



**On the Lookout:
Fraud, Waste and Abuse
Quarterly Report**

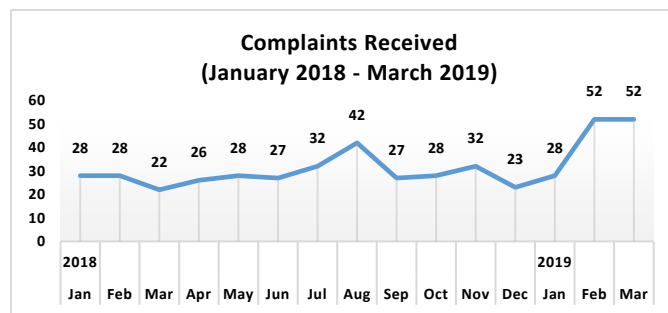


RON GALPERIN
LA CONTROLLER



Office of the Controller Fraud, Waste and Abuse Report for the Quarter Ending March 31, 2019

For the quarter ending March 31, 2019, the Fraud, Waste and Abuse (FWA) Unit received 132 complaints compared to 78 complaints for the same period in the prior year. The uptick in complaints during the quarter may be attributed to the enhanced Fraud Awareness Training deployed to all City departments and Offices in January 2019.



EXAMPLES OF THE CASES CLOSED THIS QUARTER

The following list highlights several key cases which closed during the quarter ending March 31, 2019 for fraud, waste and abuse related reviews and investigations conducted by or in collaboration with the FWA Unit:

- **Falsified Documents and Time Fraud**
- **Theft of Time**
- **Conflict of Interest**
- **Gifts from Outside Sources and Conflict of Interest**
- **Workers' Compensation Fraud**
- **Misuse of Authority or Position**

FWA UNIT ACTIVITY

The FWA Unit’s evaluation of the 132 complaints received during January to March 2019 determined that 53 (40%) did not merit any further action. Examples of cases that did not merit any further action were those with insufficient information to investigate and cases that were not within the City’s jurisdiction. Of the remaining 79 complaints, FWA referred 35 (27%) complaints to other City departments or agencies for appropriate action, while 31 (23%) complaints were determined to require an investigation or additional review. Of the 31 complaints identified for investigation or additional review, the FWA Unit referred 25 complaints to the respective department, while an additional six complaints were retained by the FWA Unit for its investigation or review.

As of April 17, 2019, the FWA Unit closed a total of 22 complaints which had been identified for investigation or additional review. Of the 22 closed complaints, 3 had been received during the current quarter and 19 were from prior periods. Currently there are 78 open cases which were determined to require an investigation or additional review.

Complaints Received for the Quarter Ending March 31, 2019		
Evaluation Category	Total	%
Ongoing Evaluation	13	10%
No Further Action	53	40%
Referred For Appropriate Action	35	27%
Investigation or Review	31	23%
Total	132	100%

Outcome of Closed Investigations and Reviews as of April 17, 2019	
Outcome	Total Closed
Remedial Action Taken	7
Substantiated	5
Unsubstantiated or Lacking in Evidence to Substantiate	10
Total	22

Theft of time was the leading type of issue reported for complaints received during the quarter which accounted for 12 (39%) of the 31 complaints determined to require an investigation or additional review.

Investigation or Additional Review By Issue Type for the Complaints Received during the Quarter Ending March 31, 2019		
Issue Type	Total	%
Theft of Time	12	39%
Waste of Resources	8	26%
Fraud	2	6%
Theft of Goods/Services	2	6%
Contractor Selection Process	2	6%
Policy Issues	2	6%
Conflicts of Interest	1	3%
Falsification of Company Records	1	3%
Contractor Fraud	1	3%
Total	31	100%

The breakdown of complaints requiring investigation or review by department is as follows:

Schedule of Cases for Investigation or Review				
Primary Department	Total Open Cases	Total Closed Cases	Total Cases	% of Investigations Closed
Water and Power	35	0	35	0%
Airport	8	5	13	38%
Public Works - Bureau of Sanitation	6	2	8	25%
Police	6	1	7	14%
Building and Safety	4	2	6	33%
Fire	4	2	6	33%
Housing and Community Investment	1	4	5	80%
Recreation and Parks	1	3	4	75%
Harbor	4	0	4	0%
Personnel	3	0	3	0%
General Services	2	0	2	0%
Transportation	1	0	1	0%
Library	1	0	1	0%
Public Works - Bureau of Engineering	0	1	1	100%
Public Works - Bureau of Street Services	1	0	1	0%
Disability	0	1	1	100%
Zoo	0	1	1	100%
Information Technology Agency	1	0	1	0%
Grand Total	78	22	100	22%

FWA GOALS & INITIATIVES UPDATE

The FWA Unit has focused our goals and initiatives for FY2019 into two key areas:

“Prevention Centered” FWA Team

- FWA Investigators have met with 15 City Department General Managers and/or FWA Liaisons to develop an individualized plan for each department to increase employee awareness of FWA.
- FWA is actively working to develop new marketing materials and increase visibility of FWA through posters, brochures, social media, Channel 35, and fraud awareness week.
- FWA is currently collaborating with the Ethics Commission on conducting joint investigations in cases where both departments have jurisdiction.

Data Intelligence

- FWA to perform proactive data analytic driven review of PaySR and FMS data. The analysis methodology is in the development stage and will leverage information from internal audit reviews to focus on higher risk areas.