

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Les White
Gerald A. Silva
Richard Doyle

SUBJECT: Fraud and Audit Hotline

DATE: August 16, 2006

COUNCIL DISTRICT: City-Wide
SNI AREA:

RECOMMENDATION

It is recommended that the City of San Jose continue with the Fraud and Audit Hotline that began July 1, 2005, as a one-year pilot program.

OUTCOME

If Council approves the continuation of the Fraud and Audit Hotline, it will continue to be managed by the City Manager's Office of Employee Relations, and coordinated with the City Auditor's Office and the City Attorney's Office.

BACKGROUND

As part of the Safe Spaces efforts, the City Council directed the Administration to create places where employees felt safe coming forward with concerns that they may have. In addition to the Employee Helpline, the City Council approved the creation of a Fraud and Audit Hotline where employees and members of the public could raise concerns anonymously.

On April 5, 2005, Council approved a one-year pilot program for the Fraud and Audit Hotline. As part of the pilot program, the City Manager's Office, City Auditor's Office and the City Attorney's Office would meet on a regular basis to review the issues that have been received through the hotline. The Hotline was to be advertised on the City's Internet and Intranet site and was to be made available to City employees, as well as to members of the general public.

BACKGROUND (cont.'d)

The Fraud and Audit Hotline went live on July 1, 2005, and offered various ways for employees and members of the public to raise concerns including by phone, email, through an online submittal form and by fax. Additionally, the Hotline was set up so that concerns could be raised anonymously. The Hotline website on the internet can be found at:

<http://www.sanjoseca.gov/employeeRelations/fraudAudit.asp>

ANALYSIS

Since July 1, 2005, the Fraud and Audit Hotline has received approximately 36 concerns. Of the 36 concerns, 23 have been City-related issues and 13 have been non-City related. For example, a typical non-City related concern that is received is personal identity theft. These types of issues are referred to the Police Department.

Of the 23 City-related issues or concerns, one was referred to another agency, five of the issues were unable to be resolved due to insufficient information, six were resolved, eight were found to be unsubstantiated and three are pending.

Of the 36 concerns received, 19 were from citizens, 14 from employees and 3 were from unknown sources.

Some of the City related concerns received were concerns about timecard fraud, customer service related concerns and concerns over violations of City policy.

The majority of the City-related calls were investigated through the City Manager's Office of Employee Relations as they were considered to be confidential personnel matters. Because the Fraud and Audit Hotline was created as part of "Safe Spaces" it is of utmost importance that the confidentiality of the complainant (unless reported anonymously), as well as the person who may be the subject of the complaint, be kept confidential to the extent permitted by law. If a concern results in a personnel investigation, the applicable legal and procedural rights are afforded to the subject of the complaint and the identity and information provided by witnesses may be part of the personnel investigation.

A primary goal in creating "Safe Spaces" was to get concerns reported, ideally early enough so that a problem or issue can be avoided before it occurs or before it becomes more serious. As part of that effort, it is critical that employees and members of the public feel comfortable raising concerns. For this reason, multiple avenues to raise concerns are made available for members of the public and employees to increase the chances that an issue gets reported or discussed so that it can be resolved.

Most importantly, employees are encouraged to raise concerns within their Department, Office or Agency, either through his or her supervisor or management. However, if employees are not comfortable doing so or if an issue remains unresolved, employees or members of the public may

ANALYSIS (cont.'d)

directly contact the City Manager's Office of Employee Relations or the Fraud and Audit Hotline. Employees can also go directly to the City Manager or applicable appointing authority.

Employees or members of the public also have the option to report concerns directly to outside State or Federal government agencies. Alternatively, the California State Whistleblower Hotline is available to anyone and the State requires that information about this Hotline be posted in workplaces. It is important to have multiple options for employees to raise concerns because some people may feel comfortable with one option over the other. The recommendation that the Fraud and Audit Hotline be made permanent is part of the City's efforts to provide employees and members of the public an additional option to raise concerns.

PUBLIC OUTREACH/INTEREST

The City Council has established the following criteria for public outreach:

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although advertising has been done for the Fraud and Audit Hotline, none of above criteria apply. An internet and an intranet page were created so that employees and members of the public could find information about the Fraud and Audit Hotline. The webpage includes frequently asked questions and an online complaint form. Fliers are posted at Community Centers and at Libraries for members of the public and are also posted at every worksite for employees. Additionally, there is an advertisement on the City's Public Outreach television station and Citywide emails have been sent out regarding the Fraud and Audit Hotline.

It is our goal during the upcoming year to focus on additional advertising, such as Community fliers and handouts.

COST SUMMARY/IMPLICATIONS

Because the Hotline was initially a pilot program, no additional funding was provided for the Hotline and it has been run with existing staff and without funds allocated for advertising. A review of the staffing and resource needs will be conducted in the next several months and recommendations resulting from that review will be brought forward as part of the budget process.

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COORDINATION

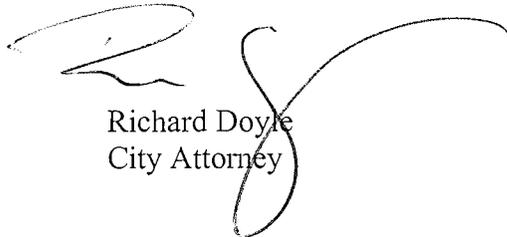
This memo has been coordinated with the City Manager's Office, the City Attorney's Office and the City Auditor's Office.

CEQA

Not a Project



Les White
City Manager



Richard Doyle
City Attorney



Gerald A. Silva
City Auditor

For questions please contact Alex Gurza, Director of Employee Relations, at 535-8155.