

# *Whistleblowers and the State Auditor's Fraud Hotline*

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# *Objectives*



- To give you an overview of the types of whistleblowers we deal with and how we operate our fraud hotline.
- Provide examples of factors to consider when establishing or operating a fraud hotline.

# *Agenda*

- A brief history of the State Auditor's fraud hotline.
- An overview of our operation and administration of the hotline.
- Legal issues to consider.

## *A brief history*



The California State Auditor's whistleblower hotline was activated in July 1993. The hotline is operated under Government Code Section 8547, the California Whistleblower Protection Act.

Our jurisdiction extends to wrongdoing by state agencies and state employees, though anyone can call the hotline to file a complaint.

## *A brief history (cont.)*



By law, we are required to protect the identity of complainants and we do accept anonymous complaints.

The law ensures we can protect complainants' identities (except from law enforcement in criminal cases).

If the caller wants to remain anonymous, we try to elicit as much information as possible.

# *Our Philosophy*

- Governmental hotlines should serve the citizens.

To that end, we believe it is important to staff our hotline.

# *Our philosophy is expensive*

- Staffing the hotline is expensive.  
Approximately 60 percent of the calls we receive are about issues outside our jurisdiction.
- Qualified, knowledgeable staff are key to the success of the hotline.
- Some callers just want someone to talk to.

# *Hotline Operations & Administration*

- We have two incoming lines and staff the hotline on state work days between 8:30 a.m. and 5 p.m.
- After hours the calls are forwarded to a voicemail system.
- We use referral lists to help direct callers to the appropriate entities if the issue is outside our jurisdiction.

# *Hotline Operations & Administration - Statistics*

## **2003**

- 4,425 total hotline calls
- 1,937 of those related to 482 cases
- 2,488 remaining callers were referred to appropriate state, federal, local, or other entity

## **2004**

- 4,696 total hotline calls
- 1,974 of those related to 570 cases
- 2,722 remaining callers were referred to appropriate state, federal, local, or other entity

# *Hotline Operations & Administration (cont.)*

- For issues within our jurisdiction, we solicit the relevant information, complete an intake form, and establish a case file.
- We maintain a database of our case files.
- We attempt to predicate the allegation before conducting an investigation.
- We prioritize cases and may refer some complaints to other departments to investigate on our behalf.

# *What do we get from our investment?*



## **2003**

- Initiated or referred 63 investigations
- Substantiated 37 of those
- Public reports I2003-1 and I2003-2: Deterrent effect

## **2004**

- Initiated or referred 49 investigations
- Substantiated 32 of those
- Public reports I2004-1 and I2004-2: Deterrent effect

# *Legal Issues*

- Entities can and probably should incur legal costs before establishing a whistleblower hotline.
- The entity should carefully consider whether it is willing to accept anonymous complaints. If not, the entity must decide whether it wants to protect complainants' identities and if so, the entity must have a legal basis for doing so.

## *Legal Issues (cont.)*



- The entity must decide what types of complaints it will accept.
- The individuals staffing the hotline must be careful to avoid giving legal advice or suggesting particular courses of action that could create a potential liability for the entity.

## *Legal Issues (cont.)*

- The entity must determine how it will maintain the integrity of the hotline and of the entities investigations.
- Who will the results of investigations be communicated to and in what form?

## *Other Issues/Factors*

- What type of complaints to accept.
- Internal vs. external
- Other ways to file complaints (i.e., mail, in person, Internet)