

Participation in Game of Chance by Citywide Human Resources Employees



Allegations

The Office of the City Auditor received an allegation that several City of Austin employees participated in a prohibited raffle at a non-City sponsored event and accepted prizes; specifically books and an Amazon Echo. Additionally, it was alleged that a Human Resources Department Assistant Director was involved in the raffle by drawing the names of the winners and presenting their prizes.

Summary

We found evidence that a Human Resources Department (HRD) Assistant Director conducted a raffle at a non-City-sponsored human resources conference and handed out prizes to winners, including several City of Austin human resources employees within and outside of HRD. Additionally, we found that the City's game of chance policy was not enforced, despite that policy being prepared and administered by HR employees.

Investigation Results

In July 2017, numerous City employees from HRD and other City departments registered for and attended a two-and-a-half-day HR conference near Austin. According to City attendees we spoke with, the City paid their registration fees and related conference expenses. The conference was organized by an international HR association and included attendees from various cities, counties, and private sector employers. An online conference brochure did not list the City of Austin as one of its sponsors, and senior HRD employees confirmed that the event was not City-sponsored. According to the brochure, approximately 18 businesses were conference sponsors.

We heard testimony from attendees that several City employees in various departments entered a raffle at the conference and won prizes, including copies of a book and an Amazon Echo. Attendees also stated that an HRD Assistant Director conducted the raffle by drawing business cards and names written on pieces of paper at random for these prizes. We also heard conflicting testimony that managers from HRD and other departments witnessed the raffle, and did not enforce the policy.

When interviewed, one conference attendee who participated in the raffle and won a prize stated that they assumed that the conference was City-sponsored due to the presence of "high level" City HR employees and because an HRD Assistant Director conducted the raffle. However, as mentioned above, the conference was not City-sponsored.

When interviewed, the Assistant Director of HRD who conducted the raffle stated that City employees are not allowed to participate in games of chance but did not recall if any City employee won a prize.

Both HRD and the City Manager's Office have responsibilities related to the creation, administration, and investigation of the City Administrative Bulletin that prohibits participation in raffles at non-City-sponsored events. According to the bulletin, Department Directors are responsible for administering these rules within their departments.

Investigation Criteria

Administrative Bulletin No. 14-03 – Gifts or Favors: Acceptance and Solicitation; Games of Chance

1. An Employee who is representing the City at a conference or event, or is attending the conference or event at City expense, cannot accept a prize or award from a Game of Chance drawing associated with that conference or event.
2. Part 1 of this Section does not apply to prizes or awards received by an Employee that are associated with a City function or event. An Employee may accept prizes or awards associated with such events.

Game of Chance means any game or contest in which the outcome depends on chance, regardless of whether there is a cost to participate. Examples include raffles, lotteries, sports pools, all gambling games, or random drawings.

- A. **Department Directors** are responsible for administering this Bulletin within their Departments, including the establishment of appropriate controls which shall include procedures and communication to ensure that:
 1. Employees are aware of the requirements set out in this Bulletin and the procedures for accepting and soliciting Gifts, Favors, and the prohibition regarding Games of Chance;
 2. Supervisors actively monitor and manage Gifts, Favors, and the prohibition regarding Games of Chance involving Employees whom they supervise; and
 3. Violations, of the requirements set out in this Bulletin, are addressed through appropriate disciplinary action.
- B. **Employees** are responsible under this Bulletin for:
 1. Compliance with the City policies and the procedures as stated in this Bulletin.
 2. Reporting Gifts or Favors in accordance with the requirements of this Bulletin.
 3. Refraining from participating in Games of Chance.

Methodology

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

- reviewed applicable City policy;
- interviewed department management;
- consulted with the City Law Department;
- conducted background research; and
- interviewed witnesses.

Management Response



MEMORANDUM

TO: Corrie Stokes, City Auditor

FROM: Joya Hayes, Director of Human Resources and Civil Service *JH*

DATE: January 12, 2018

SUBJECT: Management Response: Special Report on Participation in Game of Chance

The purpose of this memorandum is to provide a management response to the Special Report regarding an allegation that City of Austin employees participated in a raffle at a non-city sponsored event.

With complaints of this type, generally these are provided to the Human Resources Director to address. Allegations are reviewed and handled as soon as possible. In this instance, I was at the conference mentioned in the report, but not in the room at the time of the drawing, and was not informed a drawing occurred. I would have addressed this situation immediately had I been aware.

Upon receiving the allegation, I asked my newest Assistant Director if they pulled names as part of a drawing. My Assistant Director stated they had drawn names as part of their responsibilities as the Conference Chair, but was not aware of a violation of the City policy. There were multiple Human Resources Department (HRD) and City Wide HR staff in attendance who assumed it was a City sponsored conference. Many of the HRD staff who attended were not present at the time of the drawing due to working on several pressing items that included preparing the FY18 Benefits and Compensation Budget presentation and media interest in the City Manager profile for recruitment.

The HR Department strives to be transparent and fair in the application of policies and procedures. I have addressed with my Assistant Director that participating in any game of chance, including as a participant or as someone who draws names, is inappropriate and should not be done moving forward. Even in external roles with professional organizations, employees should not take on roles and responsibilities that are a direct or perceived violation of policy. HRD employees that attend training or travel in the future will sign an acknowledgement form regarding the City's gift policy and procedures. I will also provide this form to the HR Manager's across the City as a template to be used when City employees travel.

As we are now aware of the drawing and items City employees may have received, I will ensure all employees who attended the conference are informed if they received something through a drawing, they need to return it to the HR organization that sponsored the conference.

I appreciate the work of the Auditor's Office on this audit, as well as the opportunity to provide a response.

cc: Mark Washington, Assistant City Manager

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 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.

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