

ETHICS REVIEW COMMISSION
CHAPTER 2-7 CITY CODE
COMPLAINT

AUSTIN CITY CLERK
RECEIVED

2017 FEB 17 PM 12 13

Nathan Wiebe

NAME OF PERSON(S) FILING COMPLAINT: Chief of Investigations, Office of the City Auditor

MAILING ADDRESS: PO Box 1088, Austin TX 78767-1088

PHONE NUMBER: 512-974-2805

EMAIL ADDRESS: nathan.wiebe@austintexas.gov

PLEASE FILE A SEPARATE COMPLAINT FORM FOR EACH PERSON
COMPLAINED AGAINST.

NAME OF PERSON COMPLAINED AGAINST: Ashley Buchanan

CITY OFFICE, DEPARTMENT, COMMISSION: Economic Development Department (formerly)

MAILING ADDRESS: _____

PHONE NUMBER [IF KNOWN]: _____

EMAIL ADDRESS [IF KNOWN]: _____

The Ethics Review Commission has jurisdiction to hear complaints alleging violation(s) of the following provisions:

- City Code, Chapter 2-1, Section 2-1-24 (City Boards, Conflict of Interest and Recusal)
- City Code, Chapter 2-2 (Campaign Finance)
- City Code, Chapter 2-7 (Ethics and Financial Disclosure), except for Article 6 (Anti-lobbying and Procurement)
- City Code, Chapter 4-8 (Regulation of Lobbyists)
- City Charter, Article III, Section 8 (Limits on Campaign Contributions and Expenditures)

PLEASE LIST EACH ALLEGED VIOLATION OF THE ABOVE CITY CODE AND
CHARTER PROVISIONS SEPARATELY ON THE FOLLOWING PAGES.

I.

SECTION OF CHARTER OR ORDINANCE VIOLATED: City Code 2-7-62(I)

DATE OF ALLEGED VIOLATION: May 4- June 30, 2015

ACTIONS ALLEGED TO BE A VIOLATION:

We found evidence indicating that Ashley Buchanan misused her position to secure a reimbursement for herself to recoup the cost of a trip she took in 2014. The trip was approved as "at zero cost to the [City of Austin.]" Specifically, Buchanan appears to have created a fraudulent purchase authorization request form and invoice to pay her boyfriend \$2,500 for work that he was not hired to do, nor did he actually complete. See attached exhibits for more information.

WITNESSES OR EVIDENCE THAT WOULD BE PRESENTED: _____

see table of contents (attached)

II.

SECTION OF CHARTER OR ORDINANCE VIOLATED: _____

DATE OF ALLEGED VIOLATION: _____

ACTIONS ALLEGED TO BE A VIOLATION:

WITNESSES OR EVIDENCE THAT WOULD BE PRESENTED: _____

III.

SECTION OF CHARTER OR ORDINANCE VIOLATED: _____

DATE OF ALLEGED VIOLATION: _____

ACTIONS ALLEGED TO BE A VIOLATION:

WITNESSES OR EVIDENCE THAT WOULD BE PRESENTED: _____

IV.

SECTION OF CHARTER OR ORDINANCE VIOLATED: _____

DATE OF ALLEGED VIOLATION: _____

ACTIONS ALLEGED TO BE A VIOLATION:

WITNESSES OR EVIDENCE THAT WOULD BE PRESENTED: _____

[IF MORE ROOM IS NECESSARY, PLEASE CONTINUE ON A BLANK PAGE USING THE SAME FORMAT]

ALL THE STATEMENTS AND INFORMATION IN THIS COMPLAINT ARE TRUE AND FACTUAL TO THE BEST OF MY KNOWLEDGE.

DATE: 2/17/17



COMPLAINANT'S SIGNATURE

Nathan Wiebe

PRINT NAME

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged, sworn to and subscribed before me by

Nathan Wiebe

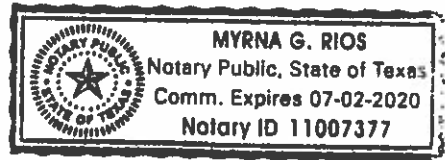
On the 17 day of February, 2017, to certify which witness my hand and official seal.



Notary Public in and for the State of Texas

Myrna Rios

Typed or Printed Name of Notary



THIS FORM MUST BE SUBMITTED TO THE OFFICE OF THE CITY CLERK.

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- EXHIBIT F: EMAIL BETWEEN ASHLEY BUCHANAN AND DON PITTS ABOUT NOT HIRING HER BOYFRIEND**
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- EXHIBIT G: SIGNED RECEIVER DOCUMENT**
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Contains a note that \$2500 was for Buchanan's boyfriend and next to that note was Ashley Buchanan's signature.
- EXHIBIT I: ACCOUNTS PAYABLE INVOICE & PAYMENT INVOICE**
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- EXHIBIT K: DEPOSIT PAYMENT TO THE CITY OF AUSTIN BACKUP DOCUMENT**
June 2015
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February 2017
City Auditor's report on Don Pitts.

Exhibit A

OFFICE OF THE CITY AUDITOR, INVESTIGATIVE COMPLAINT

Exhibit A

ALLEGATION

In January 2016, the Office of the City Auditor received an allegation against Music Program Coordinator Ashley Buchanan, Economic Development Department (EDD). Specifically, the allegation indicated that in 2015, Buchanan's boyfriend had been paid \$2,500 for City work that he was not hired to do, nor did he complete. The allegation also indicated that Buchanan was the recipient of this money and used it to reimburse the expenses for a trip she had taken the year prior that the City approved at "zero cost." The payment was allegedly made as the result of an agreement between Buchanan and her manager, Don Pitts¹. The \$2,500 was later returned to the City, after the payment was discovered by another EDD employee.

BACKGROUND

The Music & Entertainment Division is within the Economic Development Department (EDD). Ashley Buchanan was a City employee from January 2011 to December 2015. She became Music Program Coordinator in EDD in June 2013. Buchanan was involved in developing, implementing, and managing music programs. Buchanan was also put in charge of the Division's budget while she worked at Music & Entertainment Division. She was responsible for the initial stage of submitting invoices for approval.

INVESTIGATION RESULTS

We found evidence indicating that Ashley Buchanan misused her position to secure a reimbursement for herself to recoup the costs of a trip she took in 2014 that the City approved as "at zero cost to the [City of Austin]." Specifically, Buchanan appears to have created a fraudulent purchase authorization request form and invoice to pay her boyfriend \$2,500 for work that he was not hired to do, nor did he actually complete.

"Zero Cost" Trip

In late April 2014, Buchanan took a trip with a City vendor with the purpose "to expand the reach of the City's partnership with [the vendor] and strengthen trade relationship with international cities and international businesses, and to discover opportunities for additional cross-cultural partnerships and exchange with new countries." When interviewed, Buchanan stated that her supervisor, Don Pitts, asked her to put "at zero cost to the City" on the travel request to ensure that the request was processed quickly and in time for the trip. The City's executive management approved the travel "at zero cost to the City," meaning the City would not pay for expenses incurred to take the trip. [SEE EXHIBIT B] Buchanan stated that Pitts had assured her he would find a way to reimburse her for the trip when she returned. This statement was supported by a staff member of the City vendor who initially invited the employee to join the trip. When interviewed, the staff member stated that it was their understanding that Pitts knew there was a cost associated with the trip, and that Pitts would figure out a way for the employee to get reimbursed for the trip.

Formal Reimbursement

Buchanan stated that she started preparing formal reimbursement paperwork when she returned from the trip, which was confirmed by other EDD employees. Buchanan stated that she showed Pitts the travel expense estimate of over \$3,000 [SEE EXHIBIT C], and he told her that she could not submit the request because management approved the trip as "at no cost to the City." Buchanan did not formally submit the paperwork to the City following this interaction.

Alternative Reimbursement Discussions

We found an email correspondence from January 2015 between Buchanan and Pitts, where Buchanan provided details on another way she could be reimbursed. It involved submitting a fictitious invoice to the City for advertising expenditures of \$3,000. Buchanan added in the email that "this one would sneak through without getting noticed because it is 'advertising' and doesn't need a [purchase order number]" and "if you have another idea, please let me know." [SEE EXHIBIT D]

¹ Our office issued a report (IN16011) in February 2017 regarding the activities of Don Pitts. We have attached a copy of this report as Exhibit L.

Exhibit A

In response, Pitts emailed back "Let's discuss. I will work with you on this but this can never happen again." When interviewed, Pitts repeatedly denied knowing about any reimbursement scheme. When presented with the email, Pitts eventually stated that he was aware of her intentions following this email, but that his intent was not to give her permission to create the fraudulent invoice. Pitts stated that he discouraged her after receiving the email.

Austin City Code §2-7-62(I) states that "No salaried City official or employee shall use his official position to secure a special privilege or exemption for himself or others, or to secure confidential information for any purpose other than official responsibilities."

Fraudulent Reimbursement

Buchanan told our office that she did not ultimately submit a purchase authorization request for advertising expenditures but that she had another idea for reimbursement, which she discussed with Pitts, and reportedly received support for. It involved creating a fictitious invoice for work performed by her boyfriend under a program that was under Pitts's and Buchanan's purview. Buchanan stated that Pitts told her verbally "great, just submit an invoice for \$2,500 and lets be done with it," which she did. Pitts denied ever telling Buchanan to submit an invoice for \$2,500.

Buchanan later created and sent for approval a purchase authorization request dated early May 2015. The request included a quote for \$2,500 to pay Buchanan's boyfriend "to provide sound engineering services" for a music program. Pitts was listed as the "originator" of the document, but there was no evidence of his signature. [SEE EXHIBIT E]

Later that day, Pitts emailed Buchanan to let her know that EDD's executive management did not want her boyfriend hired as a sound engineer. [SEE EXHIBIT F] After this email, Buchanan did not retract the purchase authorization request but instead followed up with a senior manager about processing the request. The senior manager approved the request in late May 2015. [SEE EXHIBIT G]

Buchanan later signed for and picked up the check for \$2,500 made out to her boyfriend. [SEE EXHIBIT H]

According to City records, the City paid Buchanan's boyfriend \$2,500. [SEE EXHIBIT I] Despite the payment, a City staff member performed the duties that the City was charged for. We did not find evidence that Buchanan's boyfriend provided any services to the City as a result of the payment. Instead, it appears the work was performed by an EDD employee, who was hired to substitute for the office's sound engineer who was on leave at the time.

Repayment and Resignation

In June 2015, a Music & Entertainment Division employee discovered the payment to Buchanan's boyfriend and reported the concern to Pitts. [SEE EXHIBIT J] After the discovery of the payment, Pitts stated that he contacted Buchanan and instructed her to "take care of it." City records show that the \$2,500 was repaid to the City in June 2015. [SEE EXHIBIT K]. Buchanan later resigned.

Buchanan's activities, as described above, appear to constitute a violation of the following criteria:

- City Code §2-7-62(I)

Exhibit A

METHODOLOGY

To accomplish our objective, we performed the following steps:

- reviewed applicable City Code and policy;
- conducted background research;
- conducted interviews with City of Austin employees (EDD current employees), and others;
- interviewed an individual associated with vendor;
- analyzed computer forensic data;
- analyzed purchasing documentation; and
- interviewed the subject.

INVESTIGATIVE STANDARDS

Investigations by the Office of the City Auditor are considered non-audit projects under the Government Auditing Standards and are conducted in accordance with the ethics and general standards (Chapters 1-3), procedures recommended by the Association of Certified Fraud Examiners (ACFE), and the ACFE Fraud Examiner's Manual. Investigations conducted also adhere to quality standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE), Quality Standards for Investigations, and City Code.

The Office of the City Auditor, per City Code, may conduct investigations into fraud, abuse, or illegality that may be occurring. If the City Auditor, through the Integrity Unit, finds that there is sufficient evidence to indicate that a material violation of a matter within the office's jurisdiction may have occurred, the City Auditor will issue an investigative report and/ or notify the appropriate authority.

WHY WE DID THIS INVESTIGATION

We conducted this investigation consistent with our responsibility under the Austin City Charter and the City Code. The objective of this investigation was to obtain sufficient evidence to indicate whether the subject may have committed a material violation of the City Code's standards of conduct or other criteria.

Exhibit B

CITY TRAVEL REQUEST MEMO APPROVED BY EXECUTIVE MANAGEMENT

April 2014

Contains approval of Buchanan's trip by executive management but only "at zero cost to the [City of Austin]."

Exhibit B



MEMORANDUM

TO: Marc Ott, City Manager
through Sue Edwards, Assistant City Manager

FROM: Kevin Johns, Director
Economic Development Department

DATE: April 7, 2014

SUBJECT: Travel Authorization Request for Denmark, Sweden, Norway, London; April 28-May 12, 2014

The purpose of this memo is to request approval for Ashley Buchanan, Music Program Coordinator, to travel to Oslo (Norway), Aarhus (Denmark), Stockholm (Sweden), and Hackney (London), April 28-May 12, 2014, at zero cost to the City. Ms. Buchanan will be traveling with [City Vendor staff], [Buchanan's Boyfriend], [Austin singer-songwriter], [Austin songwriter] and the [Brand] Agency. [Brand] Agency has been a partner of the Economic Development Department (EDD) since July 2012, the project pairs Austin songwriters with musicians from international cities to work together, co-writing for two-week sessions.

The mission of the trip is to expand the reach of the City's partnership with [City Vendor] and strengthen trade relationships with international cities and international businesses, and to discover opportunities for additional cross-cultural partnerships and exchange with new countries. In addition, Jerper Mardahl (Promus) has invited a City of Austin official to give a key-note presentation to City of Aarhus Department of Culture officials and participate in a panel discussion at SPOT Festival (SPOT, a play on spotlighting over the city). SPOT Festival showcases Danish and Scandinavian talent and speakers participate in panel discussions on various music industry topics. Promus would cover Ms. Buchanan's accreditation to the festival as well as her accommodation during her stay in Denmark, April 28-May 4.

The objectives of the trip are:

1. To give a key-note presentation and participate in a panel discussion at SPOT Festival.
2. To meet with the Vice Mayor of Oslo and determine the appropriate next steps for the City of Austin-City of Oslo Creative Cities Alliance. A letter of intent was signed on March 10, 2014 to explore the potential economic development opportunities that an official alliance between both cities may generate.
3. To meet with John Cruse, City of Hackney, and discuss opportunities for exchange and collaboration in the high-tech/digital media and the creative industries.
4. To attend the annual board meeting of the Danske Jazz, Beat og Folkemusik Autorer (DJBFA), Denmark's largest association of Danish composers and songwriters whose objectives are to secure and optimize its members' economic interests and to bring about a network and sense of community. The parties will collectively evaluate DJBFA's current investment in Austin and develop future strategies for promoting the cultural life and creative/performing artists' interests, from Denmark to Austin.
5. To meet with international business associations in Aarhus, Denmark and Stockholm, Sweden, to encourage productive economic development partnerships and bilateral trade relationships with Austin; meeting itinerary attached.

To summarize, participation in this travel will result in the following benefits for the City of Austin:

1. Strengthening Austin's Sister City relationship with Hackney, London and newly formed Creative Cities Alliance with Oslo, Norway.
2. Engaging international business and other representatives to strengthen their trade relationship with Austin.
3. Encouraging exchange with Austin businesses, which lead to the creation of employment opportunities for Austin artists.
4. Promoting Austin as a multicultural city; increasing Austin's creative reputation abroad.

Should you have any questions, please contact me at 974-7802. Thank you for your consideration.

Approval:

A handwritten signature in cursive script, appearing to read "Sue Edwards", written over a horizontal line.

Sue Edwards, Assistant City Manager

A handwritten signature in cursive script, appearing to read "Kevin Johns", written over a horizontal line.

Exhibit B



EGRSO TRAVEL APPROVAL REQUEST FORM

GENERAL INFORMATION – All information is required.

Traveler Name and Title
Ashley Buchanan, Music Program Coordinator
Depart Date: <u>April 28, 2014</u> Return Date: <u>May 12, 2014</u>
Destination(s): <u>Denmark, Sweden, Norway, London</u>
Purpose of Trip: <u>To give a key-note presentation and participate in a panel discussion at SPOT Festival (DK); meet with international business associations and government officials in Aarhus (Denmark), Stockholm (Sweden), Oslo (Norway), Hackney (London)</u>

TOTAL ESTIMATED COST OF TRIP – Include all estimated expenses.

Registration Fees	\$ 0	Meals	\$ 0
Air Fare*	\$ 0	Other	\$ 0
Lodging	\$ 0	Total	\$ 0

*Air Fare must be less expensive than mileage.

FUNDING INFORMATION

Fund	Department	Unit	Activity	Object Code
7470	5500	2360		6501

JUSTIFICATION OF TRAINING SPECIFIC TO THE POSITION OR JOB DUTY

Invited to give a key-note presentation and speak on panel at SPOT Festival in Aarhus, DK.
 The trip's objectives will benefit the City of Austin by:

1. Strengthening Austin's Sister City relationship with Hackney, London and newly formed Creative Cities Alliance with Oslo, Norway.
2. Engaging international business and other representatives to strengthen their trade relationship with Austin.
3. Encouraging exchange with Austin businesses, which lead to the creation of employment opportunities for Austin artists.
4. Promoting Austin as a multicultural city, increasing Austin's creative reputation abroad

SPECIFICS OF THE TRAVEL OR OTHER PERTINENT INFORMATION

Promus (co-partner of SPOT Festival) will cover Ashley's accreditation to SPOT Festival and hotel accommodations during her stay in Denmark, April 28-May 4.

Traveler Signature	<u><i>Ashley Buchanan</i></u>	Date	<u>4-8-2014</u>
Supervisor/Manager	<u><i>Tom O'Neil</i></u>	Date	<u>4-8-2014/4-8-14</u>
Director	<u><i>Tom O'Neil</i></u>	Date	<u>4-10-2014</u>
Assistant City Manager	<u><i>Dick Adwards</i></u>	Date	<u>4-17-14</u>
City Manager	<u><i>DA</i></u>	Date	<u>4.22.14</u>

Exhibit B

Employee: Ashley Buchanan, Music Program Coordinator
Traveling to: Denmark, Sweden, Norway, London
Dates: April 28-May 12, 2014

ITINERARY

- April 28** Depart Austin, TX to Copenhagen, DK
- April 29** Arrive in Copenhagen
- April 30** Rest day, adjust to jet lag
- May 1** Travel to Aarhus, Denmark for SPOT Festival (May 1-4)
- May 2** Attend annual board meeting of DJBFA; SPOT Festival
Meet with Tjill Dreyer (Secretary, DJBFA) and board members; Evaluate DJBFA's current investment in Austin and develop future strategies for promoting the cultural life and creative/performing artists' interests, from Denmark to Austin.
- May 3** Give a key-note presentation to City of Aarhus Department of Culture officials about long-term growth strategies within the creative business sector in Austin; participate in a discussion afterwards at SPOT Festival.
Meet with Gunnar Madsen (Founder, SPOT Festival) and Jesper Mardahl (Manager, Promus www.promus.dk); Discuss ideas to strengthen the network and relationship between the creative sectors in Austin and Aarhus.
- May 4** SPOT Festival; tour Engelsholm Castle [City Vendor] filmed a documentary there of co-writing sessions with local and international artists)
Meet with Jakob Bonderup (Manager, Engelsholm); Discuss re-activating the Engelsholm-Austin co-op as a space for creative exchange and collaboration projects for Austin and Danish artists.
- May 5** Travel to Stockholm, Sweden
- May 6** *Meet with Michael Blair (Swedish Ambassador) and Billy McCormac (CEO, Fastighetsägarna); Discuss exchange strategies for Austin and Stockholm artists.*
- May 7** *Meet with Karin Kärr (Communications Officer, Swedish Institute); Discuss opportunities for a cross-cultural partnership, exchanges and collaboration, and programming at SXSW 2015. The Swedish Institute (SI) is a public agency that promotes interest and confidence in Sweden around the world. SI seeks to establish cooperation and lasting relations with other countries through strategic communication and exchange in the fields of culture, education, science and business.*
- May 8** Travel to Oslo, Norway
Meeting with Vice Mayor Hallstein Bjercke, City of Oslo; Discuss economic development opportunities for newly formed Creative Cities Alliance between Austin and Oslo.
- May 10** Travel to Hackney, London
- May 12** *Meet with John Cruse, City of Hackney; Discuss opportunities for exchange and collaboration in the high-tech/digital media and the creative industries.*



Aarhus, 6th of April 2014

To Mr. Don Pitts
Music Program Manager | Music & Entertainment Division
Economic Development Department | City of Austin
505 Barton Springs Rd. Suite 1070 Austin, TX 78704

Dear Mr. Pitts,

On behalf of the SPOT Music – Film – Interactive-festival, Promus as co-partners and organizers of the event, would very much like to invite you to the festival and to participate in a meeting with city-officials from the City of Aarhus and representatives from the creative business environment.

We will be holding a discussion/seminar on growth strategies within the creative business sector, and for us Austin has really showed as a great example on how a long term strategy can be implemented successfully. Therefor we would like you to do a 15 min keynote-presentation of the "Austin way", and to participate in the discussion afterwards.

For a couple of years, there has been an ongoing exchange of ideas to strengthen the network and relationship between our two cities, so your presence and the people we will team you up with, could have a very positive impact and further enhance that process.

We will take of your accreditation to the SPOT Music – Film – Interactive-festival, and also your accommodation during your stay.

I'm looking forward to hearing from you at your earliest convenience.

Best regards,

Jesper Mardahl
Manager – Promus – The Music Community of Aarhus.

Produktionscenteret for Rytmisk Musik i Aarhus / The Music Community of Aarhus

Vester Allé 15 • DK-8000 Aarhus C • Tel.: +45 7022 2019 • www.promus.dk • info@promus.dk • CVR: 32 51 81 76 • Bank: Nordca 2211 0756 2099 30

City Vendor Header

+46 (0)73 735 3091

April 3, 2014

Don Pitts
Music Program Manager
City of Austin Music & Entertainment Division

Dear Mr. Pitts,

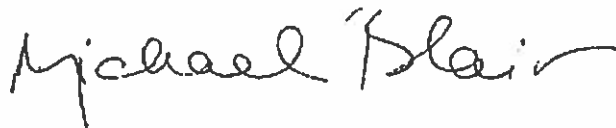
Please accept my official invitation to visit with our Nordic partners between the dates of April 28- May 9, 2014. Your participation in these strategy meetings as an official City of Austin representative will be beneficial in making substantial progress between Austin and our Nordic colleagues in regards to our international partnerships.

Our agenda includes:

- May 1 - 4, SPOT Festival in Aarhus, Denmark
 - o meet with Jesper Mardahl (Manager at Promus) & Gunnar Madsen (Founder of SPOT Fest)
 - o participate in panel discussion on international collaboration (tentative)
 - o meet with Tjill Dreyer (Secretary of DJBFA) & other available board members for annual T.H.O.S. board meeting, at SPOT Festival
- May 6, Stockholm, Sweden
 - o meet with Billy McCormac (CEO at Fastighetsägarna)
- May 7, Stockholm, Sweden
 - o meet with Karin Kärr (Communications Officer at Swedish Institute)
- May 8, Oslo, Norway
 - o meet with Vice Mayor of Oslo, Hallstein Bjercke

It is my hope that the friendly relationship between our international partners is strengthened through your visit, and I welcome any ideas you may have to expand our collaborative efforts between Austin and it's sister cities. I look forward to welcoming you in April, and know you will enjoy your visit.

Thank you,



Michael Blair
Nordic Ambassador & Munitions Expert

partners include:

Denmark • Sweden • Norway • Finland • Canada • Japan • United Kingdom • France

"International collaboration is the future of digital media"

Est. 2009 in Austin, TX

Exhibit C

BUCHANAN'S TRAVEL REIMBURSEMENT PAPERWORK

Contains an accounting of Buchanan's expenditure on her City trip.

Exhibit C

City of Austin Travel Claim

Employee Name Ashley Buchanan Employee ID 10125993
 Department EDD Division Music TPP/TRP _____

TRIP DESTINATION:
 Copenhagen, Denmark; Aarhus, Denmark; Stockholm, Sweden; Oslo, Norway; London, UK

PURPOSE OF TRAVEL Speak at SPOT Festival in Aarhus, Denmark; Meet with city officials and music businesses in Aarhus, Denmark; Copenhagen, Denmark; Stockholm, Sweden; Oslo, Norway; and London, UK to discuss partnerships and next steps for collaboration and exchange in all fields of the creative industries; Meet with Live Nation Sweden to create a Gate Vendor in Stockholm

OTHER CITY EMPLOYEES WHO TRAVELED IN SAME VEHICLE

Comments:

TOTAL COSTS

Column A - Amounts Prepaid by City or Paid with Credit Card (No Reimbursement due to Claimant)
 Column B - Reimbursable Expenses Paid by Claimant or Per Diem Meal Request (Reimbursement Requested)
 City Total - Column A + Column B
 Column C - Personal/Ineligible Expenses charged to City Credit Card. Must be reimbursed to City
 Highlighted columns are formulas do not change

Description	Notes	Amount			
		A	B	City Total	C
Lodging	Schedule A	0.00	1,149.59	1,149.59	0.00
Meals	Schedule B	0.00	2,048.00	2,048.00	0.00
Registration	Note 1			0.00	
Airfare, railfare	Note 1		345.22	0.00	
Rental car	Note 1			0.00	
Rental car gas, oil	Note 1			466.87	
City car gas, repairs	Note 1			0.00	
Personal car mileage	Schedule C		0.00	0.00	
Taxi, shuttle, metro	Attach receipt			0.00	
Parking	Attach receipt			0.00	
Phone	Attach receipt			0.00	
Tips other than meals	Attach receipt			0.00	
Other - list separately	Attach receipt			0.00	
Total Amount Claimed	A+B only	0.00	3,664.46	3,664.46	
Less Advance by City	List TA reference				
Amount Due City (1)	See Note 2				0.00
Amount Due Claimant (2)	See Note 2		3,664.46		
If Col C (1) > Col B (2), Net Due CLAIMANT			3,664.46		
If Col C (1) > Col B (2), Net Due CITY					0.00

1105.55

Total:
 3418.22

Note 1: Attach Receipt. If paid separately by City Check, provide payment document reference number.
 Note 2: If claim shows both amount due City and Amount due claimant, the net amount will be processed.
 If Amount Due City is greater, the difference must be remitted to the City and a copy of Cash Receipt must be attached
 If Amount Due Claimant is greater, the difference will be remitted to claimant; separate Cash Receipt is not required.

THE STATE OF TEXAS, COUNTY OF TRAVIS.
 I do solemnly swear that the expense account rendered totaling \$ _____ is true, complete, and correct and that all just and lawful offsets, payments and credits have been made, and that the expenditures are reasonable and necessary.

CLAIMANT SIGNATURE

Departmental Verification (Signature and Date) _____

Departmental Approval (Signature and Date) _____

FSD Review (Signature and Date) _____

Exhibit D

E-MAIL CHAIN BETWEEN ASHLEY BUCHANAN AND DON PITTS TITLED "EUROPE"

January 12, 2015

Contains discussion between Buchanan and Pitts about how Buchanan can recoup the cost of the trip to Europe.

Exhibit D

From: Ashley Buchanan
To: [City Employee]
Subject: Fwd: Europe
Date: Thursday, June 23, 2016 2:04:00 PM

Thanks,
Ashley

Ashley Buchanan

Sent from my iPhone

Begin forwarded message:

From: Don Pitts [Personal Email]
Date: January 12, 2015 at 7:47:25 PM CST
To: Ashley Buchanan [Personal Email]
Subject: Re: Europe

Let's discuss. I will work with you on this but this can never happen again.

Rodney was clear that it was no cost to the city.

Sent from my payPhone-

On Jan 12, 2015, at 6:16 PM, Ashley Buchanan
[Personal Email] > wrote:

Hey Don, I didn't want anyone to overhear me talking to you about this or send it on city email, but I redid the math for my Europe trip and it's around \$3,000. I didn't know the right process for international travel and I promise this will never happen again.

When I calculated everything with [City Employee], it totaled around \$3,700 for flights, lodging and meal costs in Copenhagen, Aarhus, Stockholm, Oslo, Amsterdam and London. I told her Amsterdam wasn't work related but she told me to keep it in there anyways because it was during the entire trip--but I don't want to get reimbursed for anything that wasn't work related. Without that, it comes to around \$3100 over the course of two weeks that I was working, and I would never ask to be reimbursed for something I didn't feel was earned.

I think with everything [Vendor] has going on right now it would be easy to do a \$3,000 invoice for [City Vendor] advertising and

Exhibit D

list all of the things they are doing. I'm doing so many invoices right now for [redacted] and Music for Kids that all need PO#s, and this one would sneak through without getting noticed because it's "advertising" and doesn't need a PO#. Also, [redacted] is a vendor and still the House Manager for [redacted], so it could go to him and no one else would know about it. But if you have another idea, please let me know. I just want to get this out of the way so it's not lingering over my head! =>

--

Ashley Buchanan

Exhibit E

E-MAIL TO SENIOR MANAGER AT ECONOMIC DEVELOPMENT WITH FRADULENT PURCHASE AUTHORIZATION FORM

May 4 – May 18, 2015

Contains the purchase authorization form created by Buchanan and the email she sent to a senior management requesting approval of the form.



Economic Development Department
Purchase Authorization

DATE: May 4, 2015
TO: Kevin Johns, Director
FROM: Don Pitts, Music & Entertainment Division Manager
RE: Music for Kids – Sound Engineering Services

Description of purchase (*all purchases over \$500*):

Please approve payment amount of \$2,500 for [redacted] to provide sound engineering services during the Music for Kids series, which takes place June 10-July 21, 2015 at 17 library locations throughout the city.

Funding source:

7470-5500-2360-7454

Sylvonia Holt-Rabb, Assistant Director

Date

Kevin Johns, Director

Date

Exhibit E

From: Holt-Rabb, Sylvania
To: CMM Employees
Subject: FW: PAF and Quote for [Redacted]
Date: Friday, July 22, 2016 3:24:21 PM
Attachments: PAF [Redacted]_RunPA_MusicForKids2015.pdf
image001.jpg
image002.jpg
image003.jpg

Kind Regards,
Sylvania Holt Rabb

From: Buchanan, Ashley
Sent: Monday, May 18, 2015 2:46 PM
To: Holt-Rabb, Sylvania
Cc: [Redacted] City employee
Subject: RE: PAF and Quote for [Redacted] Buchanan's Boyfriend

Yes, here you go!

Thanks,
Ashley

From: Holt-Rabb, Sylvania
Sent: Monday, May 18, 2015 2:44 PM
To: Buchanan, Ashley
Cc: [Redacted] City employee
Subject: RE: PAF and Quote for [Redacted] Buchanan's Boyfriend

Hey there,
Can you replace Rodney's name with mine? Thanks.

Kind Regards,
Sylvania Holt Rabb

From: Buchanan, Ashley
Sent: Monday, May 18, 2015 2:22 PM
To: Holt-Rabb, Sylvania
Cc: [Redacted] City employee
Subject: RE: PAF and Quote for [Redacted] Buchanan's Boyfriend

Hi Sylvania,

Just wanted to follow up on this PAF for signature.

Thanks,
Ashley

From: Buchanan, Ashley
Sent: Monday, May 04, 2015 10:09 AM
To: Holt-Rabb, Sylvania
Cc: [Redacted] City employee

Exhibit E

Subject: PAF and Quote for Buchanan's Boyfriend

Hi Sylvania,

Please find attached a PAF and quote in the amount of \$2,500 for Buchanan's Boyfriend to provide sound engineering services during Music for Kids. He will set up and run the sound system at 17 showcases during the series, June 10-July 21, 2015.

Thanks,
Ashley

Ashley Buchanan
Music Program Coordinator | Music & Entertainment Division
Economic Development Department | City of Austin
505 Barton Springs Rd. Suite 1070, Austin, TX 78704
(o) 512-974-7849 | (f) 512-974-6636
www.aixmusic.org

Exhibit F

EMAIL BETWEEN ASHLEY BUCHANAN AND DON PITTS ABOUT NOT HIRING HER BOYFRIEND

May 2015

In this email, Pitts emails Buchanan about a 4pm meetings and tells us senior management's decision that EDD could not hire her boyfriend.

Exhibit F

From: Buchanan, Ashley
To: Pitts, Don
Subject: RE: meeting today at 4pm
Date: Monday, May 04, 2015 4:58:17 PM
Attachments: CostRecovery_SoundImpactEvaluationFee_ConcretePouring_FY16.xlsx

Oh my gosh, no!!! I apologize, I absolutely did not see this and would not ignore it. I understand about the temporary employee thing for sure and thank you for wanting to talk to me about it today. I felt a little out of the loop.

For budget stuff, I'm almost there. I do need to meet with you and go over the fee additions. If we are to add concrete pouring into the site, this is what the cost recovery worksheet would look like (attached). Under expenses, [redacted] would fill in the pay rate for each employee involved. Do you think the number of staff hours is right? (10 hrs for you and 10 hours for [redacted], to total 20 hours). It's easier to go over in person!

Thanks,
Ashley

From: Pitts, Don
Sent: Monday, May 04, 2015 4:34 PM
To: Buchanan, Ashley
Subject: RE: meeting today at 4pm

I'm not sure if you got this or you just chose to ignore it. I wanted to discuss this in person but however I'll just email this to you. If you want to have a follow up conversation about it, **I'm more than happy to explain further.**

Budget preparation and forms – Please include [redacted] as much as you can as she will be assuming this responsibility next year in preparation for FY2017.

Hiring [redacted] as a Temp to cover [redacted] during FMLA leave - As much as I like [redacted]. I can't consider him for this. I ran this by the executive team in a what if scenario and got a you have to be kidding. Although the city can't dictate who someone dates, that can dictate that they can't hire a temp that is in a relationship with an employee of that division.

From: Pitts, Don
Sent: Monday, May 04, 2015 12:06 PM
To: Buchanan, Ashley
Subject: meeting today at 4pm

Ashley,

I would like to meet with you at 4pm.

Thanks!

Don Pitts
Manager | Music & Entertainment Division
Economic Development Department | City of Austin
505 Barton Springs Road, Suite 1070

Exhibit F

Austin Texas 78704
(a) 512-974-7821 | (f) 512-974-6636



Exhibit G

SIGNED RECEIVER DOCUMENT

May 2015

Contains the signed receiver document to authorize a payment to Buchanan's boyfriend.

Exhibit G

Receiver Document



Interoffice

Document ID: RC- 5500 - 15052041643 - 1

Created On: 05/20/15
 Receiver: [Redacted]
 Reference Doc: PO 5500 15052003140
 Phase: Pending

Vendor Code: V00000822851
 Vendor Name: [Redacted]
 Alias/DBA:

Reference Invoice #: Invoice 05202015d

Order Ref Line	Unit	Commodity	Commodity Description Extended Description (e)	Received City	Rejected City	Received SC Amount	Total City Received
1		96157	Sound Engineer-Music for Kids 2015 Sound Engineer-Music for Kids 2015	0.00000	0.00000	2500.00	0.00

(12)

2015 MAY 21 A 8:09
 ACCOUNTS PAYABLE

Sylvia Hall Lake
 APPROVED MAY 20 2015

Single Check Y N

Handling Code SP

Exhibit H

CHECK LOG BOOK FOR ECONOMIC DEVELOPMENT DEPARTMENT

Contains a note that \$2500 was for Buchanan's boyfriend and next to that note was Ashley Buchanan's signature.

Exhibit H

The unit number matches the account payable invoice and it shows a \$2,500 payment for Buchanan's boyfriend, signed for by Buchanan

Debbie Buchanan

X *Debbie Buchanan*
DEBBIE BUCHANAN

4194990

\$2500.00

Exhibit I

ACCOUNTS PAYABLE INVOICE AND PAYMENT INVOICE

May 2015

Contains the accounts payable invoice showing the proof of payment to Buchanan's boyfriend.

Contains the invoice to Buchanan's boyfriend with details on the service he would provide to the City of Austin.

Exhibit I

04194990 5/29/2015
05202015CL
IN 5500 15052842294

Document ID: IN - 5500 - 15052842294 - 1 Accounts Payable Invoice



Record Date: 05-28-2015 Created By: maldonadora Document Total: \$ 2,500.00
Budget FY: 2015 Created On: 05-28-2015 Closed Amount: Document Function: New
Fiscal Year: 2015 Doc Phase: Final Document Description: RC*1643
Period: 8 Modified By: maldonadora Extended Description:
Invoiced Date: 05/20/15 Modified On: 05-28-2015
Tracking Date: Attachments: 0
Inv By: Rachel Maldonado Ext:
Phone: 974-2047
Inv Loc: FSC
Proc ID:

Handling Code: SP
Schedule Pay Date:

Vendor Inv No: 05202015CL
Vendor Name: [REDACTED]
Vendor Code: V00000922851
Vendor Contact: [REDACTED]
Vendor Phone: 2102400008 Ext:

COMMODITY LINE	Ref Doc Code:	Ref Doc Dept:	Ref Doc ID:	Commodity:	Line Type:	Unit of Measure:	Unit Price:	Quantity:	Tax Amt:	Total Amt:
1	PO	5500	15052003140	96157	Service					\$ 2,500.00
Reason: Musical Production Services										

Exhibit I

INVOICE No. 05202015cl

Date: May 20, 2015

PO: 5500-15052003140

Buchanan's Boyfriend

7208 Geneva Dr
Austin, TX 78723

V00000922951

To: City of Austin / Music and Entertainment Division
505 Barton Springs Rd Suite 1070, Austin, TX 78704

JA

<u>SERVICE DATES:</u>	<u>DESCRIPTION:</u>	<u>AMOUNT</u>
June 10-July 31, 2015 (17 showcases)	Sound engineering services - Music for Kids 2015	\$2,500.00
TOTAL DUE:		<u>\$2,500.00</u>

Exhibit J

EMAIL FROM MUSIC DIVISION EMPLOYEE TO DON PITTS TITLED "QUESTIONABLE INVOICE"

June 2015

An email from a Music Division employee to Don Pitts when they discovered the payment of \$2500 to Buchanan's boyfriend.

Exhibit J

From: [Redacted] City employee
To: Pms. Doo
Cc: [Redacted] City employee
Date: Friday, June 19, 2015 12:54:22 PM
Attachments: Invoice [Redacted] [Redacted] RunPA MusicForKids2015.pdf
 Invoice2 [Redacted] Vendor MusicForKids2015.pdf

10	[Redacted] City Vendor	Program	6/26/2014	\$22,140.00	No	Yes	
11	[Redacted] Dickinson's Postcard	Music for Kids 2015	6/10 - 7/21/2015	\$2,500.00	No	Yes	Comment [Redacted] City employee Who is this, why would this be paid? [Redacted] doing Music for Kids 2015
12	[Redacted] Vendor	Equipment Purchase	9/17/2014	\$9,000.00	No	Yes	1st Pymnt
27	[Redacted] Vendor	Formula 1 Performer- Music for Kids 2015	6/16/2015	\$200.00	No	Yes	Comment [Redacted] City employee Why is this performer at \$200.00 per performance and others are at \$150.00. This name is not on the calendar to perform
28	[Redacted] Vendor	Performer- Music for Kids 2015	6/24/2015	\$200.00	No	Yes	Comment
29	[Redacted] Vendor	Performer- Music for Kids 2015	7/6/2015	\$200.00	No	Yes	Comment

kindest Regards,

[Redacted] City employee
 Administrative Senior
 Economic Development Department – City of Austin
 505 Barton Springs Road, Suite 1070
 Austin, TX 78704
 512-974-7961

Exhibit K

DEPOSIT PAYMENT TO THE CITY OF AUSTIN BACKUP DOCUMENT

June 2015

Deposit from Buchanan's boyfriend via Chase Bank, refunding the City \$2,500.

Exhibit K

DEPOSIT TICKET 3281-1100
 CITY OF AUSTIN
 ECONOMIC DEVELOPMENT DEPARTMENT #89189
 301 W. BRUNNEN ST. SUITE 1008
 AUSTIN, TX 78701
CHASE
 JPMORGAN CHASE BANK, N.A.

DATE: 06/24/15
 BY: [Redacted]

DATE	AMOUNT	DESCRIPTION	MEMO	STATUS
06/24/15	1000.00	MacGamm's boy friend		
06/24/15	1000.00			
06/24/15	500.00			

\$ 2,500.00

AMOUNTAL CHECK THIS STATE
 FOR NUMERICAL DESIGNS
 USE RANDOM PAPER AND SIGN
 OF ENDING ON THE
 SIDE OF

Posting Date: 06/24/2015

Amount: 2,500.00

financial information

Exhibit K

i-ARC!

Page 1 of 1

Posting Date: 06/24/2015	
Amount: 1,000.00	
financial information	

WESTERN UNION FINANCIAL SERVICES INC. - ISSUER • Englewood, Colorado <small>Parents of World Payco, Best Green Junction, Broadview, N.A., World Junction, Canada</small>		MONEY ORDER
17-207958401		
HEB Services <small>Member of HEB</small>	A 619828 D 061915 T 1744 16 172079564010 L 000045	\$ 1000.00
PAY EXACTLY ONE THOUSAND DOLLARS AND NO CENTS		
PAY TO THE ORDER OF <u>City of Austin</u>		PAYMENT FOR/ACCT. #
PURCHASER'S ADDRESS		<u>Buchanan's Boyfriend</u>

NOTICE: This Money Order is not valid for any purpose other than payment of a bill or for cashing. It is not valid for any other purpose. Any unauthorized use of this Money Order is prohibited. The Service Charge for this Money Order is \$1.00 per \$100.00 of the face amount, not to exceed \$4.00 per \$400.00 of the face amount.

WARNING: This Money Order is not valid for cashing. It is not valid for any other purpose. Any unauthorized use of this Money Order is prohibited. The Service Charge for this Money Order is \$1.00 per \$100.00 of the face amount, not to exceed \$4.00 per \$400.00 of the face amount.

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Exhibit K

i-ARC!

Page 1 of 1

WESTERN UNION WU <small>WESTERN UNION FINANCIAL SERVICES INC. - ISSUER - Englewood, Colorado</small> <small>Member of Wells Fargo Bank Group America Englewood, CO, Grand Junction, Colorado</small>		MONEY ORDER Posting Date: 06/24/2015 Amount: 1,000.00
H-E-B Services <small>MEMBER AGENCY</small> A 6198429 D C61915 T 1745 16 17-2079584001 L 000045	17-207958400 \$ 1000.00	financial information
PAY EXACTLY ONE THOUSAND DOLLARS AND NO CENTS PAY TO THE ORDER OF <u>City of Austin</u>	PAYMENT FOR ACCT. # <u>Buchanan's Boyfriend</u>	
PURCHASER'S ADDRESS [REDACTED]	[REDACTED]	
<small> SERVICE CHARGE: \$1.00 per order. If you use the Money Order for a purchase, a Service Charge will be deducted from the amount shown on the Money Order. The Service Charge is \$1 per order, and is rounded down for the amount shown by the issuer. </small>	<small> NOTICE: Do not cash a Money Order for any person who is not the payee. If you cash a Money Order, you may be liable for any loss or damage from the issuer. The issuer is not responsible for any loss or damage caused by the cashing of a Money Order. The issuer is not responsible for any loss or damage caused by the cashing of a Money Order. The issuer is not responsible for any loss or damage caused by the cashing of a Money Order. The issuer is not responsible for any loss or damage caused by the cashing of a Money Order. </small>	

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Exhibit K

WESTERN UNION WU <small>Member of Western Union</small>		WESTERN UNION FINANCIAL SERVICES INC. - ISSUER - Englewood, Colorado <small>Member of Western Union</small>	MONEY ORDER	Posting Date: 06/24/2015
HEB Services <small>(ISSUING ADDRESS)</small>		A 619920 D 061915 T 1744 16 1720795E402B L 000045	17-207958402	Amount: 500.00
		\$ 500.00		
PAY EXACTLY FIVE HUNDRED DOLLARS AND NO CENTS PAY TO THE ORDER OF <u>City of Austin</u>				
		PURCHASER'S ADDRESS <u>Buchanan's Boyfriend</u>		
POSTAGE ABOVE THIS LINE				
NOTE: This Money Order is not cash. It is payable only to the person named in the order. It is not valid unless it is cashed at the place of issue or at the place of payment. It is not valid if it is not cashed within 90 days of issue. It is not valid if it is not cashed at the place of issue or at the place of payment. It is not valid if it is not cashed within 90 days of issue. It is not valid if it is not cashed at the place of issue or at the place of payment. It is not valid if it is not cashed within 90 days of issue.		NOTICE: This Money Order is not cash. It is payable only to the person named in the order. It is not valid unless it is cashed at the place of issue or at the place of payment. It is not valid if it is not cashed within 90 days of issue. It is not valid if it is not cashed at the place of issue or at the place of payment. It is not valid if it is not cashed within 90 days of issue.		
WARNING: This Money Order is not valid if it is not cashed at the place of issue or at the place of payment. It is not valid if it is not cashed within 90 days of issue. It is not valid if it is not cashed at the place of issue or at the place of payment. It is not valid if it is not cashed within 90 days of issue.				

Posting Date: 06/24/2015

Amount: 500.00

financial information

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Exhibit L

**INVESTIGATIVE REPORT ON ECONOMIC DEVELOPMENT DEPARTMENT: FAILURE TO REPORT WRONGDOING
February 2017
City Auditor's report on Don Pitts.**

City of Austin
Office of the City Auditor

Investigative Report

Economic Development Department: Failure to Report Wrongdoing

February 2017



We found evidence indicating that Don Pitts, Program Manager in the Economic Development Department, was aware that his direct report appeared to have planned and committed fraud and did not report the employee to the appropriate authority.

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Methodology and CAIU Investigative Standards 17

Cover: Aerial view of downtown Austin,
iStock.com/RoschetzkyStockPhoto

Allegation

In January 2016, the Office of the City Auditor received an allegation against Music Program Manager in the Economic Development Department, Don Pitts. Specifically, the informant provided the information summarized below.

Allegation: Abuse of Official Position

- The informant alleged that Don Pitts promised a direct report that he would find a way to reimburse the employee for travel costs that were not approved by the City.

Background

The Music & Entertainment Division is within the Economic Development Department (EDD). Don Pitts, Music Program Manager, has worked for the City since January 2010. As Music Program Manager, he is responsible for the “day-to-day operations and management” of the division, including “ensuring all expenditures comply with [City] policies and procedures.”

Investigation
Results
Summary

We found evidence indicating that Don Pitts was aware that his direct report appeared to have planned and committed fraud and Pitts did not report this employee to the appropriate authority, as required by the City’s Fraud, Waste, & Abuse Bulletin. Specifically, the direct report used their City position to secure reimbursement from the City, to recoup personal expenses incurred during a City trip that was approved as “zero cost to the [City of Austin].”

Finding

Failure to Report Wrongdoing

"Zero Cost" Trip

In late April 2014, a Music Program Coordinator ("the Coordinator") who reported directly to Pitts took a trip with a City vendor with the purpose "to expand the reach of the City's partnership with [the vendor] and strengthen trade relationship with international cities and international businesses, and to discover opportunities for additional cross-cultural partnerships and exchange with new countries." When interviewed, the Coordinator stated that Pitts asked her to put "at zero cost to the City" on the travel request to ensure that the request was processed quickly and in time for the trip. The City's executive management approved the travel "at zero cost to the City", meaning the City would not pay for expenses incurred to take the trip. However, when interviewed by our office, the Coordinator stated that Pitts had assured her that she could be reimbursed for the trip when she returned. When interviewed by our office, Pitts stated that he had counseled the Coordinator that there would be no costs paid by the City.

Formal Reimbursement

The Coordinator stated that she started preparing formal reimbursement paperwork when she returned from the trip, which was confirmed by other EDD employees. The Coordinator stated that she showed Pitts the travel expense estimate of over \$3,000, and he told her that she could not submit the request because management approved the trip as "zero cost to the City." The Coordinator did not formally submit the paperwork to the City following this interaction. Pitts stated that every few months, the employee would bring up the fact that she needed to be reimbursed for the money she spent on the trip.

Alternative Reimbursement Discussions

We found an email correspondence from January 2015 between Pitts and the Coordinator, where the Coordinator provided details on another way she could be reimbursed. It involved submitting a fictitious invoice to the City for advertising expenditures of \$3,000. The Coordinator added in the email that "this one would sneak through without getting noticed because it is 'advertising' and doesn't need a [purchase order number]" and "if you have another idea, please let me know."

In response, Pitts emailed back "Let's discuss. I will work with you on this but this can never happen again." When interviewed, Pitts repeatedly denied knowing about any reimbursement scheme. When presented with the email evidence, Pitts then stated that he was aware of her intentions following this email, but that his intent was not to give her permission to create the fraudulent invoice. Pitts stated that he discouraged her after receiving the email.

The City of Austin Administrative Bulletin 06-03 - Fraud, Waste, and Abuse Reporting Investigation and Prevention requires all City officers and employees to "fully cooperate with an investigation." Pitts's misleading denials regarding any knowledge of a reimbursement scheme prior to

Exhibit L

being presented with evidence indicate that Pitts failed to fully cooperate with this investigation.

We did not find evidence that:

- Pitts reported this email interaction to anyone in his chain of command.
- The Coordinator was disciplined as a result of the email.
- Pitts had discussed the reimbursement scheme in the Coordinator's performance reviews.

Fraudulent Reimbursement

The Coordinator told our office that she did not ultimately submit a purchase authorization request for advertising expenditures but that she had another idea for reimbursement, which she discussed with Pitts, and received support for. It involved creating a fictitious invoice for work performed by her boyfriend under a program that was under Pitts's and the Coordinator's purview. The Coordinator stated that Pitts told her verbally "great, just submit an invoice for 2,500 dollars and let's be done with it," which she did. Pitts denied ever telling the employee to submit an invoice for \$2,500.

The Coordinator later created and sent for approval a purchase authorization request dated early May 2015. The request included a quote for \$2,500 to pay the Coordinator's boyfriend "to provide sound engineering services" for a music program. Pitts was listed as the "originator" of the document, but there was no evidence of his signature. Later that day, Pitts emailed her to let her know that EDD's executive management did not want her boyfriend hired as a sound engineer. After this email, the Coordinator did not retract the purchase authorization request and followed up with a senior manager about processing the request. The senior manager approved the request in late May 2015.

According to City records, the City paid the Coordinator's boyfriend \$2,500. Despite the payment, a City staff member performed the duties that the City was charged for. We did not find evidence that the Coordinator's boyfriend provided any services to the City as a result of the payment.

Subsequent Discovery

In June 2015, a Music & Entertainment Division employee discovered the payment to the Coordinator's boyfriend and reported the concerns to Pitts. When interviewed, Pitts admitted that he did not report the unauthorized payment to his chain of command. Instead, after the discovery of the payment, Pitts stated that he contacted the Coordinator and instructed her to "take care of it." Pitts stated that he did not discipline the Coordinator. We did not find any evidence that Pitts had discussed the reimbursement scheme in the Coordinator's performance reviews.

Exhibit L

Don Pitts's failure to report wrongdoing appears to constitute violations of the following criteria, as detailed in the investigation criteria section:

Fraud, Waste, & Abuse Bulletin: Reporting (A)(1)

- An employee who knows of or suspects wrongdoing shall report the wrongdoing immediately to the employee's manager or supervisor, or if that is not feasible, to the next highest person in the employee's chain of command...

Fraud, Waste, & Abuse Bulletin: Reporting (A)(3)

- A supervisor or manager who is contacted by a subordinate or by another City employee who alleges wrongdoing shall immediately report the allegation to the department director, the director of the department in which the wrongdoing is alleged to have occurred, or the City Manager's Office.

Repayment and Resignation

City records show that the \$2,500 was repaid to the City in June 2015. The Coordinator later resigned.

Appendix A - Subject Response

To: Ms. Corrie Stokes, City Auditor, City of Austin
From: Don Pitts
Date: February 3, 2017
RE: Response to Audit Report IN16011

Thank you for the opportunity to respond to this audit report. I am very sorry that this matter has taken so much time and appreciate the opportunity to explain how this happened and to promise that such matters will never happen again.

Let me begin by first stating that I take full responsibility for my actions that led to this audit report. Any errors were the result of inadvertence or an oversight on my part, and were not done with willful disregard of city policy. I take this matter quite seriously, and I did not willingly or knowingly act in a manner contrary to that required by the Administrative Bulletin cited in the report. I acted at all times in what I believed to be the best interests of the City of Austin, and once I discovered the Coordinator had approved an invoice from her boyfriend I acted immediately to recover taxpayer funds and verbally reprimanded the employee, who subsequently resigned from the Department. Nonetheless, I now realize that I should have reported this misconduct rather than merely ordering corrective action.

While this audit report focuses on what I left undone, I ask that City Management also please consider what I *have done* regarding this matter to do the right thing and take action as a good civil servant for City of Austin, including:

- I unequivocally, clearly and consistently told the employee her trip was approved at "No Cost To The City" and never signed or approved any reimbursement requests related to this matter.
- I directed the review that discovered the Coordinator had paid her boyfriend as a vendor. I never knew of or approved her actions, and had specifically rejected her request to hire her boyfriend as prohibited by City policy, and I was never any part of her reimbursement scheme, as confirmed in the audit report.
- As soon as I found the invoice and payment the Coordinator processed despite my orders, I took immediate action to remedy the situation by verbally reprimanding the employee (who later resigned), telling her this was not allowed, and changing the process to require my approval in the future.
- The City of Austin and the taxpayers remain whole: I made sure that all the money was returned, which happened in three business days.

The finding of the audit is that I failed to report the Coordinator's wrongdoing. In retrospect, I realize that it wasn't enough to identify and correct the problem, but that there was another step in correctly handling this matter that I left undone. I now understand how important this final step was in fully following the administrative policy of the City and ensuring the integrity of the operations of the Music Office. Since the time of the events in the audit report, the Department has worked closely with me to provide me with more training and guidance. In 2016, I successfully completed training on management and the supervision of employees that would have led me to report this matter today. The Department and I have developed and implemented new strategies to redirect my responsibilities to focus on primarily administrative management by delegating daily operations to staff.

1

Context Is Critical

To understand how this mistake happened in 2014-2015, context is relevant on several different levels. To be clear, I do not offer this context by way of excuse, but so that City Management can better understand how this mistake occurred and why it will never happen again. Below, please allow me to offer several relevant points of context, as the foundation of understanding.

Context 1. New Music and Entertainment Division: A Startup

Music has been a defining and beloved element of the City of Austin's identity, culture, and quality of life for decades. Yet until 2010, even Austin, the "Live Music Capital of the World," had not figured out a model for how the city government could play a meaningful role in growing and serving this important segment of the cultural and economic life of the city.

In 2010, the City of Austin launched its Music and Entertainment Division with my hire. This was literally like a startup company within the City. There was very little in place when the City hired me: a concert series at City Hall Plaza and a dormant loan program, but beyond that I would need to build processes, structure, budgets, programs, and staff. The early years of the Division required me to be the Division, and to run the Division; I did the day-to-day work of the Division while also building infrastructure, programs, and teams ranging from commissions to staff.

All of the processes of working within City government were new to me and very different from my previous work environment. I joined the City from the private sector entertainment industry having most recently been with Gibson Guitars for 16 years. Within the first two years, the department staff grew to four people, all of whom had little or no experience in working in government and who were in the early phases of their professional careers. It was not until late December 2014 that we added someone to our team with any public sector experience at all.

Context 2: Rapid Growth of Responsibility and Workload

Like most start-up companies which are emerging, fast-growing organizations created to meet a growing need in the marketplace, our Division was formed to address a broad range of strategic and tactical needs regarding music and entertainment that had previously not been addressed by the City. The original vision of the Division was to focus on economic development of the music industry and community. Within a few years of the creation of our Division, our work quickly and exponentially grew. The growth during the years involved in the audit report is evident in the shift from my SSPP FY 2013-2014, which had four general priorities to the one for FY 2014-2015, which grew to 12 actionable priorities.

SSPP FY 2013-2014	SSPP FY 2014-2015
<p>Major Responsibilities:</p> <p>Priority 1: Music Program Development</p> <p>Priority 2: Marketing and Recruitment</p> <p>Priority 3: Management</p> <p>Priority 4: COA Competencies</p>	<p>Major Responsibilities:</p> <p>Priority 1: Day-to-Day duties as a Division Manager.</p> <p>Priority 2: Complete the Music Industry Census and Market Research Study; determine gaps and future growth opportunities.</p> <p>Priority 3: Explore the development of a commercial music industry economic impact report.</p> <p>Priority 4: Develop a Program of Work for the Music & Entertainment Division.</p> <p>Priority 5: Develop recommendations for the Austin Music Memorial.</p> <p>Priority 6: Apply for a minimum of three awards or grants.</p> <p>Priority 7: Develop an annual recognition program for internal and external stakeholders.</p> <p>Priority 8: Develop memos and/or reports in response to City Manager's Office and Council-approved requests and directives.</p> <p>Priority 9: Update all web content at least quarterly.</p> <p>Priority 10: Manage the Music Venue Assistance Program.</p> <p>Priority 11: Timely prepare and submit all budget documentation and prepare and present information related to the M&E Division.</p> <p>Priority 12: City of Austin competencies.</p>

Over the course of 2013- 2014, Council passed a series of ordinances that officially added Music Division review to the time intensive and time sensitive regulatory processes of review of temporary events sound permitting and sound ordinance matters. Austin's growth has produced a large body of work around sound complaints, permitting, and ordinances, which require direct interface with the community and are often characterized by controversial and heated debates between neighborhoods, venues, and events. In addition in 2015, the downtown construction boom created sound issues from concrete pouring which disturbed downtown residents, and this complaint was sent to the Music Division to handle. I was charged with creating an urban noise data-mapping project related to concrete pouring. This extra project, not actually related to music or entertainment, came at a time when my staff member specialized in sound engineering consulting was to be out on FMLA June-August of 2015. During this time I was easily spending 40 hours/week on sound permitting alone. All of this work was assigned to a small team operating on a mostly unchartered territory.

My Division's responsibilities and workload grew fast, and with the high-profile demands of the music and sound regulation, I worked hard but struggled to both get the work done while managing a young, understaffed team in a new Division.

Context 3: Communications Volume

In this modern age, our daily lives are filled with more communications than we can humanly consume, let alone respond to thoughtfully. As a civil servant leading a Division that addresses something as visible, as ubiquitous, and as controversial, as music in Austin, I am flooded with communications, 24/7 from colleagues and elected officials at the City, from citizens, from music venues, musicians, residences, events, and the list goes on. On average, in addition to meetings and in-person discussions, I receive ~500+ communications daily across email, text, phone, social media, etc. Even with my staff of three to four in 2014-2015 and of soon to be nine today, it is challenging to read and respond to this volume of communications, especially in the course of an already full workload.

The Heart of the Matter

With the appropriate context in place, I would like to fully and openly address the allegations that prompted the audit. The sole finding of the audit report, for which I accept full responsibility, is that I failed to appropriately report evidence of wrongdoing by an employee under my supervision as required by City administrative policy.

While finding no evidence that I took any action to support what in hindsight was this disgruntled former employee's fraudulent scheme, the audit report states that I made "misleading denials" and "failed to fully cooperate with this investigation." I fully and categorically reject this assertion. As more fully explained below, all of my actions show that I was in no way complicit, which explains the Coordinator's efforts to exculpate herself through these allegations. Moreover, I have endeavored at every step of the way to be truthful, open and cooperative in resolving this matter.

When it came to this "trip reimbursement," this former staff member took "not taking no for an answer" to a new level. From the outset and through every single communication I had with her on this matter, I consistently told her that her trip was at "No Cost to the City." She knew this but would not let it go. I tried letting her know I had heard her, I put it in writing, I told her verbally, I met with her in person, and I did everything I could to consistently tell her "no" and move on to

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the current work. As the months went on and this denied request would continue coming into a conversation, I would simply stop or end the conversation as quickly as possible whenever it reared its head and then remind her again that the trip was "No Cost to the City."

One of these attempts is noted in the audit report when she again wrote me an email in January 2015, nine months after the trip. I read a few lines of the email on my phone, and I'd seen enough. Here it was again. I honestly did not read the entire email, I just responded by telling her "Let's discuss. I will work with you on this but this can never happen again. Rodney was clear that it was no cost to the city." The last sentence of my response, in which I reiterated the Deputy Director's direction that the trip be at no cost to the city, is omitted from the audit report's discussion of this issue. This last sentence is significant in that it demonstrates that I again reiterated that she was not to be reimbursed for the trip. While the wording of my response is regrettable in retrospect, my intent at the time was to respond to her email, hear her out again and tell her no, again. Which is what I did. And, the part of the e-mail that says "let's discuss" and I would "work with her" were not intended to convey agreement, but rather that I would be willing to once again hear out her request and then this needed to be over, and if she wanted more money, then I would work with her on that, if and when her job performance improved. Please understand that her conversations with me inevitably became about getting more money, whether through reimbursement for the trip or through her earning a higher salary.

In July 2016, when the Auditor presented me with the Coordinator's full email from January 2015, it was honestly the first time I'd read the entire email. Contrary to suggestions that I was "confronted" with the email, I simply had never read the entire email and did not recall it. I never knew about her schemes described deeper in the email, and I certainly never endorsed them. Any interpretation of my response to this email that suggests I was willing to go along with her schemes is plainly contradicted by the facts and my behavior: I was absolutely consistent with her in all my actions -- even in that short email response focused on ending the conversation again -- that she would not be reimbursed. The evidence shows that the Coordinator did not seek or receive my approval to submit and process the payment to her boyfriend, and that I discovered and reversed her actions. At every step of the way before and after the email, my conduct confirms that I never was aiding her plan in any way or working with her on anything other than her doing a better job.

I had nothing to hide from the investigation and no reason to not truthfully answer all of the questions put to me. I never approved any reimbursement or invoice for her and only reiterated that she could not do that. She wore me down to the point that I stopped reading her emails on this topic and unfortunately responded to one without reading her email fully. This was one of the mistakes I made that contributed to this audit report. It was my human error. If you have ever sent a poor response to a half-read email, I hope you will have mercy on me for making this mistake. I won't be making it again. But make no mistake that in spite of this, I was never part of her scheme and never condoned it.

That I in no way condoned the actions of this former staff member or in any way aided them is supported by the following undisputed facts:

- I consistently and repeatedly denied any request for reimbursement, and did not sign or otherwise authorize the Coordinator to process the invoice and payment at issue. As the audit report notes, I did not sign the request for reimbursement that was approved.

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Indeed, I directly communicated to her in writing that her boyfriend was not to be hired for the sound work at issue. She subsequently went around me without my knowledge to secure processing of the invoice through an administrative specialist in the Department. At the time of submittal the Department did not have a protocol for obtaining the Division Manager's signature for expenses over the threshold of \$500.00. A process has now been put in place to require such approvals.

- The fraudulent reimbursement request was discovered due to a review of Music Office invoices that I put in place and directed one of the Division's new employees to perform. The audit report states that the fraudulent reimbursement was discovered by a Music & Entertainment Division employee, but fails to note that I myself directed that the review be performed—an action utterly inconsistent with any complicity in the matter. The fraudulent conduct of this former employee may never have come to light had I not directed this review, and acted immediately to address the fraudulent conduct. At the time, I didn't even realize that it was an attempt once again to be reimbursed for the trip, which contributes to why I didn't immediately see the full depth of the wrongdoing.
- Upon discovering the invoice, I acted immediately to verbally reprimand the former staff member and secure the repayment of City funds. When I discovered the invoice, I verbally reprimanded her, took action to correct the matter, and got all the money her boyfriend was paid returned to the City within three business days.

My thought was to just make right whatever wrong had been done and get back to work. When she so quickly reimbursed the City, upon my immediate direction, I took her to be sincere and apologetic. I also didn't want to believe that the act was indeed malicious. There had been other innocent mistakes on invoices and payments.

[REDACTED]

I realize now that the policy does not leave it up to me to decide whether to report this wrongdoing. This is the part of the investigation that has caused me the most soul-searching. Regrettably, all these factors described above contributed to my action of handling the wrongdoing the way that I did, and I now know this fell short of what I was expected to do.

How It Happened and How It Won't Happen Again

With the contextual foundation in place, my hope is that City Management may be able to understand how this happened, and how it won't happen again.

Looking back now, I know my work is in managing staff amidst effectively navigating a heavy workload while following all the administrative rules. I need to make sure I am being the very best Division manager of a growing team, which includes knowing and following all the Administrative Bulletins.

Importantly, since the time of the events in the audit report, the Department and I have developed and implemented new strategies to redirect my responsibilities towards administrative management rather than operations. Going forward, this new strategy will prevent such issues and will ensure no future violation of policy. My work with the Department and the Deputy Director now includes a process for better management of direct reports, as well as time management controls to ensure my management responsibilities take priority over operational

work system. As part of this process, I successfully completed several management training courses in 2016, including:

- Personnel Policies I
- Personnel Policies II
- Acquiring Talent
- SSPR Overview
- Developing Others

I am committed to continuously addressing the underlying circumstances that lead to the policy violation and will continue to work on professional development to fulfill what is expected from a local government professional. The management training and executive team supervision I have received in 2016 has made all the difference. I am so grateful for it, and I need it to grow.

In summary, factors that contributed to the confluence of how this happened include:

- A new division lacking processes and personnel fluent in administrative policy
- A tremendous workload for a young, small team
- Going too fast to get through a sea of communications
- An employee [REDACTED] who would not stop requesting a denied reimbursement
- My mistake in doing too much of the work myself, rather than managing
- My mistake that identifying and correcting the wrongdoing was enough

It won't happen again because:

- Established department policies including a protocol of obtaining the Division Manager's signature for expenses over the threshold of \$500.00
- New staff positions and structure that bring more support to our growing workload, and allow me to focus on managing the division, not doing as much of the work myself
- The employee has resigned
- The training and support I am receiving from the executive team in learning how to more effectively supervise employees and operate within the administrative policies of the City of Austin
- I plan to send all my staff to Internal EDD training as well as COA training
- Everything I have painfully learned through this investigation about how I failed to report this wrongdoing, and why it was so important to do so

All of this occurred before I successfully completed training on management and the supervision of employees that would have led me to report this matter today. That training has been invaluable in helping me supervise my employees and maximize the efficiency and services performed by our staff. I will work to put in practice the management training I have received since all of these events transpired.

This investigation has been a serious wake-up call to me, and I want to assure City Management that I "get it" and understand how serious the allegations that the employee made against me are. Thankfully, the Investigative Report confirms that the most serious allegations against me are not true (that I knew of the reimbursement, that I helped the employee, or acted to

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approve the invoice for sound engineering services). I did try and answer all of the questions put to me when I was interviewed and this response is intended to demonstrate that.

Please also note that with this investigation already being written up in the *Statesman* and other media in a manner that ambiguously suggests a broad range possible of misconduct, I am saddened to see that the Department, my family, and I have all been disparaged in this manner, and I am humbled and distraught by this punishment alone.

Conclusion

In the seven years, I have been employed with the City of Austin as the Music Program Manager, I have accomplished a lot, not the least of which is creating and establishing a Music and Entertainment Division for the City of Austin that is recognized and revered across North America. Over the years as responsibilities grew, so did the offerings of the Division. A few of my accomplishments over the last seven years are:

- **Reduction of annual sound complaints** from 7,894 in FY2012/13 to 1,932 in FY2015/16
- **Development of the Creative Media Center** through a partnership with Austin Music Foundation that provides musicians with access to mentoring, training, and to technology needed to create digital media.
- **Development of the Leaders in Austin Music program** through a partnership with Austin Music Foundation that unites the diverse members of the entertainment businesses while supporting established leaders in their essential role in the creative community.
- **Commissioned the Austin Music Industry Census**, the first data-driven assessment of Austin's commercial music industry.
- **Creation of the North American Music Cities Best Practice Summit** that convenes the music and entertainment staff from six North American cities (Austin, San Francisco, Seattle, Denver, Chicago, Nashville, Toronto).
- **Creation of atxmusic.org**, which provides a single point of entry for all things music in Austin including: a list of community resources, connection to the Austin Music Commission, permitting information for event producers and music venues, and more.
- **Creation of Music Venue Assistance Loan** that supports our valuable music venues and reduces sound complaints by offering low interest microloans to qualifying establishments for the purpose of enhancing the sound quality while reducing sound impact to neighboring uses.
- **Development and Implementation of Music Venue Summits** to foster better communication on regulatory processes between the City and venues.
- **Development of Music Business Summits** to foster better communication and understanding of the various industry subsectors.
- **Development of ATX MUSIC Talks**, a monthly social media series discussing a variety of industry topics.

I believe I have done a lot of good for the City, in a job that I love, and I still have much to offer the City, the music community, and the taxpayers. It is my sincere hope that in this response, City Management receives my wholehearted apology for this matter.

Thank you for the opportunity to do this good work for the City of Austin, and for the opportunity to respond fully to this report.

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Appendix B - Office of City Auditor's Response to Subject Response

We have reviewed the Subject Response. We believe our findings stand.

We have redacted the Subject Response to remove protected personnel information.

Clarification: The Subject Response contains a statement: *"Thankfully, the Investigative Report confirms that the most serious allegations against me are not true (that I knew of the reimbursement, that I helped the employee, or acted to approve the invoice for sound engineering services)." To be clear, our report does not state whether those allegations are true or not. We did not to reach a conclusion regarding this, because we did not obtain sufficient evidence to determine whether or not they occurred.*

Additionally, the email referenced in the Subject Response is attached below. We are including it to enhance the reader's ability to understand the context of the report and response. We have redacted email addresses and business names from this piece of evidence.

From: Don Pitts <personal email>
Date: January 12, 2015 at 7:47:25 PM CST
To: Ashley Buchanan <personal email>
Subject: Re: Europe

Let's discuss. I will work with you on this but this can never happen again.

Rodney was clear that it was no cost to the city.

Sent from my payPhone-

On Jan 12, 2015, at 6:16 PM, Ashley Buchanan <personal email> wrote:

Hey Don, I didn't want anyone to overhear me talking to you about this or send it on city email, but I redid the math for my Europe trip and it's around \$3,000. I didn't know the right process for international travel and I promise this will never happen again.

When I calculated everything with [redacted] it totaled around \$3,700 for flights, lodging and meal costs in Copenhagen, Aarhus, Stockholm, Oslo, Amsterdam and London. I told her Amsterdam wasn't work related but she told me to keep it in there anyways because it was during the entire trip—but I don't want to get reimbursed for anything that wasn't work related. Without that, it comes to around \$3100 over the course of two weeks that I was working, and I would never ask to be reimbursed for something I didn't feel was earned.

I think with everything [redacted] has going on right now it would be easy to do a \$3,000 invoice for [redacted] advertising and list all of the things they are doing. I'm doing so many invoices right now for [redacted] and Music for Kids that all need PO's, and this one would sneak through without getting noticed because it's "advertising" and doesn't need a PO. Also, [redacted] is a vendor and still the House Manager for [redacted] so it could go to him and no one else would know about it. But if you have another idea, please let me know. I just want to get this out of the way so it's not lingering over my head! =)

--
Ashley Buchanan

Appendix C - Management Response



MEMORANDUM

TO: Nathan Wiebe, Chief of Investigations
Office of the Auditor

FROM: Kevin Johns, Director *Kevin Johns*
Economic Development Department

DATE: February 13, 2017

SUBJECT: Draft Investigation Report Regarding Mr. Don Pitts

The Economic Development Department is in receipt of the draft investigation report regarding Mr. Don Pitts and his failure to report an attempt to commit fraud by one of his employees.

Our department will review your findings, along with Mr. Pitt's response and determine the appropriate next steps in this matter.

Please feel free to contact me if I may be of further assistance at 512-974-7802 or Alejandra Lopez, Deputy Director at 512-974-2343.

Thank you.

Exhibit L

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Investigation Criteria

Administrative Bulletin 06-03 states that "An employee who knows of or suspects wrongdoing shall report the wrongdoing immediately to the employee's manager or supervisor, or if that is not feasible, to the next highest person in the employee's chain of command to whom the employee may comfortably report the wrongdoing, including department director, the assistant city manager, and the city manager. **Administrative Bulletin 06-03: Fraud, Waste, and Abuse Reporting, Investigation and Prevention - Reporting (A) (1)**

Administrative Bulletin 06-03 states that "A supervisor or manager who is contact by a subordinate or by another City employee who alleges wrongdoing shall immediately report the allegation to the department director, the director of the department in which the wrongdoing is alleged to have occurred, or the City Manager's Office. **Administrative Bulletin 06-03: Fraud, Waste, and Abuse Reporting, Investigation and Prevention - Reporting (A) (3)**

Methodology

To accomplish our objective, we performed the following steps:

- reviewed applicable City Code and policy;
- conducted background research;
- conducted interviews with City of Austin employees, and others;
- analyzed computer forensic data;
- analyzed purchasing documentation; and
- interviewed the subject.

CAIU Investigative Standards

Investigations by the Office of the City Auditor are considered non-audit projects under the Government Auditing Standards and are conducted in accordance with the ethics and general standards (Chapters 1-3), procedures recommended by the Association of Certified Fraud Examiners (ACFE), and the ACFE Fraud Examiner's Manual. Investigations conducted also adhere to quality standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE), Quality Standards for Investigations, and City Code.

The Office of the City Auditor, per City Code, may conduct investigations into fraud, abuse, or illegality that may be occurring. If the City Auditor, through the Integrity Unit, finds that there is sufficient evidence to indicate that a material violation of a matter within the office's jurisdiction may have occurred, the City Auditor will issue an investigative report and provide a copy to the appropriate authority.

In order to ensure our report is fair, complete, and objective, we requested responses from both the subject and the Department Director on the results of this investigation. Please find attached these responses in Appendix A and C.

The Office of the City Auditor was created by the Austin City Charter as an independent office reporting to City Council to help establish accountability and improve city services. We conduct investigations of allegations of fraud, waste, or abuse by City employees or contractors.

City Auditor
Corrie Stokes

Deputy City Auditor
Jason Hadavi

Office of the City Auditor
phone: (512) 974-2805
email: oca_auditor@austintexas.gov
website: <http://www.austintexas.gov/auditor>

 AustinAuditor

 @AustinAuditor

Copies of our investigative reports are available at
<http://www.austintexas.gov/page/investigative-reports>

Alternate formats available upon request