Meeting Date: **1/12/2016**

Report Type: Staff/Discussion

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City of SACRAMENTO 25

City Council Report
915 I Street, 1st Floor
www.CityofSacramento.org

Title: City Auditor's Whistleblower Hotline Activity Report

Location: Citywide

Recommendation: Pass a Motion accepting the City Auditor's Whistleblower Hotline Activity Report.

Contact: Jorge Oseguera, City Auditor, (916) 808-7270, Office of the City Auditor

Presenter: Jorge Oseguera, City Auditor, (916) 808-7270, Office of the City Auditor

Department: Mayor/Council
Division:
Dept ID:
Attachments:
1-Description/Analysis
2-City Auditor's Whistleblower Hotline Activity Report (Jun to Oct 2015)

City Attorney Review

Approved as to Form
Sandra Talbott
1/5/2016 1:57:13 PM

Approvals/Acknowledgements

Department Director or Designee: Jorge Oseguera - 1/5/2016 8:54:28 AM

Description/Analysis

Issue Detail: According to City Code Chapter 2.18, the City Council should be kept apprised of the City Auditor's work. The Budget and Audit Committee shall receive, review, and forward to the Council as appropriate, reports, recommendations, and updates from the City Auditor. This report documents the City's Auditor's Whistleblower Hotline related activity for the Jun 2015 to Oct 2015 period.

Policy Considerations: The City Auditor's presentation of the *City Auditor's Whistleblower Hotline Activity Report* is consistent with the Mayor and City Council's intent to have an independent audit function for the City of Sacramento.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: The Budget and Audit Committee unanimously accepted this report on December 1, 2015 and forwarded it to the full City Council for approval.

Rationale for Recommendation: This staff report provides the City Council with information that may be used to meet its responsibility to provide oversight and supervision of the City Auditor.

Financial Considerations: The costs of the *City Auditor's Whistleblower Hotline Activity Report* were funded out of the Office of the City Auditor Budget.

Local Business Enterprise (LBE): No goods or services are being purchases as a result of this report.

Report # 2015-09

City Auditor's Whistleblower Hotline Activity Report (June 2015– October 2015)

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City Auditor

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Auditor

Office of the City Auditor
December, 2015

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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.

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/

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, loss[1] 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.

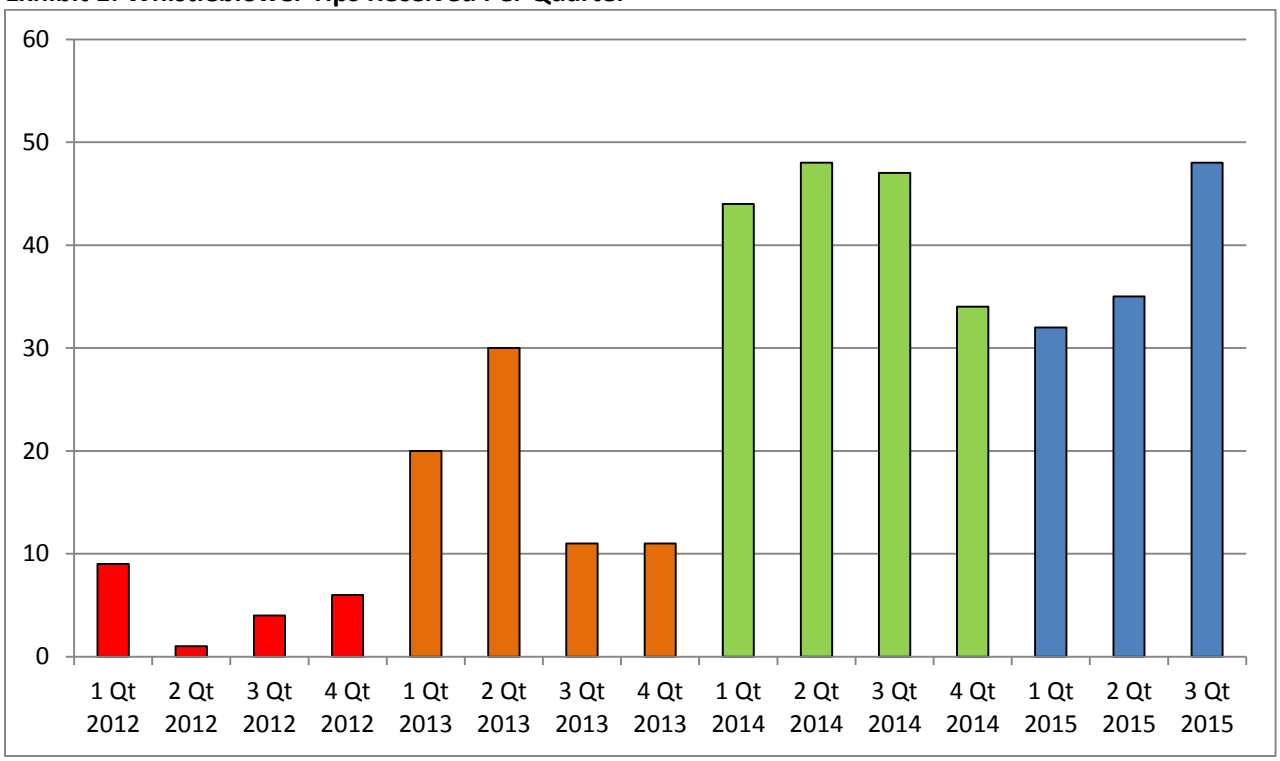
[1] Loss could entail actual or potential loss of money, waste, or inefficiencies.

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 79 tips, and in 2014 we received 173 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. The following shows the top ten types of allegations reported as of May 2015.

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 2: Eighty tips were closed of which Three Tips Were Substantiated

Case #	Primary Type of Allegation	Priority	Result
28	Reimbursement Abuse	Low	**Investigated & Referred:** Fire Department
100	Employee Relations	Low	**Investigated & Referred:** Fire Department
173	Violate Policy	High	**Substantiated& Referred:** We received a complaint alleging that the Fire Department did not have procedures for sanitizing laryngoscopes and that employees were not properly sanitizing laryngoscopes after use. The allegation that the Fire Department does not have a procedure for cleaning laryngoscopes is unsubstantiated; the Department does have a procedure for disinfecting reusable equipment. However, based on the information we reviewed and laboratory testing results, it appears the Fire Department's procedures for reprocessing laryngoscope blades is insufficient. We made recommendations for the department to enhance their reprocessing procedures and to review the practicality of switching to disposable blades.
272	Time Abuse	Low	**Substantiated & Referred:** We received an allegation that the City's Recycling and Solid Waste Division pays its employees for a full day of work, even when many finish their daily tasks several hours early resulting in the City paying employees to for non-work activities such as playing basketball or working out. We conducted site visits, ride-a-longs, and selected 20 sample collection vehicles to analyze and review. Based on our observations and sample, we substantiate that it is common for Solid Waste drivers to finish their routes early, sometimes by several hours, and still receive pay for a full shift.
277	Abuse of Position or Authority	Low	**Investigated & Referred:** Fire Department
296	Time Abuse	Low	**Unsubstantiated:** Per Investigation
297	Theft of goods/services	Low	**Unsubstantiated:** Per Investigation
318	Violate Policy	Medium	**Unsubstantiated:** No Investigation Warranted
352	Harassment	Low	Not enough Information provided
355	Violate Local/State/Fed Law	Low	**Investigated & Referred:** 311

356	Wasteful Practice	Medium	**Substantiated & Referred:** We received a complaint alleging the City's chemical contract pricing was being inappropriately raised by 15 percent per year and that the City was overpaying for chemicals. Based on our analysis, the allegation that the contract prices were being inappropriately raised is unsubstantiated. However, we found it is probable the City could have negotiated more favorable chemical pricing.
357	Illegal Dumping/311	Low	**Investigated & Referred:** 311
360	Fraud	Low	Duplicate case
374	Unrelated to the City	Low	Unrelated to the City
377	Watering/311	Low	**Investigated & Referred:** 311
378	Unrelated to the City	Low	Non-City complaint
379	Violate Policy	Low	**Unsubstantiated:** Per Investigation
382	Violate Policy	Low	**Unsubstantiated:** Per Investigation
383	Unrelated to the City	Low	Unrelated to the City
384	Watering/311	Low	Unrelated to the City
386	Watering/311	Low	**Investigated & Referred:** Parks & Recreation Department
387	Unrelated to the City	Low	Unrelated to the City
388	Violate Policy	Low	**Investigated & Referred:** Utilities Department
389	Abuse of Position or Authority	Low	**Investigated & Referred:** Public Works Department
390	Wasteful Practice	Medium	**Unsubstantiated:** Per Investigation
392	Unrelated to the City	Low	Unrelated to the City
393	Illegal Dumping/311	Low	**Investigated & Referred:** 311
394	Watering/311	Low	**Investigated & Referred:** 311
397	Insufficient action by City	Low	Resolved prior to investigation
398	Unrelated to the City	Low	Non-City complaint
399	Insufficient action by City	Low	**Unsubstantiated:** No Investigation Warranted
400	Unrelated to the City	Low	Non-City complaint
401	Unrelated to the City	Low	Non-City complaint
402	Unrelated to the City	Low	Non-City complaint
403	Insufficient action by City	Low	**Investigated & Referred:** Police Department
404	Unrelated to the City	Low	Non-City complaint
405	Insufficient action by City	Low	**Unsubstantiated:** No Investigation Warranted
406	Unrelated to the City	Low	Non-City complaint
407	Unrelated to the City	Low	Non-City complaint
408	Insufficient action by City	Low	**Investigated & Referred:** 311
409	Watering/311	Low	Non-City complaint
411	Harassment	Low	**Unsubstantiated:** No Investigation Warranted
413	Unrelated to the City	Low	Non-City complaint

414	Unrelated to the City	Low	Non-City complaint
415	Harassment	Low	**Unsubstantiated:** Per Investigation
416	Housing/311	Low	**Investigated & Referred:** 311
417	Unrelated to the City	Low	**Investigated & Referred:** Outside Entity
418	Unrelated to the City	Low	Non-City complaint
419	Harassment	Low	Non-City complaint
420	Harassment	Low	Non-City complaint
421	Harassment	Low	Non-City complaint
422	Harassment	Low	Non-City complaint
423	Violate Local/State/Fed Law	Low	Non-City complaint
424	Wasteful Practice	Low	Non-City complaint
426	Unrelated to the City	Low	Non-City complaint
427	Unrelated to the City	Low	Non-City complaint
429	Unrelated to the City	Low	Non-City complaint
430	Unrelated to the City	Low	**Investigated & Referred:** Outside Entity
431	Unrelated to the City	Low	Non-City complaint
432	Unrelated to the City	Low	Non-City complaint
433	Unrelated to the City	Low	Non-City complaint
434	Unrelated to the City	Low	Non-City complaint
435	Information Request	Low	**Unsubstantiated:** No Investigation Warranted
436	Employee Relations	Low	**Unsubstantiated:** Per Investigation
437	Unrelated to the City	Low	Non-City complaint
438	Watering/311	Low	**Investigated & Referred:** 311
441	Violate Local/State/Fed Law	Low	**Investigated & Referred:** Police Department
442	Violate Local/State/Fed Law	Low	**Investigated & Referred:** Police Department
443	Unrelated to the City	Low	Non-City complaint
445	Violate Local/State/Fed Law	Low	**Investigated & Referred:** Police Department
446	Parking	Low	Non-City complaint
451	Not Enough Information Provided	Low	Non-City complaint
453	Watering/311	Low	**Investigated & Referred:** 311
455	Fraud	Low	Non-City complaint
456	Abuse of Position or Authority	Low	**Investigated & Referred:** Police Department
457	Violate Local/State/Fed Law	Low	**Investigated & Referred:** 311
459	Abuse of Position or Authority	Low	Resolved prior to investigation
460	Contested City Charges	Low	Resolved prior to investigation
461	Unprofessionalism by City Employee	Low	**Investigated & Referred:** Parks & Recreation Department
462	Fraud	Low	**Investigated & Referred:** Outside Entity

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.