



CITY AUDITOR'S OFFICE

FY 2024/25 Report on the City Auditor's Integrity Line

June 20, 2025

AUDIT NO. 2510

CITY COUNCIL

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



June 20, 2025

Honorable Mayor and Members of the City Council:

Enclosed is the FY 2024/25 Report on the City Auditor's Integrity Line, which was included on the Council-approved FY 2024/25 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 16 new Integrity Line contacts, with the majority coming through the City website Integrity Line form. Of these, 10 reported concerns were referred to other appropriate departments or agencies. Three reviewed concerns were found to be not substantiated.

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.

The Integrity Line comprises a phone number, email address and website form to provide multiple avenues of communicating issues to the City Auditor's Office.

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.¹

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.

City Auditor's Integrity Line
(480) 312-8348
Audit@ScottsdaleAZ.gov

www.ScottsdaleAZ.gov search
"Integrity Line form"

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

Description		Examples
Fraud	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">• Theft of city money, equipment, or other assets• Use of city property for personal gain• Submitting invoices for fictitious goods or services• Falsifying records, such as timesheets or expense claims
Waste	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">• Purchasing supplies, goods, or services at inflated prices• Failure to reuse or recycle major resources• Making unnecessary purchases
Abuse	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">• Unauthorized disclosure of confidential or proprietary information• Providing a benefit to someone for which they do not qualify• Directing staff to perform personal errands for a supervisor

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

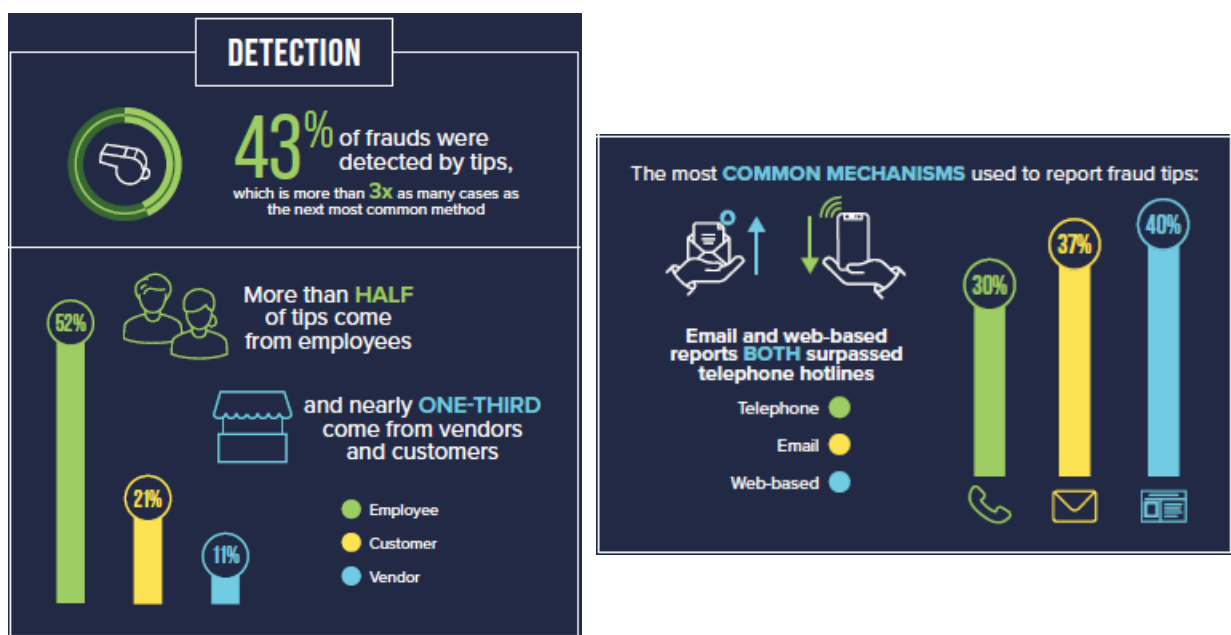
¹ Arizona Revised Statutes §9-305(b) provides for confidentiality of audit files.

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.

Integrity Line information review process

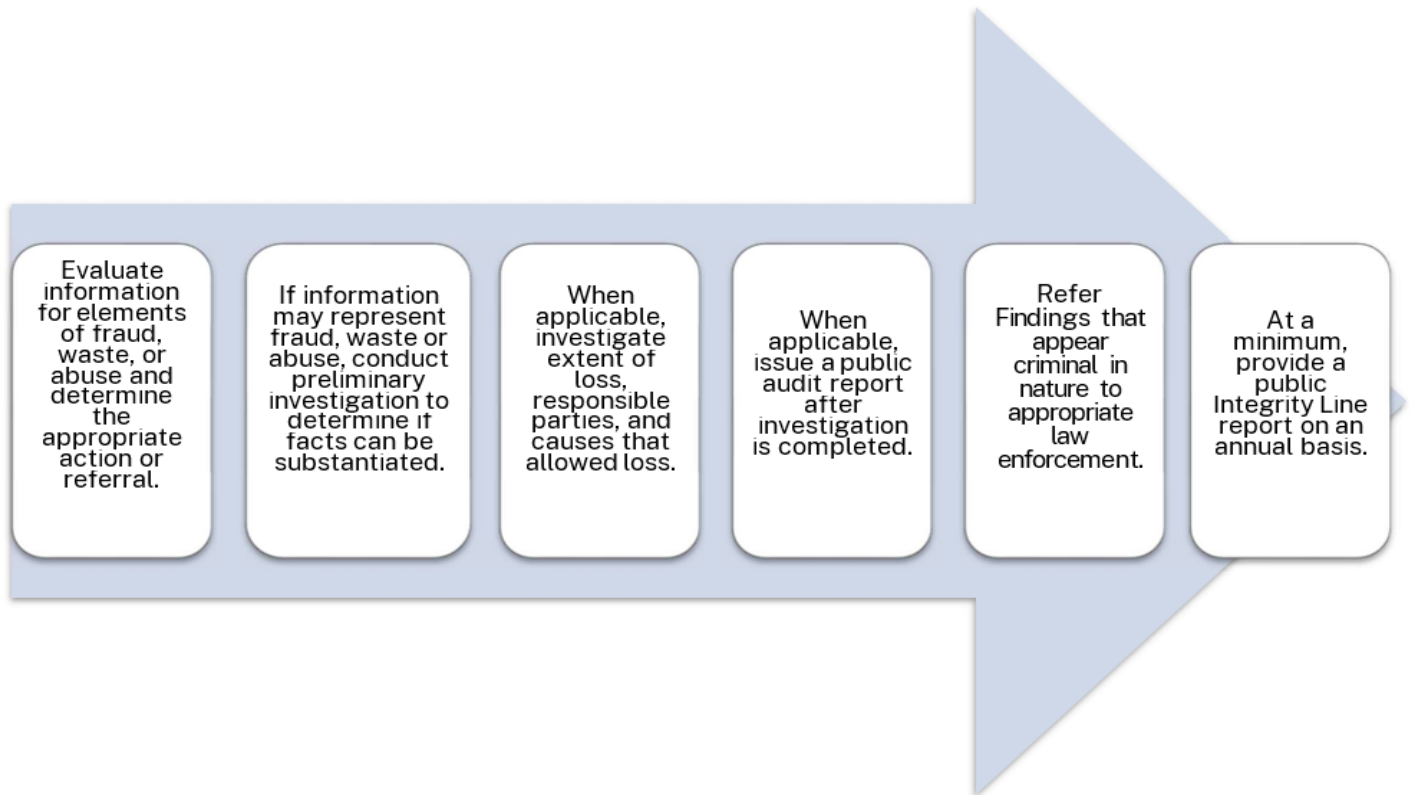
After a concern is reported, the review process includes evaluation, preliminary investigation, and when applicable, an in-depth review and report, as summarized in Figure 2 on page 5.

The Integrity Line webpage provides examples of matters that should not be reported to the City Auditor's Office, including:

- Complaints against private businesses, unless the issue involves city operations, resources, or employees.
- Disputes between individuals.

- Potential fraud related to county, state or federal assistance programs unless the program is operated by the City of Scottsdale.
- Emergencies or other public safety concerns.

Figure 2. Integrity Line review process.



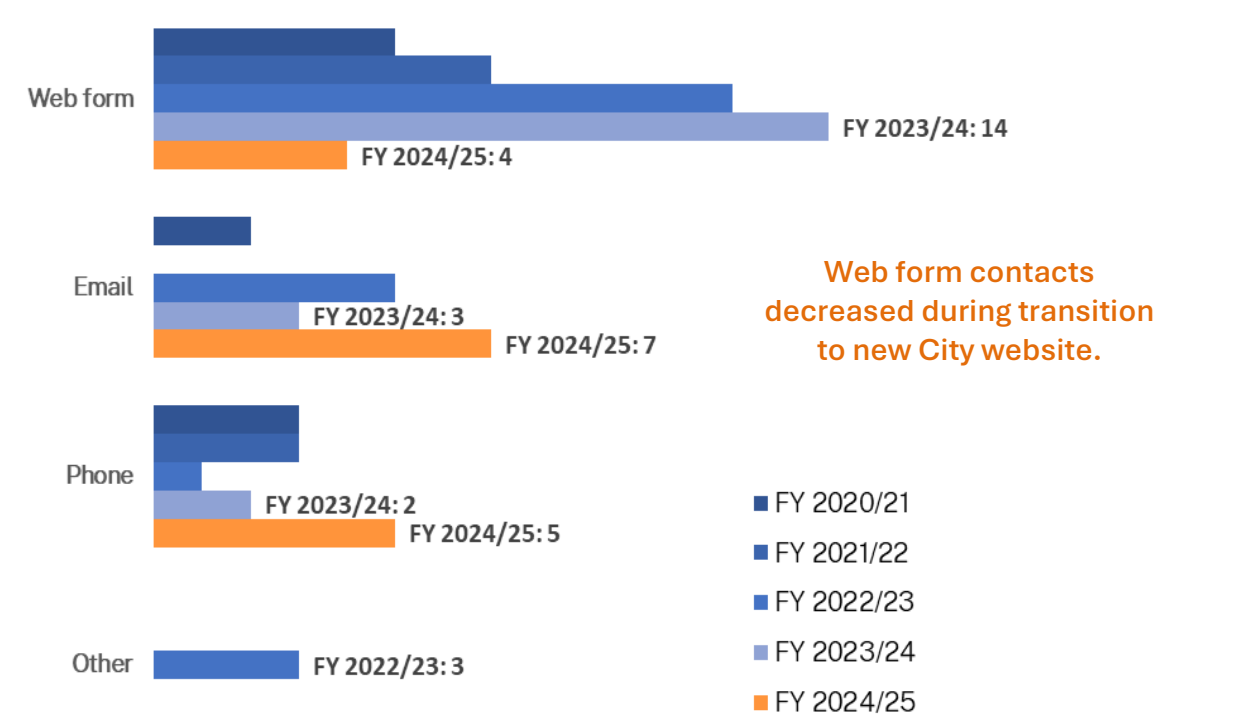
Anyone with knowledge of potential fraud, waste, or abuse of city resources may submit the information via the city of Scottsdale website (search for “integrity line form” or “integrity line”), call (480) 312-8348 or email Audit@ScottsdaleAZ.gov.

RESULTS

The Integrity Line received 16 new contacts during FY 2024/25.

During the previous five years, the web-based Integrity Line reporting form has been the primary contact method used, as illustrated in Figure 3. However, the number of web form submissions this year was lower compared to prior years. This was potentially due to the City’s transition to a new website at the start of FY 2024/25. Changes to the City’s website structure and web form application may have made the information more difficult to find. In contrast, hotline and email contacts have increased this year compared to prior years.

Figure 3. Integrity Line contact methods from FY 2020/21 through FY 2024/25.



SOURCE: Auditor summary of contact data.

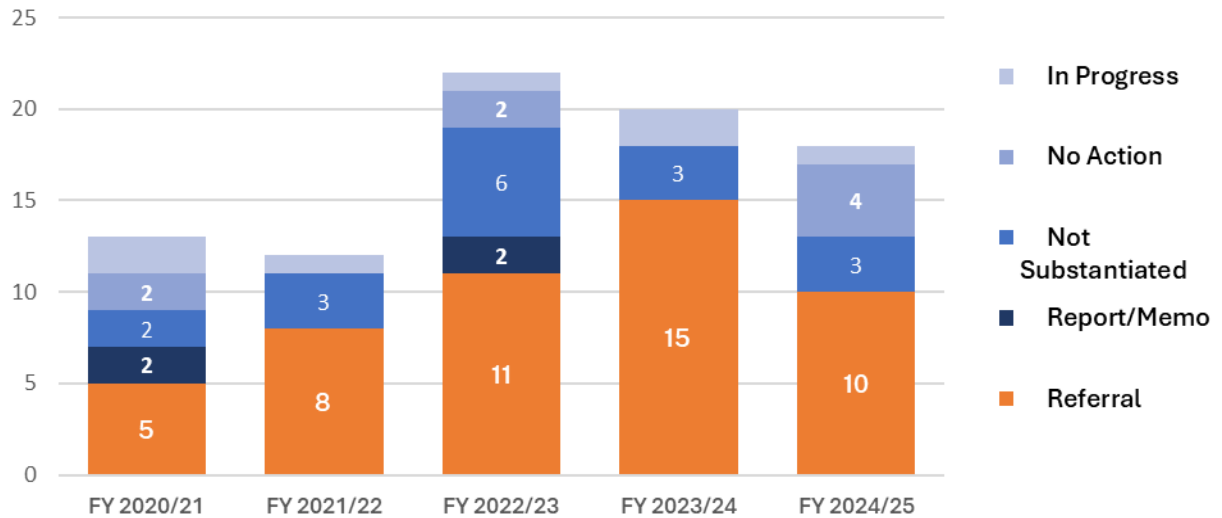
Status of Integrity Line Concerns

Similar to prior years, a significant portion of the contacts received through the Integrity Line are not specifically related to fraud, waste, or abuse and we refer them to other city departments or outside agencies for assistance. During FY 2024/25, we referred 10 of the 16 contacts:

- Two of these were from residents with concerns about matters regulated by a state agency.
- Of the eight referred to other City departments for assistance, several were personnel-related matters referred to Human Resources and others were referred to public safety or

code enforcement. Examples non-personnel referrals include potential fire code violations, HOA concerns, concerns about customer or employee behavior at city locations.

Figure 4. Disposition of Integrity Line Concerns, FY 2020/21 to FY 2024/25.



SOURCE: Auditor summary of Integrity Line concerns.

Several concerns were reviewed and were not substantiated.

- A concern from a resident that a consultant they previously hired to complete permit designs was now a city employee and potentially working on the same case was not substantiated. After review and inquiry, we determined that the employee was not working on the case and it was a matter of mistaken identity.
- An anonymous complaint was received concerning the use of technology capital improvement funds for a purpose it was not designated for. We reviewed the stated purpose of the funds and the information available on the actual expenditures and strategy for planned project. We found that the use of the funds was still in-line with the stated purpose of the project, though the approach for achieving that purpose had changed.
- Concerns from an individual regarding not being allowed to perform the job responsibilities that were in their contract could not be substantiated because the concerns were based on inaccurate assumptions about their job description and the assignment of responsibilities.

Some Integrity Line contacts could not be addressed due to insufficient information and lack of response to follow-up inquiries or lack of contact information. These were categorized in the No Action numbers, along with contacts that were not related to fraud, waste, or abuse.

An In Progress case referred to law enforcement for investigation last fiscal year continues to be under investigation by Arizona Attorney General.

City Auditor's Office

Lai Cluff, Acting City Auditor
Travis Attkisson, Senior Auditor
Elizabeth Brandt, Senior Auditor
Mel Merrill, Senior Auditor
Mandi Bradley, 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

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OFFICE (480) 312-7756 | INTEGRITY LINE (480) 312-8348
www.ScottsdaleAZ.gov/auditor

