



# On the Lookout: Review of the Fraud, Waste and Abuse Quarterly Report



**RON GALPERIN**  
LA CONTROLLER



## Office of the Controller, Fraud, Waste and Abuse Unit Report for the Quarter Ending March 31, 2020

### KEY FIGURES

New Cases
132

Total Closed Cases
120

Closed Cases Investigated or Reviewed
16

Total Open Cases
84

### FWA ACTIVITY

For the quarter beginning January 1, 2020, and ending March 31, the Fraud, Waste and Abuse (FWA) Unit received 132 new cases and closed 120 cases. As of the end of this quarter, the FWA Unit has a total of 84 open cases. The FWA Unit's evaluation of the cases received during the quarter is summarized in the following chart.

Cases Received During the Quarter Ending March 31, 2020				
Case Status	Total	Evaluation of Cases Received		
		Non-FWA Investigative Matters Requiring Department Action <sup>1</sup>	Investigation or Additional Review by Department or Other Agency	Investigation or Additional Review by FWA Unit
<b>New Cases Received</b>	132			
- Cases Outside FWA Unit's Jurisdiction with No Further Action <sup>2</sup>	(78)			
<b>Remaining Cases for Evaluation</b>	54	22	19	13

During this quarter, the FWA Unit closed a total of 120 cases. The case closure by category is summarized in the following chart.

Cases Closed During the Quarter Ending March 31, 2020				
Case Status	Total	Case Closure by Category		
		Non-FWA Investigative Matters Requiring Department Action <sup>1</sup>	Investigated or Reviewed: Unsubstantiated	Investigated or Reviewed: Substantiated
<b>Total Closed Cases</b>	120			
- Cases Outside FWA Unit's Jurisdiction with No Further Action <sup>2</sup>	(79)			
<b>Remaining Closed Cases</b>	41	25	13	3

#### Examples of Cases Closed this Quarter

- **Accounting Irregularities** – An employee did not follow proper departmental procedures for cash handling and reporting which was identified during the cash reconciliation process. The department promptly investigated the variance and located the funds that were not stored in the proper cash vault. The employee was disciplined and provided additional training. The department made updates to the cash handling process as a result of the investigation.
- **Unreported Outside Employment** - A department pursued personnel action against an employee for failing to report outside employment.

<sup>1</sup> Cases identified as non-FWA investigative matters requiring department action are those suited for the department to take action but did not warrant an investigation. Examples include concerns regarding risk management or customer service operations.

<sup>2</sup> Cases identified as outside FWA Unit's jurisdiction with no further action included those unrelated to City operations, personnel related matters, and cases with no FWA allegation. Nevertheless, cases are referred to the appropriate outside agency or City department. For example, this quarter a number of cases were received related to COVID-19 safety concerns and phone scammers posing as utility employees.

Theft of time was the leading type of issue reported for cases received during the quarter which accounted for 9 of the 32 cases determined to require an investigation or additional review.

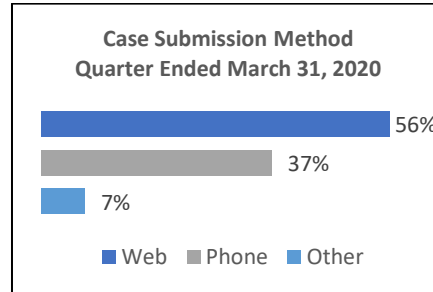
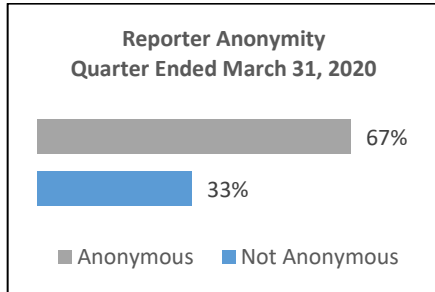
Investigation or Additional Review By Issue Type for the Cases Received during the Quarter Ending March 31, 2020					
Issue Type	Total	%	Issue Type	Total	%
<b>Theft of Time</b>	9	28%	<b>Wage/Hour Issues</b>	3	9%
<b>Misuse of Authority or Position</b>	5	16%	<b>Other Human Resource Concerns</b>	3	9%
<b>Contractor Fraud</b>	4	13%	<b>Theft of Goods or Services</b>	2	6%
<b>Conflicts of Interest</b>	4	13%	<b>Waste or Inefficiency of City Resources</b>	2	6%
			<b>Total</b>	<b>32</b>	<b>100%</b>

The breakdown of cases requiring investigation or review by departments and number of cases referred to departments for action are as follows:

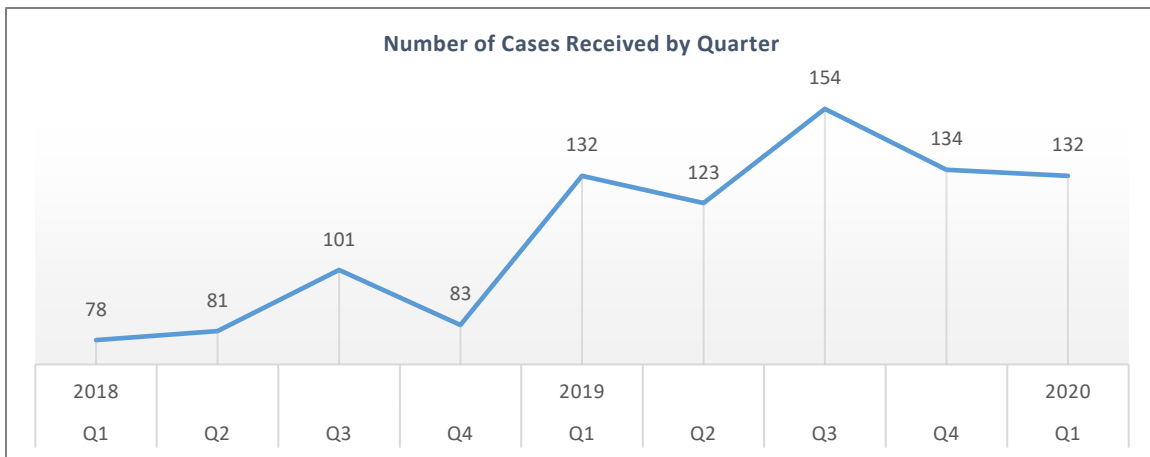
Schedule of Case Metrics by Department for the Quarter Ending March 31, 2020				
Primary Department	Total Open Cases as of March 31, 2020	Opened Cases Requiring Investigation or Review	Closed Cases Investigated or Reviewed	Closed Cases Non-FWA Investigative Matters Requiring Department Action
Water and Power	36	11	5	9
PW - Bureau of Sanitation	9	2	2	-
Airport	7	2	1	-
Fire	5	2	-	1
General Services	4	2	-	1
Recreation and Parks	4	-	-	1
Transportation	3	2	-	1
Emergency Management	2	1	-	-
Harbor	2	1	1	1
Outside Jurisdiction Referral	2	2	-	2
Police	2	1	1	4
PW - Bureau of Engineering	2	2	2	-
PW - Bureau of Street Services	2	-	-	-
Animal Services	1	1	-	-
Disability	1	-	-	-
EWDD	1	-	-	-
Personnel	1	-	-	-
PW - Bureau of Contract Administration	-	1	2	-
Building and Safety	-	1	1	-
City Clerk	-	1	1	-
City Council	-	-	-	2
Cultural Affairs	-	-	-	1
Housing Authority	-	-	-	1
Housing and Community Investment	-	-	-	1
<b>Grand Total</b>	<b>84</b>	<b>32</b>	<b>16</b>	<b>25</b>

## FWA METRICS

This quarter, the majority of cases received were reported anonymously. Most cases were received through the Controller’s Fraud Hotline through the web intake form or hotline phone calls. A small number of additional cases were received via email, U.S. mail, or in-person.



The FWA Unit has received 132 cases for both the first quarter of the year for 2020 and 2019 compared to receiving 78 cases during the same period for 2018. The increase in cases received in the first quarter of 2019 was attributed to the enhanced Fraud Awareness Training deployed to all City departments and offices, combined with the FWA Unit’s outreach and in-person FWA training given to employees.



## FILE A REPORT

Report fraud, waste, and abuse of City resources and operations by contacting the Controller’s FWA Unit.

**Web Intake Form:** [http://www.lacontroller.org/fraud\\_hotline](http://www.lacontroller.org/fraud_hotline)

**Telephone:** (866) 428-1514

**Mail:** Office of the Controller  
Attention: FWA Unit  
200 N. Main Street, Room 460  
Los Angeles, CA 90012