



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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November 06, 2024

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**POLICY REVISION FOR INVESTIGATIONS OF POSSIBLE CRIMINAL ACTIVITY  
WITHIN COUNTY GOVERNMENT  
(ALL DISTRICTS - 3 VOTES)**

**SUBJECT**

Approve the amended Board of Supervisors (Board) Policy 9.040 (Policy), Investigations of Possible Criminal Activity County Government, as approved by the Audit Committee, to include updates and revisions, and extend the Sunset Review Date for five years from the date on which the amended Policy is approved by your Board.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve the attached revised Board Policy 9.040, Investigations of Possible Criminal Activity County Government, which clarifies the purpose of the policy; defines fraud, waste, and abuse; clarifies the role and authority of the Auditor-Controller (A-C) regarding Countywide investigations; and defines responsibilities of departments designated to investigate allegations reported to the County Fraud Hotline. There is no direct fiscal impact related to the recommended adoption of this revised policy.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On September 8, 1981, your Board approved Policy 9.040, which mandates that the proper authorities be notified of any suspected criminal activity by a County employee or agency contracting with the County. The Policy specifies your Board’s designation of the Sheriff’s, District Attorney, and the A-C as the only County agencies with the authority to conduct criminal investigations.

The recommended updates and revisions implement various ministerial changes, describe the

purpose of the County Fraud Hotline, better align the Policy with the County's current fraud reporting and investigative processes, and codify the A-C's and departments' reporting and notification requirements.

For example:

- The Policy mandates that any suspected fraud, waste, or abuse involving County resources or committed by a County employee or agency contracting with the County be reported to the County Fraud Hotline, and designates the departments that may conduct criminal investigations of such allegations within County government.
- The Policy requires County departments to share summary investigative information to identify common subjects and deconflict investigations by various departments/agencies.
- The Policy delegates authority to the A-C or their designee to issue and serve legislative subpoenas in furtherance of fraud, waste, and abuse investigations.

The A-C will continue to provide a semi-annual Fraud Hotline Status Report to your Board that summarizes the results of County Fraud Hotline activities and high-impact investigations.

### **Implementation of Strategic Plan Goals**

Approval of this action is consistent with the Strategic Plan North Star III.G – Realize Tomorrow's Government Today, Internal Controls and Processes. Revisions to this policy will increase the effectiveness of the County's internal controls and process for the reporting, investigation, and result notification of fraud, waste, and abuse investigations.

### **FISCAL IMPACT/FINANCING**

There is no direct fiscal impact related to the recommended adoption of this revised policy.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On September 9, 1981, on the motion of Supervisor Michael D. Antonovich, your Board established procedures for the investigation of possible criminal activity within the County, specifically, that such suspected activity will be immediately referred to the Sheriff's, the A-C, and/or the District Attorney, as applicable. Departments were directed to not conduct their own criminal investigations. The recommended amendments will align Policy 9.040 with recent developments related to the A-C's investigative responsibilities.

On October 1, 1988, the A-C established the County Fraud Hotline to allow County employees and private citizens to anonymously report suspected fraudulent or inappropriate activity involving County employees and/or vendors.

On September 1, 1998, and on July 1, 2003, the A-C issued memos to each department and district head, reinforcing that the A-C is the central repository for fraud, waste, and abuse allegations, and that the A-C is responsible for logging and tracking such allegations, as well as determining the most appropriate agency to investigate.

California Government Code Section 53087.6, which was enacted in 2008, authorizes county auditors or controllers to maintain an anonymous whistleblower hotline for individuals to report

information regarding suspected fraud, waste, or abuse by local government employees. This Code Section also provides the authority to conduct investigative audits and requires that certain information related to whistleblower hotline complaints is kept confidential.

California Penal Code Section 830.13 provides that A-C investigators serve in a peace officer capacity with respect to the service of search warrants during the scope of their employment.

Los Angeles County Code Section 2.10.010, Bookkeeping and Auditing of Accounts, provides that bookkeeping and auditing of accounts of all County offices and departments shall be subject to the inspection and control of the A-C, under the supervision and direction of the Board.

County Counsel has reviewed the amended Policy. Additionally, as required by your Board, County policy revisions other than an extension of the Sunset Review Date must be presented to and approved by the Audit Committee. The A-C presented the Policy amendments to the Audit Committee and received final approval on September 18, 2024.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended Policy revisions will provide all departments and employees with clear guidance on their respective roles in reporting and investigating potential criminal activity within County government. This policy strengthens the County's Fraud Hotline Program, which is designed to minimize the occurrence of fraud, waste, and abuse. Also, the Policy as revised will reinforce Countywide policies that direct inter-department cooperation, which is critical to an effective investigation process.

**CONCLUSION**

Please return one stamped copy of the approved Board letter to the A-C's Executive Office.

Respectfully submitted,



OSCAR VALDEZ  
Auditor-Controller

OV:CY:RGC:GH:TW:cm

Enclosures

- c: Fesia A. Davenport, Chief Executive Officer
- Edward Yen, Executive Officer, Board of Supervisors
- Dawyn R. Harrison, County Counsel
- Audit Committee
- Countywide Communications



Los Angeles County  
**BOARD OF SUPERVISORS POLICY MANUAL**

Policy #:	Title:	Effective Date:
9.040	Investigations <del>Of Possible Criminal Activity Fraud,</del> <u>Waste, or Abuse</u> Within County Government	09/08/81

### PURPOSE

Mandates that ~~the proper authorities be notified of~~ any suspected ~~criminal activity relating to~~ fraud, waste, or ~~misuse abuse of involving~~ County resources ~~or committed~~ by a County employee or agency contracting with the County ~~be reported to the County Fraud Hotline,~~ and ~~designates the departments that may conduct criminal investigations of such allegations within County government.~~ Requires County departments to share summary investigative information to identify common subjects and deconflict investigations by various departments/agencies. Delegates authority to the Auditor-Controller or their designee to issue and serve legislative subpoenas pursuant to investigations of alleged violations of County ordinance.

### REFERENCE

[California Government Code Section 53087.6](#)

[California Penal Code Section 830.13](#)

[County Code 5.02.06 - Retaliation for reporting fraud, waste or misuse of County resources prohibited.](#)

[Board of Supervisors Policy Manual Section 3.054 – Board Ordered Investigations Pertaining to Confidential Information](#)

[Board of Supervisors Policy Manual Section 6.109 – Security Incident Reporting](#)

[Los Angeles County Code Section 2.10.010 – Bookkeeping and auditing of accounts – Control authority](#)

September 8, 1981 Board Order, [Synopsis 89](#)

November 17, 1987 [Board Order 70](#) instructing the CAO, Sheriff, County Counsel and Auditor-Controller to develop a detailed guideline for handling suspected employee theft

October 4, 1991 Auditor-Controller [“Special Investigations Unit History”](#) Guidelines for Handling the Investigation and Reporting of Employee Misconduct (Promulgated in

December 1987 and revised in December 1992)

September 1, 1998 Auditor-Controller "[Employee Fraud Hotline Investigations](#)" memo to each department and district head.

March 18, 2014 [Board Order 19](#)

## POLICY

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The Board of Supervisors has designated the Sheriff's, District Attorney, and Auditor-Controller as the only County agencies with the authority to conduct criminal investigations relating to fraud, waste, or ~~misuse-abuse of County resources~~ within County government. These agencies have agreed that in all instances when it is suspected that a County employee or an agency contracting with the County has engaged in criminal activity, the Auditor-Controller's Office of County Investigations (OCI) is to be notified immediately. OCI will contact the appropriate law enforcement agency if necessary. ~~Pursuant to established protocol,~~ OCI will notify County Counsel when ~~referring~~ a County contractor ~~is referred to the District Attorney a prosecutor's office~~ for ~~possible-potential~~ criminal violations.

No department may conduct any internal investigation ~~of fraud, waste, or abuse or improper governmental activity~~<sup>1</sup> without first notifying OCI, ~~except the District Attorney and Sherriff, who may notify OCI at the completion of their investigation.~~ This ensures that ~~only one County departments do not conduct duplicative or potentially conflicting investigations of alleged fraud, waste, or abuse; that allegations of a criminal nature are identified, assessed timely, and handled appropriately; is investigating allegations of improprieties,~~ and that all investigations are appropriately ~~logged and~~ tracked. In order to provide Countywide oversight and accountability for investigations, the Auditor-Controller shall maintain a confidential Fraud Hotline ~~Dd~~ database of all allegations reported to OCI.

OCI may investigate, or refer out for investigation, allegations of ~~misconduct-fraud, waste, or abuse~~ reported to the Fraud Hotline. ~~For allegations referred to County Ddepartments, the investigating Department shall provide OCI with an investigative report that addresses each allegation and that includes sufficient detail and information to explain the substantive their-investigative actions/efforts taken by the investigating Department, and to support the basis of any findings and conclusions. to-OCI shall review the investigating department's report and determine whether the investigative actions taken are sufficient. Departments shall provide timely updates on the status of pending disciplinary and corrective actions taken in response to these investigations within 90 days of receipt of a referral.~~

Depending on the nature of the allegations and the outcome, the Auditor-Controller will report the results of ~~his/hortheir~~ investigations to the Board of Supervisors, the appointing authority, and/or the Chief Executive Officer, as appropriate. The Auditor-Controller shall, if requested, honor requests for confidentiality from the District Attorney and Sheriff's. In

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<sup>1</sup> ~~According to Government Code 53087.6, "fraud, waste, or abuse" or "improper governmental activity" means any activity by a local agency, employee, or contractor or subcontractor that may be in violation of any local, state, or federal law, ordinance, or regulation relating to corruption, malfeasance, bribery, theft of government property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse or misappropriation of government property, funds, or resources, or willful omission to perform a duty, is economically wasteful, or involves gross misconduct.~~

addition, the Auditor-Controller will provide a semi-annual report to the Board of Supervisors summarizing the results of Fraud Hotline activity and all closed investigations.

County departments, special districts, commissions, and other entities under the control of the Board of Supervisors, and their officers and employees, shall cooperate fully with official investigations. Except to the extent prohibited by law, the Auditor-Controller shall have access to and the authority to examine and reproduce, any and all books, accounts, reports, vouchers, correspondence files, and all other records, as well as the property, facilities, and premises of the County, its departments, special districts, and commissions, as may be material and relevant to his/her/their audits and investigations.

Any officer or employee of any agency or entity having control of such records or property shall permit the Auditor-Controller access to, and examination and reproduction thereof, upon request of the Auditor-Controller or his/her/their designee. The Auditor-Controller shall comply with all statutory requirements of confidentiality, and assert all applicable privileges, with regard to records obtained in the course of its audits and investigations.

Any request to withhold access to records, information, or facilities that are not otherwise legally restricted from the Auditor-Controller must be approved by the Board of Supervisors.

### Common Subject Search

To facilitate the effective and efficient investigation of employee misconduct across County government, each department with an existing case tracking database for investigations involving County employees and/or contractors, excluding peace officers of the District Attorney and Sheriff, shall share with the Fraud Hotline sufficient information to allow a common subject search, including the subject's full name, employee number, and department, as well as the case number, date reported, close date, summary final disposition (e.g., substantiated, unfounded), and the lead department coordinating the investigation.

### OCI Subpoena Authority

The Board of Supervisors delegates its subpoena authority to the Auditor-Controller or their designee, pursuant to Government Code Section 53060.4 and in consultation with County Counsel, to investigate potential violations of any County ordinance, and the Auditor-Controller or their designee may enforce such subpoenas, including reporting non-compliance to the Court. Notification shall be provided to the Board when Subpoena Authority is used pursuant to this paragraph.

## RESPONSIBLE DEPARTMENT

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Auditor-Controller

## DATE ISSUED/SUNSET DATE

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**Issue Date: September 8, 1981**  
**Review Date: August 21, 2003**  
**Review Date: September 18, 2013**

**Sunset Date: September 8, 2003**  
**Sunset Date: September 8, 2013**  
**Sunset Date: November 30, 2013**

**Review Date: March 18, 2014**  
**Review Date: December 19, 2018**  
**Review Date: October 18, 2023**  
**Review Date: May 15, 2024**  
**Review Date: September 4, 2024**

**Sunset Date: March 18, 2019**  
**Sunset Date: December 31, 2023**  
**Sunset Date: June 30, 2024**  
**Sunset Date: October 31, 2024**  
**Sunset Date: October 31, 2029**