

Internal Audit Department
Fraud Hotline Activity
For the Period
June 1, 2004 – September 23, 2004

REPORT DATE: October 4, 2004

Audit Number 2402

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INTERNAL AUDIT DEPARTMENT
COUNTY OF ORANGE

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*Integrity
Objectivity
Independence*

**COUNTY OF ORANGE
INTERNAL AUDIT DEPARTMENT**

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Transmittal Letter

Audit No. 2402

October 4, 2004

Members, Board of Supervisors
Hall of Administration Building
10 Civic Center Plaza
Santa Ana, CA 92701

Dear Honorable Members:

We have completed our quarterly reporting concerning the operation of the Orange County Employee Fraud Hotline. This report for the period of June 1, 2004 through September 23, 2004. The attached report includes a statistical summary of hotline activities.

We would like to acknowledge the courtesy and cooperation extended to us by the management of the various County agencies/departments during our Hotline process. As always, I remain available to answer any questions you may have. Please contact me directly or Eli Littner, Deputy Director at (714) 834-5899, or Alan Marcum, Audit Manager at (714) 834-4119 if we can be of assistance.

Respectfully submitted,

Peter Hughes, Ph.D., CPA
Director

cc: Members, Audit Oversight Committee
James D. Ruth, County Executive Officer
Darlene J. Bloom, Clerk of the Board of Supervisors
Foreman, Grand Jury

Internal Audit Department
Fraud Hotline Activity

Background

The Orange County Employee Fraud Hotline was first established September 1, 1994 and after a short period of inactivity during the bankruptcy, was reinstated May 3, 1996. The purpose of the hotline is to provide a vehicle for County employees to report suspected fraud, misuse of County resources by vendors, contractors, or County employees, and significant violations of County policy. In instances when non-County callers use the hotline, their complaints are also processed. Callers are not required to identify themselves.

The hotline is available for calls twenty-four hours a day, seven days a week. To the extent possible, designated Internal Audit Department staff during business hours will answer the telephone. After hours calls are transferred to an answering machine for review on the following business day.

Statistical Summary

The Internal Audit Department received twenty-one calls during the period. These contacts are categorized by source in **Table 1**.

Table 1	
Allegations	
Source of Contact	
Actionable Calls	4
Referred and Informational Calls	22
Other	6
Total	32

Cases Opened

Cases opened during the period concerned allegations of employee misconduct. When allegations involve issues beyond the jurisdiction of the County of Orange, they are referred to appropriate non-County agencies. Hotline callers alleging welfare fraud are referred to the State Welfare Fraud Hotline. **Table 2** identifies complaint type and the total number of cases opened during the period.

Table 2	
Cases Opened	
Type of Allegations	
Employee Misconduct	4
Welfare Fraud (Referred Out)	10
Non-County (Referred Out)	6



Information Requests (Referred to County Departments)	6
Other	6
Total	32

Cases Closed

During the period three cases were finalized and closed. All of these cases were opened in 2004. As of May 31, 2004, four cases remain active. **Table 3** categorizes the three cases closed during the period.

Table 3	
Cases Closed	
Reason for Closing	
Investigated by County agency/department - Allegation Substantiated	0
Investigated by County agency/department - Allegation Non-Substantiated	3
Insufficient Information	0
Total	3

