COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

December 13, 2006

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **SEMI-ANNUAL FRAUD HOTLINE STATUS REPORT**

The Los Angeles County Fraud Hotline opened 181 new investigations during the six months ending September 30, 2006. The Auditor-Controller's Office of County Investigations closed 337 cases, 61 of which were substantiated, 113 were not substantiated, and 163 were not investigated after a preliminary review determined the allegation was either immaterial, previously investigated, referred to an outside agency, or not enough information was provided, see Attachments I and II. As of September 30, 2006, 449 investigations were in progress.

Based on the 61 substantiated cases, the following actions were taken:

Arrested	3
Counseled	21
Criminal Charges Filed	4
Seeking Debarment	1
Dismissed	3
Intent to Discharge	4
Needs Improvement	4
Procedures Changed	4
Referred to District Attorney	4
Restitution	1
Resigned	7
Suspended	7
Canceled Contract	2
Transferred	2
Written Warning	2
Disciplinary/Corrective Action Pending	36

Note: Some cases may include multiple suspects and multiple dispositions.

If you have any questions or need additional information, please call me or have your staff call Marion Romeis at (626) 293-1400.

JTM:MR

Attachments

c: Audit Committee
David E. Janssen, Chief Administrative Officer
Department Heads
Public Information Office

Attachment I

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER
OFFICE OF COUNTY INVESTIGATIONS

SUMMARY OF SUBSTANTIATED CASES

FOR THE PERIOD APRIL 1, 2006 THROUGH SEPTEMBER 30, 2006

SUBSTANTIATED CASES INVESTIGATED BY AUDITOR-CONTROLLER

Case Number: 2006587

A Registrar-Recorder/County Clerk (RR/CC) employee stole $111,861 in cash collections for personal financial gain. The employee resigned. In addition, the District Attorney's Office (DA) filed criminal charges and the employee was arrested on October 31, 2006.

Case Number: 2006598

A Department of Children and Family Services (DCFS) group home foster care contractor mismanaged and converted foster care funds for personal use. This agency has been placed on "do not use" status by DCFS, and the case was referred to the DA for review. DCFS is also seeking debarment.

Case Number: 2006636

An Animal Care and Control (AC&C) employee reported thefts of controlled substances; however, due to lax controls over inventory, neither the total loss nor the perpetrator could be identified. The Department will change inventory procedures to strengthen controls over substances.

Case Number: 2006669

A Department of Public Social Services (DPSS) employee used his assigned County computer and Internet access to view sexually explicit material. Disciplinary action is pending.

Case Number: 2006690

Three Community and Senior Services Department employees engaged in time abuse, favoritism and preferential treatment. One employee was transferred and two were counseled.

Case Number: 2006706

A Department of Mental Health (DMH) employee attempted to take advantage of an elderly citizen for personal benefit. The District Attorney's (DA) Office declined to prosecute the case, but DMH's disciplinary action is pending.

Case Number: 2006709

A DCFS employee used his assigned County computer and Internet access to view sexually explicit material. Disciplinary action is pending.

Case Number: 2006751

A RR/CC employee completed personal projects for County managers, including the Department Head, during County time. The employee was not disciplined.

Summary of Substantiated Cases

Case Number: 2006754

A DMH employee used his County computer to download/store music files and sexually explicit material. The Department intends to discharge the employee.

Case Number: 2006778

A DCFS employee used his assigned County computer and Internet access to post comments to a sports website. Disciplinary action is pending.

Case Number: 2006785

Two Department of Health Services (DHS) employees used their County computer and Internet access to exchange sexually explicit material. Disciplinary actions are pending.

Case Number: 2006814

A Department of Parks and Recreation (Parks) employee used sports league collections for unauthorized purchases/expenditures and received dual compensation, from the County and an outside sports group. Another employee played on a sports league team during County work hours. Disciplinary actions are pending.

Case Number: 2006847

A Fire Department (Fire) employee used his County computer and the Internet access of a co-worker to view sexually explicit material. Disciplinary action is pending.

Case Number: 2006931

An Office of Affirmative Action and Compliance employee failed to disclose his outside employment. Disciplinary action is pending.

Case Number: 2006967

An AC&C employee stole the identities of various clients and provided the information to a former AC&C employee, who used it to create fake IDs and counterfeit checks drawn on clients' bank accounts. Three people were arrested, including one AC&C employee, and the DA filed criminal charges. In addition, the AC&C employee was terminated.

Case Number: 2006985

An AC&C employee improperly collected and pocketed money for a service that was free. Disciplinary action is pending.

Case Number: 2006991

A Community Development Commission bidder for a Public Library (Library) contract was inappropriately permitted to submit an addendum to their proposal after the closing date. The Department will cancel this bid and re-issue the proposal.

Case Number: 20061002

An HIV Commission temporary employee stole food vouchers totaling $12,000. The case was referred to the Los Angeles Police Department for review. The employee was dismissed, and the Department is implementing controls to prevent additional thefts.

Summary of Substantiated Cases

Case Number: 20061003

Three Auditor-Controller (AC) employees used their County internet access for personal business. The employees were counseled.

Case Number: 20061009

A property owner's $750 tax payment was not credited to his property. The Treasurer and Tax Collector (TTC) temporary employee, who collected the payment but did not ring it up on the cash register, could not be identified. The property owner was credited $750.

Case Number: 20061028

A DCFS employee obtained a co-worker's banking information without permission, and used it to steal $500 from her bank account. The employee was dismissed and criminal charges were filed.

Case Number: 20061224

A TTC employee used his County computer and the Internet access of a co-worker to conduct personal business and access sexually explicit material. The employee resigned.

Case Number: 20061265

Eight AC employees engaged in unprofessional behavior. Three employees resigned, three were counseled, and two were suspended.

Case Number: 20061278

A Parks cashier stole $2,170 in gate receipts and attempted to cover up the theft by falsely reporting to law enforcement that he was robbed. The case was referred to the DA, and disciplinary action is pending.

Case Number: 20061320

The Chief Information Office and Internal Services Department did not follow appropriate policy when selecting a vendor for the County's standard network-based telephone system. The Departments will collaborate to revise existing policies and procedures for Request for Information/Proposals to ensure desired controls over future solicitations are implemented. The Chief Administrative Office is conducting a follow up to this investigation and has retained a consultant to examine the County's information systems infrastructure and assist in determining whether one or multiple VOIP architectures should be implemented.

Total Substantiated Cases Investigated By Auditor-Controller: 25

CASES REFERRED TO AND INVESTIGATED BY OTHER DEPARTMENTS

Case Number: 20030017

A DPSS employee exceeded the 24 hours per week limit for outside employment. Disciplinary action is pending.

Case Number: 2006505

A DPSS employee breached the security of the Los Angeles Eligibility Automated Determination Evaluation and Reporting (LEADER) System when she shared her password with another employee. Disciplinary action is pending.

Case Number: 2006514

A DPSS employee exceeded the maximum 24 hours per week allowed for outside employment. The employee reduced his outside employment hours to 24 hours and disciplinary action is pending.

Case Number: 2006540

A DHS employee failed to report outside employment activities to his Department. Corrective action is pending.

Case Number: 2006548

One DHS employee continued to shout at staff and use profanity after being disciplined for similar behavior. The employee resigned. Another employee did not report actual hours worked on her timecard. Disciplinary action and restitution of the overpayment is pending. In addition, related employees worked in the same budgetary unit and were supervised by the same manager. Corrective action is pending.

Case Number: 2006551

A Library temporary employee stole an undetermined amount of money from a cash fund and employees' purses. The employee was dismissed.

Case Number: 2006569

A DHS employee sold merchandise on County property during her work hours. The value of merchandise was immaterial; employee was counseled.

Case Number: 2006584

Two DHS employees violated the Department's Nepotism Policy because they did not disclose their relationship, and one of the employees was the final signatory on the other employee's performance evaluation. Disciplinary actions are pending.

Case Number: 2006595

A DHS employee extended her sick leave by submitting falsified medical certification documents to her supervisors. The employee was suspended for ten days.

Case Number: 2006607

A DCFS employee provided a law firm with the confidential personnel records of a deceased DCFS employee. Disciplinary action is pending.

Summary of Substantiated Cases

Case Number: 2006608

A DHS employee sexually harassed a co-worker. Disciplinary action is pending.

Case Number: 2006668

A DHS employee abused her authority when she instructed her subordinates and co-workers to clock her out. The employee was counseled.

Case Number: 2006678

A DCFS employee used profanity in the work place. The employee was suspended for five days.

Case Number: 2006696

Six DHS employees were counseled for failing to submit appropriate documentation for time off and/or did not report actual hours worked on their timecards. One of the six employees received a written warning, and four employees' Report of Performance Evaluations were rated "Needs Improvement".

Case Number: 2006720

A DHS employee used an assigned County telephone for personal use. Disciplinary action is pending.

Case Number: 2006723

A DHS employee worked part-time while on approved sick leave from his County position. Disciplinary action is pending.

Case Number: 2006768

A DPSS employee drove without a valid driver's license in the course of his employment. Disciplinary action is pending.

Case Number: 2006771

Several Fire employees were counseled for leaving food on or near their desk after work hours, which caused mice infestation.

Case Number: 2006790

A DHS employee inappropriately received an out-of-class bonus. Corrective action is pending.

Case Number: 2006804

A DCFS employee received a 15 day suspension without pay for being discourteous and failing to work harmoniously with fellow employees.

Case Number: 2006805

A DCFS employee used her assigned County computer and Internet access to view sexually explicit images and other non-work related websites. Disciplinary action is pending.

Case Number: 2006821

A Probation Department manager accessed/viewed sexually explicit material via his County computer. The employee received a 30 day suspension and was transferred to another work location.

Case Number: 2006830

A DHS employee failed to report outside employment to his Department. Disciplinary action is pending.

Case Number: 2006845

A DHS employee was arrested for operating an illegal business and he failed to report other outside employment. The Department intends to discharge the employee.

Case Number: 2006855

A DMH employee sold merchandise on County property during work hours. The employee was counseled.

Case Number: 2006870

A DHS contract physician did not approve mammography reports in compliance with the Mammography Quality Standards Act Guidelines, resulting in delayed responses to patients. In addition, the physician behaved in an unprofessional manner. The contract with the physician was not renewed.

Case Number: 2006871

A Child Support Services Department employee inappropriately deleted all files from her assigned County computer in violation of Departmental policy. Disciplinary action is pending.

Case Number: 2006875

Two DHS computers were stolen. However, the individual(s) responsible could not be identified. Protected health information was not stored on these computers. DHS implemented controls to safeguard their computers.

Case Number: 2006878

A DHS contract physician was paid for hours he did not work. In addition, five managers behaved in an unprofessional manner, abused their supervisory authority, and/or failed to exercise sound judgment when approving invoices for payment. The physician resigned, one manager was counseled, and disciplinary actions are pending for the other managers.

Case Number: 2006883

A DCFS employee made threatening statements/comments towards several employees. The employee was dismissed.

Case Number: 2006901

A DPSS employee violated Departmental policy by accessing confidential client case information without authorization. Disciplinary action is pending.

Case Number: 2006943

A DCFS employee mislead local law enforcement personnel to obtain a police report involving her sister, a DCFS client, by falsely stating that the purpose of her request was County business related. Disciplinary action is pending.

Case Number: 2006977

A Parks employee used a County assigned vehicle for personal use. Disciplinary action is pending.

Case Number: 2006999

Two DHS employees inappropriately mailed software licenses (valued at $17,000) to another DHS location. The licenses were lost in the mail. The employees were counseled.

Case Number: 20061133

A DMH employee stole County property valued at over $400. The employee was suspended, and the DA filed misdemeanor charges.

Case Number: 20061249

A TTC employee inappropriately used temporary parking permits to regularly park in Lot #18. The employee received a written warning.

Total Cases Referred To, Investigated and Substantiated By Other Departments: 36

TOTAL NUMBER OF SUBSTANTIATED CASES APRIL 1 – SEPTEMBER 30, 2006: 61

Attachment II

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

Los Angeles County Fraud Hotline
CLOSED CASE SUMMARY
April 1, 2006 through September 30, 2006

	Substantiated		Not Substantiated		Other Dispositions		Total	
CASES INVESTIGATED BY AUDITOR-CONTROLLER:								
Office of County Investigations	25	11%	43	19%	163	70%	231	100%
CASES REFERRED TO AND INVESTIGATED BY OTHER DEPARTMENTS:								
Child Support Services Department	1	100%					1	100%
Children and Family Services	6	60%	4	40%			10	100%
Department of Mental Health	2	50%	2	50%			4	100%
Department of Public Social Services	5	28%	13	72%			18	100%
Department of Health Services	17	36%	30	64%			47	100%
Fire Department	1	50%	1	50%			2	100%
Parks and Recreation	1	100%					1	100%
Probation Department	1	100%					1	100%
Public Library	1	100%					1	100%
Treasurer-Tax Collector	1	100%					1	100%
Other Departments			20	100%			20	100%
Grand Total	61	18%	113	34%	163	48%	337	100%