
City Auditor's Fraud Hotline Update

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ETHICS COMMISSION MEETING MARCH 8, 2023



Our Mission

To make Long Beach better through independent audits and fraud investigations

We work to:

- Provide assurance City funds are spent as intended
- Promote transparency and accountability of City operations
- Prevent fraud, waste, and abuse of City resources



Fraud Hotline Background

- CASE INTAKE THROUGH WEBSITE, PHONE, MAIL, FAX, OR APP
- THIRD PARTY 24/7 HOTLINE OPERATOR
 - Choice to be anonymous
 - Multilingual
 - Text or voice
- CASE STATISTICS
 - Annual average of 44 cases closed
 - 42% of Cases Investigated – By City Auditor or Department
- FRAUD HOTLINE TEAM: ONE DEPUTY, TWO STAFF, AND CITY AUDITOR

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
- CREDIT CARD FRAUD
- COUNTY OR STATE PUBLIC BENEFITS FRAUD

Case Handling Process

- INITIAL REVIEW AND ASSESSMENT
- DETERMINE WHETHER ALLEGATION IS WITHIN HOTLINE PURVIEW OR FACTUALLY ACCURATE
 - FORWARD TO APPROPRIATE AGENCY OR DEPARTMENT, OR PROVIDE INFORMATION TO COMPLAINANT
- CONDUCT PRELIMINARY REVIEW/INVESTIGATION
 - REVIEW OF FACTS
 - REVIEW AND IDENTIFY EVIDENCE
 - THIRD PARTY CORROBORATION
- IF THE COMPLAINT HAS MERIT, PROCEED TO FULL INVESTIGATION
- IF COMPLAINT IS FOUNDED, CONTACT APPROPRIATE CITY ADMINISTRATION, LAW ENFORCEMENT AGENCY, OR PROSECUTORIAL AGENCY
 - REQUEST AGENCY TO REPORT BACK WITH FINAL DISPOSITION

Confidentiality & Customer Service

- TIP INTAKE ACKNOWLEDGEMENT
- FOLLOW UP WITH COMPLAINANT, AS NECESSARY AND WHEN POSSIBLE
- CONFIDENTIALITY MAINTAINED – ACTIONS TAKEN, CASE STATUS, ETC
- CASE CLOSED COMMUNICATION
- CUSTOMER SERVICE - ASSISTING BUT NOT ELEVATING
- UNSUBSTANTIATED/POOR QUALITY TIPS, VENTING

Department Referrals

- RESPONSE REQUESTED VS. **NO RESPONSE REQUESTED**
- NOTIFICATION TO APPROPRIATE DEPARTMENT PERSONNEL
- DEPARTMENT REVIEW PROCESS
 - ALLEGATION RESPONSE FORMS
 - HOTLINE REVIEW AND APPROVAL BEFORE CASE CLOSURE
- HUMAN RESOURCES PERSONNEL RELATED COMPLAINTS

Fraud Hotline Promotion

- ANNUAL FRAUD HOTLINE REPORTS
WWW.CITYAUDITORLAURADOUD.COM/REPORTS
- ANNUAL FRAUD HOTLINE ACTIVITY WEBPAGE UPDATES
WWW.CITYAUDITORLAURADOUD.COM/FRAUD-HOTLINE-ACTIVITY
- EMAIL TO ALL CITY EMPLOYEES WITH FRAUD HOTLINE REPORT
- DEPARTMENT BULLETIN BOARD POSTS WITH FRAUD HOTLINE REPORT
- CITY & PORT INTRANET POSTS WITH FRAUD HOTLINE REPORT
- PRESENTATIONS AT NEW EMPLOYEE ORIENTATIONS

Fraud Hotline Moving Forward

- SHARED HOTLINE NUMBER WITH ETHICS HELPLINE
- SHARED BENEFITS:
 - SINGULAR PHONE NUMBER
 - CROSS-PROMOTIONAL OPPORTUNITIES
- OPERATIONAL LOGISTICS TBD PENDING IMPLEMENTATION

Thank You

CONNECT WITH US

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