

City of Austin



**A Report to the
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INVESTIGATION REPORT

Austin Water: Misuse of City Resources

November 2016



REPORT SUMMARY

We found evidence indicating that Jason Hill, Program Manager for Austin Water's Public Information & Marketing Office, misused City resources for his secondary employment as a real estate agent.

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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 in 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 has 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 these responses in Appendices B and D.

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November 2016



Investigation Report Highlights

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.



For more information on this or any of our reports, email oca_auditor@austintexas.gov

AUSTIN WATER UTILITY: MISUSE OF CITY RESOURCES

ALLEGATION

In March 2016, the Office of the City Auditor received an allegation that the Program Manager for Austin Water's Public Information & Marketing Office, Jason Hill, routinely conducts his secondary employment on City time. Specifically, the informant alleged the information summarized below:

Misuse of City Resources:

- It was alleged that Jason Hill "routinely" conducts his real estate and car review businesses using City resources.

WHAT WE FOUND

We found evidence indicating that Jason Hill, Program Manager for Austin Water's Public Information & Marketing Office, misused City resources for his secondary employment as a real estate agent. This act appears to constitute a violation of:

Misuse of City Resources:

- City Code § 2-7-62 Standards of Conduct - (J)
- City Personnel Policy - (G) Use of City Resources
- Fraud, Waste, and Abuse Bulletin 06-03: Fraud
- Administrative Bulletin 98-06: Acceptable Internet Use

BACKGROUND

According to Austin Water, the purpose of their public affairs office “is to provide timely, accurate, and critical information regarding Austin Water to the residents of Austin.”

Program Manager Jason Hill works in the Public Affairs Office. Hill began working for the City in March 2010 and was promoted to his current position in May 2014. Hill reports to the Utility Marketing Services Manager, who described Hill as their office’s “second in command”.

INVESTIGATION RESULTS

We found evidence, including his own admission, that Hill misused his City internet and computer in furtherance of his secondary employment as a real estate agent.

We did not find evidence indicating that Hill misused City resources in furtherance of secondary employment relating to car reviews.

Finding: Misuse of City Resources

We found evidence that Hill has an active salesperson license from the Texas Real Estate Commission and has misused City of Austin resources for his secondary business in real estate. When interviewed by our office, Hill confirmed that he was a licensed real estate agent prior to his employment with the City, but let his license expire in 2010. Hill stated that he renewed his license and began secondary employment in the real estate industry again in August or September 2015, after he hit his 5-year mark with the City and became vested.

We found evidence indicating that Hill browsed internet websites related to his secondary employment on his City computer, maintained a dedicated folder related to his secondary employment on his City computer in which he housed real estate-related documents, and on a few occasions utilized his City e-mail account to send himself real estate-related information.

We found numerous documents stored on Hill’s computer that appear unrelated to his City work. Of those, roughly 37 unique documents and files appear to pertain to Hill’s secondary business. Many of these were stored in a folder on Hill’s desktop computer specifically dedicated to his real estate activities. In his interview, Hill said that he created the folder as a place to store documents for future reference after he got his most current real estate license last year.

Examples of real estate related documents on Hill’s computer include:

- a signed contract for the sale of a property that identifies Hill as the broker’s associate,
- a signed application for the lease of a property,
- wood inspection reports for a property, and
- 20 pictures of the interior and exterior of a property.

Investigation Criteria

The City Code on Standards of Conduct states that no City official or employee shall use City facilities, personnel, equipment or supplies for private purposes, except to the extent such are lawfully available to the public. City Code: Standards of Conduct §2-7-62 (J)

See Appendix A for more details

We also found a significant number of web hits that appear to be unrelated to Hill's job duties with the City. Over a six-month sample period beginning in early September 2015, we found over 700 hits in which Hill appears to have visited real estate related websites from his City computer.

Examples of Hill's misuse of his City internet access include:

- approximately 388 hits to a local realtor group's online website that contains a portal to the multiple listing services (MLS) as well as real estate news,¹
- approximately 91 hits to a large real estate franchise where Hill is an agent (of those hits, approximately 34 were to parts of the website that require a unique log-on),
- approximately 21 hits to what appears to be Hill's real estate website, and
- approximately 112 hits to what appears to be Hill's private real estate-related e-mail account.

When interviewed, Hill admitted to using his City computer to send personal e-mails and look up real estate websites. In addition, Hill confirmed that he is aware of the City's policies regarding the misuse of City resources. Hill said that he has been in several of the City's ethics training videos and narrated the most recent video on the appropriate use of City resources in which he says that "City resources can only be used for City purposes. Every City resource, whether it is our time, our office, our supplies, it's all been paid for with public tax dollars, and those tax dollars can only be spent for City purposes."

These acts appear to constitute violations of the following criteria, as detailed in Appendix A:

- City Code § 2-7-62 Standards of Conduct - (J)
- City Personnel Policy - I. Conditions of Work: (G) Use of City Resources
- Administrative Bulletin 98-06: Acceptable Internet Use

¹ According to the National Board of Realtors, "MLSs are private databases that are created, maintained and paid for by real estate professionals to help their clients buy and sell property."

METHODOLOGY

To accomplish our investigative objectives, we performed the following steps:

- reviewed applicable City Code;
- conducted interviews with employees in Austin Water;
- analyzed City email data using key word searches;
- conducted background research;
- collected and analyzed computer forensics data; and
- interviewed the subject.

APPENDIX A

INVESTIGATION CRITERIA

*City Code on Standards of Conduct states that no City official or employee shall use City facilities, personnel, equipment or supplies for private purposes, except to the extent such are lawfully available to the public. **City Code: Standards of Conduct §2-7-62 (J)***

*City Administrative Bulletin 06-03 states that “Fraud” includes the misappropriation of funds, supplies, or another City resource. **Administrative Bulletin 06-03: Fraud, Waste, and Abuse Reporting, Investigation and Prevention***

*City Personnel Policy states that Employees are prohibited from using City facilities, equipment, supplies, employee time, or any other City resource for personal use, except to the extent that such resources are available to the public, and that these resources are dedicated to City business. It further states that employees have no legitimate expectation of privacy when using these resources. **City Personnel Policy - I. Conditions of Work - (G) Use of City Resources***

*City Administrative Bulletin 98-06 states that the use of City-provided internet, email and/or computer use must be related to, and for the benefit of, City Government. **Administrative Bulletin 98-06: Acceptable Internet Use***

APPENDIX B

SUBJECT RESPONSE



MEMORANDUM

To: Nathan Wiebe, Chief of Investigations *Office of the City Auditor - Integrity Unit*

From: Jason Hill, Manager Public Information & Marketing

Date: November 15, 2016

Subject: Response to Investigation Report

I take full responsibility for my actions. The accusations and apparent findings of misuse of city resources in this report are exaggerated. I am disappointed by the tone of this report despite fully cooperating with a 7 month investigation and enduring a 2-plus hour integrity office interrogation.

The Austin Water public information office is a 24 hour operation. My responsibilities include being on-call around the clock and often times 7 days a week. The scope of work that my position and the PIO office handles was grossly oversimplified in the report. The report reads, "The purpose of their public affairs office is to provide timely, accurate, and critical information regarding Austin Water to the residents of Austin."

Our office handles much more including, Marketing, Advertising, Media Relations, Public Relations, Open Records, Public Involvement, Crisis Communication and Education. I manage a number of these areas which entails the need for me to be regularly informed about city, regional and national issues that could affect the utility and its customers.

My interest in real estate is based on its integral ties to city politics, economics and overall regional trends. However, real estate is just one aspect of my community involvement that increases my effectiveness as the Manager of Austin Water's Public Information and Marketing office. I am a licensed Texas Realtor, a former Board Of Directors Member Of The Austin Hispanic Chamber Of Commerce, a former on-air journalist whose career spans 23 years worldwide, 6 years of which were spent here in Austin at KVUE News, I have recently participated in the passing of Texas Motorcycle Safety Legislation that puts more money towards saving lives on our roads, I have volunteered countless hours to charitable organizations including The American Cancer Society, The Seedling Foundation, The Round Rock and Austin Independent School Districts and The Austin Board Of Realtors to name a few.

In my work at the city I use my real estate resources and knowledge on a regular basis to stay informed about our community. For example, when a water main breaks or there is public involvement that we initiate with customers I can look up the area on the Multi Listing Service (MLS) to which I subscribe and personally pay for to learn more about the customers and stakeholders being affected.

In addition, my name and email addresses are very public and have been for some time well before my employment with the city. Technology and a very public role definitely presents a challenge when drawing hard lines between work and outside activities.



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Reasonable modifications and equal access to communications will be provided upon request.*

I have mistakenly received emails from real estate stakeholders on my Austin Water email account as I have received Austin Water business emails on my personal accounts which again are all very public. I do archive those emails to be sent to their proper accounts.

I surf the Internet regularly for all sorts of news on many different websites and portals including real estate. My job as a Public Information Professional is to stay informed about our region. I have many trusted contacts and resources from across the region, state and country as do most professionals and public figures. My expansive network and ties to the community are among the top reasons I was hired to represent Austin Water.

Technology and my position definitely presents challenges when it comes to keeping personal and professional digital information completely in separate domains. It's also a challenge for my family and I to keep work and personal life separate considering my responsibilities to this community don't end when I leave the office.

I appreciate the role of the integrity office and will take the findings of this report very seriously. I will work more diligently to keep city resources free of any outside activities as best I can while continuing to perform my duties in an exemplary manner as I have done for the past 7 years.

The overlap of the use of city resources has been in no way excessive and has not impacted my work, any colleagues, Austin Water customers or stakeholders.

My family and I have been and continue to be grateful and honored to gracefully and respectfully represent our world class city.

Respectfully,
Jason

Jason Hill
Manager Public Information & Marketing
City of Austin | Austin Water
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APPENDIX C

OFFICE OF THE CITY AUDITOR RESPONSE TO SUBJECT RESPONSE

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


APPENDIX D

MANAGEMENT RESPONSE



MEMORANDUM

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

From: Greg Meszaros, Director, Austin Water 

Date: November 8, 2016

Subject: Draft Investigation Report (IN16020) re: Jason Hill

Austin Water (AW) is in receipt of the draft investigation report regarding allegations against AW employee, Jason Hill. Our department of Human Capital and Risk Management (HCRM) Office will collaborate with AW management to review the report, any preliminary findings, and then determine the appropriate next steps in this matter.

Thank you, and please contact me if you need additional information or updates.

cc: Sherri Hampton, HR Manager of HCRM, Austin Water



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