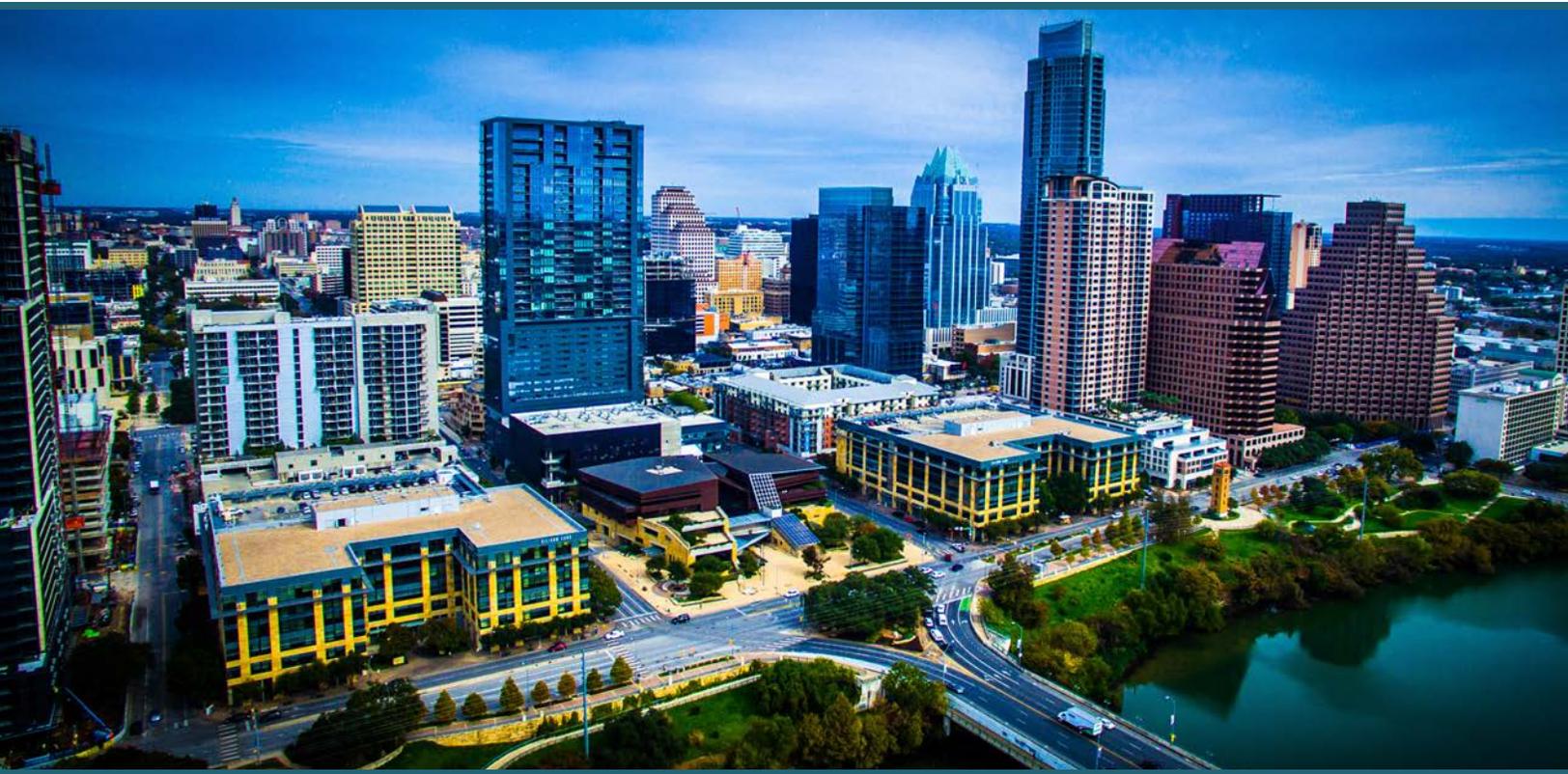


Investigative Report

Austin Energy Employee Misused City Resources for Secondary Employment

July 2021



John Harnsberry, former utility accounts specialist at Austin Energy (AE), misused his City computer and email for his secondary employment as an office manager for a local restaurant. Harnsberry also failed to cooperate with our investigation when he lied about material facts related to the investigation.

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

Allegation

In June 2020, Austin Energy received a complaint that one of their employees, John Harnsberry, had bragged about not doing a full day's work for the City, and instead spending his time "volunteering" at a local restaurant. Austin Energy human resources personnel notified the Office of the City Auditor of this allegation and we opened an investigation.

Background

Austin Energy's (AE) mission is to "safely deliver clean, affordable, reliable energy and excellent customer service." John Harnsberry was a utility accounts specialist. He was responsible for reviewing utility usage, determining average consumption, verifying rates, investigating potential overcharges, and adjusting customer accounts. On March 5, 2021, Harnsberry was terminated by AE for performance issues.

Investigation Results Summary

We found evidence that John Harnsberry, former Utility Accounts Specialist at AE, misused his City computer and email for his secondary employment as an office manager for a local restaurant. Specifically, we found at least 46 documents on Harnsberry's City computer related to this local restaurant. Harnsberry also used his City email twice for work related to the local restaurant. We also found evidence that Harnsberry left work to submit a variance request for one of the parent companies connected to the restaurant. Additionally, we found that Harnsberry was not completing tasks assigned to him between June and September 2020. His lack of performance on a certain task led to AE reassigning staff to address the backlog. This cost AE an estimated 220 hours of work, valued at over \$5,600. When interviewed, Harnsberry lied about his level of involvement with the local restaurant.

Finding 1 Misuse of City Resources

John Harnsberry used City resources to do work for a local restaurant. According to Harnsberry, the local restaurant and the parent companies connected to it are owned by his fiancée. We found at least 46 documents related to this restaurant on his City computer. One of which was the resume of a restaurant employee. Additionally, we found 57 other files that may be related to the local restaurant. However, we were unable to open these documents to make a final determination. Of those 57 files, 25 of them had "server report" in their file name and 3 files had "PaycheckPreview" in their title. When we interviewed Harnsberry, he stated that the restaurant staff often copied him on text messages and emails with documents attached because he is a back-up contact for his fiancée. Harnsberry added that he would transfer those documents through his City computer to a flash drive to free up space on his phone. However, we found evidence indicating that he created, modified, and saved documents related to the local restaurant on his City computer.

Harnsberry also misused his City computer to regularly visit websites related to the restaurant's operations. One website, which was used for managing the restaurant's payroll, was visited by Harnsberry 89 times over a three-month period. Over the same period, Harnsberry visited another website that provides a tablet-based operating system for restaurants 112 times. We also found two instances where Harnsberry used his City email for his secondary employment. One was related to a restaurant pick-up order, and the other was a permit renewal notice from Austin Public Health (APH) for the same restaurant.

We found that Harnsberry went to APH's office, during the workday, to apply for a variance request for the parent company of the local restaurant. Harnsberry's supervisor was not aware that he visited APH that day and did not approve leave for Harnsberry for that day. Harnsberry claimed he was on his lunch break, but the sign-in logs suggest that he

was there longer than his allocated lunch break of 30 minutes. This visit occurred during a period when Harnsberry was on disciplinary probation for attendance issues. One of the conditions of his probation was that “any deviation from your scheduled work shift will require as much prior notification as possible to obtain approval from your chain of command.” Harnsberry was required to submit the appropriate leave documentation for any time he needed to leave work, but he did not submit anything for this date.

We were unable to quantify the full extent of Harnsberry’s misuse including the work time he spent on restaurant business, but his supervisor also expressed concern that he was not completing his assigned AE work duties. According to Harnsberry’s supervisor, Harnsberry was not independently doing his assigned tasks and only did work when she constantly checked on him. His supervisor documented his lack of performance in multiple emails. In late June 2020, Harnsberry was reassigned to take over three tasks from another employee. One task involved managing the team email inbox, which received questions about meters and escalated concerns. The supervisor found that at one point, there was a backlog of 200 emails that Harnsberry had not addressed.

Another task involved assigning newly installed meters to a meter-reader route. This would notify the City’s meter-readers that the meters had been installed and were ready to read. We found that Harnsberry had not completed this task between June 23, 2020, when it was assigned to him, and July 9, 2020. His inaction led to over 1,000 meters being unassigned and customers receiving estimated bills. His supervisor estimated that Harnsberry’s lack of action created 220 hours of corrective work for AE. Staff from other divisions, for example, billing, all the way up to an AE Vice President were involved in fixing the problem. Based on the AE staff involved, we estimated that the extra work cost AE \$5,600. We also found that between July and September 2020, Harnsberry didn’t address any customer tickets that were assigned to him.

Harnsberry’s misuse of City resources to complete work for the local restaurant appears to constitute violations of the following criteria:

- City Code §2-7-62 (J) – Standards of Conduct
- City Personnel Policy (I)(G) – Use of City Resources

Finding 2

Providing False Statements to City Investigators

City employees are required by City Code to cooperate with investigations conducted by the Office of the City Auditor. During our interview with Harnsberry, he made false statements about his involvement with the local restaurant and the use of his City computer. Harnsberry denied working for the local restaurant in any way. He stated that he only went to the restaurant to use their wi-fi to work remotely for AE. However, we found a document on his computer where he identified himself as the office manager of that local restaurant to a representative at a payroll software company. Additionally, Harnsberry told the investigators that he only used his City computer to transfer documents from his personal phone to an external flash drive. However, as described in the above finding, Harnsberry used his City computer to create and edit documents related to the local restaurant.

By providing false statements to our office, Harnsberry appears to have violated the following criteria:

- City Code § 2-3-5(P): Powers and Duties - Cooperation

Appendix A - Subject Response

John Harnsberry did not provide a response to this report.

Appendix B - Management Response



MEMORANDUM

To: Brian Molloy, Chief of Investigations, Office of the City Auditor

From: Jackie A. Sargent, General Manager, Austin Energy *JAS*

CC: Mark Dombroski, Deputy General Manager, Austin Energy
Jeff Burton, Director Employee Development, Austin Energy
Cindy Steffen, Human Resources Manager, Austin Energy

Date: July 7, 2021

Subject: Investigation Report (IN 21001) re: John Harnsberry

Austin Energy is in receipt of the draft investigation report regarding allegations against former employee Utility Accounts Specialist John Harnsberry of misuse of his City computer and email for his secondary employment as an office manager for a local restaurant. Harnsberry also failed to cooperate with the investigation when he lied about material facts related to the investigation.

Thank you for completing your investigation of these allegations. As you are aware, Austin Energy takes these matters very seriously and works diligently to ensure that we address them timely and consistently. Based on our review, and the seriousness of these policy violations, Austin Energy terminated the employment of John Harnsberry on March 5, 2021.

Austin Energy will continue to communicate expectations to all employees regarding Use of City Resources as well as proper reporting and review necessary for Secondary Employment. Further, Austin Energy will evaluate its existing controls to ensure departmental compliance with related policies.

Again, I appreciate the work you completed to help us address this matter. Should you need additional information, please contact Human Resources Manager Cindy Steffen at 512-322-6249.

*The City of Austin is committed to compliance with the Americans with Disabilities Act (ADA).
Reasonable modifications and equal access to communications will be provided upon request.*

Investigation Criteria

Finding 1

City Code §2-7-62(J) - Standards of Conduct

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, or to the extent that facilities, equipment or supplies are allowed to be used in a limited or de minimis manner in accordance with City policy.

City Personnel Policies (I)(G) - Use of City Resources

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.

Finding 2

City Code §2-3-5 – Powers and Duties

(P) City employees and officials shall cooperate with city auditor investigations.

Methodology

We completed the following investigative steps:

- Reviewed applicable City Code and policy
- Conducted background research
- Analyzed the subject's computer forensic data
- Analyzed audit trail data for various tasks assigned to the subject
- Interviewed City staff
- 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 the quality standards for investigations established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE), and to 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

Chief of Investigations

Brian Molloy

Office of the City Auditor

phone: (512) 974-2805

email: AustinAuditor@austintexas.gov

website: <http://www.austintexas.gov/auditor>



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