COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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September 19, 2008

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

FROM: Wendy L. Watanabe
Acting Auditor-Controller

SUBJECT: **FRAUD HOTLINE STATUS REPORT – OCTOBER 1, 2007 THROUGH JUNE 30, 2008**

The Los Angeles County Fraud Hotline opened 676 new investigations during the nine months ending June 30, 2008. The Auditor-Controller's Office of County Investigations closed 461 cases, 91 of which were substantiated, 172 were not substantiated, and 198 were not investigated after a preliminary review which determined the allegations were immaterial, previously investigated, referred to an outside agency, or not enough information was provided, see Attachments I and II. As of June 30, 2008, 344 investigations were in progress.

Of the 91 substantiated cases, the following actions were taken:

Counseled	**19**	**Procedures Changed**	**14**
Contract Expired	**3**	**Reprimanded/Written Warning**	**17**
Criminal Conviction	**7**	**Restitution**	**5**
Dismissed	**13**	**Resigned/Retired**	**10**
Intent to File Criminal Charges	**4**	**Suspended/Intent to Suspend**	**18**
Intent to Rescind Appointment	**1**	**Transferred/Reassigned**	**3**
Jail Sentence	**3**	**Disciplinary/Corrective Action Pending**	**27**

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

If you have any questions or need additional information, please contact me or have your staff contact Marion Romeis at (213) 893-0058.

WW:MO:MR
Fraud Hotline Status ending June 30 2008.doc

Attachments

c: William T Fujioka, Chief Administrative Officer
Department Heads
Audit Committee
Public Information Office

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

SUMMARY OF SUBSTANTIATED CASES

FOR THE PERIOD OCTOBER 1, 2007 THROUGH JUNE 30, 2008

SUBSTANTIATED CASES INVESTIGATED BY AUDITOR-CONTROLLER

Case Number: 2006891
A Fire Department (Fire) employee inappropriately approved building plans that were not within his jurisdiction and did not comply with the Fire Code. The case was referred to the District Attorney (DA) for prosecution and disciplinary action is pending.

Case Number: 20061081
Five Department of Children and Family Services (DCFS) Social Workers inappropriately used emergency aid requisition funds to provide clients with money for unqualified expenses. The Department has issued letters of intent to suspend the five employees.

Case Number: 20061139
Two DCFS managers approved overtime requests for each other and colleagues. One employee received a written warning and the second employee retired from County service.

Case Number: 20061171
A Department of Mental Health (DMH) contractor billed for expenditures and services that were unallowable or insufficiently documented. In addition, the contractor did not always provide the contractually required number of program hours to clients. Corrective action is pending.

Case Number: 20061233
A Probation Department (Probation) employee used his County computer and Internet access for personal use. Disciplinary action is pending.

Case Number: 20061244
Two Animal Care and Control (ACC) employees loaned money to co-workers during work hours and charged interest rates as high as 50% per month. Disciplinary action is pending.

Case Number: 20061287
DCFS employees failed to follow overtime policies and procedures, which may have resulted in one DCFS employee being paid for overtime not worked. Disciplinary action is pending.

Case Number: 20061444
An Internal Services Department (ISD) employee used his County computer and Internet access to view sexually explicit material. Disciplinary action is pending.

Case Number: 20071543
A DMH manager improperly allowed an employee to exhaust his benefit balances while in jail, resulting in a $13,118 overpayment. The Department is attempting to collect the overpayment and disciplinary action is pending.

Case Number: 20071681
Unidentified individual(s) stole a Voyager credit card that had been issued to DCFS and purchased gasoline totaling $1,277. Internal controls over credit cards were strengthened.

Case Number: 20071754
The Sheriff's Department failed to destroy the data on 40 computer hard drives that were sent to a private salvage company. The hard drives were subsequently retrieved from the salvage company and destroyed. The Department revised computer salvage procedures.

Case Number: 20071760
A DCFS manager failed to report actual hours worked on his timecard. The manager received a written warning.

Case Number: 20071770
An unidentified Department of Parks and Recreation (Parks) employee stole a deposit bag containing over $3,400 in cash collections. The Department strengthened internal controls.

Case Number: 20071777
A DCFS employee conspired with three child care providers to fraudulently bill more than $500,000 for child care that was not provided. The three child care providers pled guilty to felony charges. Two of the providers received a one year jail sentence and the third provider was sentenced to 18 months. The employee was fired from the County job and pled guilty. The employee received a three-year jail sentence and was ordered to pay full restitution of $557,000.

Case Number: 20071783
A DCFS employee misused her benefits by working for another county while on medical leave from her Los Angeles County position, resulting in a $5,000 loss. The employee also submitted at least one forged leave certification from a physician who denied ever treating her as a patient. The employee was dismissed.

Case Number: 20071784
Individuals who are not affiliated with ACC and are not County employees placed mailers on the doorsteps of County residents soliciting pet licensing fees. The individuals could not be located and distribution of the mailers has stopped.

Case Number: 20071836
A Registrar-Recorder/County Clerk (RR/CC) employee misappropriated approximately $4,600 in charitable giving campaign contributions. The employee resigned in lieu of discharge and the case is pending prosecution by the DA's Office. The Department strengthened internal controls.

Case Number: 20071886
Fire used unlicensed personnel to program maritime frequencies on two-way radios in violation of Federal Communication Commission (FCC) requirements, and did not obtain an FCC license to transmit maritime frequencies. The Department worked with ISD to ensure compliance with FCC regulations.

Case Number: 20071999
A DCFS employee structured gift card purchases to avoid management review and used them for staff lunches. Two managers were suspended and one employee was dismissed. The case is pending prosecution by the DA's Office.

Case Number: 20072016
A Fire manager failed to exercise reasonable care to safeguard applicants' confidential personal information, which was compromised as a result. The Department has improved internal controls and provided additional training to employees.

Case Number: 20072069
A RR/CC employee submitted forged/altered medical certifications and improperly used sick leave and unpaid absences totaling 120 hours. The employee was dismissed.

Case Number: 20072072
ACC allowed volunteers to place an excessive number of animals on hold and receive adoption priority over the public. The Department is changing its adoption procedures.

Case Number: 20072152
A Child Support Services Department (CSSD) employee failed to remit $3,000 of a $6,445 cash child support payment made by a client. The employee repaid the client and resigned.

Case Number: 20072160
A Department of Public Social Services (DPSS) employee confessed to stealing $3,797 in welfare restitution payments and to filing a false police report. The employee resigned and the District Attorney has filed criminal charges.

Case Number: 20072207
Three former ACC employees gave away 79 animals at no charge to various rescue agencies, resulting in a $2,765 loss to the County. The Department is changing its adoption procedures.

Case Number: 20072223
A Fire employee used her assigned County computer to prepare documents for her husband's outside business and used her County email access to send inappropriate/sexually explicit emails to other Fire employees. The employee was dismissed.

Case Number: 20072234
A Chief Executive Office (CEO) employee used her assigned County computer and Internet access to conduct personal business. Disciplinary action is pending.

Case Number: 20072267
Unidentified individuals used counterfeit County warrants to defraud the public in an international mail scam, resulting in losses to citizens of more than $20,000. The case was referred to the Federal Trade Commission and the Federal Bureau of Investigation for further investigation.

Case Number: 20082341
Probation employees exercised poor judgment and failed to conduct themselves professionally by creating a disturbance at an event related to a County conference. Disciplinary action is pending.

Case Number: 20082364
A former ACC employee pled guilty to receiving stolen County property and received 60 days in jail and two years probation.

Case Number: 20082375
A Department of Public Health (PH) contractor attempted to give a $1,000 cash gift to a PH contract monitor. The contract was not renewed and the DA declined to prosecute.

Case Number: 20082538
An RR/CC employee allowed a private solicitor unauthorized after-hours access to a secured County work area to prepare documents for his private business, resulting in a loss to the County of more than $4,000. The employee also admitted to having inappropriate sexual relations in the office. The employee was dismissed and the solicitor was barred from RR/CC facilities.

Total Substantiated Cases Investigated By Auditor-Controller: 32

CASES REFERRED TO AND INVESTIGATED BY OTHER DEPARTMENTS

Case Number: 2006508
A DPSS employee worked as an In-Home Support Services (IHSS) provider while out on a medical leave. She also falsified a Report on Outside Employment Form by declaring she was not engaged in outside employment. Disciplinary action is pending.

Case Number: 2006515
A DPSS employee exceeded the 24-hour per week outside employment limit. The employee was counseled.

Case Number: 2006516
A DPSS employee was listed as the IHSS provider for her father, but she failed to disclose that she lived with her father and that she paid someone else to provide care. The actual provider is now listed as the IHSS caregiver for the father. Disciplinary action is pending.

Case Number: 2006517
A DPSS employee exceeded the 24-hour per week outside employment limit and did not report to the Department that she was living with her parents, who were IHSS participants. Disciplinary action is pending.

Case Number: 2006520
A DPSS employee made harassing telephone calls to a participant. The employee was counseled.

Case Number: 2006525
A DPSS employee failed to report to the Department that she was an IHSS provider. Disciplinary action is pending.

Case Number: 2006541
A DPSS employee was convicted of loan sharking, received three years probation and paid $9,218 in restitution. The employee was dismissed.

Case Number: 2006729
A Department of Health Services (DHS) employee used her assigned County computer to access non-County Internet sites for personal use. The employee received a written reprimand.

Case Number: 2006742 and 2006812
A DHS physician did not report actual hours worked on his timecards and failed to adequately carry out his supervisory duties and responsibilities. Another employee worked for the physician while receiving sick leave benefits from the County. In addition, she exceeded the 24-hour per week outside employment limit and was not required to complete an Outside Employment Form. The Department suspended each employee for 10 days.

Case Number: 2006752
A Fire employee did not report his outside employment to the Department. The employee received a letter of reprimand.

Case Number: 2006767
Three related DHS employees did not disclose that they work in the same budgetary unit, in violation of DHS' Nepotism Policy. The employees were counseled and relatives were transferred to different budgetary units.

Case Number: 2006836 and 20071902
Two DHS employees failed to comply with their scheduled work hours, and another employee did not record actual hours worked on her timecards. One of the employees also used County equipment to access the Internet and used her personal email account for non-work related purposes. Another of these employees did not attend school as required for her position as a Student Worker. Disciplinary action is pending on the two employees, and the student worker was later hired to a permanent position.

Case Number: 2006859
A DPSS employee fraudulently received welfare benefits and was convicted of a felony. The employee received three years probation and resigned.

Case Number: 2006926
DHS employees did not accurately report their work shift arrival and departure times on their timecards. One employee was counseled and the other received a written warning.

Case Number: 2006929
A DHS employee used her County email and Internet access for outside employment activities. The employee was counseled.

Case Number: 20061079
A DHS employee did not disclose his outside employment on the Outside Employment Form. The employee's supervisor, who was aware of the outside employment, was counseled and discipline of the employee is pending.

Case Number: 20061112
A DCFS employee placed the safety and well-being of DCFS clients at risk when she failed to follow policies and procedures involving two emergency response referrals. The employee also submitted a falsified mileage claim by requesting reimbursement for mileage not actually driven. Disciplinary action is pending.

Case Number: 20061115
Two DHS employees used their assigned County computer and Internet access for personal use. The employees retired.

Case Number: 20061118
Two DHS employees were counseled for returning to work late from breaks and lunch. One of the two employees was also reprimanded for exhibiting intimidating and rude behavior when interacting with employees and patients.

Case Number: 20061141
Two DHS employees did not disclose their outside employment and exceeded the 24-hour per week limit. Three related employees did not disclose that they work in the same budgetary unit,

in violation of the DHS Nepotism Policy. Disciplinary action is pending.

Case Number: 20061301
DHS discontinued using a contractor after they determined the agency violated contract terms and falsified required employee certifications.

Case Number: 20061363
A DHS employee was counseled and received a written warning for failing to report outside employment in excess of the 24-hour per week limit. In addition, the employee's supervisor was counseled for failing to carry out supervisory duties and responsibilities.

Case Number: 20061390
A DHS employee falsified her timecards by reporting hours she did not work. The employee was reprimanded and her supervisor received a 20-day suspension for approving the timecards.

Case Number: 20061396
A RR/CC employee violated traffic laws while conducting business in a County vehicle. The employee was counseled.

Case Number: 20061398
One temporary and three permanent DHS employees improperly used their County Internet access for personal use while on County time. The three employees received written warnings, and DHS intends to release the temporary employee.

Case Number: 20061428
Memory components were stolen from three DHS County computers, but confidential data was not compromised. The individual(s) responsible could not be identified, and DHS has installed security cameras to prevent future thefts.

Case Number: 20061440
A contractor employee falsified information on a County employment application and his criminal history was unacceptable for County employment. The contractor employee was not hired and was placed on "do not send" status with the contractor agency.

Case Number: 20071475
A DHS employee fraudulently signed medical records on behalf of a patient. The employee was dismissed.

Case Number: 20071477
A DCFS employee was administratively reassigned to a new position without meeting one of the requirements for the position. The employee was subsequently reassigned to her previous position.

Case Number: 20071505
Two RR/CC employees created a hostile and unsafe work environment due to their unprofessional demeanor. One employee received a written reprimand and the other employee received a written warning.

Case Number: 20071555
A Parks recurrent employee falsely claimed on her employment application that she holds a high school diploma. The employee was dismissed.

Case Number: 20071574
A PH employee failed to disclose his outside employment activities to the Department. Disciplinary action is pending.

Case Number: 20071587
One DHS employee inappropriately purchased fuel totaling $572 with a County issued credit card, and another employee inappropriately purchased fuel and food totaling $97. Each employee was suspended for five days. One of the employees repaid $572 and the repayment is pending from the other employee.

Case Number: 20071621 and 20071623
Eight DHS personnel services contractors violated various contract terms, including failure to keep complete employment records, failure to ensure employees maintain required certifications, and not providing evidence of appropriate insurance coverage. The Department is changing its contract monitoring procedures and is working with the contractors to correct deficiencies.

Case Number: 20071655
A Fire student worker failed to attend school as required for his position. The employee was dismissed, and the Department changed procedures to ensure student workers submit required documentation.

Case Number: 20071662
A DCFS employee used his assigned County computer, telephone and fax machine to conduct personal business. Disciplinary action is pending.

Case Number: 20071719
A DHS employee worked at her outside employment while receiving sick pay from the County. The employee resigned.

Case Number: 20071744
A DPSS employee violated the Department's policy on attendance and punctuality. The employee was counseled.

Case Number: 20071747
A DPSS employee accessed the Los Angeles Eligibility Automated Determination Evaluation and Reporting (LEADER) system to view personal and confidential information of a participant's case records without authorization. Disciplinary action is pending.

Case Number: 20071749
A DHS employee was suspended for discourteous behavior and for poor work habits that caused a delay in patient care. The employee's supervisor was counseled for the appearance of favoritism toward the employee.

Case Number: 20071759
A DCFS employee inappropriately accessed confidential case information involving her ex-boyfriend. Disciplinary action is pending.

Case Number: 20071786
A DPSS employee made numerous unauthorized queries on the LEADER system regarding her terminated CalWORKs case and the open cases of other participants. The employee also inappropriately used a participant's electronic benefit card to purchase groceries for herself. Disciplinary action is pending.

Case Number: 20071800
A DHS employee worked for his wife while on leave from the County and did not report his outside employment to the Department. The employee was suspended for five days.

Case Number: 20071802
Two DHS physicians inappropriately coded an excess number of standby hours on their timecards. Adjustments were made to correct the timecards.

Case Number: 20071838
A DPW contractor submitted fraudulent purchase receipts totaling $2,121 for payment. Contract with the agency was not renewed.

Case Number: 20071846
A DHS contract employee did not report actual hours worked on her timecard and claimed travel time as hours worked. The contract employee was released from service, and the Department changed procedures to improve oversight and time verification.

Case Number: 20071849
A DHS employee was suspended for three days for failing to report her outside employment and exceeding the 24-hour per week limit allowed for outside employment.

Case Number: 20071863
A DHS manager was counseled for improper conduct after he yelled at a subordinate.

Case Number: 20071899
A DPSS employee inappropriately accessed confidential participant case records and shared the information with others. Disciplinary action is pending.

Case Number: 20071913
Five DHS employees did not clock in and out for their work shifts or adhere to assigned work schedules. In addition, they used their County computers for non-County related business, in violation of County policy. A manager was transferred, the unit was reorganized, and supervisors are scheduled for additional training on proper supervision.

Case Number: 20071935
Two DCFS employees were counseled for completing school homework during County work hours.

Case Number: 20071941
Two DHS employees failed to report their outside employment to the Department, one of whom exceeded the County's 24-hour per week limitation. That employee resigned and a memo indicating she should not be rehired was placed in her personnel file. The other employee was counseled.

Case Number: 20071996
A DPW supervisor failed to report his employees' absences on their timesheets and transported one employee to and from work using a County vehicle. Timecard corrections were made to reflect the absences, and the supervisor received a written warning.

Case Number: 20072097
A DPW employee was improperly paid $6,269 in sick leave benefits after falsifying medical certification records. The employee resigned in lieu of discharge and the Department has recovered $1,686.

Case Number: 20072109
A DHS employee falsified the signatures of his supervisor and physician on insurance forms in order to extend his medical leave and fraudulently collect disability pay. The employee was dismissed.

Case Number: 20072158
A DMH employee solicited and received a personal loan for $3,000 from a DMH contractor. The employee received a 30-day suspension.

Case Number: 20072202
A CSSD employee improperly accessed child support cases, including her own, and disclosed confidential information. The employee was suspended.

Case Number: 20082292
A PH employee conducted himself in an inappropriate manner with another County employee in the presence of other employees and an outside provider. The employee received a one-day suspension.

Case Number: 20082321
A DMH employee recorded hours on his timecard that he did not work, and his supervisor approved the timecard without making appropriate corrections. Management will submit timecard corrections to reflect the actual time worked and intends to give the employee a written reprimand and his supervisor a written warning.

Total Cases Referred To, Investigated and Substantiated By Other Departments: 59

TOTAL NUMBER OF SUBSTANTIATED CASES OCTOBER 1, 2007 – JUNE 30, 2008: 91

Attachment II

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

Los Angeles County Fraud Hotline
CLOSED CASE SUMMARY
October 1, 2007 through June 30, 2008

	Substantiated		Not Substantiated		Other Dispositions		Total	
CASES INVESTIGATED BY AUDITOR-CONTROLLER:								
Office of County Investigations	32	11%	55	20%	195	69%	282	100%
CASES REFERRED TO AND INVESTIGATED BY OTHER DEPARTMENTS:								
Affirmative Action Compliance			2	100%			2	100%
Animal Care and Control			3	100%			3	100%
Board of Supervisors			1	100%			1	100%
Chief Executive Office-Workers Compensation			1	100%			1	100%
Children and Family Services	6	26%	17	74%			23	100%
Child Support Services	1	20%	4	80%			5	100%
County Counsel			1	100%			1	100%
District Attorney			1	100%			1	100%
Fire Department	2	100%					2	100%
Department of Health Services	29	36%	49	60%	3	4%	81	100%
Department of Human Resources	1	14%	6	86%			7	100%
Internal Services Department			6	100%			6	100%
Parks and Recreation	1	50%	1	50%			2	100%
Probation Department			4	100%			4	100%
Deparment of Public Health	2	67%	1	33%			3	100%
Department of Public Social Services	12	46%	14	54%			26	100%
Department of Public Works	3	60%	2	40%			5	100%
Regional Planning Department			1	100%			1	100%
Registrar-Recorder/County	2	100%		0%			2	100%
Sheriff			3	100%			3	100%
Grand Total	91	20%	172	37%	198	43%	461	100%