

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



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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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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 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, 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 tips could be referred to a department for their review.

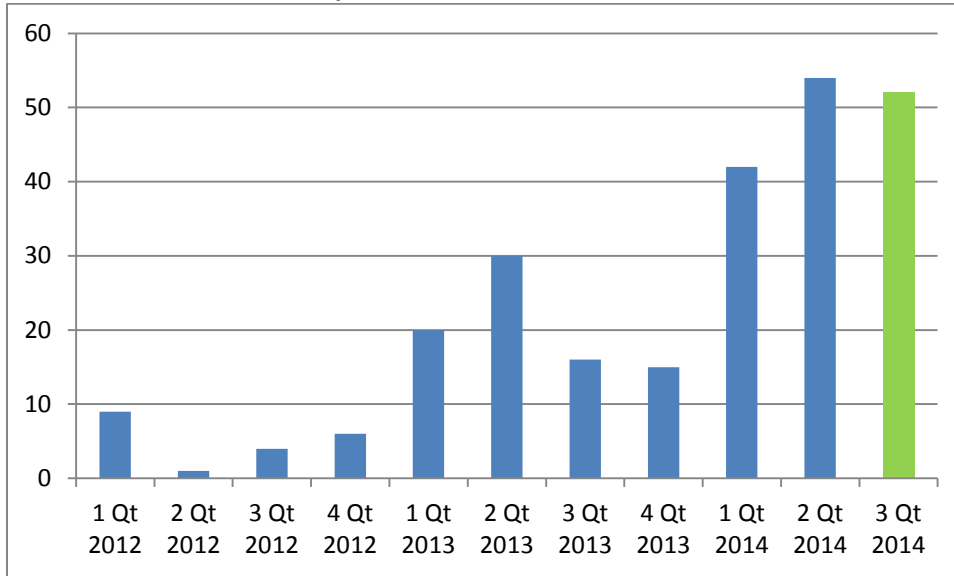
¹ Loss could entail actual or potential loss of money, waste, or inefficiencies.

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 81 tips, and so far in 2014 we have received almost 150 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. A total of 296 tips have been received. The following shows the top ten types of allegations reported as of October 2014.

Exhibit 2: Top Ten Types of Allegations Reported as of October 2014

Primary Type of Allegation	Count of Case #	Percent
Employee Relations	30	10%
Unrelated to the City	27	9%
Case Canceled	21	7%
Abuse of Position or Authority	19	6%
Violate Policy	18	6%
Misuse City Property	17	6%
Violate Local/State/Fed Law	14	5%
City Repair information/311	13	4%
Test Case	12	4%
Wasteful Practice	11	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: Eight Tips Were Substantiated and Thirty-Nine Were Referred

Case #	Primary Type of Allegation	Priority	Result
4	Theft	High	Substantiated: We received a complaint alleging Fire Department employees do not properly inventory the supply of narcotics used for treating patients. We incorporated this allegation into our Audit of Fire Department Inventory Systems and Narcotics and determined that recordkeeping and monitoring of narcotics could be strengthened to safeguard against fraud, waste, and abuse.
76	Misuse of Funds	Low	Unsubstantiated: Per Investigation
83	Wasteful Practice	Medium	Substantiated: We received a complaint alleging City wireless communication devices are not properly inventoried, approved, or monitored. In addition, many employees have multiple devices that are unnecessarily upgraded. We incorporated this allegation in our Audit of Citywide Wireless Communications and confirmed several of the alleged issues. The Audit resulted in 3 Findings and 18 recommendations.
119	Theft of Goods/Services	Low	Referred To Department
122	Misuse of Funds	Low	Referred To Department
137	Time Abuse	Low	Investigated & Referred
139	Employee Relations	Low	Not Enough Information Provided
141	Violate Policy	Low	Unsubstantiated: Per Investigation
143	Violate Policy	Low	Unsubstantiated: Per Investigation
144	Violate Policy	Low	Substantiated and Referred: We received a complaint that the Utilities Department had installed water meters that contained lead inappropriately. Based on our investigation, we were able to confirm that several lead containing meters had been used temporarily for about three weeks, but were ultimately replaced with compliant water meters. It appears that this practice was temporarily used during a parts shortage and will not occur in the future.
146	Misuse City Property	Low	Unsubstantiated: Per Investigation
147	Wasteful Practice	Low	Unsubstantiated: Per Investigation
151	Employee Relations	Low	Unrelated to the City
157	Misuse City Property	Low	Referred To Department
158	Conflict of Interest	Low	Referred To Department
161	Not Enough Information Provided	Low	Not Enough Information Provided
162	Unrelated to the City	Low	Not Enough Information Provided

170	Employee Relations	Low	Unsubstantiated: Per Investigation
175	Unrelated to the City	Low	Unrelated to the City
176	Unrelated to the City	Low	Unrelated to the City
178	Abuse of Position or Authority	Low	Unsubstantiated: Per Investigation
180	Unrelated to the City	Low	Unrelated to the City
181	Abuse of Position or Authority	Low	Unsubstantiated: Per Investigation
			Substantiated and Referred: We received a complaint alleging a City employee was using their City cell phone for a significant amount of personal calls. We confirmed many of the employee's cell phone calls were personal. The nature of the complaint and our analysis was shared with the department for their further consideration and to determine if any disciplinary action was necessary.
182	Misuse City Property	Medium	
183	Violate Policy	Low	Referred to Fire Prevention
185	Time Abuse	Medium	Unsubstantiated: Per Investigation
186	Contract Issue	Low	Unsubstantiated: Per Investigation
187	Unrelated to the City	Low	Unrelated to the City
188	Unrelated to the City	Low	Unrelated to the City
190	Employee Relations	Low	Unsubstantiated: Per Investigation
191	Abuse of Position or Authority	Low	Unsubstantiated: Per Investigation
192	Illegal Dumping/311	Low	Referred to 311
193	Violate Local/State/Fed Law	Low	Referred to 311
194	Misuse City Property	Low	Referred To Department
195	Unrelated to the City	Low	Unrelated to the City
196	Unrelated to the City	Low	Unrelated to the City
197	Misuse City Property	Low	Unsubstantiated: Per Investigation
198	Case Canceled	Canceled	Canceled
199	Case Canceled	Canceled	Canceled
200	Case Canceled	Canceled	Canceled
201	Abuse of Position or Authority	Low	Unsubstantiated: Per Investigation
202	City Repair Information/311	Low	Referred to 311
203	Watering/311	Low	Referred to Fire
204	Watering/311	Low	Not Enough Information Provided
205	Watering/311	Low	Referred to 311
206	Time Abuse	Low	Referred To Department
207	Misuse City Property	Low	Investigated & Referred
208	Misuse City Property	Low	Investigated & Referred
210	Violate Local/State/Fed Law	Low	Referred to Urban Forestry
211	Misuse City Property	Low	Investigated & Referred
212	Case Canceled	Canceled	Canceled

			Substantiated and Referred: We received a complaint alleging a City neighborhood had many inoperable vehicles creating blight in the neighborhood. We referred this complaint to the Code Enforcement Division of the Community Development Department. Code Enforcement found five vehicle violations in the neighborhood.
213	Illegal Dumping/311	Low	
214	Watering/311	Low	Referred to 311
215	Theft of Goods/Services	Low	Referred
216	City Repair Information/311	Low	Referred To Department
217	Abuse of Position or Authority	Low	Unrelated to the City
218	Abuse of Position or Authority	Low	Referred To Department
219	Unrelated to the City	Low	Unrelated to the City
220	Unrelated to the City	Low	Referred To Department
221	Violate Local/State/Fed Law	Low	Referred To Department
222	Case Canceled	Canceled	Canceled
223	Unrelated to the City	Low	Unrelated to the City
224	Theft of Goods/Services	Low	Referred to 311
225	Abuse of Position or Authority	Low	Unsubstantiated: Per Investigation
226	Watering/311	Low	Not Enough Information Provided
227	Unrelated to the City	Low	Unrelated to the City
228	Employee Relations	Low	Unsubstantiated: Per Investigation
229	Watering/311	Low	Referred to 311
230	Watering/311	Low	Referred to 311
231	Case Canceled	Canceled	Canceled
232	City Repair Information/311	Low	Referred to 311
233	Violate Local/State/Fed Law	Low	Unsubstantiated: Per Investigation
234	Case Canceled	Canceled	Canceled
235	Violate Local/State/Fed Law	Low	Unsubstantiated: Per Investigation
236	Case Canceled	Canceled	Canceled
237	Misuse City Property	Low	Investigated & Referred
238	City Repair Information/311	Low	Referred to 311
239	Case Canceled	Canceled	Canceled
240	Violate Local/State/Fed Law	Low	Referred To Department
241	City Repair Information/311	Low	Unsubstantiated: Per Investigation
242	Misuse of Funds	Medium	Unsubstantiated: Per Investigation
243	Violate Local/State/Fed Law	Low	Unsubstantiated: No Investigation Warranted
244	Watering/311	Low	Referred to 311
245	Violate Local/State/Fed Law	Low	Referred to 311
246	Case Canceled	Canceled	Canceled
247	City Repair Information/311	Low	Unrelated to the City
248	Violate Local/State/Fed Law	Low	Unsubstantiated: Per Investigation
249	Employee Relations	Low	Referred to Labor Relations

250	Unrelated to the City	Low	Unrelated to the City
251	Watering/311	Low	Referred to 311
252	Unrelated to the City	Low	Unrelated to the City
			Substantiated and Referred: We received a complaint alleging early payout requests of unused Vacation Leave were inappropriately granted by the Human Resources Department to employees that did not meet the 15 years of service requirement. We confirmed that 11 payouts which collectively totaled \$16,500 were paid to employees that were ineligible to participate in the early payout program. In addition, one of the payouts was made to an employee that created a conflict of interest. We shared the results of the investigation and our recommendations with the City Manager's Office to determine if any disciplinary action was necessary and to take corrective action if necessary.
253	Abuse of Position or Authority	Medium	
254	Harassment	Low	Referred to 311
255	Illegal Dumping/311	Low	Referred to 311
257	Misuse of Funds	Medium	Unsubstantiated: Per Investigation
258	Misuse of Funds	Medium	Unsubstantiated: Per Investigation
259	Corruption	Low	Unsubstantiated: Per Investigation
260	Fraud	Low	Unsubstantiated: Per Investigation
261	Conflict of Interest	Low	Referred
262	Case Canceled	Canceled	Canceled
263	Unrelated to the City	Low	Unrelated to the City
264	Time Abuse	Low	Not Enough Information Provided
265	Violate Local/State/Fed Law	Low	Unrelated to the City
266	High Price Purchases	Low	Unsubstantiated: Per Investigation
267	Case Canceled	Canceled	Canceled
268	Harassment	Low	Unrelated to the City
269	Employee Relations	Low	Unsubstantiated: Per Investigation
270	Unrelated to the City	Low	Unrelated to the City
271	Corruption	Low	Unsubstantiated: Per Investigation
273	Case Canceled	Canceled	Canceled
274	Wasteful Practice	Low	Unrelated to the City
275	Case Canceled	Canceled	Canceled
276	Case Canceled	Canceled	Canceled
278	Case Canceled	Canceled	Canceled

			Substantiated and Referred: We received a complaint regarding a residential construction being performed without required permits and inspections. We confirmed the construction and noticed a lack of permits in the City's systems. As a result, we referred the complaint to the Community Development Department's Housing and Dangerous Buildings Division which found the property to have a substandard structure. The Division began working with the homeowner to correct the issue.
279	Violate Local/State/Fed Law	Low	
280	Violate Local/State/Fed Law	Low	Referred To Department
281	Case Canceled	Canceled	Canceled
282	Unrelated to the City	Low	Unrelated to the City
283	Violate Local/State/Fed Law	Low	Referred to 311
284	Violate Local/State/Fed Law	Low	Referred to 311
285	Employee Relations	Low	Unsubstantiated: Per Investigation
286	City Repair information/311	Low	Not Enough Information Provided
287	Unrelated to the City	Low	Unrelated to the City
288	Employee Relations	Low	Not Enough Information Provided
289	City Repair Information/311	Low	Referred to 311
290	Unrelated to the City	Low	Unrelated to the City
291	City Repair Information/311	Low	Referred to 311
292	City Repair Information/311	Low	Referred to 311
293	City Repair Information/311	Low	Referred to 311
294	Watering/311	Low	Referred to 311
295	Unrelated to the City	Low	Unrelated to the City

Since the inception of the Whistleblower Hotline, we have closed 243 of the 256² tips (95 percent). Of the 13 cases that are not closed, one is incorporated into a planned audit and 12 remain open.

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.

² Excludes test and canceled cases.