Summary of Fraud, Waste, Abuse Hotline Report Fiscal Year 2024/2025

Internal Audit Division
Office of the City Manager

Brian Freeland, Internal Audit Manager
Jorge Reyes, Internal Auditor

Internal Audit Department

City of Arts & Innovation

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To: Mike Futrell, City Manager

From: Brian Freeland, Internal Audit Manager

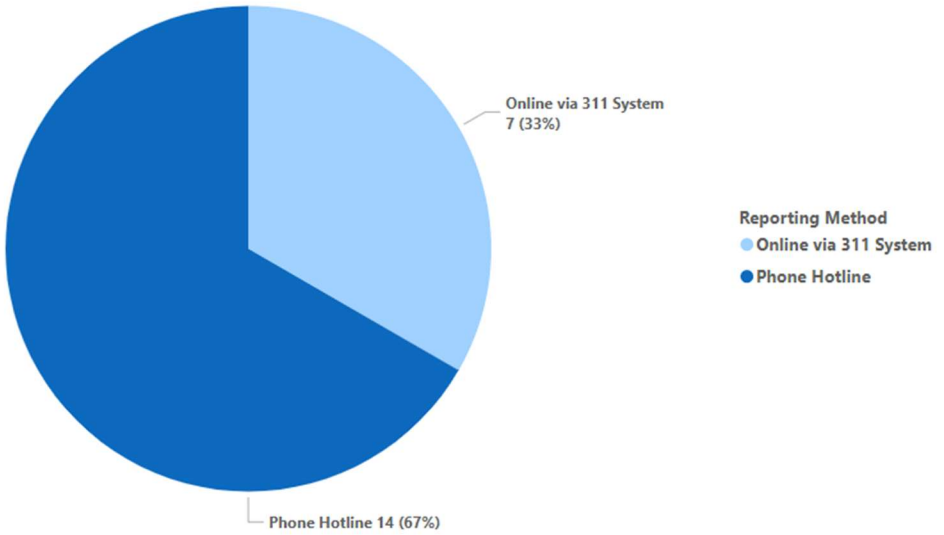
Subject: Summary of Fraud, Waste, Abuse Hotline Report – FY 2024/2025

The City of Riverside is committed to transparency, accountability, and responsible stewardship of public resources. To support this commitment, the City of Riverside maintains a Fraud, Waste, & Abuse Hotline. The primary objective of this Hotline is to provide a means for city employees and citizens to confidentially report any activity or conduct related to or involving city personnel, resources, or operations for which they suspect instances of fraud, waste, or abuse.

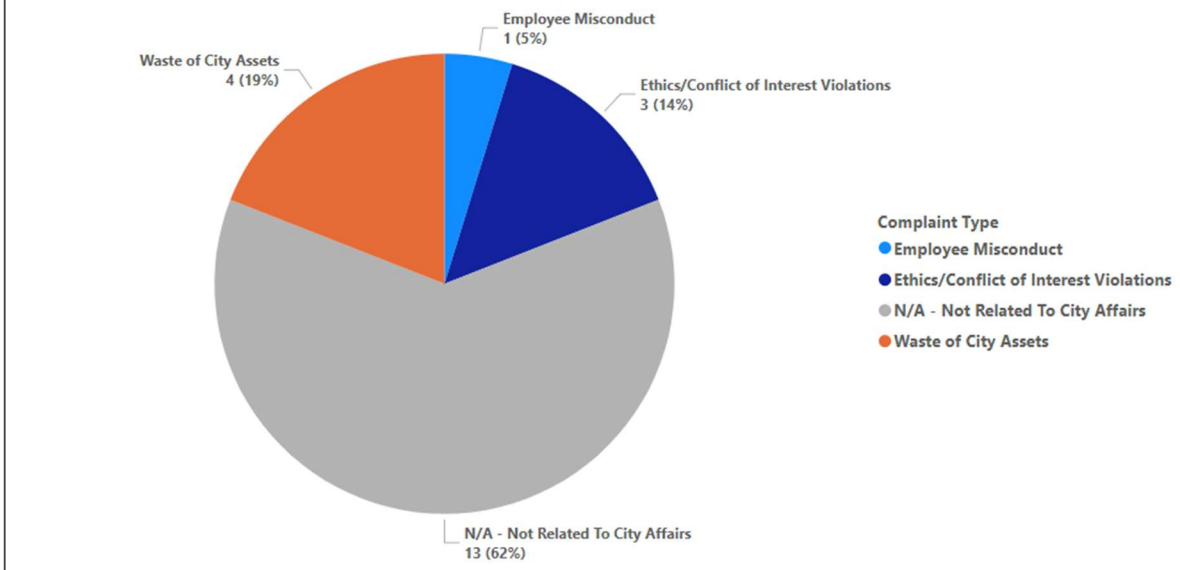
Fiscal Year 2024-2025 Results

During Fiscal Year 2024/2025, the Internal Audit Division received a total of 21 inquiries through various reporting channels, including phone calls to the Whistleblower Hotline, online 311 submissions, and direct emails:

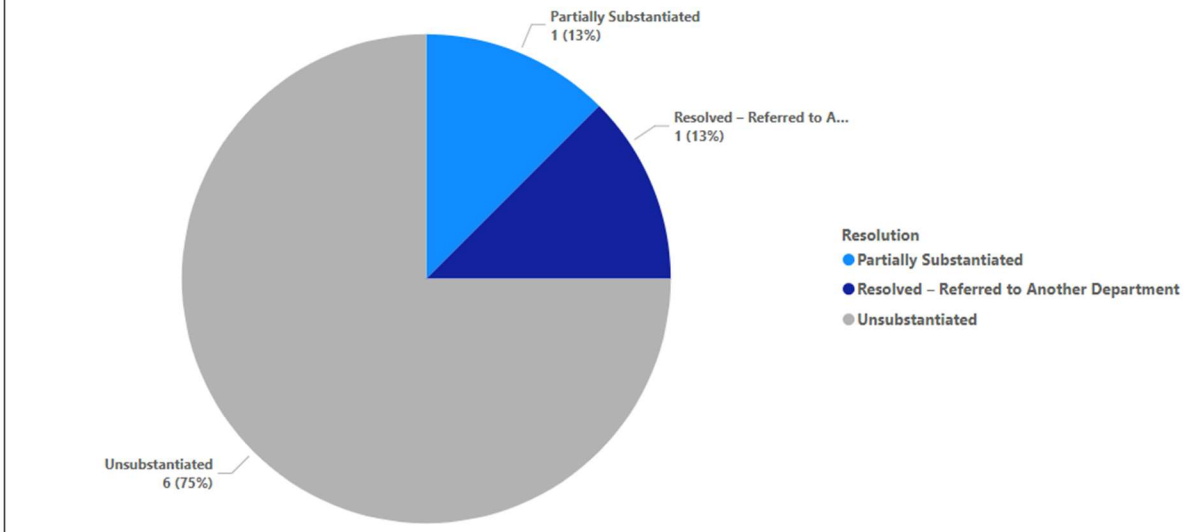
Of the total inquiries received, 67% were submitted via the Whistleblower Hotline phone line, reflecting continued reliance on the confidential telephone reporting method. The remaining inquiries were submitted through the City's online 311 platform.



Of the total 21 inquiries received, 8 (38%) were investigated or referred internally, while 13 (62%) required no further action due to being outside City jurisdiction or unrelated to City operations.



Of the 8 inquiries investigated, 6 were unsubstantiated, 1 was partially substantiated, and 1 was referred to another department for further investigation.



For all inquiries that were further investigated and determined to be either unsubstantiated or partially substantiated, Internal Audit issued formal conclusions to the City Manager's Office. These included, where appropriate, recommendations to strengthen internal controls or address potential risk areas identified during our review.

About the Whistleblower Hotline

Under the direction of the Office of the City Manager and in accordance with the City's administrative policy on Fraud, Waste, and Abuse Reporting and Investigation (*Administrative Manual Policy - 01.011.00*), the Internal Audit Division administers the City's Whistleblower Hotline Program. The purpose of the hotline is to provide a confidential channel for City employees and residents to report suspected instances of fraud, waste, or abuse involving the City. This may include misconduct by City employees, officials, vendors, consultants, contractors, outside agencies, or any other parties engaged in a business relationship with the City of Riverside.

The Whistleblower Hotline operates in compliance with California Government Code §53087.6 (*See Appendix B*), which defines fraud, waste, or abuse as "any activity by a local agency, employee, or contractor or subcontractor that may be in violation of any local, state, or federal law, ordinance, or regulation relating to fraud, waste, abuse, corruption, malfeasance, bribery, theft of government property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse or misappropriation of government property, funds, or resources, or willful omission to perform duty, is economically wasteful, or involves gross misconduct."

In accordance with this statute, the identity of individuals reporting suspected improper governmental activity, as well as the identity of the employees who are the subjects of such reports, shall remain confidential; except where disclosure is necessary to issue a report of a substantiated investigation or to release findings deemed necessary to serve the interests of the public. The City will also comply with all applicable laws regarding protections against retaliation for individuals who report misconduct, including the California Whistleblower Protection Act and California Labor Code Sections §1102.5 and §1106. The Internal Audit Manager will maintain the confidentiality of all complaints, associated reports, working papers, and other documents. Similarly, departments investigating/reviewing allegations are also expected to maintain the confidentiality of all complaints.

Non-Fraud, Waste, or Abuse Related Complaints/Allegations

The Hotline is not a substitute for employment-related grievances or appeals; such matters received through the Hotline will be forwarded to the appropriate departments best suited to address these issues.

In most cases, concerns that are not related to Fraud/Waste/Abuse will be referred to the relevant departments for further review and investigation. The Internal Audit Manager will send the appropriate department notice of the concern/allegation and request a response as to the process of resolving the concern/allegation and outcome, if necessary.

All matters that are brought forth may include management intervention, disciplinary actions, referral to another department or agency, and/or response to the petitioner.

How to Use the City's Whistleblower Hotline

City employees and members of the public are strongly encouraged to submit whistleblower reports by calling the City's Whistleblower Hotline at (951) 826-2232 or online via the City's 311 Service Request Website at **https://crmweb.riversideca.gov/**. Reports may be submitted anonymously, with confidentiality maintained for all reports received in accordance with whistleblower protections laws. Comments/allegations can also be submitted to the City Manager's Office or directly to the Internal Audit Manager. (*See Appendix A*)

Investigation Process

Although there are no formal standards governing how local government auditors must manage a whistleblower hotline, the Internal Audit Division prioritizes professional due care and confidentiality. Each report submitted to the Whistleblower Hotline will be carefully reviewed to determine the appropriate course of action. This may include conducting an investigative audit or (depending on the nature of the report), referring the matter to another City department such as Human Resources or the City Attorney's Office for further investigation.

If an investigation conducted by Internal Audit substantiates allegations of fraud, waste, or abuse, the results will be summarized in the annual Whistleblower Report submitted to City management and made available for public disclosure, consistent with applicable laws. However, state law requires that all personnel-related information remain confidential.

The Association of Certified Fraud Examiners (ACFE) provides comprehensive guidance and best practices for managing whistleblower programs and investigations. To promote consistency and incorporate leading practices, the Internal Audit Division will use ACFE resources to guide its investigative approach. These resources include guidance on whistleblower hotline implementation, investigative procedures, training, and other relevant materials.

Reporting Process

The Internal Audit Division will submit an annual summary report to the City Manager that outlines findings, reporting metrics, and other relevant information related to whistleblower activity during the fiscal year. The following are examples of complaint types and potential resolution categories that may be reflected in the report:

Complaint Types

- Fraud
- Asset Misuse
- Theft
- Employee Misconduct
- Safety/Workplace Violations

- Ethics/Conflict of Interest Violations
- Contract/Procurement Violations
- Waste of City Assets
- Harassment

Resolution Types

- Substantiated
- Partially Substantiated
- Unsubstantiated
- Management Action Taken
- No Action Warranted
- Pending/Under Investigation
- Resolved – Referred to Outside Agency
- Resolved – Referred to Another Department
- Resolved – Not Related to City Affairs

Contact Us

For more information about the Whistleblower Hotline or if you have any questions regarding the City's Whistleblower Program, please contact the Internal Audit Manager at (951) 826 - 2195.

Appendix A
General Reporting Information

Reporting Process & Contact Information

- The city's whistleblower hotline is a confidential resource for reporting concerns such as fraud, waste, abuse, and ethical violations.
- We encourage all city employees to use the hotline to report any concerns. Your voice is vital in maintaining the integrity and trust within our community.
- Reports can be made anonymously from anywhere, 24/7, via phone at 951-826-2232 or online using the city's 311 online reporting service.

To submit a whistleblower issue, access 311 at:

311 FOR CITY SERVICES

https://crmweb.riversideca.gov/

Select Whistleblower Hotline option:

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RiversideCA.gov

Confidentiality and Non-Retaliation

- All reports are handled with strict confidentiality by the Internal Audit department*. You have the option to remain anonymous regardless of how you submit a claim.
- The city has a zero-tolerance policy for retaliation. You are protected when reporting in good faith through the State of California Whistleblower Protection Statute, *California Labor Code Sections 1102.5 and 1106*.

** Internal Audit will investigate all complaints received related to fraud, waste and abuse. Complaints pertaining to City employees in the areas of employee relations, discrimination, harassment, safety, workers' compensation fraud, and related personnel matters will be forwarded to the Human Resources Director for appropriate handling and investigation, which may include the Police Department and/or outside investigators, depending on the nature of the issue and whether criminal conduct is alleged.*

- For more information and additional resources:

3-1-1 Whistleblower Hotline
https://riversideca.gov/internalaudit/3-1-1-whistleblower-hotline

City of Riverside – Internal Audit
https://riversideca.gov/internalaudit/

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Appendix B

California Code, Government Code - GOV § 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.