

San Luis Obispo County
Auditor-Controller-Treasurer-Tax Collector

Whistleblower Hotline Procedures Manual

Toll-free Whistleblower Hotline Number

(855) 326-9623

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Preface

The purpose of the manual is to outline the Auditor-Controller-Treasurer-Tax Collector's policies and procedures for handling Whistleblower Hotline calls and complaints and to help provide a consistent approach for all parties involved in the management and conduct of the Whistleblower Hotline and/or responses to citizen complaints.

The manual is also designed to assist in maintaining and improving the quality and accountability of the Whistleblower Hotline services provided by the County of San Luis Obispo. This manual will assist Department Heads, Agencies, and anyone involved in the Whistleblower Hotline or citizen complaint process to ensure they understand their responsibilities.

I. Overview of the Whistleblower Hotline

INTRODUCTION

History

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

Objective

The primary objective of the Whistleblower Hotline is to provide a means for County of San Luis Obispo employees and citizens to confidentially report any activity or conduct in which instances of financial fraud, waste, or abuse of County resources are suspected.

The Whistleblower Hotline is not meant to report wrongdoing outside the control of San Luis Obispo County Government. Complaints of this nature may be turned over to an appropriate law enforcement agency when received.

Examples of inappropriate activity or conduct handled by the Whistleblower Hotline include:

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

Structure

A live operator is available to receive Whistleblower Hotline calls from San Luis Obispo 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 Whistleblower Hotline directly at 855-326-9623 or via the website at reportlineweb.com/sanluisobispo. All communications are treated confidentially; no telephone numbers or internet contacts are traced.

Reporting

On a quarterly basis, ACTTC staff shall prepare a summary report of Whistleblower Hotline activity. Each Quarterly Report shall be promptly posted on the website of the ACTTC. The form and content of the Quarterly Report shall be at the discretion of the ACTTC, but shall generally include the following: (i) the number of calls made to the Whistleblower Hotline; (ii) the general type of complaints received; (iii) the suspected financial fraud or waste complaints looked into by the ACTTC; (iv) the summary reports of the ACTTC reviews or audits that are 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. The information provided in the Quarterly Reports shall be subject to the confidentiality requirements of this Manual and pursuant to state law, including the provisions set forth in Section VI.”

Terms & Definitions

Term	Definition	Examples
Financial Fraud	Any intentional act or omission designed to deceive others that results in the victim (County of San Luis Obispo) suffering a loss of money, property or other disadvantage to the County's resources or rights and/or the perpetrator achieves a gain of money, property or an advantage to which the employee would not normally be entitled.	<ul style="list-style-type: none"> • Falsifying financial records to conceal the theft of money or County property. • Theft or misuse of County of San Luis Obispo money, equipment, supplies and/or other materials. • Intentionally misrepresenting the costs of goods and services provided. • Soliciting or accepting a bribe or kickback. • Falsifying payroll information
Waste	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.	<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.
Abuse	Intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of County financial resources. Abuse can occur when someone benefits in a financial manner and also when someone does not benefit financially.	<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.

<p>Abuse (Continued)</p>	<p>Intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of County resources. 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"> • 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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¹ 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 Whistleblower Hotline third-party provider supplies a case management system with which ACTTC internal audit staff monitors, assigns, and/or refer 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 Whistleblower Hotline Complaints

1. The Whistleblower Hotline receives all hotline calls through a designated toll free number (855-326-9623) or via the internet at reportlineweb.com/sanluisobispo. 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:
 - The alleged misconduct involved a County of San Luis Obispo employee, a contractor or a vendor doing business with the County of San Luis Obispo.
 - Name of the individuals involved.
 - Specific information regarding the alleged misconduct.
 - 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 ACTTC internal audit staff will be referred by the third-party provider directly to the County Administrative Office for review and handling.
3. ACTTC staff monitor all other complaints daily.
 - 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.
 - Complaints received regarding issues normally handled by the Human Resources department will be referred to the HR department by the third-party provider and will not be investigated by the ACTTC department.
4. All documents obtained in the course of a follow-up will be maintained in a secure area in the ACTTC office.

Financial Fraud Related Complaints:

5. ACTTC internal audit staff will perform audits, reviews, or other follow-up procedures as appropriate to the situation. The scope of the procedures will be to determine if the accusations made are valid and to determine if there is any potential internal control weaknesses that need to be corrected that allowed financial fraud, waste and/or abuse to occur.
6. For each financial fraud related allegation that is determined to be significant, preliminary evidence will be gathered such as reviewing the information provided via the hotline, reviewing other pertinent records and interviewing appropriate witnesses to assess if the allegation appears to be valid. The ACTTC will notify and consult with the Sheriff's Department and/or the District Attorney for any circumstances that appear to involve criminal activity. Follow-up procedures will continue for each significant

allegation until, in internal audit staff's discretion based on the facts and circumstances at the time, a reasonable case can be made for a referral to an appropriate agency for prosecution or it is determined that there is insufficient evidence of financial fraud. Follow-up procedures will generally include but are not limited to:

- Documenting the allegation in writing;
 - Interviewing potential witnesses and documenting the information gathered;
 - Identifying all possible facts or circumstances or indicators of fraud related to the allegation;
 - Notifying and consulting with the Sheriff's Department and/or the District Attorney as appropriate;
 - Developing follow-up 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. For any material internal control weaknesses that are identified and substantiated or appear to be substantiated during the follow-up of hotline complaints, an audit may be performed. The audit will be performed in compliance with the International Standards for the Professional Practice of Internal Auditing and/or in compliance with Generally Accepted Government Auditing Standards to determine the extent of the internal control weaknesses identified and to issue an audit report with appropriate recommendations to correct the deficiencies found. All internal control weaknesses that are substantiated during the follow-up of hotline complaints that are not material in nature, and do not warrant an audit, will be addressed in a hotline report to management. The hotline report will include recommendations to management to correct these internal control weaknesses identified.

Non-Financial Fraud Related Complaints:

8. Any non-financial fraud, waste, or abuse related complaints made to the Whistleblower Hotline will be reviewed by internal audit staff. The personnel will review the complaint and determine whether it meets the criteria for follow-up. If the complaint meets the criteria (See Section VIII), internal audit staff shall determine the appropriate County department for referral for examination and resolution. In addition, all referred complaints will be reported to HR at the same time.
- In most cases, it is anticipated that non-financial fraud related complaints will be referred to Departments for further review 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 necessary.

9. As follow-up, the ACTTC or his/her designee may determine that internal audit staff need to obtain clarification or additional information from the complainant regarding the complaint/allegation. Staff will enter the information needed in the case management system in case the complainant is willing to respond.
10. Internal audit staff prepare and forward a memorandum to the appropriate Department head, along with the complaint details within two business days of receiving 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 Administrative Officer and/or Personnel Director as determined appropriate by internal audit staff.
11. Complaints alleging criminal activity (e.g. theft) will be forwarded to the San Luis Obispo County Sheriff or other 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 Department Head, it is forwarded to the County Administrative Officer or his designee for follow-up and review.
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, such a disclosure may be made by providing only a summary of the allegation(s). However, care should be taken to provide no information that would compromise the complainant's or any witness' identity or otherwise violate applicable confidentiality restrictions. The Department Head should consult with the Human Resource Director and County Counsel before releasing any information with regard to follow-up procedures.
15. Any breaches of confidentiality may result in disciplinary or criminal action.

III. Processing of All Other Employee Complaints

1. The internal audit staff receives complaints by means other than through the Whistleblower Hotline (e.g. e-mail, telephone, letter, etc.). Complainants may remain anonymous.
2. If the complaint is provided orally either in person or by telephone, internal audit staff logs, in writing, the factual allegation(s) of the complaint and attempts to obtain adequate information to facilitate an effective review.
3. Staff logs the complaint and place a time/date stamp on all such complaints received.
4. Once logged, the complaint is 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 logs the complaint. Internal audit staff monitors complaints daily.

Escalation

When a report is received that is designated for escalation such as reports of a high risk/threat situation requiring immediate notice, the internal audit staff shall call the appropriate designated agency which may include law enforcement and the Administrative Office immediately. 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 if 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 chief internal auditor)</p>	ACTTC	<ul style="list-style-type: none"> • Kickbacks • Falsification of Organization's Financial Records • Financial Fraud • Theft of Goods/Services • Theft of Cash
<p>Director of Human Resources</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 Whistleblowers

Process

Internal audit 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 checked 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

1. The Hotline and/or ACTTC may receive complaints of suspected waste, financial fraud or abuse from citizens through a variety of means, including e-mail, telephone, letter, and over the internet.
2. If the complaint is provided orally either in person or by telephone, the internal audit staff shall record the factual allegation(s) about the complaint and attempt to obtain adequate information to facilitate an effective review.
3. Internal audit staff logs the complaint and place a time/date stamp on all complaints received.
4. Internal audit staff logs the complaint as soon as possible, at which time a case number is assigned to facilitate a follow-up process. As follow-up, the staff may need to clarify or obtain additional information regarding the complaint/allegation(s).
5. 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

Policy

- 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 **ONLY** be provided to individuals who are responsible and essential for conducting the follow-up 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 internal audit staff and involved departments, who shall take such measures as they determine are reasonable and necessary to maintain the confidentiality of such information and documents.
- Only the ACTTC or his/her designee, in conjunction with County Counsel is 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

1. CA Government Code Section 53087.6: The confidentiality of Hotline complaints is protected and subject to the requirements of a California law and is codified in California Government Code section 53087.6 The pertinent provisions are summarized in this section:
 - a. Referral: The Auditor-Controller may refer hotline complaints to the appropriate government authority for review and possible investigation. (GC 53087.6(2)(b))
 - b. Initial Review: During the initial review of a hotline complaint, staff shall treat as confidential all information disclosed or through the hotline, including the identity of the complainant disclosing the information and the parties identified by the complainant (GC 53087.6(2)(c)).
 - c. Investigative Audits: The identity of the person providing information that initiated the investigative audit 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: Investigative audits 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 Auditor-Controller may provide a copy of a substantiated audit 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 audit 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).

2. Procedures: ACTTC staff will follow procedures to protect the confidentiality of documents and other information provided in connection with a Whistleblower Hotline complaint. 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 or evidence provided in connection with the complaint.

Disclosure: After consultation with County Counsel, the Whistleblower Hotline may disclose very brief findings or summaries of the general nature of follow-ups 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.

Referrals of Hotline Complaints to Other County Departments. In the event the Whistleblower Hotline complaints are referred to other County departments for review or other follow-up procedure, these other County departments will treat as confidential all information and documents provided in connection with the complaint. The County department will conduct a follow-up to the extent warranted by the specific facts and circumstances.

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 Whistleblower Hotline, 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 Hotline 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.

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 Whistleblower Hotline.

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 Whistleblower Hotline. All such complaints and those pertaining to employee relations, discrimination, harassment, and personnel related issues are forwarded to the Human Resources department.

Methodology for Referral of Complaints

As complaints are received, internal audit staff review and evaluate the seriousness of the allegation(s) to determine if immediate action is required, which could include follow-up procedures by the internal audit division. Otherwise, staff shall decide upon the referral of each report or any other appropriate action. A non-fraud related complaint may be referred to:

- Department Head
- Human Resources
- Other referral as deemed appropriate

Internal audit 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 from each complaint, assignment date, assigned to, meeting notes, memo sent date, forms sent date, and date complaint matter is closed. This information is confidential and shall be securely maintained.

Criteria

A hotline case shall contain all of the elements listed below, which are monitored throughout the life of the complaint until its disposition. The allegations contained in the report must be or have:

<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>	Alleges waste, financial fraud, abuse
<i>Sufficient Information</i>	Provides information as set forth in Sec. II of these procedures.

Filing of Malicious Complaints

The ACTTC's Office will not tolerate malicious complaints. The processing of a complaint/concern requires staff time and attention regardless of its appropriateness. Mistaken complaints/concerns are not considered malicious. Complaints/concerns made frivolously, in bad faith or without factual basis may constitute defamation and may be legally actionable. Malicious complaints made in bad faith may result in disciplinary action in accordance with applicable County policies and procedures, up to and including dismissal. Lodging a malicious complaint/concern is, in itself, a category of unethical behavior.

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 Whistleblower Hotline. 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: James P. Erb, Auditor-Controller-Treasurer-Tax Collector
Subject: Whistleblower Hotline Report

Attached is a copy of a confidential complaint that was filed with the Whistleblower Hotline. 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 reviewing or investigating this claim. Please take all appropriate measures to maintain the confidentiality of this report and your follow-up.

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.