Provided
1166	Payroll and Timecard Issues	Medium	Informational Referral
1168	Unrelated to the City	Unrelated to the City	Unrelated to the City
1173	Unrelated to the City	Unrelated to the City	Unrelated to the City
1178	Fraud	Medium	Duplicate
1180	Employee Relations	Low	Informational Referral
1183	Payroll and Timecard Issues	Low	Unsubstantiated

Of the 64 Cases Closed During the Period, 4 Were Substantiated

Of the 64 cases that were closed during the October 2019 through March 2020 reporting period, 4 allegations were substantiated. For cases that are substantiated, the Office of the City Auditor may request departments to report back on actions taken as a result of our investigations and any recommendations made in the investigative audit within 60 days of receiving the completed investigative audit report. Exhibit 3 provides a brief summary of the 4 substantiated during the period and any actions reported by the responsible department. Red highlighted cases indicate that the department did not respond within the requested timeframe.

Exhibit 3: 4 Allegations Were Substantiated During the Period

Case #	Case Summary	Department Response
653	We received a complaint alleging the Finance Department is not publicly reporting impact fees, as required by the Mitigation Fee Act, and the fees are not properly accounted for. Our review identified some impact fees were not reported timely or did not contain all information required by the Mitigation Fee Act.	Report back not requested
883	We received a complaint alleging a City employee loaded supplies from a City vehicle into an SUV. It was substantiated that the employee used a city vehicle to transport personal supplies during work hours. The City employee violated Civil Service Board Rule 12.2(s) Unauthorized possession or use of City or public property. We referred the complaint and our findings to the Public Works Department and Human Resources Department.	Report back not requested
1113	We received a complaint that a City employee dressed in a pimp costume on Halloween. It was substantiated that this incident occurred. We have referred this case to the Department of Human Resources and the City Manager's Office.	Report back not requested
1122	We received a complaint that a Department of Utilities employee practiced unsafe digging and hit a gas main. It was substantiated that this incident occurred. It should be noted that the appropriate parties were notified at the time of the incident and the department initiated an investigation into the incident. The department is also working with the Human Resources Department on determining next steps. We have referred this case to the Department of Utilities and the Human Resources Department for further review.	Report back not requested