



Providing a FIRST CHOICE  
Community through  
Excellence in Public Service

Chesterfield County  
Internal Audit  
Department

---

---

# Fraud, Waste, and Abuse Hotline Program FY18 Report

---

October 31, 2018

<a href="#">Introduction</a>	1
<a href="#">Allegations Received</a>	3
<a href="#">Allegation Handling</a>	5
<a href="#">Completed Investigations</a>	6
<a href="#">Referrals</a>	7
<a href="#">Closing</a>	10



## INTRODUCTION

4. **Implement a Fraud Hotline.** Tips are the most common initial fraud detection method (40% according to the ACFE). Providing an anonymous reporting system for your employees, contractors and clients will help uncover more fraud.

*The Fraud Hotline provides a confidential process for employees and the community to report suspected fraud, waste, or abuse of County and School assets and resources. Reports can be made anonymously by phone (804-318-8000), mail, in-person, and online [Chesterfield.gov/ReportFraud](http://Chesterfield.gov/ReportFraud).*

5. **Increase the Perception of Detection.** Communicate regularly to staff about anti-fraud policies, ways to report suspicions of misconduct, and the potential consequences (including termination and prosecution) of fraudulent behavior.

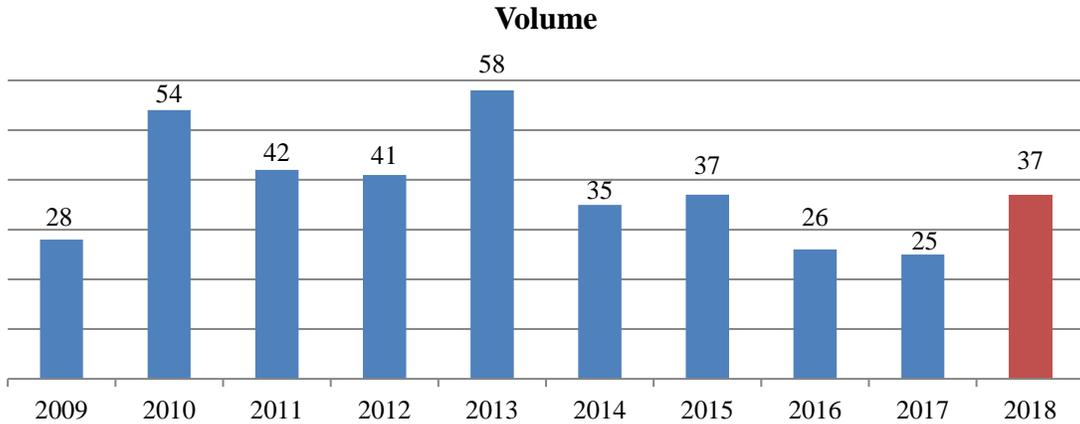
*Board of Supervisors and School Board proclamations recognizing Internal Audit Awareness Month (May) and Fraud Awareness Week (November) provide semiannual opportunities to promote fraud detection efforts.*



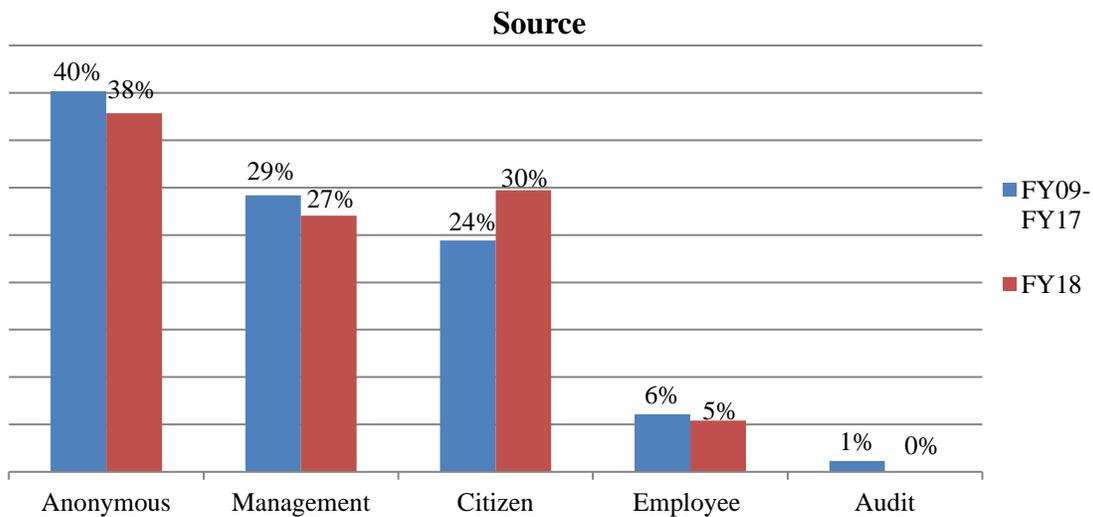
## ALLEGATIONS RECEIVED

The Audit and Finance Committee is provided periodic Hotline updates at meetings. Updates include the status of allegations received with summaries of completed investigations. This report includes all FY18 allegations and dispositions, with statistics compared to prior years.

Internal Audit received 37 allegations in FY18. Fiscal year allegation volume for the last 10 years is illustrated below:



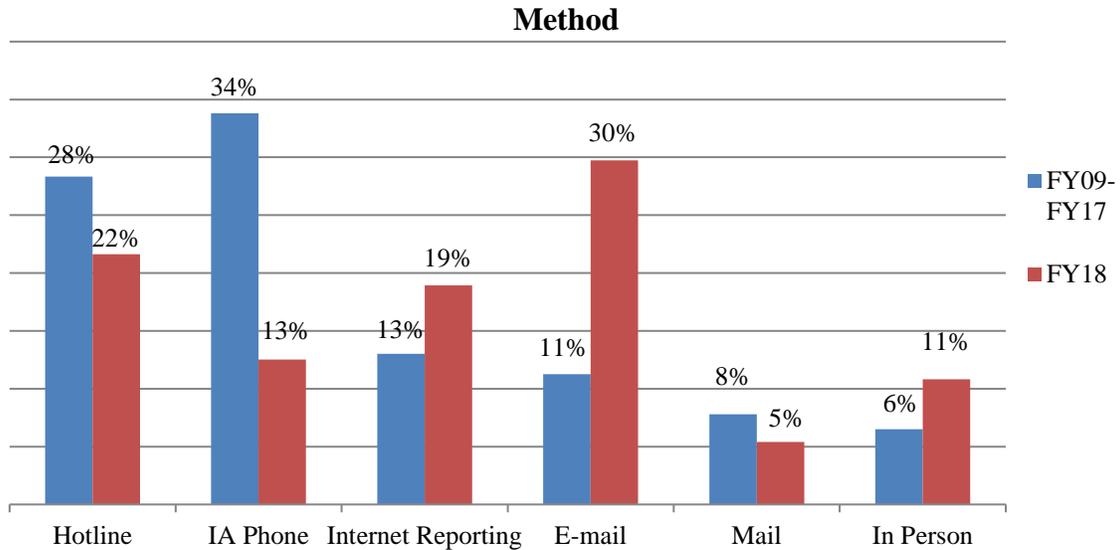
FY18 allegation sources are compared to prior 9-year history below:



Anonymous sources include both citizens and employees where identity is not known. In all other categories, the source is known, including management and employees from County and School departments. The audit category includes items discovered during a regularly scheduled audit.

## ALLEGATIONS RECEIVED

Internal Audit provides multiple options for reporting allegations. FY18 submission methods are compared to prior 9-year history below:



Over time, allegations submitted through Internal Audit’s webpage and email have increased.

For allegations received, Internal Audit attempts to speak directly with the complainant, when known. We are best able to investigate when we can fully understand all aspects of the complaints (i.e. suspect(s), time, location, evidence, how observed, and allegation details).

## ALLEGATION HANDLING

Internal Audit evaluates allegations to determine if conditions warrant:

- A special project investigation by Internal Audit,
- Referral or consultation of matter with the related County or School department,
- Referral to a County department tasked with investigating such allegations,
- Referral to another entity or jurisdiction (i.e. items not involving Chesterfield County or Schools personnel, resources, or operations), or
- Insufficient information to initiate an action, or no action required.

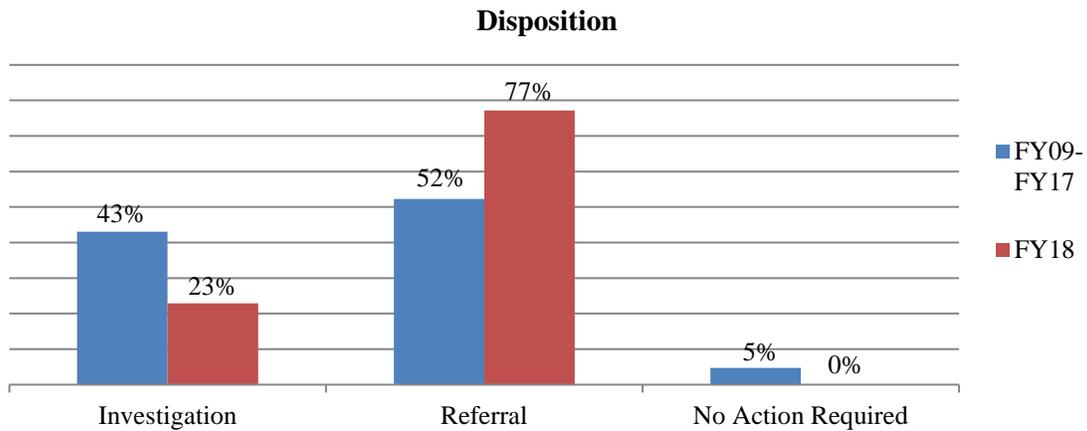
The investigation results are provided to department management and, when applicable, to Human Resources for determining employee disciplinary action. In certain cases, process improvements are recommended to improve internal controls.

There were 35 cases completed in FY18, including one initiated in the prior fiscal year:

- 8 Investigations
- 27 Referrals

There are 3 pending cases being carried over to the next fiscal year.

FY18 allegation handling is compared to prior 9-year history below:



## COMPLETED INVESTIGATIONS

<b>Department</b>	<b>Allegation (Source)</b>	<b>Substantiated</b>	<b>Result</b>
Building Inspection	Incorrect name and address on Notice of Violation (NOV) to property owner (citizen)	Yes	NOV mistakenly issued to the adjoining property owner. Verbal recommendation made to improve quality control process.
County Administration	Hiring policy violation (anonymous)	No	Position posting complied with County policy.
Library	County social media “liked” a political tweet (citizen)	Yes	Corrective action taken to remove accidental “like.”
Planning	Time abuse and computer use policy violation (anonymous)	Yes	19 employees given letter of counseling. 1 employee disciplined with written reprimand and docked leave time.
Procurement and Community Corrections	Procurement policy violation (anonymous)	No	No procurement policy violation; Electronic Monitoring Contract Procurement Special Project Report issued with 5 recommendations for future contract procurement process.
School Facilities	Employee time abuse (management)	Yes	2 employees disciplined with written reprimand.
School Finance	Fraudulent CCPS check received by State Unclaimed Property (management)	No	Check was legitimate, and source was identified as employee benefit vendor (HSA administrator).
School Finance	Lack of fiduciary responsibility (anonymous)	Yes	School Retirement Contribution Timeliness Special Project Report issued with 5 recommendations for accounting and payroll improvements.

## REFERRALS

Department	Allegation (Source)	Result
Access Chesterfield	Vendor overbilling (management)	IA provided technical assistance for department to compute the unverified trips overbilled by vendor. Vendor agreed to reimbursement of disputed invoice amounts.
Adult Protective Services	Abuse of disabled adult by caregiver (no County employee involvement) (citizen)	Forwarded to County Department.
Building Inspection	Commercial construction without permit (anonymous)	IA determined location and verified construction activity. Building Inspection confirmed there were no permits on file for that location. Building Inspection visited construction site and communicated permit requirements to property owners.
Buildings and Grounds	Employee time abuse (management)	IA assisted management with GPS monitoring of the employee's work vehicle. Management reviewed GPS results and placed the employee on a performance improvement plan.
Communications and Media	Employee time abuse (anonymous)	Department management investigated and verified compliance with County policy.
Community Corrections	Driving Complaint - County Vehicle (citizen)	Forwarded to County Department.
County Leadership	Department leadership concerns and excessive turnover (anonymous)	IA notified County Administrator and interviewed department head. Department provided IA with Employee Engagement Survey results and justification for increased turnover including probationary terminations, retirement, and outside career advancement opportunities.
Juvenile Detention Home	Staffing, scheduling, and overtime waste in the Home Incarceration Program (employee)	IA relayed the employee's allegations to management. As a result of management review, scheduled part-time hours and authorized overtime were adjusted to align with caseload for Home Incarceration and Weekend Work Programs.
Mental Health Support Services	Driving Complaint - County Vehicle (anonymous)	Forwarded to County Department.
Mental Health Support Services	Employee time abuse (anonymous)	Department management investigated, and two employees received verbal counsel for policy violations.

## REFERRALS

Department	Allegation (Source)	Result
N/A	Criminal Fraud by a citizen against a citizen (no County funds or employee involvement) (citizen)	Forwarded to Police.
Parks and Recreation	Mismanagement of independent athletic association funds (no County funds or employee involvement) (anonymous)	Forwarded to County Department for awareness. Co-sponsored athletic associations are independent organizations and are not managed by Parks and Recreation.
Police	Employee time abuse (anonymous)	Department management confirmed that the reported activities and location matched the employee's assignment.
School Administration	Unfair compensation practices (anonymous)	School HR confirmed annual pay increases are consistent for all staff and certain positions were regraded in accordance with policy.
School Board Attorney	Unnecessary expense (waste) on outside counsel for special education matters (citizen)	School Board Attorney provided IA with justification for the use of a law firm with expertise to support and assist in-house counsel on specialized areas of education law.
School Facilities	Employee time abuse (management)	IA assisted management with GPS monitoring of the employee's work vehicle. Management reviewed GPS results and did not find evidence of time abuse.
School Facilities	Employee time abuse (management)	IA assisted management with GPS monitoring of the employee's work vehicle. Management reviewed GPS results and did not find evidence of time abuse.
School Food Service	Theft of funds by food service cashier (management)	IA assisted food service management with review of security video for theft of funds from register. No evidence of theft was observed by IA or management.
School Pupil Transportation	Driving Complaint - School Vehicle (citizen)	Forwarded to School Department.
School Pupil Transportation	Policy and procedure violation for 3 employee promotions (anonymous)	School HR reviewed the 3 employee position changes and provided their conclusion that School Transportation did not violate HR policy and procedure.

## REFERRALS

Department	Allegation (Source)	Result
School Transportation	Policy and procedure violation for 3 employee promotions (anonymous)	School HR reviewed the 3 employee position changes and provided their conclusion that School Transportation did not violate HR policy and procedure.
School Security	Employee time abuse (management)	IA assisted management with GPS monitoring of the employee's work vehicle. Management reviewed GPS results and did not find evidence of time abuse.
Social Services	Housing assistance fraud (no county employee involvement) (anonymous)	Forwarded to Federal Agency's Inspector General (Housing and Urban Development).
Social Services	Nutrition and health benefit fraud by citizen (no County employee involvement) (anonymous)	Forwarded to County Department.
Utilities	Employee conduct policy violation and resource abuse (management)	HR requested IA assistance with evaluating former employee exit letter content. Department confirmed potential conduct and abuse items were previously addressed. Additionally, a current employee received a letter of counseling for two inappropriate text messages.
Utilities	Overbilling (citizen)	Complainant confirmed corrective action taken by department.
Utilities	Secondary employment policy violation (management)	HR consulted IA on planned interview questions for employee. Employee resigned after interview was requested.
Waste and Resource Recovery	Limited disclosure of voluntary nature of recycling fee (citizen)	Received satisfactory explanation from Department manager about program disclosures when inquiries are made in-person, by phone, and online. Also noted the ability to view real estate bill detail and opt-out of the fee online.

## **CLOSING**

In addition to reducing losses and protecting the County's assets, the Fraud, Waste, and Abuse Hotline program provides intangible benefits such as policy and procedure improvements, strengthened internal controls, and deterrence of fraud or wrongdoing. Internal Audit continues to be proactive in educating employees on the Hotline as well as the Chesterfield County Fraud, Waste, and Abuse Detection and Prevention Policy and the Code of Ethics. We partner with the Learning and Performance Center on ethics training during County new employee orientations and provide training on internal controls and ethics to departments as requested.

Ethics remains a top priority in Chesterfield County. We appreciate the coordinated efforts of County and School staff and management working together to maintain an ethical environment and workplace.