



Fraud, Waste & Abuse HOTLINE

City of Arts & Innovation

TO: John Russo, City Manager

DATE: July 2, 2015

FROM: Cheryl Johannes, Internal Audit Manager

CC: Deanna Lorson, Assistant City Manager
Alex Nguyen, Assistant City Manager
Al Zelinka, Assistant City Manager

SUBJECT: Summary Fraud/Waste/Abuse HOTLINE Report – FY 2014/2015

The Internal Audit Manager administers the City's Fraud, Waste & Abuse HOTLINE program. The primary objective of the HOTLINE is to provide a means for a City employee or citizen to confidentially report any activity or conduct related to or involving City personnel, resources or operations for which he/she suspects instances of fraud, waste or abuse (refer to Appendix A).

The City's Fraud, Waste & Abuse HOTLINE is operated pursuant to California Government Code Section 53087.6 (refer to Appendix B). The HOTLINE is not a substitute for employment-related grievances or appeals, as existing City policy and procedures provide channels for resolution of these issues.

HOW THE HOTLINE WORKS

The Internal Audit Division accepts complaints/allegations online at <http://www.riversideca.gov/audit/fraud-form.aspx> or by calling (951) 826-2232. Callers can choose to remain anonymous and all information provided via the HOTLINE remains confidential. Complaints/allegations can also be submitted directly to the Internal Audit Manager.

CONFIDENTIALITY

The Internal Audit Manager will investigate all complaints/allegations received related to fraud, waste and abuse and/or may forward the complaint to the City Attorney or City Manager. The Internal Audit Manager will at all times maintain the confidentiality of all complaints, associated reports, working papers and other documents. Similarly, Departments investigating/reviewing allegations should maintain the confidentiality of all complaints.

NON-FRAUD RELATED COMPLAINTS/ALLEGATIONS

In most cases, non-fraud related complaints will be referred to Departments for further review and investigation. The audit manager will send the appropriate Department an email notifying him/her of the complaint/allegation; and, request a response (follow-up) as to the process for resolving the complaint, if necessary. Timely investigations and resolution activities are monitored.

Actions may include management intervention, discipline, and/or response to complainant or referral to another department or local agency.

During fiscal year 2014/2015, Internal Audit received numerous complaints/allegations that were non-City government related, such as: internet fraud, identity theft, customer/business complaints, civil matters, tax-related issues, police matters in other jurisdictions, County employee complaints, etc.

The following table summarizes the 34 complaints received and referred to Departments for resolution, if needed. Many of these complaints should have been reported through the 3-1-1 Call Center rather than the Internal Audit Fraud/Waste/Abuse HOTLINE. We are working with 3-1-1 to resolve this practice.

Internal Audit received no complaints/allegations of fraud during FY 2014/15.

Department	Complaint/Allegation and Outcome
	FY 2014/2015
Public Works	
1)	City vehicles blocking resident's driveway and access to mailbox;
	engines left running for over 3 hours while vehicles were unoccupied.
	<i>Allegation substantiated and appropriate corrective action was taken.</i>
2)	Traffic signal at busy intersection not properly regulated.
	<i>Substantiated by Traffic Engineer; intersection detection working properly;</i>
	<i>proper wait times during peak hours. Complainant contacted by Traffic Engr.</i>
3)	Trash dumped on empty lot; needs to be removed.
	<i>Notified Refuse; immediately removed. No further action.</i>
4)	City refuse truck speeding through neighborhood; reckless driving.
	<i>Substantiated by management; appropriate corrective action/disciplined.</i>
5)	Alleged prevailing wage rate not paid by contractor.
	<i>Investigation revealed contractor misclassified employee on certified payroll; corrected.</i>
6)	Personal trash cans not picked up by refuse workers.
	<i>Contacted by Refuse supervisor; explained procedures to correct issue.</i>
7)	City truck parked for several hours at City park over several days with driver sleeping.
	<i>Allegation that City employee sleeping while in City vehicle on City time was</i>
	<i>substantiated and appropriate corrective action was taken (disciplined).</i>
8)	Resident recvd Second Notice and assessed fees/fine for dog license. Alleges never recvd
	a first notice.
	<i>Animal Services spoke with customer and waived fee/fine one time only.</i>
9)	Bulky pickup denied; 311 service rep rude.
	<i>Refuse mgmt contacted complainant; explained bulky items pickup schedule.</i>

	10)	Street light out for several months. No location provided.
		<i>Internal audit contacted complainant and advised she call 311 to report outage/location.</i>
Police		
	1)	Car towed from private parking lot/space.
		<i>Company that towed vehicle not contracted by RPD; advised complainant that property manager had vehicle towed.</i>
	2)	Alleged mistreatment by police patrol officers.
		<i>Address referred to in complaint is Colton; RPD advised complainant to contact Colton PD.</i>
	3)	Complaint that son was mistreated by police officer during an investigation at their home.
		<i>Not enough information to substantiate allegation; no name, phone number or address provided. No further action required.</i>
	4)	Complaint/allegation that East side neighborhood unsafe due to gang activity.
		<i>Not enough information to investigate; a general complaint. No further action required.</i>
	5)	Officer rude and denied the complainant a copy of police report; would not update report with witness information.
		<i>Internal investigation completed; issue resolved and complainant contacted by RPD.</i>
	6)	Drug activity in neighborhood trailer; address provided.
		<i>RPD followed-up and investigated. No further action required.</i>
	7)	Allegation neighbor growing marijuana in backyard. Address provided.
		<i>Follow-up by RPD; found no criminal activity as alleged. No further action required.</i>
	8)	Car broken into; items stolen.
		<i>Referred complainant to RPD to file a report. No further action required.</i>
	9)	Homeless people living in an empty parking lot for several weeks. Address provided.
		<i>Follow-up by police officers and Code officer; substantiated and resolved.</i>
	10)	Police report not written by patrol officer at scene of accident; alleges officer "failed to do his job". Officer name/badge number provided.
		<i>Internal investigation completed; corrective action taken.</i>
Park Rec and Comm		
	1)	Playground at Fairmount Park not clean/unsanitary for children to play.
		<i>Investigated by Park mgmt; will take action to ensure playground is kept clean; complainant contacted by PRCSD Director. No further action required.</i>
	2)	Bus driver for Special Transit smoking marijuana. Name of driver provided.
		<i>Park mgmt referred issue to HR for follow-up. No further action required.</i>

	3)	Employee using city materials and staff time for personal projects. <i>Park mgmt follow-up; unsubstantiated. No further action required.</i>
	4)	Customer service complaint regarding use of Lakewood room. <i>Staff met with customer to address/resolve concerns. No further action required.</i>
Utilities		
	1)	Meter reader driving in an unsafe manner; street location provided. <i>Oral reprimand with responsible employee by RPU mgmt.</i>
	2)	Customer service issues regarding service reconnect. <i>Mgmt followed up. No further action required.</i>
	3)	Customer service issues regarding service reconnect. <i>Mgmt followed up. No further action required.</i>
	4)	Allegation that application/interview process for applicant not followed per policy <i>Complaint forwarded to RPU management; PU mgmt contacted HR to verify if correct process followed regarding applicant who had been on WC. Complaint resolved.</i> <i>No further action required.</i>
	5)	Allegations upgrade pay for a Water Dept. employee not valid. <i>HR and RPU Water Supervisor confirmed pay upgrade is correct/valid.</i>
	6)	Water fountain on commercial property has electrical current; shock when touch water. <i>Electric crews and Sr. Bldg. Inspector inspected and resolved issue with property owner.</i>
Fire		
	1)	Fire Rescue Squad vehicle blocking lanes unnecessarily in response to accident. <i>Fire Chief reviewed incident info; provided remedial trng to responsible firefighters.</i>
CEDD		
	1)	Numerous complaints/allegations from one individual that cart destroyed by Code Officer. <i>Code is working with individual; Police have investigated numerous complaints (not substantiated).</i>
	2)	Alleged company installing 15 a/c units without permit. <i>Code follow-up; resolved.</i>
	3)	Complaint by neighbor that no permit issued to build structure rear of adjacent property. <i>Code investigated; case opened; two violations cited.</i>

Internal Audit is dedicated to providing the staffing resources necessary to investigate and follow-up on all reported complaints/allegations received via the HOTLINE. If you have any questions, please do not hesitate in contacting me directly. – Cheryl Johannes, Internal Audit Manager

APPENDIX A

City of Riverside

FRAUD HOTLINE



Call 951-826-2232

Or use the anonymous online form found at <http://www.riversideca.gov/audit/fraud-form.aspx>

The Fraud HOTLINE is designed for reporting suspected cases of fraud, waste, or abuse of City assets. The HOTLINE is not a substitute for employment-related grievances or appeals, as existing City policy and procedures provide channels for resolution of these issues.

What Constitutes Fraud, Waste, and Abuse

Term	Definition	Examples
Fraud	Any intentional act or omission designed to deceive others, resulting in the victim (City of Riverside) suffering a loss and/or the perpetrator achieving a gain.	<ul style="list-style-type: none">▪ Falsifying financial records to conceal the theft of money or City property.▪ Theft or misuse of City money, equipment, supplies and/or other materials.▪ Soliciting or accepting a bribe or kickback.▪ Falsifying payroll information.
Waste	The intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of City resources.	<ul style="list-style-type: none">▪ Unnecessary spending of City funds to purchase supplies or equipment.
Abuse	Intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of City resources. Extravagant or excessive use as to abuse one's position or authority. Abuse can occur in financial or non-financial settings.	<ul style="list-style-type: none">▪ Failure to report damage to City equipment or property.▪ Receiving favor for awarding contracts to certain vendors.▪ Creating unneeded overtime.▪ Travel choices that are contrary to existing travel policies or are unnecessarily extravagant or expensive.▪ Making procurement or vendor selections that are contrary to existing policies.

APPENDIX B
California Government Code

53087.6. (a) (1) A city, county, or city and county auditor or controller who is elected to office may maintain a whistleblower hotline to receive calls from persons who have information regarding fraud, waste, or abuse by local government employees.

(2) A city, county, or city and county auditor or controller who is appointed by, or is an employee of, a legislative body or the government agency that is governed by the city, county, or city and county, shall obtain approval of that legislative body or the government agency, as the case may be, prior to establishing the whistleblower hotline.

(b) The auditor or controller may refer calls received on the whistleblower hotline to the appropriate government authority for review and possible investigation.

(c) During the initial review of a call received pursuant to subdivision (a), the auditor or controller, or other appropriate governmental agency, shall hold in confidence information disclosed through the whistleblower hotline, including the identity of the caller disclosing the information and the parties identified by the caller.

(d) A call made to the whistleblower hotline pursuant to subdivision (a), or its referral to an appropriate agency under subdivision (b), may not be the sole basis for a time period under a statute of limitation to commence. This section does not change existing law relating to statutes of limitation.

(e) (1) Upon receiving specific information that an employee or local government has engaged in an improper government activity, as defined by paragraph (2) of subdivision (f), a city or county auditor or controller may conduct an investigative audit of the matter. The identity of the person providing the information that initiated the investigative audit shall not be disclosed without the written permission of that person, unless the disclosure is to a law enforcement agency that is conducting a criminal investigation. If the specific information is in regard to improper government activity that occurred under the jurisdiction of another city, county, or city and county, the information shall be forwarded to the appropriate auditor or controller for that city, county, or city and county.

(2) Any investigative audit conducted pursuant to this subdivision shall be kept confidential, except to issue any report of an investigation that has been substantiated, or to release any findings resulting from a completed investigation that are deemed necessary to serve the interests of the public. In any event, the identity of the individual or individuals reporting the improper government activity, and the subject employee or employees shall be kept confidential.

(3) Notwithstanding paragraph (2), the auditor or controller may provide a copy of a substantiated audit report that includes the identities of the subject employee or employees and other pertinent information concerning the investigation to the appropriate

appointing authority for disciplinary purposes. The substantiated audit report, any subsequent investigatory materials or information, and the disposition of any resulting disciplinary proceedings are subject to the confidentiality provisions of applicable local, state, and federal statutes, rules, and regulations.

(f) (1) For purposes of this section, "employee" means any individual employed by any county, city, or city and county, including any charter city or county, and any school district, community college district, municipal or public corporation, or political subdivision that falls under the auditor's or controller's jurisdiction.

(2) For purposes of this section, "fraud, waste, or abuse" means any activity by a local agency or employee that is undertaken in the performance of the employee's official duties, including activities deemed to be outside the scope of his or her employment, that is in violation of any local, state, or federal law or regulation relating to corruption, malfeasance, bribery, theft of government property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse of government property, or willful omission to perform duty, is economically wasteful, or involves gross misconduct.

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