

Internal Audit Department  
Fraud Hotline Activity  
For the Period  
June 1, 2004 – September 23, 2004

**REPORT DATE: October 4, 2004**

**Audit Number 2402**

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<b>Deputy Director:</b>	<b>Eli Littner, CPA</b>
<b>Audit Manager:</b>	<b>Alan Marcum, CPA</b>



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**INTERNAL AUDIT DEPARTMENT  
COUNTY OF ORANGE**

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*Integrity  
Objectivity  
Independence*

**COUNTY OF ORANGE  
INTERNAL AUDIT DEPARTMENT**

**OFFICE OF THE DIRECTOR**

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**Transmittal Letter**

Audit No. 2402

October 4, 2004

Members, Board of Supervisors  
Hall of Administration Building  
10 Civic Center Plaza  
Santa Ana, CA 92701

Dear Honorable Members:

We have completed our quarterly reporting concerning the operation of the Orange County Employee Fraud Hotline. This report for the period of June 1, 2004 through September 23, 2004. The attached report includes a statistical summary of hotline activities.

We would like to acknowledge the courtesy and cooperation extended to us by the management of the various County agencies/departments during our Hotline process. As always, I remain available to answer any questions you may have. Please contact me directly or Eli Littner, Deputy Director at (714) 834-5899, or Alan Marcum, Audit Manager at (714) 834-4119 if we can be of assistance.

Respectfully submitted,

Peter Hughes, Ph.D., CPA  
Director

cc: Members, Audit Oversight Committee  
James D. Ruth, County Executive Officer  
Darlene J. Bloom, Clerk of the Board of Supervisors  
Foreman, Grand Jury

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Internal Audit Department  
Fraud Hotline Activity

**Background**

The Orange County Employee Fraud Hotline was first established September 1, 1994 and after a short period of inactivity during the bankruptcy, was reinstated May 3, 1996. The purpose of the hotline is to provide a vehicle for County employees to report suspected fraud, misuse of County resources by vendors, contractors, or County employees, and significant violations of County policy. In instances when non-County callers use the hotline, their complaints are also processed. Callers are not required to identify themselves.

The hotline is available for calls twenty-four hours a day, seven days a week. To the extent possible, designated Internal Audit Department staff during business hours will answer the telephone. After hours calls are transferred to an answering machine for review on the following business day.

**Statistical Summary**

The Internal Audit Department received twenty-one calls during the period. These contacts are categorized by source in **Table 1**.

<b>Table 1</b>	
<b>Allegations</b>	
<b>Source of Contact</b>	
Actionable Calls	4
Referred and Informational Calls	22
Other	6
<b>Total</b>	<b>32</b>

**Cases Opened**

Cases opened during the period concerned allegations of employee misconduct. When allegations involve issues beyond the jurisdiction of the County of Orange, they are referred to appropriate non-County agencies. Hotline callers alleging welfare fraud are referred to the State Welfare Fraud Hotline. **Table 2** identifies complaint type and the total number of cases opened during the period.

<b>Table 2</b>	
<b>Cases Opened</b>	
<b>Type of Allegations</b>	
Employee Misconduct	4
Welfare Fraud (Referred Out)	10
Non-County (Referred Out)	6



Information Requests (Referred to County Departments)	6
Other	6
<b>Total</b>	<b>32</b>

**Cases Closed**

During the period three cases were finalized and closed. All of these cases were opened in 2004. As of May 31, 2004, four cases remain active. **Table 3** categorizes the three cases closed during the period.

<b>Table 3</b>	
<b>Cases Closed</b>	
<b>Reason for Closing</b>	
Investigated by County agency/department - Allegation Substantiated	0
Investigated by County agency/department - Allegation Non-Substantiated	3
Insufficient Information	0
<b>Total</b>	<b>3</b>

