



Introduction to the City Auditor's Fraud Hotline

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SEPTEMBER 8, 2021

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Our Mission

is to advance an effective City government through independent, high quality audits, advisory services, and investigations to make Long Beach better.



Fraud Hotline Goal: Deter, detect, and disclose fraud, waste, and abuse

City Auditor's Fraud Hotline Background

- **ESTABLISHED PER CALIFORNIA GOVERNMENT CODE 53087.6**
 - Empowers an auditor or controller to maintain a hotline to receive calls regarding government fraud, waste, or abuse
- **REVITALIZED BY CITY AUDITOR LAURA DOUD IN 2007**
 - Third Party 24/7 Hotline Operator: 1-888-FRAUD-07
 - Website Form: www.CityAuditorLauraDoud.com/report-fraud
 - MyAuditor App
- **THE CITY'S CODE OF CONDUCT AND ETHICS ENHANCES THE CITY AUDITOR'S FRAUD HOTLINE**
- **OUR FRAUD HOTLINE TEAM: CERTIFIED FRAUD EXAMINERS**
 - City Auditor, Assistant City Auditor, Deputy City Auditor
 - Day to Day – Deputy City Auditor, Two Performance Auditors

Value of City Auditor's Fraud Hotline

- IT ALLOWS ANYONE TO EASILY AND CONFIDENTIALLY REPORT TIPS OF ALLEGED CITY FRAUD, WASTE, OR ABUSE AT ANY TIME
- CASE INTAKE THROUGH PHONE, WEBSITE, MAIL, FAX, OR MYAUDITOR APP
- THIRD PARTY 24/7 HOTLINE OPERATOR
 - Choice to be anonymous
 - Multilingual
 - Text or voice
- CASE STATISTICS
 - Annual average of 60 cases closed
 - 45% of cases investigated – By City Auditor's Office or Department

What is City Fraud? What is Non-City Fraud?

EXAMPLES OF CITY FRAUD

- THEFT OF CASH OR CITY PROPERTY
- MISUSE OF CITY PROPERTY OR INFORMATION
- VIOLATIONS OR ABUSE OF CITY POLICY
- KICKBACKS OR BRIBERY
- WASTE OR ABUSE OF CITY RESOURCES
- CONFLICTS OF INTEREST
- CITY PAYROLL FRAUD
- CITY CONTRACT OR VENDOR FRAUD

EXAMPLES OF NON-CITY FRAUD

- EMPLOYEE GRIEVANCES
- COUNTY OR STATE PUBLIC BENEFITS FRAUD

Case Handling Process

- **WE CREATE A CASE FOR EVERY TIP RECEIVED.**
- **INITIAL REVIEW AND ASSESSMENT**
- **DETERMINE WHETHER THE ALLEGATION IS WITHIN HOTLINE PURVIEW**
 - Forward to appropriate Department or agency, or provide information to complainant
- **CONDUCT PRELIMINARY REVIEW/INVESTIGATION**
- **IF PREDICATION IS ESTABLISHED, PROCEED TO FULL INVESTIGATION**
- **CONTACT APPROPRIATE CITY ADMINISTRATION, LAW ENFORCEMENT AGENCY, OR PROSECUTORIAL AGENCY IF COMPLAINT IS FOUNDED**

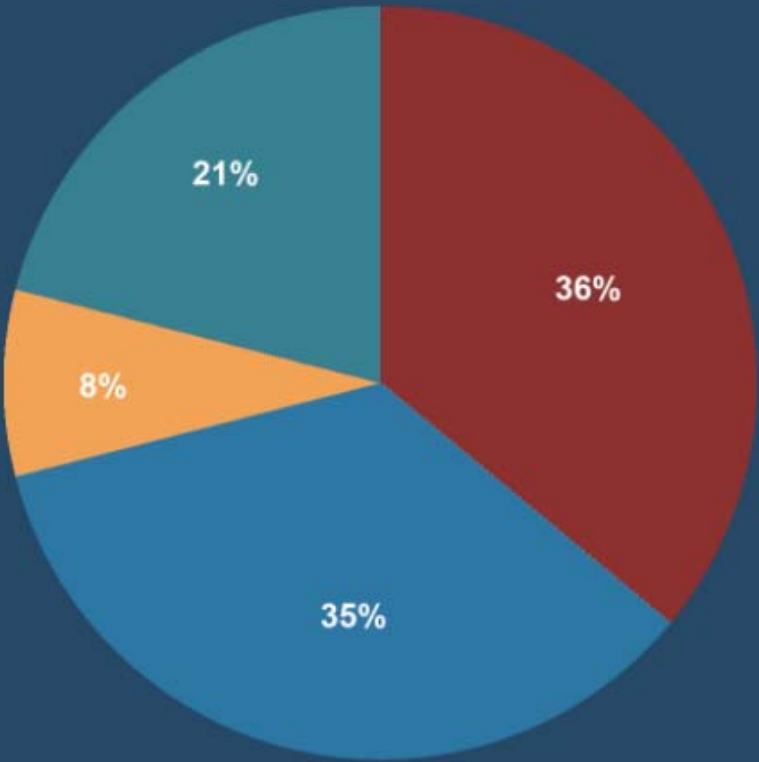
Department Referrals

- **RESPONSE REQUESTED VS. NO RESPONSE REQUESTED**
- **DEPARTMENT REVIEW PROCESS**
 - ALLEGATION RESPONSE FORMS
 - HOTLINE TEAM REVIEW AND APPROVAL BEFORE CASE CLOSURE
- **COMPLAINTS RELATING TO ELECTEDS**
 - CAMPAIGN FINANCING
 - MISUSE OF OFFICE HOLDER ACCOUNTS
 - CONFLICT OF INTEREST

Reporting City Auditor's Fraud Hotline Activity

- FRAUD HOTLINE ACTIVITY REPORTS ARE PUBLISHED ANNUALLY
- A SUMMARY OF CASES CLOSED IS ALSO MADE AVAILABLE
- INFORMATION CAN BE FOUND AT
WWW.CITYAUDITORLAURADOUD.COM/FRAUD-HOTLINE-ACTIVITY

2020 Fraud Hotline Activity



Actions Taken on 52 Cases Closed

- 36% Conducted an Investigation:**
An investigation was conducted by our Office, or in conjunction with a City Department, for cases related to City fraud, waste or abuse.
- 35% Referred to City Department:**
Cases that fell under the City's jurisdiction that would be most appropriately reviewed by a specific City Department were referred to that City Department.
- 8% Referred to an Outside Agency with Jurisdiction:**
Allegations that did not fall under the jurisdiction of the City were referred to a county, state or federal agency for review. Examples of this include credit card, welfare, and unemployment fraud.
- 21% Not Actionable:**
Cases were closed if they lacked merit or sufficient information of wrongdoing, and we could not obtain additional information from the caller.

2020 Fraud Hotline Activity

52 Cases Closed by Tip Type		Founded Cases*
Violations or Abuse of City Policy	8	3
Waste or Abuse of City Resources	8	2
Misuse of City Property or Information	7	2
City Payroll Fraud	3	1
Conflict of Interest	3	1
Falsification of City Records	1	
Kickbacks or Bribery	0	
City Contract or Vendor Fraud	0	
Theft of City Cash or City Property	0	
Not in purview of City Auditors Hotline	22	
TOTAL	52	9

* Founded Cases have substantiated allegations with elements of City fraud, waste, or abuse.

2020 Fraud Hotline Activity

Results of 52 Cases Closed

The 9 founded cases with substantiated allegations resulted in 10 corrective action recommendations surrounding

- Accessibility signage at City facility
- City employee use of resources and property
- City employee adherence to workplace policies and procedures
- City employee authorized work breaks
- Health and safety protocols at City facilities
- City employee access to information
- City employee conflict of interest
- City employee recording work hours

Impact of City Auditor's Fraud Hotline

- **OUR FRAUD HOTLINE WORK: DETERS, DETECTS, AND DISCLOSES FRAUD WITHIN THE CITY**
- **TIPS RECEIVED THROUGH THE FRAUD HOTLINE HAVE LED TO IMPORTANT PERFORMANCE AUDITS**
- **OVERALL, THROUGH TIPS TO THE CITY AUDITOR'S FRAUD HOTLINE, WE ARE ABLE TO CREATE POSITIVE CHANGE BY PROTECTING TAXPAYERS DOLLARS AND ENSURING THEY ARE USED FOR THE PUBLIC'S BENEFIT**

Thank You

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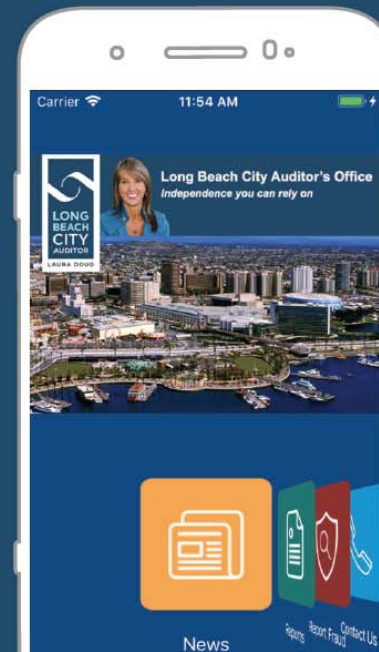
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