



## Budget and Audit Committee Report

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Sacramento, CA 95814

[www.cityofsacramento.org](http://www.cityofsacramento.org)

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**File ID:** 2019-00540

April 30, 2019

**Discussion Item 02**

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**Title:** City Auditor's Whistleblower Hotline Activity Report for the October 2018 to March 2019 Period

**Location:** Citywide

**Recommendation:** Pass a Motion: 1) accepting the City Auditor's Whistleblower Hotline Activity Report for the October 2018 to March 2019 Period; and 2) forwarding to City Council for final approval.

**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

**Attachments:**

1-Description/Analysis

2-City Auditor's Whistleblower Hotline Activity Report for the October 2018 to March 2019

## Description/Analysis

**Issue Detail:** According to the City Council Rules of Procedures, 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 Auditor's Whistleblower Hotline related activity for the October 2018 to March 2019 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:** None.

**Rationale for Recommendation:** This staff report provides the Budget and Audit Committee 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 purchased as a result of this report.

# City Auditor's Whistleblower Hotline Activity Report: October 2018 – March 2019

Jorge Oseguera  
City Auditor



*City of*  
**SACRAMENTO**  
Office of the City Auditor  
April 2019



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# Whistleblower Hotline Activity Report

October 2018 - March 2019

Open Cases as of October 1, 2018

26



Cases Received During Period

64



Cases Closed During Period

69



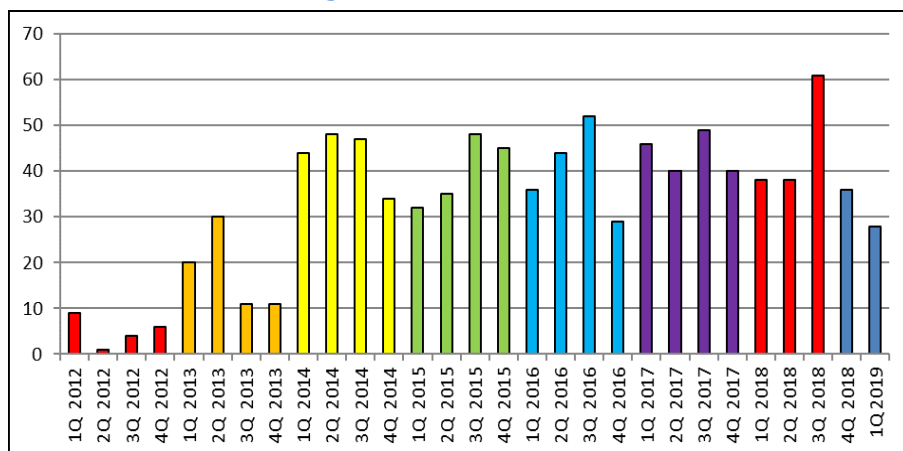
Open Cases as of April 1, 2019

21

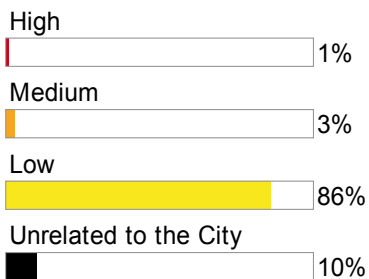
**69 Cases Were Closed During the Period**

The City of Sacramento's Whistleblower Hotline has received more than 1,000 allegations since 2012 with an estimated benefit of more than \$1 million.

Number of Allegations Received Each Quarter



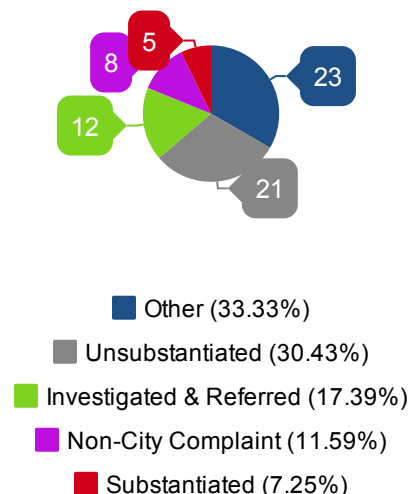
## Case Priority



## Top 10 Types of Allegations



## Disposition of Closed Cases



## Whistleblower Hotline Program

### Contact the City's Whistleblower Hotline

City staff or members of the public may submit reports by calling the Whistleblower Hotline's toll-free number [1-888-245-8859](tel:1-888-245-8859) or online at <https://www.reportlineweb.com/cityofsacramento>. Individuals may also submit whistleblower reports directly to any staff member in the Office the City Auditor in person, over the phone, by voicemail, by e-mail, or by mail. Individuals who provide whistleblower information will have their identity kept confidential to the extent permitted by law unless the individual waives confidentiality in writing.

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915 "I" Street  
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Sacramento, CA 95814

Office of the City Auditor Website: <http://www.cityofsacramento.org/auditor/>

### The City Auditor's Independence, Authority, and Responsibility

The City Auditor reports directly to the Mayor and City Council, and is independent of other City departments and agencies. This independence reduces the threat of coercion, influence, or conflict of interest during whistleblower investigations.

California Government Code Section 53087.6 allows local governments to create whistleblower hotlines. While State law sets certain requirements for establishing and managing a whistleblower hotline, local auditors have discretion in how to operate their programs.

Key points of the Government Code section and how it pertains to the City of Sacramento include the following:

- 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 conducting criminal investigations.
- The investigative audit shall be kept confidential except to issue a report of an investigation that has 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.
- The City Auditor may provide a substantiated audit report and other information (including subject employee identities) to appointing authorities for disciplinary purposes.

### **Whistleblower Procedures Prioritize High-Risk Allegations**

Due to the limited staff in the Office of the City Auditor and the Office’s chief responsibility to conduct performance audits, research, and analysis in accordance with the City Council-approved workplan, conducting full investigations of all allegations is not feasible. Instead, the City Auditor applies a risk-based approach to investigate whistleblower allegations.

As part of the whistleblower program’s intake process, we rank initial reports by risk and focus investigative efforts on those that represent the greatest risk to the City. Allegations are generally classified in one of the following categories:

#### ***High Priority***

Allegations may be considered high priority if they include a safety concern, loss<sup>1</sup> 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 potentially major issue. Addressing these items could take priority over other investigations and audits, at the City Auditor’s discretion.

#### ***Medium Priority***

This category includes 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***

This category includes 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 category, but may not do so because of limited resources. However, if the same or similar issues were reported multiple times, low- priority

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<sup>1</sup> Loss could entail actual or potential loss of money, waste, or inefficiencies.

items may become a higher priority. Additionally, some low-priority allegations could be referred to a department for their review.

**Unrelated to the City**

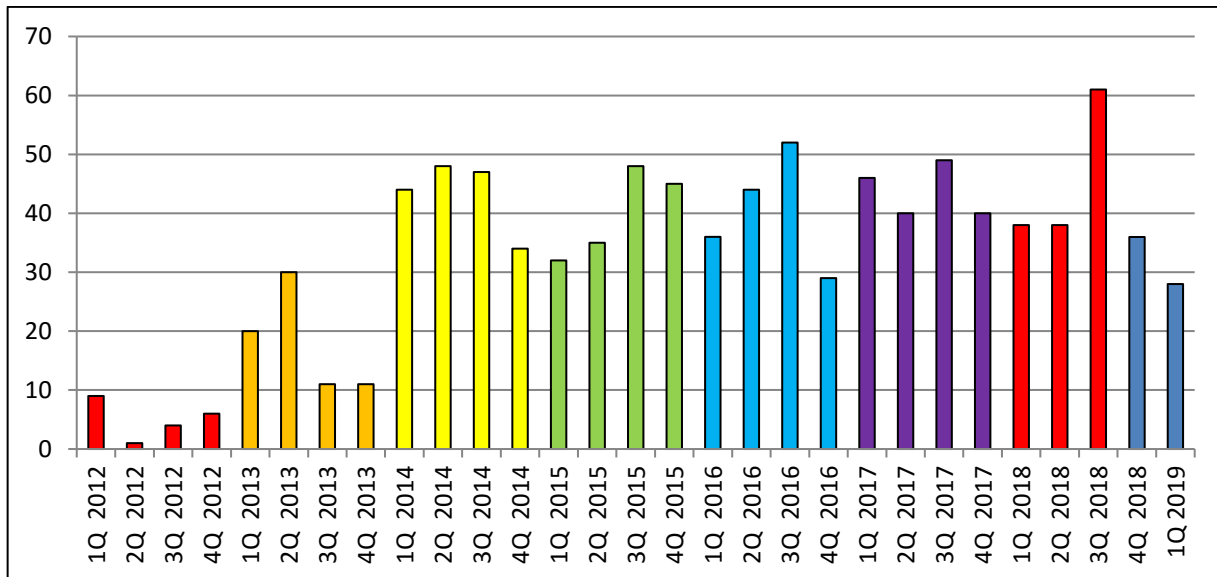
Some allegations received through the Whistleblower Hotline do not involve City of Sacramento agencies or staff. The Office of the City Auditor investigates these allegations for any City involvement. If no City involvement can be determined, those allegations are closed as “unrelated to the City”; some allegations not related to the City are referred to other jurisdictions.

**Status of Investigations**

**The Number of Whistleblower Reports has Remained Steady**

Use of the City Auditor’s Whistleblower Hotline grew significantly in the first few years and has been steady since 2014 as shown in Exhibit 1. The table below shows the number of allegations received per quarter since the program’s inception.

**Exhibit 1: Whistleblower Allegations Received Per Quarter**



**98 Percent of Allegations have been Processed and Closed**

As previously noted, the City Council directed the City Auditor in March 2012 to establish a Whistleblower Hotline Program. Since the hotline’s inception, the City Auditor’s Office has received more than 1,000 reports. At the beginning of the October 2018 through March 2019 reporting period, the Auditor’s Office had 26 open cases. During that six-month period, 64 new reports were entered into the hotline, and the Auditor’s Office investigated, processed, and closed 69 cases; 21 cases remained open at the end of the reporting period. Exhibit 2 below provides information on all cases that were closed during the October 2018 through March 2019 reporting period. A summary of the investigation results is included for substantiated allegations.



**Exhibit 2: Sixty-Nine Cases Were Closed; Five Allegations Were Substantiated**

Case #	Primary Type of Allegation	Priority	Result
801	Improper Controls	Low	Incorporated Into A Performance Audit
870	Wasteful Practice	Medium	Incorporated Into A Performance Audit
876	Wasteful Practice	Medium	<b>Substantiated &amp; Referred:</b> We received a complaint alleging a Sacramento Police Officer was providing contracted police services at a private business in Sacramento, and that such activities represented increased liability and a cost to the City. We determined that the Sacramento Police Department regularly contracts with organizations to provide law enforcement services at specific locations and for specific periods under a "supplemental employment" program. While this activity is generally allowable under California law, we substantiated that several of the Police Department's practices under this program appear to violate the State Government Code, specifically: 1) The Police Department regularly enters into long-term contracts to provide continuous on-going services at a private business, while the Government Code appears to allow contracts with private entities or individuals only for special events or on an occasional basis; 2) The Police Department contracts directly with the organizations, while the Government Code appears to require such contracts to be approved by Council and agreements for on-going services should be heard on the discussion calendar; 3) The Government Code and the Sacramento Police Officers' labor agreement require the City to recover the full cost of providing officers under this program, to include administrative costs. The Police Department currently charges organizations less than the hourly wage the City pays officers under this program, and does not appear to recover any administrative costs. Correcting these areas of non-compliance could result in greater adherence to State law, decreased liability, decreased chances of unnecessary officer fatigue and injury, and recover more than \$86,000 annually in unrecovered hourly costs the City pays officers under this program as well as administrative and other costs the City currently pays for. We have referred this case to the Office of the City Manager, the Police Department, and the Department of Finance's Budget Division for further action. We have also referred this case to the Office of the City Attorney for legal opinions regarding the supplemental employment practices.
880	Insufficient action by City	Low	Incorporated Into A Performance Audit

895	Abuse of Position or Authority	Low	Unsubstantiated: Per Investigation
899	Violate Local/State/Fed Law	Low	<b>Substantiated &amp; Referred:</b> We received a complaint alleging overloading of garbage trucks in violation of Department of Transportation (DOT) regulations and internal policies. We substantiated that some loads exceeded DOT maximum weight limits. More closely adhering to DOT weight limits could reduce liability and improve safety for City employees and the public.
911	Time Abuse	Low	Resolved During Investigation
942	Unrelated to the City	Unrelated to the City	Non-City complaint
943	Unrelated to the City	Unrelated to the City	Duplicate case
947	Violate Local/State/Fed Law	Low	Dismissed: Does not appear to have merit
949	Employee Relations	Low	Unsubstantiated: Per Investigation
955	Violate Local/State/Fed Law	Low	Investigated & Referred: Youth, Parks, & Community Enrichment Department
956	Hiring Irregularities	Low	Unsubstantiated: No Investigation Warranted
957	Unrelated to the City	Unrelated to the City	Non-City complaint
958	Unrelated to the City	Unrelated to the City	Unsubstantiated: Per Investigation
959	Unprofessionalism by City Employee	Low	Informational Referral
960	Violate Local/State/Fed Law	Low	<b>Substantiated &amp; Referred:</b> We received a complaint alleging that a Department of Utilities vehicle exceeded the posted speed limit. It was substantiated that this vehicle exceeded the posted speed limit at the time and day in question. We have referred this case to the Department of Utilities for further review. The department took disciplinary action.
961	Violate Local/State/Fed Law	Low	Non-City complaint
962	Unrelated to the City	Unrelated to the City	Non-City complaint
963	Contract Issue	Low	Unsubstantiated: Per Investigation
964	Violate Local/State/Fed Law	Low	Unsubstantiated: No Investigation Warranted
965	Conflict of Interest	Low	Unsubstantiated: No Investigation Warranted

966	Violate Local/State/Fed Law	Low	Informational Referral
967	Employee Relations	Low	Informational Referral
968	Harassment	Low	Not enough Information provided
969	Conflict of Interest	Low	Unsubstantiated: Per Investigation
970	Hiring Irregularities	Low	Investigated & Referred: Human Resources Department
971	Employee Relations	Low	Investigated & Referred: Human Resources Department
972	Unrelated to the City	Unrelated to the City	Non-City complaint
973	Hiring Irregularities	Low	Unsubstantiated: Per Investigation
974	Unprofessionalism by City Employee	Low	Informational Referral
975	Insufficient action by City	Low	Resolved prior to investigation
976	Employee Relations	Low	Informational Referral
977	Employee Relations	Low	Informational Referral
978	Conflict of Interest	Low	Not enough Information provided
979	Violate Local/State/Fed Law	Low	Investigated & Referred: 311
980	Violate Local/State/Fed Law	Low	<b>Substantiated &amp; Referred:</b> We received a complaint alleging that a Department of Utilities' vehicle exceeded the posted speed limit. It was substantiated that this vehicle exceeded the posted speed limit at the time and day in question. We have referred this case to the Department of Utilities for further review. The department took disciplinary action.
981	Wasteful Practice	Low	Dismissed: Does not appear to have merit
982	Violate Local/State/Fed Law	Low	Non-City complaint
984	Harassment	Low	Investigated & Referred: Human Resources Department
985	Housing/311	Low	Non-City complaint
986	Falsify Records	Low	Unsubstantiated: Per Investigation
987	Violate Local/State/Fed Law	Low	Informational Referral

988	Violate Local/State/Fed Law	Low	Unsubstantiated: No Investigation Warranted
989	Time Abuse	Low	Investigated & Referred: Police Department
990	City Property Issues/311	Low	Unsubstantiated: Not enough information provided
991	Improper Controls	Low	Unsubstantiated: No Investigation Warranted
994	Abuse of Position or Authority	Low	Unsubstantiated: Per Investigation
995	Time Abuse	Low	Investigated & Referred: Police Department
996	Time Abuse	Low	<b>Substantiated:</b> We received an allegation of Sick Leave abuse by a Fire Department employee. We referred the complaint to the Fire Department's Professional Standards Unit for further investigation and the allegation was substantiated.
997	Employee Safety	High	Investigated & Referred: Human Resources Department
998	City Property Issues/311	Low	Investigated & Referred: 311
999	Improper Controls	Low	Unsubstantiated: Per Investigation
1000	Violate Policy	Low	Unsubstantiated: Per Investigation
1001	Housing/311	Low	Non-City complaint
1004	Misuse of funds	Low	Not enough Information provided
1005	Abuse of Position or Authority	Low	Investigated & Referred: Human Resources Department
1009	Abuse of Position or Authority	Low	Dismissed: Does not appear to have merit
1010	Misuse City Property	Low	Not enough Information provided
1011	Contested City Charges	Low	Unsubstantiated: Per Investigation
1012	Conflict of Interest	Low	Investigated & Referred: Human Resources Department
1013	Time Abuse	Low	Unsubstantiated: Per Investigation
1016	Conflict of Interest	Low	Duplicate case
1017	Time Abuse	Low	Unsubstantiated: Per Investigation
1018	City Repair information/311	Low	Investigated & Referred: 311
1019	Employee Relations	Low	Unsubstantiated: Per Investigation
1020	Insufficient action by City	Low	Resolved prior to investigation
1022	Insufficient action by City	Low	Duplicate case
1025	Unrelated to the City	Unrelated to the City	Non-City Complaint