
City Auditor's Fraud Hotline Update

CITY AUDITOR LAURA DOUD
DEPUTY CITY AUDITOR ALVIN CHU

ETHICS COMMISSION MEETING MARCH 13, 2024



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

TIP INTAKE

- Website: CityAuditorLauraDoud.com/Report-Fraud
- **Phone: 1-888-FRAUD-07 or 1-888-372-8307**
- **Ethics Helpline: 1-833-467-5397**
- Fax: 562-570-6167
- Mail: City Auditor's Office, 411 W. Ocean Blvd. 8th Floor, Long Beach CA 90802
- MyAuditor App

THIRD PARTY 24/7 FRAUD HOTLINE OPERATOR

- Confidential reporting protection and choice to be anonymous
- Multilingual
- Text or voice

CASE STATISTICS

- Annual average of 44 cases closed
- 42% of cases are investigated by City Auditor or Department

FRAUD HOTLINE TEAM: CITY AUDITOR, ONE DEPUTY, THREE STAFF

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

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
- FALSIFICATION OF CITY RECORDS

EXAMPLES OF NON-CITY FRAUD

- EMPLOYEE GRIEVANCES
- CREDIT CARD FRAUD
- COUNTY OR STATE PUBLIC BENEFITS FRAUD

Case Handling Process

- DETERMINE WHETHER ALLEGATION IS WITHIN FRAUD HOTLINE PURVIEW & 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 ALLEGATION HAS MERIT, PROCEED TO FULL INVESTIGATION**
- **IF ALLEGATION 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 ON ACTIONS TAKEN, CASE STATUS, ETC
- CASE CLOSED COMMUNICATION
- CUSTOMER SERVICE – MAY BE ABLE TO ASSIST
- UNSUBSTANTIATED/POOR QUALITY TIPS, VENTING

Department Referrals

- RESPONSE REQUESTED VS. **NO RESPONSE REQUESTED**
- NOTIFICATION TO APPROPRIATE DEPARTMENT PERSONNEL
- DEPARTMENT REVIEW PROCESS
 - ALLEGATION RESPONSE FORMS
 - REVIEW AND APPROVAL BEFORE CASE CLOSURE
- HUMAN RESOURCES PERSONNEL RELATED COMPLAINTS
- ETHICS HELPLINE RELATED COMPLAINTS – CAMPAIGN FINANCING, LOBBYING, GOVERNMENTAL ETHICS

2023 Cases Closed by Tip Type

51 Cases Closed by Tip Type		Founded Cases*
Violations or Abuse of City Policy	7	2
Waste or Abuse of City Resources	3	1
City Contract or Vendor Fraud	3	
Falsification of City Records	2	
Misuse of City Property or Information	2	2
Theft of City Cash or City Property	1	1
City Payroll Fraud	1	1
Conflict of Interest	1	
Kickbacks or Bribery	1	
Not in Purview of City Auditor's Fraud Hotline	30	
Total	51	7

* Founded Cases have substantiated allegations with elements of City fraud, waste, or abuse.

Fraud Hotline Impact – Corrective Actions

CITY DEPARTMENT

- OVERSIGHT OF CASH CONTROLS
- RECORD KEEPING SYSTEM
- TIME KEEPING PRACTICES
- VEHICLE KEY STORAGE AND TRACKING
- PARTICIPANT REPAYMENT OF OVERPAID PUBLIC ASSISTANCE BENEFITS
- ADHERENCE TO CITY AND STATE LEGISLATION

CITY EMPLOYEE

- COMPLIANCE TO PAYROLL POLICY
- COMPLIANCE WITH CITY VEHICLE POLICY

Fraud Hotline Impact – Audits

PARKING METER COIN COLLECTION

- Poor cash handling controls for collecting \$1M annually
- No segregation of duties and no cash handling training

QUEEN MARY

- \$23M in City funds were not spent as intended
- 40% subcontractor markup

PARK TREE MAINTENANCE

- \$1M annual shortfall
- Park expansion without additional resources for maintenance

EMERGENCY DISPATCH OVERTIME

- Significant overtime causing dispatcher fatigue and public safety risk
- \$1.3M in incurred overtime

Thank You

CONNECT WITH US

   @LBCityAuditor

 CityAuditorLauraDoud.com

 Auditor@longbeach.gov

 562-570-6751



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