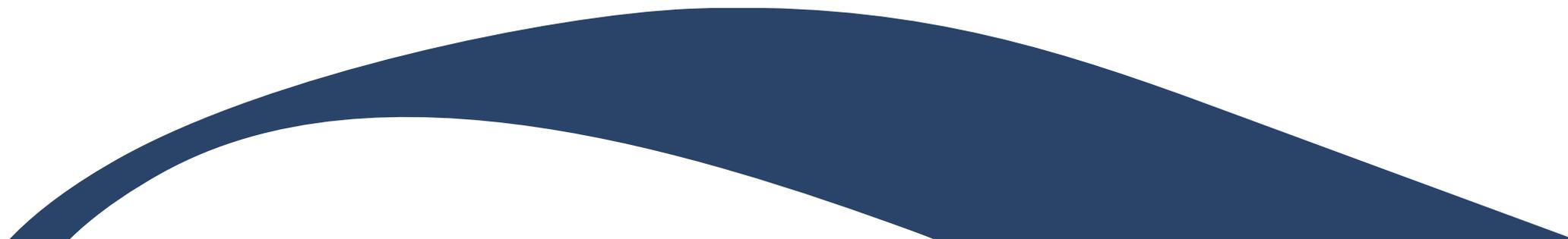


# **City Auditor's Fraud Hotline Annual Update**

**City Auditor Laura Doud  
Assistant City Auditor Alvin Chu**

**Ethics Commission Meeting  
May 14, 2025**

A large, dark blue, curved graphic element at the bottom of the slide, resembling a stylized wave or a thick arc.

# LONG BEACH CITY AUDITOR LAURA DOUD



## **Our Mission**

To make Long Beach better through independent audits and fraud investigations

## **We work to:**

- Provide assurance City funds are spent as intended
- Promote transparency and accountability of City operations
- Prevent fraud, waste and abuse of City resources



# FRAUD HOTLINE BACKGROUND

The City Auditor's Fraud Hotline is a **speak up line**.

**Fraud Hotline Team:** The City Auditor, Assistant City Auditor,  
Three Staff Members



# TIP INTAKE

- **Website:** [CityAuditorLauraDoud.com/Report-Fraud](http://CityAuditorLauraDoud.com/Report-Fraud)
- **Phone:** 1-888-FRAUD-07 or 1-888-372-8307
- **Fax:** 562-570-6167
- **Mail:** City Auditor's Office, 411 W. Ocean Blvd. 8th Floor,  
Long Beach CA 90802
- **MyAuditor App**

# THIRD PARTY OPERATOR

Third party **24/7** Fraud Hotline Operator 

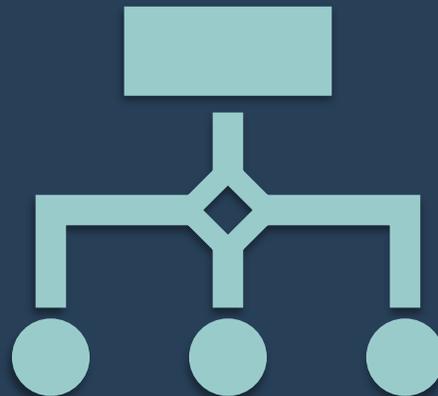
**Confidential  
reporting protection  
and choice to be  
anonymous**

**Multilingual**

**Text or Voice**

# GENERAL CASE STATISTICS

- Annual average of **47** cases closed
- **45%** of cases are investigated by City Auditor or Department
- **45** number of tips received in 2024
- **46** number of cases closed in 2024



# FRAUD HOTLINE PROMOTION

- Annual Fraud Hotline Reports
  - [www.Cityauditorlauradoud.com/reports](http://www.Cityauditorlauradoud.com/reports)
- Annual Fraud Hotline Activity Webpage Updates
  - [www.Cityauditorlauradoud.com/fraud-hotline-activity](http://www.Cityauditorlauradoud.com/fraud-hotline-activity)
- Email to all City Employees with Fraud Hotline Report
- Department Bulletin Board Posts with Fraud Hotline Report
- City & Port Intranet Posts with Fraud Hotline Report
- Presentations at New Employee Orientations

# WHAT IS CITY FRAUD?

- Theft of Cash or City Property
- Violations of Abuse of City Policy
- Kickbacks or Bribery
- Conflict of Interest
- City Payroll Fraud
- City Contract or Vendor Fraud
- Falsification of City Records



# WHAT IS CITY WASTE & ABUSE?

## Misusing or Abusing City Resources

Including:

- Employee time
- City Facilities
- Office Equipment or Supplies
- Fleet Vehicles, etc.



# WHAT IS NON-CITY FRAUD?

## Examples of **Non-City Fraud**:

**Employee  
Grievances**

**Credit Craud  
Fraud**

**County or State  
Public Benefits  
Fraud**

# CASE HANDLING PROCESS

Determine whether allegation is within Fraud Hotline Purview  
& factually accurate



Conduct preliminary  
review/investigation

- Review of facts
- Review and identify evidence
- Third party corroborations



Forward to appropriate agency or  
department or provide  
information to complainant

- If allegation has merit, proceed to full investigation
- If allegation is founded, contact appropriate City administration, law enforcement agency, or prosecutorial agency
  - Request agency to report back with final disposition

# DEPARTMENT REFERRALS – IN PURVIEW

- Response Requested
- Notification to appropriate department personnel
- Department review process
  - Allegation Response Forms
  - Review and approval before case closure



# DEPARTMENT REFERRALS – NOT IN PURVIEW

- No Response Requested
- Notification to appropriate department personnel
- Human Resources personnel related complaints
- Ethics Helpline related complaints



# 2024 CASES CLOSED BY TIP TYPE

## 46 Cases Closed by Tip Type

Founded Cases\*

Violations or Abuse of City Policy	12	2
Misuse of City Property or Information	6	5
City Contract or Vendor Fraud	5	
City Payroll Fraud	2	
Waste or Abuse of City Resources	2	
Conflict of Interest	1	
Falsification of City Records	0	
Theft of City Cash or City Property	0	
Kickbacks or Bribery	0	
Not in Purview of City Auditor's Fraud Hotline	18	
<b>Total</b>	<b>46</b>	<b>7</b>

\* Founded Cases have substantiated allegations with elements of City fraud, waste, or abuse.

# FRAUD HOTLINE IMPACT – CORRECTIVE ACTIONS

## **Impact and Results of Hotline Founded Cases**

### **City Department**

- Material Inventory Tracking System
- Processes of Monitoring Work Order Completions
- Security of City Owned Facility

### **City Employee**

- Suspension
- Compliance to Policy Regarding Use of City Resources
- Compliance to Policy Regarding Use of City Technological Equipment

# FRAUD HOTLINE CLOSURE – SUMMARY OF CASES CLOSED

Summary of cases closed is published annually for transparency of cases closed and is posted to the **Fraud Hotline Activity Webpage**

**[www.CityAuditorLauraDoud.com/fraud-hotline-activity](http://www.CityAuditorLauraDoud.com/fraud-hotline-activity)**



# FRAUD HOTLINE IMPACT – AUDITS OVER THE YEARS

## Parking Meter Coin Collection

- Poor cash handling controls for collecting \$1M annually
- No segregation of duties and no cash handling training

## Queen Mary

- \$23M in City funds were not spent as intended
- 40% subcontractor markup

## Park Tree Maintenance

- \$1M annual shortfall
- Park expansion without additional resources for maintenance

## Emergency Dispatch Overtime

- Significant overtime causing dispatcher fatigue and public safety risk
- \$1.3M in incurred overtime

# Thank you!

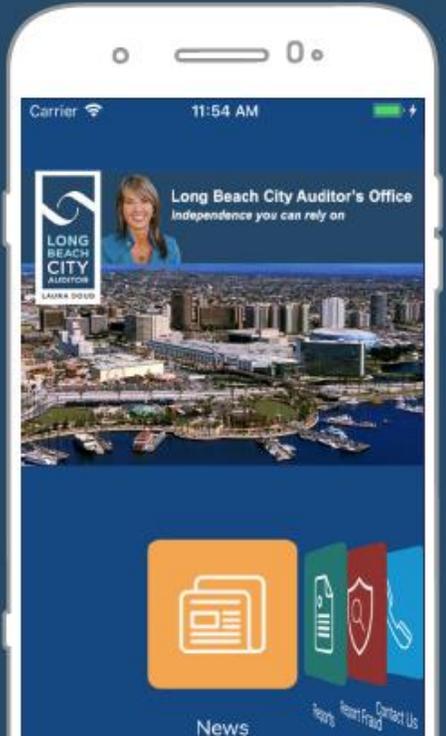
## CONNECT WITH US

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