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LONG BEACH POST

FRAUD HOTLINE

Report on Long Beach's Fraud Hotline Finds Tippers Most Concerned With Service Quality

by STEPHANIE RIVERA on NOVEMBER 20 2015 17:05 in NEWS

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The Long Beach City Auditor's Office has acted upon 439 tips on fraud, waste and abuse in the city through its Fraud Hotline since its inception in 2007, according to a report released earlier this week in connection with International Fraud Awareness Week.

According to the report, the top five complaint types were service quality/efficiency issues, employee theft of time, misuse of city property, conflict of interest, and public benefits fraud—making up 73 percent of the total caseload.

The auditor's office received 58 tips in the past two years, with city employees making up 40 percent of the callers, followed by Long Beach residents at 36 percent and anonymous callers at 24 percent.

This is the first report on the Fraud Hotline which was revitalized by City Auditor Laura Doud soon after being elected, officials said.

"I recognize that most of our City employees and vendors are hardworking and dedicated to making Long Beach great," Doud stated. "However, it is important to acknowledge that fraud, waste, and abuse can and does occur."

Poor quality or efficiency of city services, such as park maintenance and graffiti abatement, was the top tip reported against the city, the report stated.

In one case, auditors determined that some subcontractors contracted by the city for on-call emergency board-up services, were receiving an “inappropriate rate increase of up to 65 percent.” The audit found the lack of oversight of the service contract by the city contributed to unfair costs to residents and businesses, as well as potential fraud.

In another incident, auditors found that the city’s Health and Human Services Department was inefficiently collecting and managing its revenues—averaging \$1.9 million per year—associated with clinical services and vital records. The department could not accurately determine the amount of revenue due to the city, the report stated. It also found that a considerable amount of fees were written off without explanation. The department has since then taken steps to remedy the issues.

Time card abuse, such as reporting work hours falsely on timesheets, was the second most common reported abuse. According to audit officials—due to poor procedures and work scheduling—the Harbor Department’s Dive Team had more than \$100,000 in questionable overtime, which amounted to 25 percent of the total salary.

A tip also led to an audit of police and fire dispatchers who were working a significant amount of overtime, up to nearly 100 percent of their salaries, [which was reported by the Post in May](#). The audit warned of serious dispatcher fatigue and a risk to public safety. Since then, the departments have increased recruitment in the last year to minimize understaffing and overtime.

Using city property for personal use, such as vehicles and equipment, was the third most reported abuse incident in the report.

Auditors were also made aware of instances of conflicts of interest that financially benefited an employee or family member.

A police investigation and two audits of towing and lien sales led to the removal of six city employees for theft of personal items, including cash and electronics, from vehicles impounded in the city’s tow yard, the report stated.

According to the auditor’s office, when a tip is made, an investigation is then conducted. If the issue is more widespread than an individual instance, the investigation then turns into a full audit. Seven percent of the tips reported become full audits.

The case is then redirected to the affected city department for its own review, which happens 38 percent of the time, the report stated. The departments are also instructed to inform the auditor’s office of its findings and of any corrective action.

Some fraud cases—including credit card, welfare, unemployment and mail—are also referred to a county, state or federal agency for investigation. Seven percent of tips are referred to outside agencies, according to the report.

Cases that do not have sufficient information or lack merit are closed. About 24 percent of tips reported are closed due to insufficient evidence.

Statistics show tips are the most common method of fraud detection, officials stated. In one study conducted by the Association of Certified Fraud Examiners, a typical organization loses 5 percent of revenues each year to fraud.

“If you suspect wrongdoing against the city, please report your tip,” Doud said. “Together, we can make our city better and stronger.”

Those interested in reported a tip can do so by calling toll-free at 888.FRAUD.07, through the city auditor’s new MyAuditor app, and via CityAuditorLauraDoud.com. The public can also call the office directly at 562.570.6751, via fax at 562.570.6167, through email at auditor@longbeach.gov, or direct mail at 333 West Ocean Boulevard, 8th floor, Long Beach, California 90802.

Above, left photo courtesy of City Auditor’s Office.