
CITY AUDITOR'S QUARTERLY FRAUD HOTLINE REPORT

Fiscal Year 2021

Quarter 3

**Office of the City
Auditor**

City of San Diego



About the Fraud Hotline:

The Office of the City Auditor administers the City's Fraud Hotline program. The primary objective of the Fraud Hotline is to provide a means for a City employee or resident to confidentially report any activity or conduct—related to or involving City personnel, resources, or operations—for which he or she suspects instances of fraud, waste, or abuse.

The City's Fraud, Waste, and Abuse Hotline is operated pursuant to California Government Code §53087.6. The Statute defines fraud, waste, or abuse as "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."

The statute also requires that investigations conducted pursuant to its authority be 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.

NAVEX, an independent third-party provider, accepts calls from City employees and the public at (866) 809-3500 or online at www.sandiego.gov/fraudhotline. Callers can choose to remain anonymous and all information provided via the Hotline will remain confidential. NAVEX prepares a report for each report received and sends them to the Office of the City Auditor via email notification. Reports can also be submitted directly to the Office of the City Auditor, or online by following a link labeled "Fraud, Waste, and Abuse Hotline" on the City Auditor's home page.



THE CITY OF SAN DIEGO

DATE: April 28, 2021

TO: Honorable Members of the Audit Committee

FROM: Andy Hanau, City Auditor

SUBJECT: City Auditor's Quarterly Fraud Hotline Report – Fiscal Year 2021 Quarter 3

Reports Received in the Third Quarter of Fiscal Year 2021

During the third quarter of Fiscal Year 2021 (January – March 2021), we received 45 Fraud Hotline reports. We added five new reports to be investigated by the Office of the City Auditor and presented 21 reports to the Intake and Review Committee to be referred to City Departments for investigation and resolution. We found that 19 reports were not in the purview of the Fraud Hotline and they were closed. **Table 1** on the following page summarizes the types of reports received during Fiscal Year 2021.



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TO REPORT FRAUD, WASTE, OR ABUSE, CALL OUR FRAUD HOTLINE: (866) 809-3500



Table 1:**Reports Received in Fiscal Year 2021**

City Auditor Investigations	Qtr 1	Qtr 2	Qtr 3
Abuse	5	4	4
Fraud	1	1	1
Subtotal OCA Investigations	6	5	5
City Department Investigations			
Abuse	19	17	10
Conflict of Interest	1	0	0
Customer Relations	1	0	0
Discrimination	0	0	1
Employee Relations	1	0	0
Fraud	1	3	8
Safety and Sanitation	4	6	2
Substance Abuse	1	0	0
Waste	5	2	0
Subtotal Department Investigations	33	28	21
Total Reports Received in Purview of Fraud Hotline	39	33	26
Direct Referrals, Non-City Reports or Reports Not in Purview of Fraud Hotline	21	19	19
Total Reports Received in FY 21	60	52	45

Status of Hotline Reports

A total of 45 reports were filed with the Fraud Hotline between January 1, 2021 and March 31, 2021. We determined that 19 of these reports were not in the purview of the Fraud Hotline, leaving 26 reports that were added to the inventory.

In addition to the receipt of 26 new reports for investigation, 44 City-related reports remained open and unresolved at the end of the previous quarter, resulting in an active inventory of 70 reports during the third quarter of Fiscal Year 2021. **Table 2**, below, summarizes the Fraud Hotline activity for the third quarter of Fiscal Year 2021.

Of the 70 active reports in our inventory, 39 remain open and unresolved, and 31 were closed¹. One City Auditor investigation was closed with corrective action, five were closed as unsubstantiated or with no further action necessary. The allegations made in two Department investigations were found to be substantiated, two were closed with corrective action, and 21 were unsubstantiated or were otherwise resolved.

Table 2:

Status of Fraud Hotline Reports

Report Status	City Auditor Investigations	Referred to Dept.	Total City-Related	Not in Hotline's Purview	Total
Unresolved on 1/1/21	11	33	44	0	44
Received in 3 rd Quarter	5	21	26	19	45
Subtotal – Active Inventory	16	54	70	19	89
Reports Closed	-6	-25	-31	-19	-50
Substantiated	-0	-2	-2	-0	-2
Corrective Action	-1	-2	-3	-0	-3
Unsubstantiated/other	-5	-21	-26	-19	-45
Unresolved on 3/31/21	10	29	39	0	39

¹ Note the Fraud Hotline reports 690636098501 and 719638788201 were previously reported as Department investigations. However, after subsequent review they were determined not to be within the purview of the City's Fraud Hotline to investigate and were closed.

City Auditor Investigations Summary

Table 3 summarizes the status of the 16 active City Auditor Fraud Hotline investigations during the third quarter of Fiscal Year 2021, including the incident type, report number, date the report was received, a general description of the report, case status, and the final resolution date.

Table 3:

Status of City Auditor Hotline Investigations

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
1	Fraud	822383404901	Received	11/5/2019	Corrective Action	2/11/21
	An allegation of fraud perpetrated by a City employee was investigated and determined to be unsubstantiated. Our investigation determined that a business was allowed to use a City facility without a legal agreement in place. The department took corrective action to implement a license agreement for the use of a portion of a City facility and is negotiating future rental payments with the business.					
2	Abuse	347090440601	Received	5/24/20	Unsubstantiated	2/17/21
	An allegation of contract violations by an agency that receives City funds was investigated and determined to be unsubstantiated.					
3	Abuse	670210303701	Received	11/29/20	Unsubstantiated	3/22/21
	An allegation regarding abuse of discretion related to a Public Records Act request was investigated and determined to be unsubstantiated.					
4	Abuse	964478468901	Received	1/14/21	Unsubstantiated	3/11/21
	An allegation of abuse of discretion related to replacement of water main pipes was investigated and determined to be unsubstantiated.					
5	Abuse	609253556201	Received	2/23/21	Unsubstantiated	3/15/21
	An allegation related to violations of the City Charter and municipal code was investigated and determined to be unsubstantiated.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
6	Theft of Goods/Services	606060892501	Received	1/5/2019	Open/Unresolved	
	Allegation of unbilled water provided to a commercial customer.					
7	Fraud	696179688501	Received	3/4/2019	Open/Unresolved	
	Allegation of fraud, waste, and abuse at a City department related to improper billing for services. Investigation suspended to avoid interference with litigation.					
8	Abuse	976576095401	Received	3/11/2019	Open/Unresolved	
	Allegation of abuse of discretion resulting in a City Charter violation.					
9	Abuse	274212080301	Received	4/23/2019	Open/Unresolved	
	Allegation regarding excessive charges for board-up services after a burglary.					
10	Abuse	355963460201	Received	7/1/2019	Open/Unresolved	
	Allegation of Public Records Act abuse at a City department. Investigation suspended to avoid interference with pending litigation.					
11	Abuse	353958676401	Received	2/10/20	Open/Unresolved	
	Allegation of abuse of discretion related to a safety report. Investigation suspended to avoid interference with pending litigation.					
12	Abuse	597570582401	Received	8/12/20	Open/Unresolved	
	Allegation related to a contract that was not processed according to City policy.					
13	Abuse	357290339701	Received	8/13/20	Open/Unresolved	
	Allegation of waste and abuse by management related to a contract.					
14	Fraud	666749770401	Received	2/3/21	Open/Unresolved	
	Allegation of fraudulent billing by a City consultant.					
15	Abuse	527906131401	Received	3/22/21	Open/Unresolved	
	Allegation of abuse of discretion in the purchase of property.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
16	Abuse	997085965501	Received	2/18/21	No Further Action Necessary	3/2/21
	An allegation regarding a trash container that was improperly removed was determined to be a mistake involving a neighbor that was later resolved.					

City Department Investigations Summary

The City Auditor, through the Intake and Review Committee, reviews the final resolution of reports investigated by the departments to ensure that the department has taken the proper actions to resolve the report. A report whose allegations cannot be substantiated can still result in the department taking corrective, proactive, or preventative measures to reinforce a policy or procedure, improve internal controls, or to improve City operations.

Table 4 below summarizes the status of the 54 active Fraud Hotline investigations conducted by the Departments during the third quarter of Fiscal Year 2021, including the incident type, a general description of the report, and the case status.

Table 4:

Status of Department-Investigated Fraud Hotline Reports

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
1	Abuse	568252166101	Received	10/23/20	Substantiated	2/17/21
	An allegation regarding a Code violation at a private residence was investigated and determined to be substantiated. The homeowner took corrective action to comply with the relevant Code section.					
2	Waste	929994296001	Received	12/7/20	Substantiated	1/6/21
	An allegation of waste regarding an inoperative flagpole at the Balboa Park Golf Course that has not been used for a year was investigated and found to be substantiated. The necessary part was ordered and the flags were raised again.					
3	Safety and Sanitation	504631548701	Received	6/30/20	Corrective Action	1/6/21
	An allegation regarding a City department failing to follow health guidelines was investigated and resulted in corrective action to improve employee safety.					
4	Safety and Sanitation	222176700301	Received	12/11/20	Corrective Action	1/20/21
	An allegation regarding unsafe driving by a City employee in a City vehicle was investigated and resulted in corrective action with respect to the identified employee.					

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No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
5	Abuse	667722170201	Received	1/26/20	Unsubstantiated	1/6/21
	An allegation of discrimination based on race by a supervisor was referred to the Equal Employment Investigations Office, investigated, and determined to be unsubstantiated.					
6	Abuse	393120254101	Received	2/9/20	Unsubstantiated	1/6/21
	An allegation of discrimination by a supervisor based on race was referred to the Equal Employment Investigations Office, investigated, and determined to be unsubstantiated.					
7	Abuse	283262903801	Received	5/8/20	Unsubstantiated	1/6/21
	An allegation of abuse related to purchases was investigated and determined to be unsubstantiated.					
8	Abuse	447366406901	Received	7/2/20	Unsubstantiated	1/6/21
	An allegation of abuse related to un-approved salary increases was investigated and determined to be unsubstantiated.					
9	Abuse	422925740201	Received	8/21/20	Unsubstantiated	2/18/21
	An allegation of favoritism by management was investigated and determined to be unsubstantiated.					
10	Abuse	460821967601	Received	10/1/20	Unsubstantiated	2/18/21
	An allegation of abuse of discretion and unfair treatment was investigated and determined to be unsubstantiated.					
11	Abuse	612526203801	Received	10/6/20	Unsubstantiated	1/20/21
	An allegation of whistleblower retaliation was investigated and determined to be unsubstantiated.					
12	Abuse	893277142901	Received	11/20/20	Unsubstantiated	1/6/21
	An allegation of abuse of discretion related to hiring was investigated and determined to be unsubstantiated.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
13	Abuse	346984792701	Received	11/27/20	Unsubstantiated	1/20/21
	An allegation of abuse of discretion by allowing a part-time employee to receive full-time benefits was investigated and determined to be unsubstantiated.					
14	Abuse	871534668401	Received	12/14/20	Unsubstantiated	2/17/21
	Allegation of Brown Act violations by a community board was investigated and determined to be unsubstantiated.					
15	Abuse	636631821101	Received	12/14/20	Unsubstantiated	1/20/21
	An allegation regarding abuse of discretion related to a consultant hired without a contract in place was investigated and determined to be unsubstantiated.					
16	Safety and Sanitation	907852306701	Received	12/22/20	Unsubstantiated	2/3/21
	An allegation of lack of safety measures including notification of exposures at a City department was investigated and determined to be unsubstantiated. The procedures were reviewed by OSHA and were determined to be consistent with State and City guidelines.					
17	Abuse	489390076301	Received	12/30/20	Unsubstantiated	1/20/21
	An allegation of abuse regarding clearing out homeless encampments was investigated and determined to be unsubstantiated.					
18	Abuse	663522835901	Received	12/30/20	Unsubstantiated	2/3/21
	An allegation of abuse regarding lab procedures was investigated and determined to be unsubstantiated.					
19	Fraud	313135944201	Received	2/4/21	Unsubstantiated	3/3/21
	An allegation of fraudulent telemarketing calls from City of San Diego phone numbers was investigated and determined to be unsubstantiated.					
20	Fraud	820583276701	Received	2/5/21	Unsubstantiated	3/17/21
	An allegation of a private business dumping water into sewer line of a different business was investigated and determined to be unsubstantiated.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
21	Abuse	783220151301	Received	2/25/21	Unsubstantiated	3/17/21
	An allegation of abuse of discretion in issuing a parking citation was investigated and determined to be unsubstantiated.					
22	Abuse	986346309701	Received	3/2/21	Unsubstantiated	3/17/21
	An allegation of abuse of discretion related to a job assignment was investigated and determined to be unsubstantiated.					
23	Abuse	503382655501	Received	11/23/20	No Further Action Necessary	1/11/21
	An allegation of abuse of authority related to a conflict of interest by management lacked sufficient detail to permit an investigation. No response to our request for details was received in over 30 days. Per our procedures, the report was closed with no further action.					
24	Abuse	690636098501	Received	12/16/20	No Further Action Necessary	1/6/21
	An allegation of abuse of discretion related to management's oversight of an employee's work assignment was reviewed and determined not to contain allegations within the purview of the Fraud Hotline to investigate. Existing City procedures are in place to handle workplace grievances. As a result, the report was closed with no further action necessary.					
25	Abuse	719638788201	Received	12/16/20	No Further Action Necessary	1/6/21
	An allegation of retaliation against an employee who made a report of a safety concern was reviewed and determined not to contain allegations within the purview of the Fraud Hotline to investigate. As a result, the report was closed with no further action necessary.					
26	Abuse	277610519401	Received	2/14/20	Open/Unresolved	
	Allegation regarding abuse of discretion related to confined space pay.					
27	Abuse	553609922301	Received	5/26/20	Open/Unresolved	
	Allegation of abuse of authority by management.					
28	Abuse	358549969501	Received	6/3/20	Open/Unresolved	
	Allegation of abuse related to overtime use.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
29	Abuse	227515491701	Received	7/16/20	Open/Unresolved	
	Allegation of abuse and favoritism in promotions.					
30	Abuse	756657750701	Received	7/16/20	Open/Unresolved	
	Allegation that the City is operating smart street lights without a contract in place.					
31	Employee Relations	784114634601	Received	8/20/20	Open/Unresolved	
	Allegation regarding inappropriate employee relations between managers at a City department.					
32	Abuse	721896077501	Received	9/15/20	Open/Unresolved	
	Allegation of abuse of discretion related to City management providing free drinking water to City employees.					
33	Safety and Sanitation	694445475301	Received	9/25/20	Open/Unresolved	
	Allegation regarding unfair social distancing policy enforcement at a City department.					
34	Abuse	209266673401	Received	10/27/20	Open/Unresolved	
	An allegation of abuse of authority by management.					
35	Waste	302680947501	Received	10/30/20	Open/Unresolved	
	Allegation of waste related to a real estate transaction involving undeveloped land.					
36	Fraud	256083519601	Received	12/16/20	Open/Unresolved	
	Allegation of medical leave fraud.					
37	Fraud	613392370201	Received	12/22/20	Open/Unresolved	
	Allegation that a company is stealing water from a fire hydrant.					
38	Fraud	928460223201	Received	1/14/21	Open/Unresolved	
	Allegation of workers compensation fraud.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
39	Fraud	950146516401	Received	1/21/21	Open/Unresolved	
	Allegation of industrial leave fraud.					
40	Fraud	664581415701	Received	1/22/21	Open/Unresolved	
	An allegation of outside employment fraud by a City employee.					
41	Discrimination	346713606301	Received	1/24/21	Open/Unresolved	
	Allegation of abuse related to discrimination at a City department was referred to the Equal Employment Investigations Office for investigation.					
42	Fraud	852078053501	Received	1/26/21	Open/Unresolved	
	Allegation of workers' compensation fraud.					
43	Abuse	667098494501	Received	1/27/21	Open/Unresolved	
	Allegation of abuse of discretion related to a permit process.					
44	Abuse	737255294801	Received	1/30/21	Open/Unresolved	
	Allegation of personal fundraising activities during City work time.					
45	Abuse	964774482201	Received	2/10/21	Open/Unresolved	
	Allegation of abuse of discretion in a contracting process.					
46	Abuse	525932837701	Received	2/24/21	Open/Unresolved	
	Allegation of abuse of discretion related to hiring.					
47	Fraud	398352589601	Received	3/1/21	Open/Unresolved	
	Allegation of false reports by the City regarding environmental best-practices certification reports.					
48	Abuse	745729007201	Received	3/2/21	Open/Unresolved	
	Allegation of abuse of discretion related to open meetings laws.					
49	Fraud	619160732201	Received	3/3/21	Open/Unresolved	
	Allegation of fraud related to missing petty cash.					

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
50	Abuse	992363765801	Received	3/6/21	Open/Unresolved	
	Allegation of abuse of discretion in purchasing equipment with Cares Act funding.					
51	Abuse	221206319401	Received	3/24/21	Open/Unresolved	
	Allegation of abuse of discretion in not fulfilling multiple PRA requests.					
52	Safety and Sanitation	666352115801	Received	3/24/21	Open/Unresolved	
	Allegation regarding a City department failing to follow COVID health guidelines.					
53	Safety and Sanitation	385014190401	Received	3/26/21	Open/Unresolved	
	Allegation of City department charging a customer to replace a container damaged by the department.					
54	Abuse	293842586101	Received	3/30/21	Open/Unresolved	
	Allegation of a City employee driving erratically and using a cellphone while driving a city vehicle.					

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Not in Purview Reports Summary

Table 5, below, summarizes the results of the 19 Fraud Hotline reports that were received during the second quarter of Fiscal Year 2021, but were determined to be not within the purview of the Fraud Hotline and were closed.

Table 5:**Status of Not in Purview Fraud Hotline Reports**

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
1	Abuse	908697336501	Received	1/7/21	No Further Action Necessary	1/20/21
	Duplicate of 994987377701.					
2	Fraud	749509597001	Received	1/12/21	No Further Action Necessary	1/12/21
	An allegation regarding housing fraud was referred to the appropriate agency for review and possible investigation.					
3	Abuse	815277250301	Received	1/15/21	No Further Action Necessary	1/19/21
	An allegation regarding abuse related to rental assistance was referred to the appropriate agency for review and possible investigation.					
4	Fraud	211883569201	Received	1/25/21	No Further Action Necessary	1/26/21
	An allegation of consumer fraud was not in the purview of the City's Fraud Hotline. The reporter was notified and the case was closed.					
5	Fraud	926039845801	Received	1/26/21	No Further Action Necessary	1/26/21
	An allegation of bank fraud was not in the purview of the City's Fraud Hotline. The reporter was notified and the case was closed.					

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No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
6	Abuse	778674989701	Received	2/9/21	No Further Action Necessary	2/25/21
Allegation of abuse related to vehicle damage by a City vehicle that was not resolved for over a year. The reporter's issue was resolved prior to referral to department.						
7	Miscellaneous	991655474301	Received	2/15/21	No Further Action Necessary	2/18/21
A request for bike lockers at a City construction project was referred to the department for information only.						
8	Fraud	332721332801	Received	2/16/21	No Further Action Necessary	2/16/21
An allegation of fraud by an employee acting outside the scope of their City was referred to the appropriate agency for review and possible investigation.						
9	Fraud	253914912401	Received	2/22/21	No Further Action Necessary	2/22/21
Duplicate of 313135944201.						
10	Fraud	761016074901	Received	2/22/21	No Further Action Necessary	2/23/21
An allegation of fraud was not in the purview of the City's Fraud Hotline. The reporter was notified and the case was closed.						
11	Fraud	824333837601	Received	2/24/21	No Further Action Necessary	3/3/21
Duplicate of 664581415701.						
12	Fraud	448725680401	Received	2/25/21	No Further Action Necessary	2/25/21
Allegation of fraud by a gas station was not in the purview of the City's Fraud Hotline. The reporter was referred to the appropriate agency.						

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No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
13	Abuse	257219696501	Received	3/4/21	No Further Action Necessary	3/5/21
	Duplicate of 964774482201					
14	Abuse	573915549701	Received	3/8/21	No Further Action Necessary	3/17/21
	Duplicate of 964774482201.					
15	Fraud	669988207701	Received	3/12/21	No Further Action Necessary	3/15/21
	Allegation of fraud related to an online purchase was not in the purview of the City's Fraud Hotline. The reporter was referred to the appropriate agency.					
16	Fraud	876445705101	Received	3/16/21	No Further Action Necessary	3/16/21
	An allegation of tax fraud related to a business was not in the purview of the City's Fraud Hotline. The reporter was referred to the appropriate agency.					
17	Fraud	219673681101	Received	3/16/21	No Further Action Necessary	3/16/21
	An allegation of fraud related to a business was not in the purview of the City's Fraud Hotline. The reporter was referred to the appropriate agency.					
18	Fraud	269680411501	Received	3/19/21	No Further Action Necessary	3/22/21
	Allegation of fraud related to telemarketing and computer access was not in the purview of the City's Fraud Hotline. The reporter was referred to the appropriate agency.					
19	Abuse	823651536101	Received	3/29/21	No Further Action Necessary	3/29/21
	An allegation of mismanagement of a task force was not in purview of the City's Fraud Hotline. The reporter was notified and the issue was referred to the appropriate agency for review and possible investigation.					

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Conclusion

The Office of the City Auditor is dedicated to ensuring that all reported claims of fraud, waste, and abuse related to City operations are investigated and properly resolved.

In Fiscal Year 2021, we have applied approximately 2,777 hours administering the Fraud Hotline, coordinating Intake and Review Committee activities, and investigating Fraud Hotline reports. A total of 2,960 hours was budgeted for the year.

I will be prepared to discuss this report at the next available Audit Committee meeting.

Respectfully submitted,



Andy Hanau
City Auditor

cc: Honorable Mayor Todd Gloria
 Honorable Members of the City Council
 Honorable Mara Elliott, City Attorney
 Jay Goldstone, Chief Operating Officer
 Matthew Helm, Chief Compliance Officer
 Andrea Tevlin, Independent Budget Analyst
