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City of Long Beach, City Auditor



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Finding Fraud – a Needle in a Haystack

As the City Auditor, my Office is involved in deterring, detecting, and investigating fraud within the City. When I was first elected, I revitalized the City Auditor's Fraud Hotline, and over the past 10 years, we have investigated numerous cases. Ours is the only City of Long Beach reporting system that allows residents, City employees, and stakeholders to anonymously report tips of fraud, waste and abuse against the City.

I recognize that most of our City employees and vendors are hardworking and honest; however, it is important to acknowledge that fraud, waste and abuse can and does occur. Organizations lose millions every year due to fraud. According to a 2016 report from the Association of Certified Fraud Examiners, organizations typically lose 5% of revenues each year to fraud. With annual City revenues of over \$2 billion, potential losses could go a long way to fund police officers, repair streets and expand library services.

Identifying fraud, however, is extremely difficult, because fraud usually occurs when controls are not sufficient to detect a problem. Without proper controls, trying to find fraud is like trying to find a needle in a haystack. Statistics show that fraud tips are the most common method of fraud detection.

Long Beach, like any city, is not immune to the occurrence of fraud. Not long ago, a Fraud Hotline tip led to an audit that found a lack of controls allowing an Animal Care employee to embezzle close to \$300,000 in license fees in one year. Imagine how this must have affected humane services for dogs, cats and other animals. When fraud happens, City services suffer.

International Fraud Awareness Week is in November, and I would like to remind everyone to be alert to any potential wrongdoing against the City. If something doesn't add up, sound right or feel right, please take the time to report it. You can anonymously report tips 24 hours a day, 7 days a week to the City Auditor's Fraud Hotline:

- Phone: 1-888-FRAUD-07 (1-888-372-8307)
- Online form at CityAuditorLauraDoud.com
- MyAuditor App available at the App Store or Google Play

We review and analyze all tips to determine if there is sufficient basis to investigate. Audits conducted due to tips we've received have resulted in important findings related to timecard abuse, theft of property, and lack of sub-contractor oversight. Your tip is very important and can trigger change. Together we can make our City better by protecting taxpayer dollars and ensuring they are used for the public's benefit.