

Internal Audit Department

O R A N G E C O U N T Y

OC FRAUD HOTLINE ACTIVITY

FOR THE PERIOD
JANUARY 1, 2008 THRU JUNE 30, 2008

OC IAD administers the OC Fraud Hotline. The OC Fraud Hotline is staffed by professionals 24 hours, 7 days a week to ensure proper handling of all reports of possible waste, fraud and abuse of County resources by either employees or vendors.

AUDIT NO: 2703

REPORT DATE: JULY 7, 2008

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Deputy Director: Eli Littner, CPA, CIA
Sr. Audit Manager: Alan Marcum, MBA, CPA, CIA



Internal Audit Department

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Internal Audit Department

Providing Facts and Perspectives Countywide

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To access and view audit reports or obtain additional information about the OC Internal Audit Department, visit our website: www.ocgov.com/audit



OC Fraud Hotline
(714) 834-3608



Transmittal Letter



AUDIT NO. 2703 July 7, 2008

TO: Members, Board of Supervisors
Chairman John Moorlach
Vice-Chair Patricia Bates
Supervisor Chris Norby
Supervisor Bill Campbell
Supervisor Janet Nguyen

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Orange County Fraud Hotline Activity

We have completed our report concerning the operation of the Orange County Fraud Hotline. This report is for the period of January 1, 2008 through June 30, 2008. The attached report includes a statistical summary of Hotline activities for the first six months of 2008 and background information on the Hotline process.

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

ATTACHMENTS

cc: Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Foreperson, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors

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For the Period

January 1, 2008 thru June 30, 2008

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INTERNAL AUDITOR'S REPORT

AUDIT No. 2703

JULY 7, 2008

TO: Members, Board of Supervisors

FROM: *FOR* Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Orange County Fraud Hotline Activity

Below is the OC Fraud Hotline activity for the period January 1, 2008 through June 30, 2008. For detail about our hotline process, please see Exhibit A.

Audit Highlight

During January 1, 2008 through June 30, 2008, the OC Fraud Hotline received **39 new** complaints of improper activities, of which **41%** were opened for investigation, **51%** were redirect to other agencies and **three** closed due to insufficient information.

1. Statistical Summary

The Internal Audit Department received 39 complaints during the reporting period. IAD received 20 allegations by phone or letter; 18 allegations by email; and 1 allegation by the outside service (non-business hours). These calls are categorized in Table 1.

Actionable Calls	16
Referred Calls	20
Insufficient Information	3
Total Hotline Calls	39

2. Types of Complaints

Cases opened during the period concerned complaints of possible employee misconduct, e.g., time abuse; unfair hiring practices; unprofessional behavior from management; conducting an outside business on County time; violation of County purchasing policies; conflict of interest; competence issues regarding staff; and contractor misconduct, i.e., contractor not providing required services and false financial reporting. When complaints involve issues beyond the jurisdiction of the County of Orange, they are referred to appropriate non-County agencies. Hotline callers alleging welfare fraud were referred to the State Welfare Fraud Hotline for action. Table 2 identifies the total number of cases opened during this period and complaint type.



Table 2 Types of Complaints	
Actionable Calls	
• Employee Misconduct	13
• Contractor Misconduct	1
• Agency/Department Processes	2
Total Cases Opened	16
Referred Calls	
• Welfare Fraud	3
• Non-County	15
• Referred to Sheriff-Coroner	1
• Referred to Assessor	1
Total Complaints Referred Out	20
Insufficient Information	
	3
Total Hotline Calls	39

3. Status of Complaints

Table 3 below summarizes the status of complaints for the period January 1, 2008 through June 30, 2008.

Table 3 Status of Complaints						
ACTIONABLE CALLS	Investigation				Closed Findings	
	Prior Period	New	Still Open	Closed	Substantiated	Not Substantiated
Employee	3	13	1	15	2	13
Contractor	1	1		2		2
Agency/ Department Processes		2		2		2
Total	4	16	1	19	2	17

The Case Highlights

In the 2 cases where the allegations were substantiated, 1 dealt with time abuse; and 1 dealt with an employee conducting an outside business during County business hours. In both cases, appropriate corrective action was taken.



EXHIBIT A

Background

The Orange County Internal Audit Department (IAD) originally established and now runs the Orange County Fraud Hotline as part of its ongoing fraud detection and prevention effort. The Hotline was first established September 1, 1994, and after a short period of inactivity during the bankruptcy, was reinstated May 3, 1996, and enhanced and improved in December 2004. The establishment of a Hotline is a best business practice for both private and governmental entities. The County encourages employees to resolve concerns through their normal administrative channel whenever possible. However, the OCIAD Fraud Hotline provides an alternative reporting and investigating avenue to ensure that concerns about possible wrong doings in our County government are properly addressed.

Types of Complaints

The Hotline is intended for County employees, vendors, and the public to report suspected fraud or misuse of County resources by vendors, contractors, or County employees. Violations of County policy are also reported. Fraud is an intentional act that results in the misstatement of financial records or theft of the County's assets. The misuse of County resources would include for example the use of a County computer to run an outside business. In instances when non-County callers use the Hotline, their complaints are also processed.

Operates 24/7

The Hotline is monitored live for calls twenty-four hours a day, seven days a week. IAD staff monitors the telephone during business hours and contracted Hotline service professionals monitor the telephone during non-business hours. Callers can leave anonymous information or identify themselves. The Hotline telephone system also provides the callers with a list of Hotline numbers for reporting frauds that are not handled by the County Fraud Hotline such as Welfare Fraud. In processing Hotline calls that are not handled and monitored by IAD such as Welfare Fraud and calls for non-County agencies, IAD refers the caller to the appropriate Hotline, e.g., Social Services Agency Welfare Fraud Hotline for their investigation. In these cases, IAD logs the calls in the Hotline Control Log, but IAD does not perform any review or monitoring. Hotline reporting can also be made through our web page on the internet. We have created a "Virtual Hotline Form" where an individual can remain anonymous.



Processing Hotline calls

1. The IAD staff and the contracted service professionals prepare the Hotline Information Form which aides in the capturing of needed information.
2. The IAD staff and the outside service professional assign a unique Hotline control number.
3. All calls received are recorded into the Hotline Control Log.
4. The IAD staff and the contracted service professionals provide the completed Hotline Information Form (by hard copy and email respectively), to the Hotline Senior Audit Manager.
5. The Senior Audit Manager reviews the specifics of the allegation and prepares a letter detailing the complaint.
6. The IAD Director and Deputy Director review the information and a formal Hotline Action Request with all relevant information is routed directly by the IAD Director to the agency/department head for immediate investigation. IAD policy requires the agency/department head to acknowledge receipt of the Hotline Action Request within five working days. Depending upon the facts of each allegation, IAD may conduct its own on-site visit and review. The Director, Deputy Director or Senior Audit Manager will discuss with senior management the allegation and the approach, and the status of the agency/departments investigation and determine a course of action for an IAD review if considered warranted by IAD.
7. The agency/department head, to which cases are referred, are required to provide a written report of the investigative steps, the results of the investigation, and corrective action taken.
8. The Senior Audit Manager along with the Director or Deputy Director, upon receipt of the written report from the agency/department head, reviews the report to determine if appropriate action was taken.
9. If the Director is satisfied with the investigation and results, the Hotline case is closed and a closeout letter is sent to the agency/department head. If the Director is not satisfied further action will be proposed.



Other Hotline Process Enhancements

In addition to IAD enhancing its website to assist anyone wishing to report fraud, other improvements include information on Whistleblower Protection and other Fraud Hotline phone numbers. In addition to IAD maintaining the Orange County Fraud Hotline, other agencies/departments also maintain hotlines. For example, Social Services Agency maintains the Welfare and Child Abuse Hotlines, CEO/Risk Management maintains the Workers' Compensation and Insurance Fraud Hotlines, and the District Attorney maintains the Consumer Fraud and Economic Fraud Hotlines.



September 11, 2008 Portal Home Benefits 457 Program OC Jobs Benefits Center Email Password Logout Process: [Click to Select](#)



WELCOME, [REDACTED] 1

Welcome to the County of Orange Employee On-line Portal. Select from the pull down menu the process you choose to visit.

If you are a first time user, please refer to your new employee package for login process.

You may click on Email or Password links on the top to update your information.



ORANGE COUNTY'S INTERNAL AUDIT DEPARTMENT FRAUD HOTLINE

- If you suspect fraud, waste or abuse of County resources call the OC Internal Audit Department Fraud Hotline at (714) 834-3608.
- We take calls or emails 24/7. Our site is <http://www.ocgov.com/audit>
- You can call or email us anonymously and you are given Whistleblower protection under California Law.

CONTACT US 

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CEO's Message



Commuter Assistance Program

County Family,

The significant increases in fuel costs have caused difficulties for employees who commute to work. As a result, many commuters have looked at alternative modes of transportation offered through the Commuter Assistance Program (CAP). The low-cost alternatives and incentives provided by the County are available to all employees.

Incentives for joining CAP include:

- Commuter Club – Employees who carpool, bike, walk, vanpool or commute via train or bus can receive membership to the Commuter Club that provides a discount card that is honored by local merchants through Orange County Transportation Authority's Destination Deals Program along with a \$15 Starbucks gift card. In addition, quarterly drawings are held for the chance to win one of eight \$25 gift cards.
- Carpool/Vanpool Classifieds – If you would like help finding a fellow employee to carpool or vanpool with, your name can be

(Continued on page 2)

Adopt a Pet During the Dog Days of Summer

Throughout the summer, more animals arrive at the OC Animal Care Center in need of loving homes than any other time of year.

“Although larger numbers of animals are brought into the shelter during the summertime, we generally see a rise in adoptions as well,” said Ryan Drabek of OC Animal Care. “Our kennel attendants and volunteer staff are here to guide visitors around the center and help determine which animals they are most compatible with.”

To reach residents who are unable to visit the OC Animal Care Center in Orange, a Mobile Adoption Vehicle moves throughout the area, carrying up to nine animals that are available for on-the-spot adoption.

Specialists with the Mobile Adoption Vehicle distribute information about the adoption process and responsible pet ownership.

OC Animal Care produces an online database of adoptable dogs, cats, bunnies, and other critters that is available for residents to search from the comfort of home. To view the database, visit: <http://petadoption.co.orange.ca.us/animals/>.

There are many ways to help animals in need, including volunteer opportunities at the OC Animal Care Center. To learn about becoming a volunteer dog walker, cat companion, mobile adoption assistant, bather, groomer or foster caretaker, call (714) 935-6194.

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Kennel Supervisor Ronnie Yost, OC Animal Care, visits with Lola the Chihuahua.

County Workers “Say Cheese!” at the OC Fair

Cheese took center stage at the 2008 OC Fair, where among the food, rides and exhibits were Ask-The-Cheese experts and a celebrity cheese sculptor.

Representatives from 15 County programs staffed information booths from July 11 – Aug. 3 to discuss the many services the County provides to the community. Included were employees and volunteers from Assessor, Clerk-Recorder, OC Community Resources, Health Care Agency, John Wayne Airport, Probation, Registrar of Voters, Sheriff-Coroner, Social Services Agency, Treasurer-Tax Collector and OC Waste & Recycling.

Ribbons were awarded to County booths in the OC building for the Government Agency competition. The Sheriff’s Department took home the Best of Show title as well as the second place

ribbon for theme. Probation placed second for the overall government agency and third in theme.



Probation: Jennifer Anderson (left) and Demitra Walker (right) work at the Probation department’s Fair booth. The booth won second place for overall government agency and third in theme during the judging process.

New Area Code Will Change Dialing Patterns

A new area code has been created to meet the demand of available telephone numbers. The new 657 area code will serve residents and workers in the same geographic region as the current 714 area code.

Beginning Aug. 23, all calls made to or within the 714 area code must be dialed using a new phone pattern: **1 + (AREA CODE) + PHONE NUMBER.**

For example, if you are in the 714 area code and also placing a call to the 714 area code, you must dial **1 + (714) + PHONE NUMBER.**

Also beginning Aug. 23, all County-related calls and faxes made to or within the 714 area code must be dialed using the new phone pattern from

9 + 1 + (AREA CODE) + FAX NUMBER.

Speed dial numbers, call lists and autodial keys on County fax machines and telephones must be programmed with the new dialing format prior to Aug. 23 to continue functioning properly.

On Sept. 23, new telephone lines will be assigned numbers with a 657 area code. All calls dialed within the 657 area code must also be dialed using the new pattern. For example, if you are in the 657 area code and also placing a call to the 657 area code, you must dial **1 + (657) + PHONE NUMBER.**

Please contact your Telephone Services Specialist or call (714) 834-4622 if you have questions.

Internal Audit Fraud Hotline ¹

If you suspect fraud, waste or abuse of County resources, contact the OC Internal Audit Department Fraud Hotline at (714) 834-3608 or visit www.ocgov.com/audit. Messages are accepted any day or time and can be made anonymously. In addition, employees are provided protection under the California Whistleblower Law.