



CITY AUDITOR'S OFFICE

# FY 2025/26 Report on the City Auditor's Integrity Line

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June 15, 2026

REPORT NO. 2610

**CITY COUNCIL**

Mayor Lisa Borowsky  
Barry Graham  
Jan Dubauskas  
Adam Kwasman  
Kathy Littlefield  
Vice Mayor Maryann McAllen  
Solange Whitehead



June 15, 2026

Honorable Mayor and Members of the City Council:

Enclosed is the FY 2025/26 Report on the City Auditor's Integrity Line, which was included on the Council-approved FY 2025/16 Audit Plan. The Integrity Line serves to provide city employees and the public with a method to report suspected fraud, waste, or abuse of city resources.

During this fiscal year, we received 22 new Integrity Line contacts, with the majority coming through direct email or the online webform. Of these, three were investigated for potential fraud, waste, or abuse, with one substantiated case referred to Human Resources. The remainder were either not related to fraud, waste and abuse; did not contain sufficient information for further investigation; or continue to be under review. Where possible, we also coordinate with other city departments that may be best suited to assist in resolving resident concerns.

If you need additional information or have any questions, please contact me at (480) 312-7851.

Sincerely,

  
Lai Cluff, CIA  
Acting City Auditor

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## BACKGROUND

The City Auditor’s Integrity Line was established in 2014 to provide the public and city employees a method to report suspected fraud, waste, or abuse of city resources.

Concerns can be reported to the Integrity Line anonymously; however, contact information is encouraged in case further information is needed. To the extent allowed by law, the City Auditor’s Office will maintain confidentiality of all complaints, associated workpapers and other files.

**City Auditor’s Integrity Line**  
 (480) 312-8348  
[Audit@ScottsdaleAZ.gov](mailto:Audit@ScottsdaleAZ.gov)

[www.ScottsdaleAZ.gov](http://www.ScottsdaleAZ.gov) search  
 “Integrity Line form”

Table 1 summarizes the types of concerns commonly investigated through an auditor-based hotline. These do not include non-city matters or concerns that are more appropriately referred to other entities, such as to police, state, or federal agencies.

**Table 1. Descriptions and examples of fraud, waste, and abuse.**

Description		Examples
<b>Fraud</b>	Intentional act or omission designed to deceive others and deprive the City of its resources or rights. These acts may be committed by persons who are internal or external to the City.	<ul style="list-style-type: none"> <li>• Theft of city money, equipment, or other assets</li> <li>• Use of city property for personal gain</li> <li>• Submitting invoices for fictitious goods or services</li> <li>• Falsifying records, such as timesheets or expense claims</li> </ul>
<b>Waste</b>	Intentional or unintentional careless expenditure or mismanagement of city resources. Waste may not involve private use or personal gain.	<ul style="list-style-type: none"> <li>• Purchasing supplies, goods, or services at inflated prices</li> <li>• Failure to reuse or recycle major resources</li> <li>• Making unnecessary purchases</li> </ul>
<b>Abuse</b>	Behavior that is seriously deficient or improper when compared to behavior that a prudent person would consider reasonable and necessary in the circumstances. Abuse includes misusing one’s position or authority as a city employee.	<ul style="list-style-type: none"> <li>• Unauthorized disclosure of confidential or proprietary information</li> <li>• Providing a benefit to someone for which they do not qualify</li> <li>• Directing staff to perform personal errands for a supervisor</li> </ul>

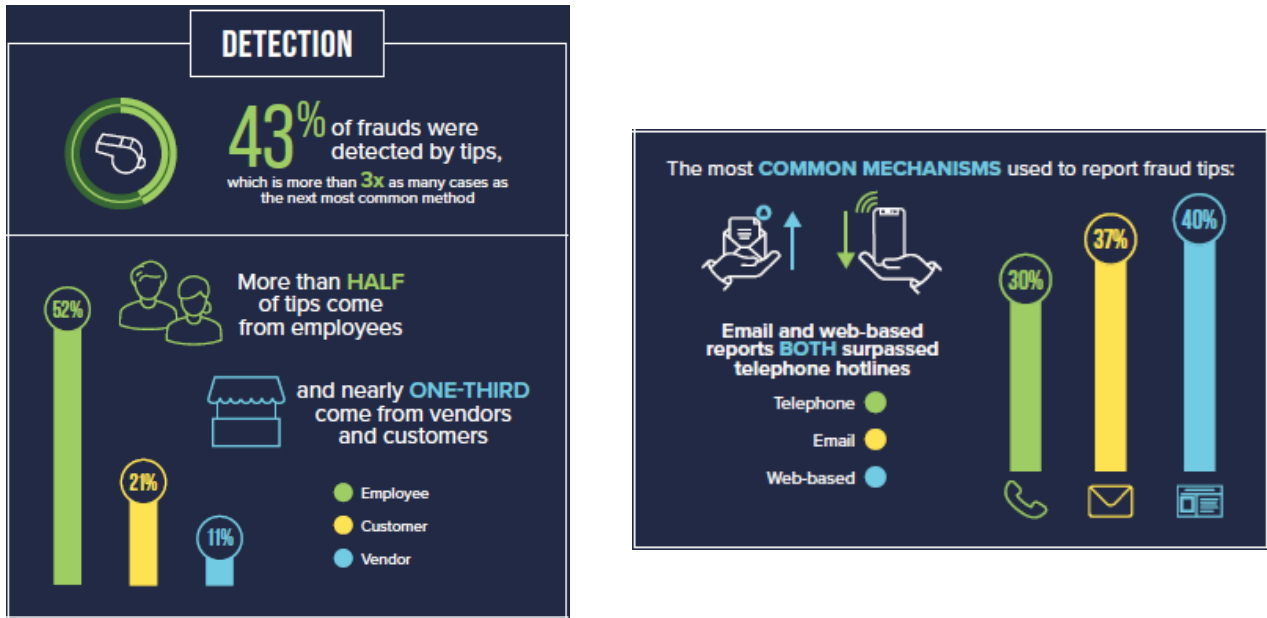
SOURCE: <https://www.scottsdaleaz.gov/auditor/integrity-line>

According to the Association of Certified Fraud Examiners, 43% of occupational fraud cases are detected through a tip, a rate that is more than three times the next highest method. Also, the Association found that fraud reporting hotlines are an effective method of collecting tips.

Organizations with hotlines were nearly twice as likely to detect fraud via tip as organizations without hotlines. As a further sign of effectiveness, organizations with hotlines experienced frauds that were less costly and detected more quickly than in organizations without hotlines.

Besides detection of fraud, waste, and abuse, reviewing concerns received via a hotline can identify areas for improved controls, policies and procedures, and operational efficiencies.

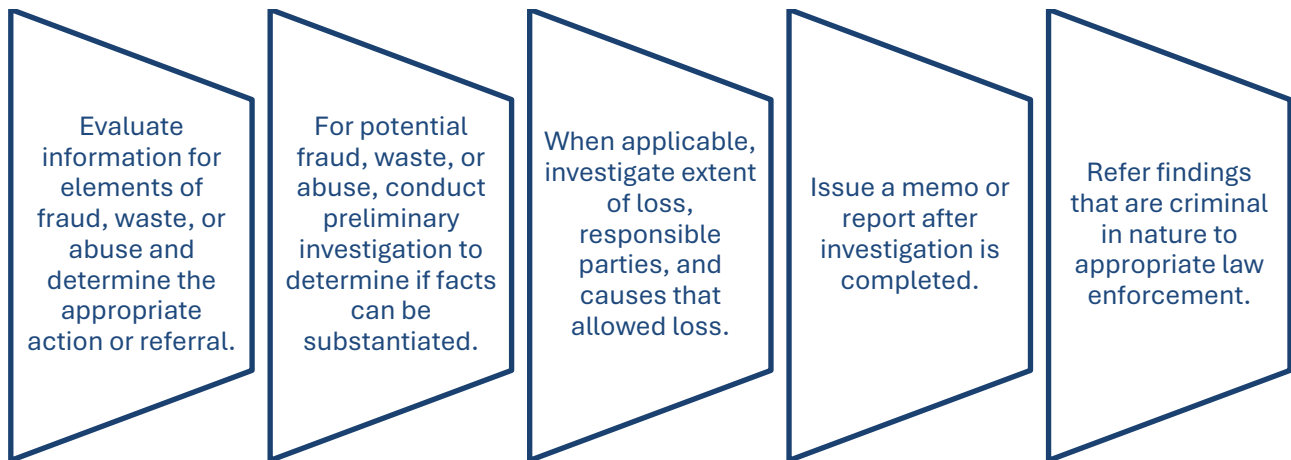
**Figure 1. ACFE study finds organizations with hotlines have lower losses and detect frauds more quickly.**



SOURCE: Occupational Fraud 2024: A Report to the Nations. Copyright by the Association of Certified Fraud Examiners, Inc.

After a concern is reported, the review process includes evaluation, preliminary investigation, and when applicable, an in-depth review and report.

**Figure 2. Integrity Line information review process**

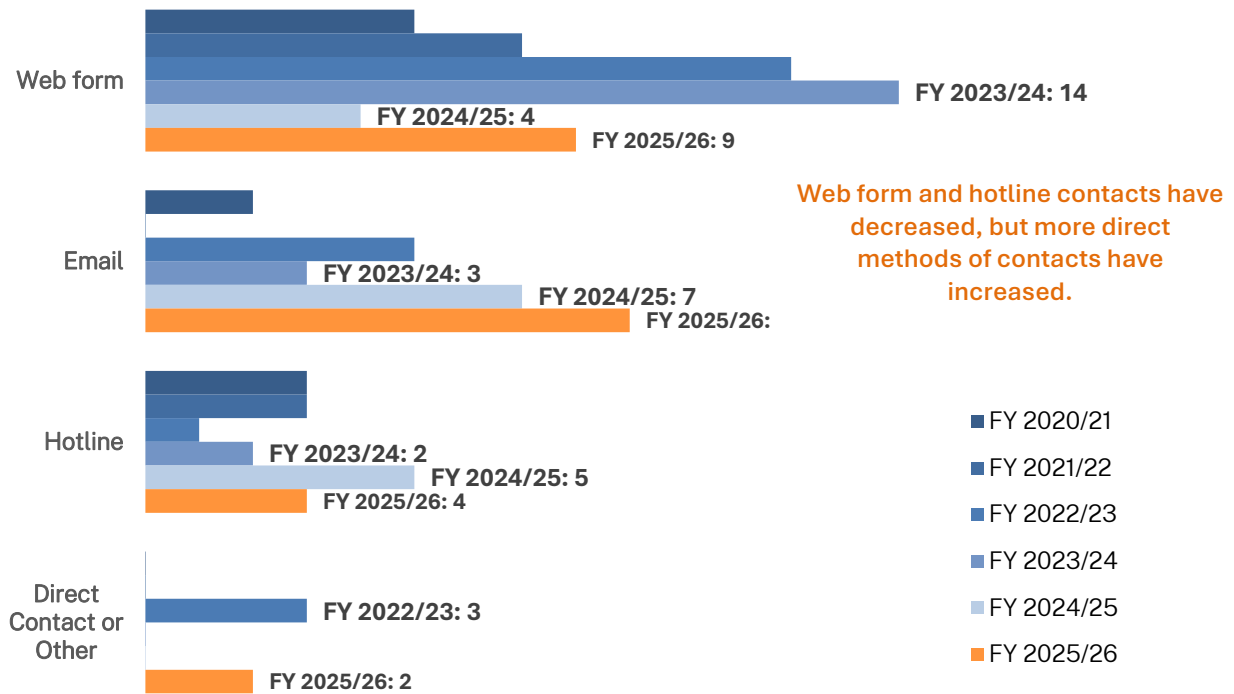


## RESULTS

### The Integrity Line received 22 new contacts during FY 2025/26; an increase from the prior two years.

Integrity Line contacts through direct phone calls to the City Auditor’s Office or emails have increased over the past six years as shown in Figure 3 below. Contacts through the online web form and hotline voicemail, which allow individuals to submit concerns more anonymously, appear to be trending downward.

**Figure 3. Integrity Line contact methods from FY 2020/21 through FY 2025/26.**



### Status of Integrity Line concerns

The 22 new contacts received during the fiscal year can be classified into the following statuses:

#### Investigated for potential fraud, waste, or abuse: 3

- One allegation of theft of time was substantiated. An employee falsely reported work time while on leave. We confirmed 50 hours were falsely reported during the most recent month and an additional 70 hours over the prior 5 months also appeared to be mis-recorded in the same manner. These findings are under review by Human Resources.
- Two concerns were found to be unsubstantiated. These were related to potential violations of the city ethics policies.
- *In-Progress*: One investigation conducted in 2023 was referred to the state Attorney General. Another concern received in June is pending review by our office.

**Referral to or follow-up with other city departments: 14**

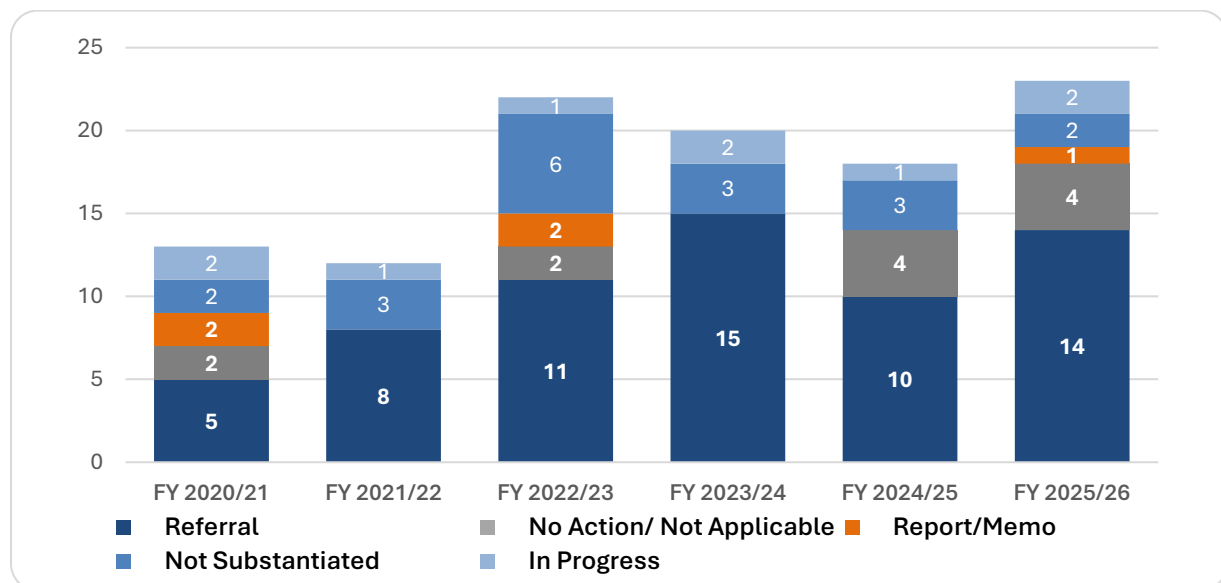
Contacts that are assessed to be outside the scope of fraud, waste, or abuse may be referred to departments best equipped to address the issue. When applicable, we may follow up to coordinate a resolution.

- Scottsdale Police: Four referrals relating to police reports and a complaint about a former employee.
- IT Security: Two submissions from residents were found to be phishing email scams perpetrated by fraudsters impersonating the City Planning department. These were immediately communicated to the City’s IT Security team, which then escalated the complaint to the FBI Cyber Division.
- Community Assistance: We performed follow-up on a complaint about housing inspection procedures and customer service. This resulted in reminders to staff about the inspection requirements relating to carbon monoxide alarms and communications with customers.
- City Attorney: Two resident contacts related to personal identifiable information (PII), such as phone numbers or addresses, published on city documents available on the internet. Specifically, documents with applicant and public commenter information published with boards and commissions agenda materials. The residents requested redaction of their information or removal from the internet because of privacy concerns. These requests were not approved by the City Attorney’s Office due to concerns about possible violation of public record laws.
- Other referrals were resident questions or complaints referred to various departments for resolutions, including Parks & Recreation, Tax & License, Building Inspections, Code Enforcement.

**No Action or Not Applicable: 4**

The majority of these contacts either did not contain sufficient information to perform further investigation or were not related to city operations.

**Figure 4. Status of Integrity Line Submissions, FY 2020/21 to FY 2025/26.**



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### **City Auditor's Office**

Lai Cluff, Acting City Auditor  
Elizabeth Brandt, Senior Auditor  
Mel Merrill, Senior Auditor  
Shelby Trimaloff, Exec Asst to City Auditor

### **Audit Committee**

Councilman Barry Graham  
Councilwoman Maryann McAllen, Chair  
Councilwoman Solange Whitehead

### **Our Mission**

*The City Auditor's Office conducts audits to promote operational efficiency, effectiveness, accountability and integrity in City Operations.*

### **Scottsdale City Auditor**

7447 E. Indian School Rd. | Suite 205 | Scottsdale, Arizona 85251  
OFFICE (480) 312-7756 | INTEGRITY LINE (480) 312-8348  
[www.ScottsdaleAZ.gov/auditor](http://www.ScottsdaleAZ.gov/auditor)

