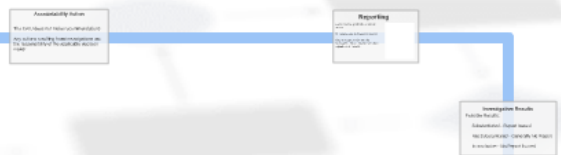


Improved Ethical Environment



Authoritative Guidance
• City Charter Article 7 Sec 17
• City Code - 2.5.5
• Penn. Waiver & Advice
Against Bribe

City Auditor's Integrity Unit Investigative Process

Jason Hadavi, CPA, CFE
Chief of Investigations

Improved Ethical Environment



Authoritative Guidance
• City Charter Article 7 Sec 17
• City Code - 2.5.5
• Penn. Waiver & Advice
Against Bribery

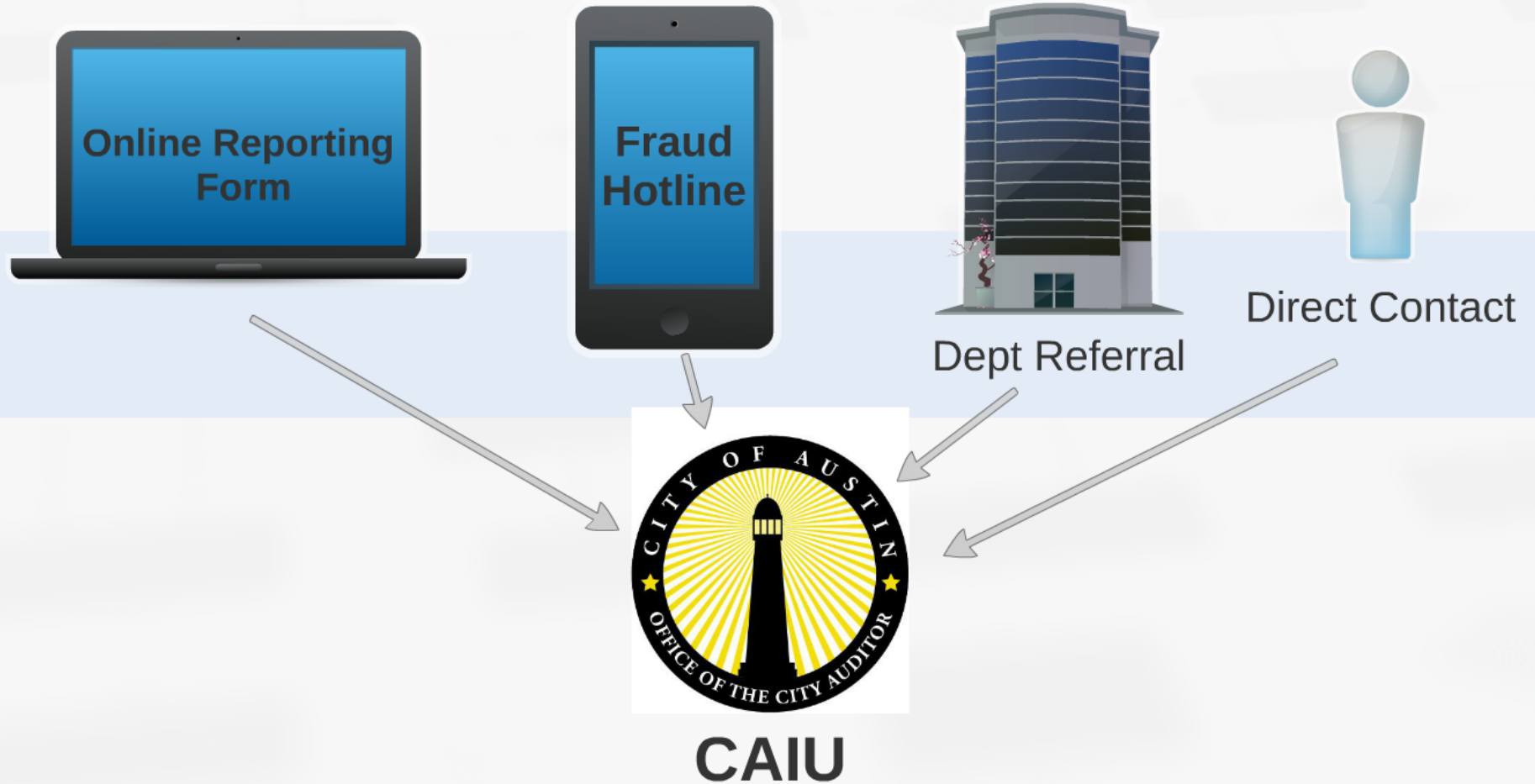
City Auditor's Integrity Unit Investigative Process

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Authoritative Guidance

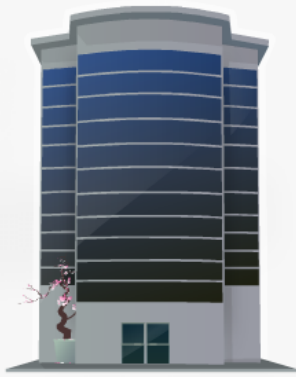
- City Charter Article 7 Sec 17
- City Code 2-3-5
- Fraud, Waste, & Abuse
Admin Bulletin

Allegation Receipt



Non-Fraud, Waste, or Abuse Issues

Referral



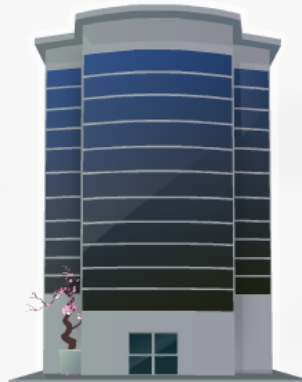
Mgmt



HR



APD



3rd Party

Fraud, Waste, or Abuse Issues

Start with Preliminary Inquiry:

Use of non-invasive techniques to determine predication

YES



Open Investigation

NO



Close or
Refer to Appropriate Authority

Investigations

Follow Council of the Inspector Generals on Integrity and Efficiency - Quality Standards for Investigation

Begins with objective Investigation Planning

Fieldwork involves a wide variety of investigative techniques



QUALITY
STANDARDS
FOR
INVESTIGATIONS

November 15, 2011

Investigative Results

Possible Results:

Substantiated - Report Issued

Not Substantiated - Generally No Report

Inconclusive - No Report Issued

Reporting

Addressed to applicable decision maker

All reports sent to Mayor & Council

City Manager, Assistant City Managers, Public Information office copied on all reports

April 30, 2013



Investigation Highlights

Why We Did This Investigation

In April 2012, our office received information alleging that a City contractor was diverting City funds for personal benefit of its employees. As a result, we conducted an investigation as part of our responsibility under the Austin City Charter.

Distribution

Mayor and Council
City Manager
Assistant City Manager for
Community Services
Director, Neighborhood Housing
and Community Development
Department
Director, Human Resources
Department
Director, Public Information Office
Austin Area Urban League (AAUL)



To Report Possible
Fraud, Waste, or Abuse
visit our website at:

<http://www.austintexas.gov/department/fraud-waste-abuse>

REPORT ON ALLEGATIONS OF INTEGRITY VIOLATIONS INVOLVING A CITY CONTRACTOR

Mayor and Council,

The purpose of this report is to inform you of the results of a recent investigation conducted by the City Auditor's Integrity Unit (CAIU).

OBJECTIVE

Our objective was to determine if Austin Area Urban League (AAUL) employees were diverting City funds for personal benefit.

We did not substantiate the original allegations; however, we identified multiple instances of contract mismanagement by the Neighborhood Housing and Community Development Department (NHCD) and the Austin Housing Finance Corporation (AHFC) resulting in unnecessary overpayment of United States Department of Housing and Urban Development (HUD) funds.

BACKGROUND

AAUL is a non-profit organization providing assistance to low income families within the corporate city limits of Austin. The purpose of the Emergency Home Repair (E.H.R.) program is to provide low income residents with an avenue to pay for home repairs which impact the health and safety of Austin residents. AAUL is a sub-recipient of grant funds made available through the HUD and administered by the City of Austin. AAUL and the City of Austin have had an on-going business relationship for over 30 years.

FINDING

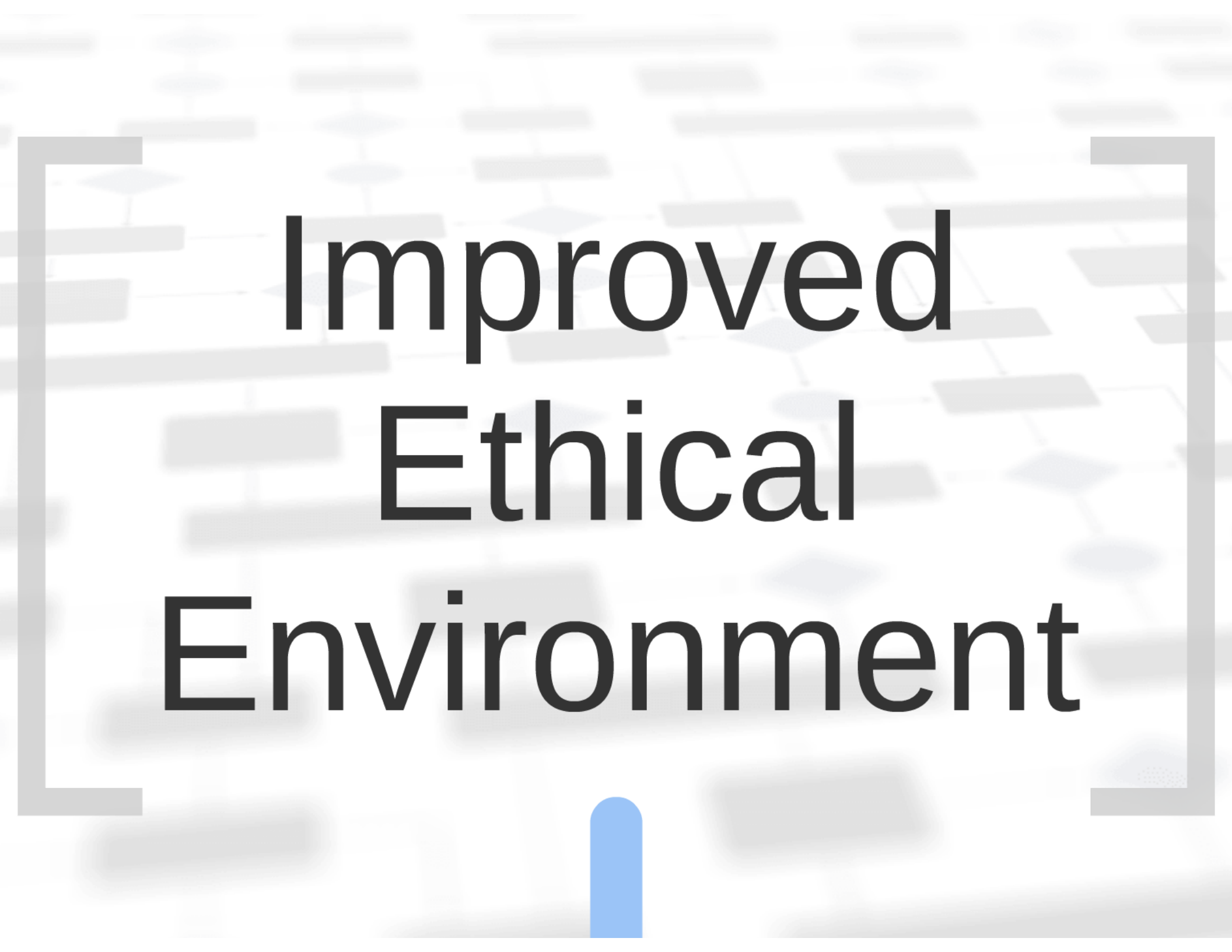
Between October of 2009 and May of 2012, NHCD/AHFC inappropriately overpaid AAUL \$242,072 of HUD grant funds. These overpayments were the result of staff improperly approving transactions that violated various contractual requirements.

The root cause identified was a systemic failure of NHCD/AHFC staff to provide proper oversight of the AAUL contract. The CAIU reviewed AAUL payment request packets at NHCD/AHFC for the period October 2009 – May 2012 and contract documentation, and interviewed NHCD/AHFC and AAUL staff. The CAIU found that payment requests submitted by AAUL were consistently approved without sufficient review and understanding of supporting documentation by NHCD/AHFC Contract Administrators as well as an NHCD/AHFC Contract Compliance Manager.

Accountability Action

The CAIU does not make recommendations

Any actions resulting from investigations are the responsibility of the applicable decision maker



Improved Ethical Environment



Improved Ethical Environment

Assembly Action
The City Auditor for Integrity Unit
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Reporting
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Investigation Results
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Crucial Matters, or Other Issues
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Investigation
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Non-Prosecutable, or Other Issues
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Allegation Transfer
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Authoritative Guidance
• City Charter Article 7 Sec 17
• City Code - 2.5.5
• Penal, Waiver, & Advice
Against Abuse

City Auditor's Integrity Unit Investigative Process

Jason Hadavi, CPA, CFE
Chief of Investigations