

Sonoma County
Auditor-Controller-Treasurer-Tax Collector

**Fraud, Waste and Abuse
Program
Procedures Manual**

Toll-free Fraud Hotline Numbers

Members of the Public: (800) 916-8745

County Employees: (800) 921-6840

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Preface

The purpose of the manual is to outline the Auditor-Controller-Treasurer-Tax Collector's procedures for handling Fraud, Waste and Abuse Program calls and complaints and to help provide a consistent approach for all parties involved in the management and conduct of the Fraud, Waste and Abuse Program and responses to citizen complaints.

The manual is also designed to assist in maintaining and improving the quality and accountability of the Fraud, Waste and Abuse Program services provided by the County of Sonoma. This manual will assist Department Heads, Agencies, and anyone involved in the Fraud, Waste and Abuse Program or citizen complaint process to ensure they understand their responsibilities.

This document, in conjunction with the Board approved Fraud, Waste, and Abuse Whistleblower Hotline Program Guidelines, provides the authoritative sources for actions to be taken by the County in connection with Fraud, Waste and Abuse allegations received by the Sonoma County Auditor-Controller-Treasurer-Tax Collector Fraud, Waste and Abuse Program.

I. Overview of the Fraud, Waste and Abuse Program

Introduction

History

The Office of the Auditor-Controller-Treasurer-Tax Collector (ACTTC) established a Fraud, Waste and Abuse Program, which includes a Fraud Hotline, as an avenue for employees and citizens to report suspected financial fraud, waste, and abuse occurring at the County of Sonoma. Employees are encouraged to resolve concerns through their normal administrative channels whenever possible. However, the Fraud Hotline provides an alternative reporting mechanism to ensure that concerns about possible financial fraud, waste, and abuse in the County of Sonoma (County) government are properly addressed.

Objective

The primary objective of the Fraud, Waste and Abuse Program is to provide a means for County employees and citizens to confidentially report activity or conduct in which instances of financial fraud, waste, or abuse of County resources are suspected.

The Fraud, Waste and Abuse Program is not meant to accept complaints outside the control of the County of Sonoma government. Complaints of this nature may be turned over to an appropriate state or law enforcement agency when received. Complaints that lie outside the jurisdiction of the Fraud, Waste and Abuse Program include those involving non-County matters, issues under litigation, over which litigation is threatened, or those decided in prior litigation, or investigations deemed confidential by State Law (e.g., Public Safety Officers Procedural Bill of Rights Act).

Examples of complaints handled by the Fraud, Waste and Abuse Program include, but are not limited to:

- Missing Cash
- Embezzlement
- Falsified Documents
- Theft of Equipment and Supplies
- Vendor Kickbacks
- Conflict of Interest
- Personal Use of County Assets
- Bribery

Fraud Hotline Structure

The Fraud Hotline has a live operator available to receive calls from County employees and citizens 24 hours a day, 7 days a week and 365 days a year. Calls are handled by an independent third-party answering service specifically trained in obtaining the information required to document an allegation. The caller can choose to remain anonymous or to give his or her name.

Employees and citizens may contact the Fraud, Waste and Abuse Hotline directly at:

- 1-800-921-6840 (County Employees)
- 1-800-916-8745 (Members of the Public),
- <https://integritycounts.ca/org/countyofsonoma>.

All communications are treated confidentially; no telephone numbers or internet contacts are traced.

The Internal Audit Division of the ACTTC is assigned the responsibility of processing all allegations received in accordance with this manual and other applicable laws and regulations. Complaints that fall within the scope of the ACTTC will be processed to completion. All others will be referred to appropriate departments for investigation.

Reporting

On a semi-annual basis, ACTTC staff shall prepare a summary report of Fraud, Waste and Abuse Program activity. Each semi-annual Fraud, Waste and Abuse Program Report shall be promptly posted on the website of the ACTTC. The form and content of the semi-annual report shall be at the discretion of the ACTTC, but shall generally include the following:

- (i) the number of complaints received by the Fraud, Waste and Abuse Program;
- (ii) the general type of complaints received;
- (iii) the suspected fraud, waste and abuse complaints looked into by the ACTTC;
- (iv) a summary of ACTTC investigations that were substantiated and, if appropriate, the corrective actions taken; and
- (v) a brief summary of the general nature of other procedures undertaken by the ACTTC, if applicable.
- (vi) A summary of complaints referred to other departments and dispositions.

The information provided in the Fraud, Waste and Abuse Program Reports shall be subject to the confidentiality requirements of state law and this Manual, including the provisions set forth in Section VI.”

Terms & Definitions

Term	Definition	Examples
<p>Financial Fraud</p>	<p>Any intentional act or omission designed to deceive others that results in the victim (County of Sonoma) suffering a loss of money, property, or resulting in other disadvantage to the County’s resources or rights and/or the perpetrator achieving a gain of money, property or an advantage to which he/she would not normally be entitled.</p>	<ul style="list-style-type: none"> • Falsifying financial records to conceal the theft of money or County property. • Theft or misuse of County money, equipment, supplies or other materials. • Intentionally misrepresenting the costs of goods and services provided. • Soliciting or accepting a bribe or kickback. • Falsifying payroll information.
<p>Non-Financial Fraud</p>	<p>Any intentional false or misleading information provided to the public or a regulatory body or the unauthorized access to data, records and or information that exposes the victim (County of Sonoma) to adverse consequences.</p>	<ul style="list-style-type: none"> • Falsifying non-financial reports provided to the public, local, state or federal government agencies. • Stealing or accessing without authorization customer/client data, records or non-financial information. • Falsifying maintenance/inspection records.
<p>Waste</p>	<p>The intentional or unintentional thoughtless, reckless or careless expenditure, consumption, mismanagement, use, or squandering of County resources. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls.</p>	<ul style="list-style-type: none"> • Unnecessary spending of County funds to purchase supplies or equipment. • Failure to reuse or recycle major resources or reduce waste generation. • Failing to file reports or pay amounts owed timely, leading to interest and penalties.

Abuse	<p>Intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of County resources. Abuse can occur when someone benefits in a financial manner and also when someone does not benefit financially.</p> <p>Extravagant or excessive use as to abuse one’s position or authority. Abuse can occur in financial or non-financial settings.</p>	<ul style="list-style-type: none"> • Failure to report damage to County equipment or property. • Receiving favors for awarding contracts to certain vendors. • Using one’s position to gain a financial advantage that is not available to others. • Creating unneeded overtime. • Misusing the official’s position for personal gain.¹ • Travel choices that are contrary to existing travel policies or are unnecessarily extravagant or expensive. • Making procurement or vendor selections that are contrary to existing policies or are unnecessarily extravagant or expensive.
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Includes actions or omissions that could be perceived by an objective third party with knowledge of the relevant information as improperly benefiting an official’s personal financial interests or those of an immediate or close family member; a general partner; an organization for which the official serves as an officer, director, trustee, or employee; or an organization with which the official is negotiating concerning future employment.

Incident Report

The Fraud Hotline third-party provider supplies a case management system with which ACTTC Internal Audit (IA) staff monitors, assigns, and/or refers complaints. A record is maintained of all complaints and is periodically updated with the status of the follow-up, if any (See Section IV – Dissemination and Escalation for further details).

II. Processing of Fraud, Waste and Abuse Program Complaints

1. The Fraud Hotline receives all hotline calls through designated toll-free numbers (800-921-6840) for County employees and (800-916-8745) for members of the public or via the internet at <https://integritycounts.ca/org/countyofsonoma>. Information from such calls is recorded in the third-party provider’s case management system.
 - In order to process a complaint/concern, the following information is required to begin and continue processing a complaint/concern:
 - Detailed information of the alleged misconduct.
 - Name of the individuals involved.
 - County department, division or functional unit.
 - Circumstances surrounding how the alleged misconduct occurred.

- Where the alleged misconduct occurred.
 - When the alleged misconduct occurred.
2. Any complaints regarding the Auditor-Controller-Treasurer-Tax Collector himself/herself or \ IA staff will be referred by the third-party provider directly to the County Administrator's Office for review and handling.
 3. IA staff will monitor all other complaints in a timely basis.
 - Complaints that indicate illegal acts will be reported to the Sheriff's Department, District Attorney, or other authorities as appropriate. Such complaints may also require follow-up by internal audit staff and consultation with County Counsel.
 - Complaints regarding issues normally handled by the Human Resources or other Departments will be referred to the respective departments by the third-party provider and will not be investigated by the ACTTC.
 4. All documents obtained in the course of an investigation by ACTTC staff will be maintained in a secure system or area in the ACTTC office. The retention period is seven years from the report date or the date of disposition if no report is issued.

Financial Fraud Related Complaints:

5. IA staff will perform audits, investigations, or other follow-up procedures as appropriate to the situation. The purpose of the procedures will be to determine if the accusations made are valid and to determine if there are internal control weaknesses that need to be corrected. The information obtained will also be used to determine if a referral needs to be made for further investigation by an appropriate party.
6. For each financial fraud related allegation that is determined to be significant, preliminary evidence will be gathered by reviewing the information provided via the hotline, reviewing other pertinent records and interviewing appropriate witnesses to assess the validity of the allegation. IA staff will notify and consult with the appropriate law enforcement agency(ies) for matters that appear to involve criminal activity and will follow law enforcement agency direction and assist with the investigation if necessary. Investigation procedures will generally include but are not limited to:
 - Documenting the allegation in writing;
 - Interviewing County employees who may have relevant information and documenting the information gathered;
 - Identifying known facts or circumstances or indicators of fraud related to the allegation;
 - Notifying appropriate law enforcement agencies if illegal activities are indicated;
 - Developing additional investigative procedures and determining the type of evidence to pursue; and
 - Gathering evidence and performing analysis as appropriate, such as:

- Reviewing accounting records, payroll records, bank records, canceled checks, credit card records, etc.
 - Downloading and analyzing electronic data
 - Reviewing emails and written correspondences
 - Imaging computer hard drives and reviewing the files and activities
7. IA staff will review and evaluate information obtained via the investigation to determine if an audit or further investigation is warranted. The timing and scope of the audit or investigation, if warranted, will be determined in accordance with Internal Audit countywide risk assessment procedures. All internal control findings and recommendations, whether or not an audit or investigation is performed, will be reported in accordance with the Internal Audit Charter and be included in the Fraud, Waste and Abuse Program reports.

Non-Financial Fraud Related Complaints:

8. Any non-financial fraud, waste, or abuse related complaints made to the Fraud, Waste and Abuse Program will be investigated by IA staff. If the complaint meets the criteria for follow-up (See Section VIII), IA staff shall refer the complaint to the appropriate County department for examination and resolution.

In most cases, it is anticipated that non-financial fraud related complaints will be referred to Departments for further investigation and follow-up. The ACTTC or designee will send the affected Department Head a memorandum notifying him or her of the filing of the complaint, and advising of the process for resolving the complaint, if appropriate.

9. As the investigation progresses, the ACTTC or his/her designee may determine that IA staff need to obtain clarification or additional information from the complainant regarding the complaint/allegation. IA staff will enter the information to be requested from the complainant in the case management system, should he/she be willing to respond.
10. IA staff will prepare and forward a memorandum to the appropriate Department Head, along with the complaint details within a reasonable period of time based on the nature of the complaint. The memorandum advises of the filing of the complaint, and advises of the process to secure additional information concerning the complaint, if necessary. A copy of the memorandum may also be sent to the County Administrator and/or Human Resources Director as determined appropriate by IA staff.
11. Complaints alleging criminal activity (e.g. theft) will be forwarded to the appropriate law enforcement agency for investigation as soon as possible after receipt of the complaint.
12. If a non-financial fraud related complaint involves a non-elected Department Head, it shall be forwarded to the County Administrator or his/her designee for follow-up and investigation.

13. Department Heads and any other personnel involved in the follow-up of a non-financial fraud related complaint shall not share the substance of a complaint with anyone except those individuals who are directly involved in and are essential to conducting the follow-up. Any personnel provided with this information are required to hold and maintain all information obtained as confidential. Complaints turned over to Human Resources will be subject to Human Resources confidentiality policies and procedures.
14. If it is deemed necessary by Department/Division head for follow-up purposes to disclose the nature of the allegation(s) to the subject of the complaint, he/she should consult with the Human Resources Director and County Counsel before releasing any such information.
15. Any breaches of confidentiality may result in disciplinary or criminal action.
16. All complaints shall be investigated as appropriate based on the information provided. The investigation shall determine whether complaints are sustained, partially sustained, inconclusive, or not-sustained.
17. Where complaints within the jurisdiction of the Program are sustained or partially sustained, the ACTTC Office in consultation with affected departments and the County Administrator's Office, shall determine or approve an appropriate corrective action plan and the ACTTC shall direct County officers and employees to implement the approved corrective action plan(s). Such corrective action plan shall be documented and tracked with the complaint, with appropriate follow-up. The implementation of such steps shall be subject to verification.

III. Processing of All Other Employee Complaints

IA staff may receive complaints by means other than through the Fraud Hotline (e.g. e-mail, telephone, letter, etc.). Complainants may remain anonymous.

1. If the complaint is provided orally either in person or by telephone, IA staff shall log the complaint, note the time, date and place, document the factual allegation(s) and attempt to obtain information necessary to facilitate an effective investigation.
2. Once logged, the complaint shall be processed according to procedures as set forth in Section II.

IV. Dissemination and Escalation

Dissemination

Upon completion of the complaint call, the third-party provider shall log the complaint. IA staff shall investigate complaints as received.

Escalation

When a report is received that is designated for escalation such as reports of a high risk/threat situation requiring immediate notice, the IA staff shall immediately call the appropriate designated agency which may include law enforcement and the County Administrator. The County has designated the ACTTC for financial emergencies and the Human Resources Director for personnel related and workplace violence matters. The notified representative will respond as detailed in Section II.

If one of the following Incident Types is received and it is determined the incident is likely to happen again within 24 hours, then escalation is automatically triggered.

Escalation Representative	Department	Type of Complaint
<p>Auditor-Controller-Treasurer-Tax Collector</p> <p>Assistant Auditor-Controller-Treasurer-Tax Collector (If unavailable, contact the Internal Audit Manager)</p>	ACTTC	<ul style="list-style-type: none"> • Kickbacks • Falsification of Financial Records • Financial Fraud • Theft of Goods/Services • Theft of Cash
<p>Director of Human Resources or the Assistant Director.</p>	Human Resources	<ul style="list-style-type: none"> • Workplace Violence/Threats • Fraudulent Worker's Compensation Insurance Claims • Release of Proprietary Information • Substance Abuse • Retaliation of Fraud, Waste and Abuse complaints

Process

IA staff shall immediately contact (and leave a message if other party not reached) the appropriate designated escalation representative if the complaint meets both of the following criteria:

- 1. Threat of or actual harm to employees, customers, or operations**
- 2. Any significant incident projected to occur within 24 hours**

All such reports are reviewed by ACTTC management prior to contacting the designated escalation representative.

If the ACTTC believes that any communication, received by his/her office, constitutes a threat to any individual, organization, or to the public, he/she shall immediately notify by telephone and e-mail the appropriate escalation representative and any other individual(s), including but not limited to law enforcement, as is deemed appropriate.

V. Processing of Citizen Complaints

The Hotline and/or ACTTC may receive complaints of suspected financial fraud, waste or abuse from members of the public through a variety of means, including e-mail, telephone, letter, and internet.

1. If the complainant is unwilling or unable to use one of the processes above to report his/her complaint and instead chooses to provide the complaint orally either in person or by telephone, the IA staff shall document the factual allegation(s) about the complaint, log the date, time and place in the case management system and attempt to obtain adequate information to facilitate an effective investigation.
2. Once assigned a case number, the complaint is processed according to procedures as set forth in Section II.

VI. Security for Complaints and Associated Reports, Working Papers, and Other Documents

Procedures

- All complaints, associated reports, working papers, and other documents detailing employee and citizen complaints, shall remain confidential at all times.
- All complaints pertaining to employee relations are turned over to the Human Resources department and associated documents are handled in accordance with Human Resources' policies.
- Incident Reports and associated case numbers shall be provided **ONLY** to individuals who are responsible and essential for conducting the investigation or reviewing the complaint. These individuals are required to hold such information in strict confidence.
- The confidentiality of all complaints, associated reports, working papers, and other documents shall be maintained at all times by the IA staff and involved departments, who shall take such measures as they deem necessary to maintain the confidentiality of such information and documents.
- Only the ACTTC, his/her designee, or the courts are authorized to determine the distribution or release of any complaints associated reports, working papers, other documents and correspondence associated hereto, in accordance with California Records Request Act and applicable law.

Confidentiality

The confidentiality of Fraud, Waste and Abuse Program complaints is protected under California Government Code section 53087.6. The pertinent provisions are summarized in this section:

- a. Referral: The ACTTC may refer hotline complaints to the appropriate government authority for investigation. (GC 53087.6(2)(b)). These other County departments will treat all information and documents provided in connection with the complaint as confidential.
- b. Preliminary Investigation: During the preliminary investigation of a hotline complaint, staff shall treat as confidential all information disclosed by the complainant, including the identity of the complainant and the parties identified by the complainant (GC 53087.6(2)(c)). Such procedures include prominently marking the work “CONFIDENTIAL” across the top of all documents, reports, notes, e-mails, electronic and other media or other related documents evidence provided in connection with the complaint.
- c. Investigations: The identity of the person providing information that initiated the investigation shall not be disclosed without the written permission of that person, unless the disclosure is to a law enforcement agency that is conducting a criminal investigation. If the specific information is in regard to improper governmental activity that occurred under the jurisdiction of another city, county, or city and county, the information shall be forwarded to the appropriate auditor or controller for that city, county, or city and county (GC 53087.6(2)(e))(1).
- d. Public Disclosures of Investigations: Investigations regarding hotline complaints shall be kept confidential except:
 - i. To issue any report of investigation that has been substantiated.
 - ii. To release any findings resulting from a completed investigation that are deemed necessary to serve the interests of the public.

In any event, the identity of the individual or individuals reporting the improper government activity, and the subject employee or employees shall be kept confidential (GC 53087.6(2)(e)(2)); except the ACTTC may provide a copy of a substantiated investigation report that includes the identities of the subject employee or employees and other pertinent information concerning the investigation to the appropriate appointing authority for disciplinary purposes. The substantiated investigation report, any subsequent investigatory materials or information, and the disposition of any resulting disciplinary proceedings are subject to the confidentiality provisions of applicable local, state, and federal statutes, rules, and regulations (GC 53087.6(3)).

After consultation with County Counsel, the ACTTC Fraud, Waste and Abuse Program may disclose very brief findings or summaries of the general nature of investigations which were not substantiated. The public disclosure of such summaries may be

categorized (i.e. fraud related or non-fraud related) and should only include a brief description of the complaint (i.e. unfair hiring decision, customer relations).

The files of any hotline procedures may not be publicly disclosed. This prohibition includes interview notes, working papers, e-mails, faxes, interim reports, recordings and other electronic media. In addition, the identity of the complainant, the person against whom the complaint is brought and the parties involved shall be kept confidential.

Custodian of Complaint Documents

Consistent with the County's applicable document retention policies, confidential information shall be maintained in a secure and centralized location. If a complaint is referred outside the Fraud, Waste and Abuse Program, the received party is charged with and shall maintain this confidential information in a secure location. Only persons with a work-related "need to know" shall be allowed access to information concerning a Hotline complaint. Once the Fraud, Waste and Abuse Program investigation is concluded and an outcome is reached, the complaint and related documentation shall be retained and disposed of in accordance with applicable federal, state, and local statutes, rules, and regulations. The retention period is seven years from the report date or the date of disposition if no report is issued.

VII. Requests for Information Regarding All Complaints

1. All requests for information concerning any employee or citizen complaint shall be directed to the ACTTC for a response. The ACTTC shall respond to such requests as permissible and in accordance with applicable state law and County policy, rules and regulations.
2. Departments shall refer to the ACTTC any Public Records Act or other requests for information or documents regarding complaints received through the ACTTC or the Fraud, Waste and Abuse Program.

VIII. Referral of Employee Complaints

Policy

County employees who have complaints or concerns regarding suspected waste, financial fraud or abuse are encouraged to report such complaints or concerns to the Fraud, Waste and Abuse Program. All such complaints that pertain to employee relations, discrimination, harassment, and personnel related issues are forwarded to the Human Resources department. Those that pertain to criminal activities are forwarded to appropriate law enforcement agencies.

Methodology for Referral of Complaints

As complaints are received, IA staff investigate and evaluate the seriousness of the allegations to determine if immediate action is required, which could include follow-up procedures by IA staff and/or a referral to another Department or Agency.

IA staff shall prepare a transmittal memo (in the general form of examples in Section IX which may be changed at any time and from time to time) and attach a copy of the complaint. The internal audit staff shall maintain in the case management system summary information for each complaint as follows:

- 1) assignment date,
- 2) assigned to,
- 3) meeting notes,
- 4) memo sent date,
- 5) forms sent date, and
- 6) date complaint matter is closed.

Criteria

A hotline case shall contain all of the elements listed below:

<i>Credible</i>	In the opinion of the internal audit staff, the complaint is worthy of belief. The complaint appears to have been filed in good faith, with no malicious intent.
<i>Financial Fraud Related</i>	The nature of the financial fraud - waste, abuse etc.
<i>Sufficient Information</i>	Provides information as set forth in Sec. II of these procedures.

Filing of Malicious Complaints

Lodging a malicious complaint/concern is, in itself, a category of unethical behavior. IA staff will assess if the complaint appears malicious and consult with the Human Resources Department or County Counsel as necessary.

IX. Sample Transmittal Memo

Introduction The following is intended only as a sample of the forms which may be used as transmittal memos with respect to cases processed through the Fraud, Waste and Abuse Program. Forms are subject to change at any time. A copy of the complaint is attached to the initial transmittal letter to the Department Heads.

1. Sample Memo when a complaint is referred to Department Head:

Stamp CONFIDENTIAL across top.

Date: January 2, 20XX
To: Department Head
From: Erick Roeser, Auditor-Controller-Treasurer-Tax Collector
Subject: Fraud, Waste and Abuse Program Report

Attached is a copy of a confidential complaint that was filed with the Fraud, Waste and Abuse Program. This office received the report on <date> regarding an issue or concern in your department. Since the report is specifically related to matters under your direction, you are best able to address the issue(s) or concern(s) reported.

Please ensure all existing policies and procedures are properly followed while investigating this claim. Please take all appropriate measures to maintain the confidentiality of this report and your investigation. The department should ensure that all County policies and laws governing confidentiality are complied with in handling the complaint.

If you have any additional questions regarding the incident report, or this process, contact <NAME> at <PHONE NUMBER>. We want to ensure that all issues or concerns are addressed in a timely manner.

X. Complaint Investigation and Reporting Process Flowchart

