

# Memorandum



CITY OF DALLAS

**DATE:** November 5, 2013  
**TO:** Honorable Mayor and Members of the City Council  
**SUBJECT:** Office of the City Auditor Fiscal Year 2013 Investigative Services' Activity Report

The Office of the City Auditor's (Office) Investigative Services has the responsibility to investigate allegations of possible illegal activity (malfeasance), misfeasance, and nonfeasance by a City of Dallas (City) officer or employee. The Investigative Services, as prescribed by Council Resolution Number 904027 and Administrative Directive (AD) 2-14: *Fraud, Waste and Abuse Procedures*, is charged with the following:

- Maintaining a Fraud, Waste and Abuse (FWA) hotline (AD 2-14, 7.5 A.)
- Working with the Dallas Police Department – Public Integrity Unit (DPD-PIU) to consider its involvement in allegations of criminal activity (AD 2-14, 7.5 B.)
- Report investigative audit findings to the City Manager (AD 2-14, 7.5 D.)
- Investigate and report significant findings to the City Council, City Manager, and City Attorney in a final report (AD 2-14, 7.5 E.)

During Fiscal Year (FY) 2013, the Office received 117 new complaints. The Office, working with City departments and the DPD-PIU, closed 88 of these complaints and 42 complaints from prior fiscal years. Substantiated complaints resulted in accountability actions by management or law enforcement officials, and, in certain instances, administrative enhancements to prevent reoccurrence.

The purpose of this report is to provide the City Council a summary of the activities and outcomes of the Hotline Program for FY 2013 (see Attachment I).

If you have any questions related to the Office's FWA unit, please contact me at 214-670-3222 or Amy Messer, Assistant City Auditor, at 214-670-5347.

Sincerely,

Craig D. Kinton  
City Auditor

Attachment

Honorable Mayor and Members of the City Council  
November 5, 2013  
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C: A.C. Gonzalez, Interim City Manager  
Ryan S. Evans, Interim First Assistant City Manager  
Charles Cato, Interim Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Theresa O'Donnell, Interim Assistant City Manager  
Forest Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Warren M.S. Ernst, City Attorney  
Rosa Rios, City Secretary

# **Office of the City Auditor Fiscal Year 2013 Investigative Services' Activity Report**

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## **Complaints Received in Fiscal Year 2013 by Complaint Type**

The 117 new complaints received in Fiscal Year (FY) 2013 were classified as follows by the complainants:

- Fraud (34)
- Policy Issues (19)
- Theft of Time (17)
- Theft of Goods, Services or Cash (13)
- Customer Relations (11)
- Conflicts of Interest (6)
- Falsification of Company Records (3)
- Safety Issues and Sanitation (3)
- Sexual Harassment (2)
- Employee Relations (2)
- Kickbacks (2)
- Discrimination (1)
- Retaliation of Whistleblowers (1)
- Workplace Violence/Threats (1)
- Accounting and Audit Irregularities (1)
- Wage Hour Issues (1)

The number of complaints received varies each year. Chart I below shows the number of complaints received for each of the last four fiscal years (FY 2010 through FY 2013).

Chart I

Number of Complaints Received FY 2010 through FY 2013

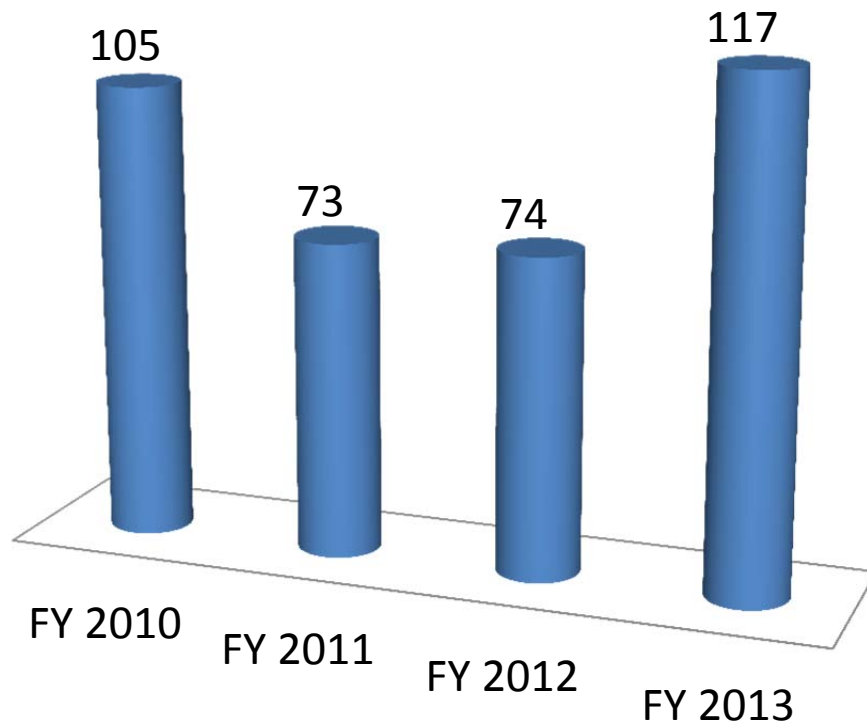
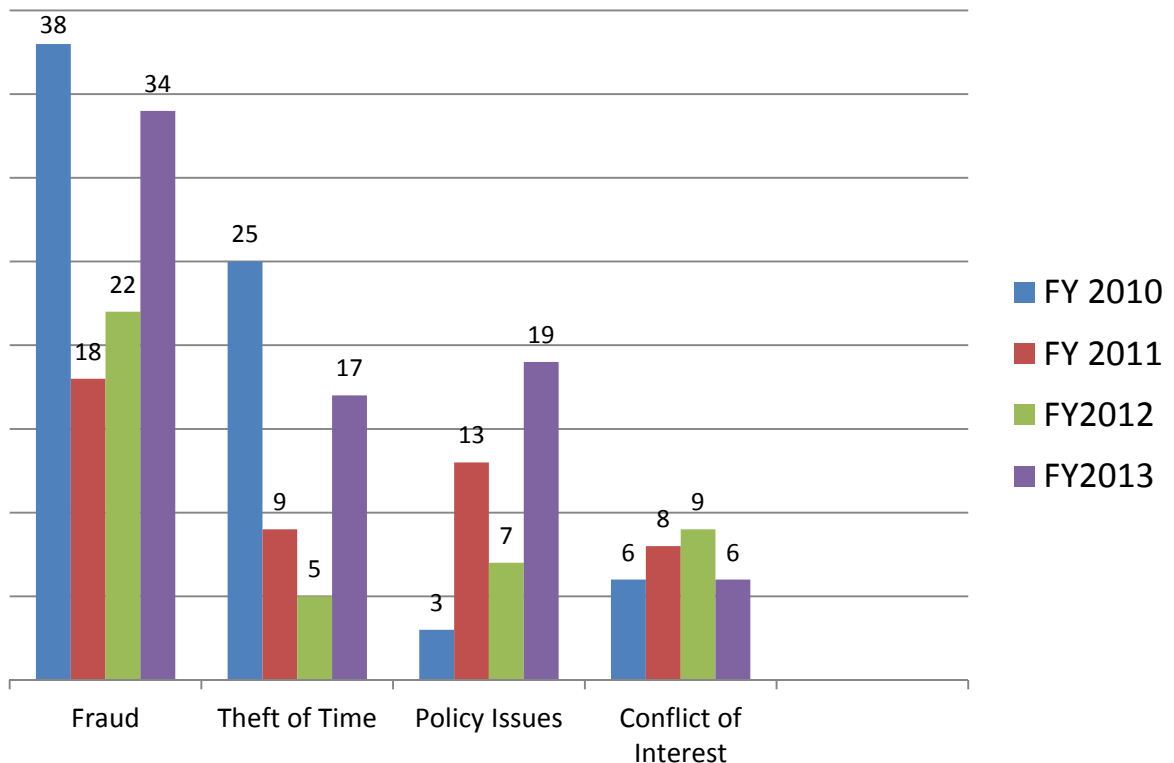


Chart II below shows the most frequent type of complaints filed during the last four fiscal years (FY 2010 through FY 2013).

Chart II

### Most Frequent Type of Complaints



### Complaints Closed in Fiscal Year 2013

The Office closed 130 complaints during FY 2013. Of these 130 complaints, 88 complaints were received and closed within FY 2013, and 42 complaints were closed from previous fiscal years.

All complaints are initially evaluated using risk-based criteria. For many complaints, preliminary inquiries are conducted to determine whether the complaint has potential merit or to obtain additional information. The unique circumstances of each complaint require the application of professional judgment to determine the appropriate disposition in each case. Based on the initial screening, complaints are handled in the following manner: (1) investigated by the Office; (2) referred to the Dallas Police Department – Public Integrity Unit

(DPD-PIU) for potential criminal investigation; (3) referred to a City of Dallas (City) department for information or action; or, (4) closed with no action.

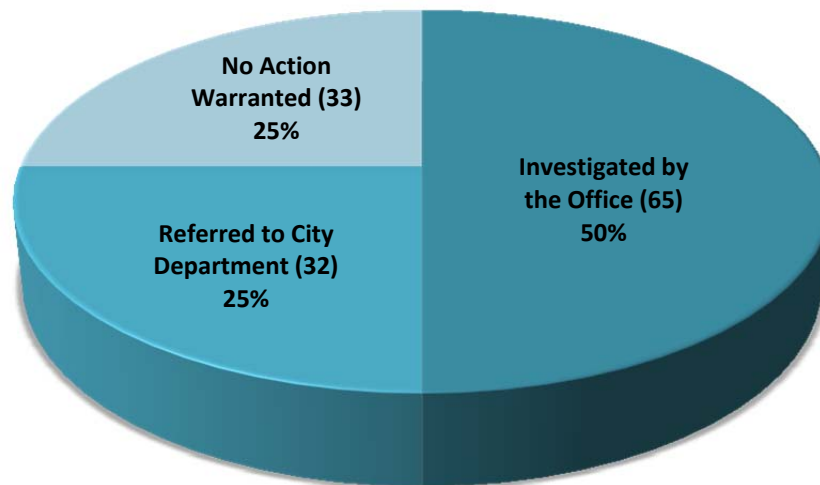
For the 130 complaints closed in FY 2013:

- Sixty-five complaints were investigated by the Office and/or referred to DPD-PIU for potential criminal investigation (50 percent)
- Thirty-two complaints were referred to other City departments (25 percent)
- Thirty-three complaints were not investigated because the complaint did not involve the City, had insufficient information, or the risk-based evaluation showed the complaint did not merit assignment of limited investigative resources (25 percent)

Chart III below shows the actions taken to close the 130 complaints.

**Chart III**

**FY 2013 Complaint Resolution Actions**

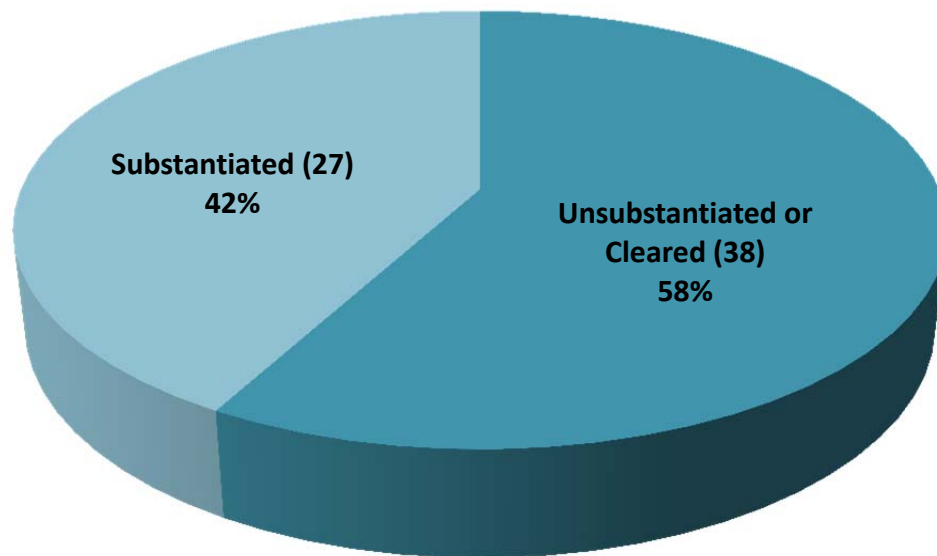


## Complaints Investigated by Office of the City Auditor Staff

The Office's investigative staff completed a total of 65 investigations in FY 2013 resulting in 27 substantiated complaints and 38 unsubstantiated or cleared complaints.

Chart IV

FY 2013 Complaints Investigated



Examples of substantiated complaints include:

- Department of Park and Recreation – Theft by Public Servant

The Department of Park and Recreation (PKR) reported a potential theft of cash by Mr. Joseph Velasquez, Interim Manager to the Office. The ongoing theft came to the attention of the staff of the Marcus Recreation Center when they observed cash transactions that they had handled were not being deposited in the center's daily receipts. The PKR Management provided supporting documentation to the Office, and DPD-PIU, with assistance from the Office, investigated and determined that Mr. Velasquez was stealing money by illegally manipulating records and deposits for Marcus Recreation Center. A total of approximately \$1,029 worth of cash

transactions was altered. Mr. Velasquez attempted to repay some of the cash; however, approximately \$635 of the altered cash transactions was never deposited into the City account and was misappropriated by Mr. Velasquez. Mr. Velasquez was indicted by a Dallas County Grand Jury for Theft by a Public Servant.

The PKR Management placed Mr. Velasquez on administrative leave during the investigation and, on May 14, 2013, he resigned from his position with the City. The related criminal case is pending.

- Department of Dallas Water Utilities – Water Meter Fraud

Dallas Water Utilities (DWU) Management reported allegations by five customers that DWU employees accepted unauthorized cash payments to reconnect water service after the service was disconnected by DWU for non-payment.

The DPD-PIU conducted a covert operation and was able to collect sufficient evidence to charge Mr. Alvin Ogilvie and Mr. Tavarius Spencer with state jail felony Abuse of Official Capacity due to the amount of the customer's outstanding \$1,576.46 water bill.

The DWU Management discharged both employees from employment with the City and continues to take preventative measure to identified tampered water meters. Both Mr. Ogilvie and Mr. Spencer have pled guilty of Abuse of Official Capacity.

- Department of Housing/Community Services – Abuse of Official Capacity

The Office received a report from Housing/Community Services (HOU) Management that Ms. Suanne Durham, Manager, had used her position to obtain housing benefits for a relative. This allegation was also provided to the DPD-PIU. Upon DPD-PIU's conclusion of their investigation with an indictment for abuse of official capacity, the Office completed its administrative investigation and concluded Ms. Durham's conduct violated numerous personnel rules.

The HOU Management was in the process of terminating Ms. Durham's employment with the City when she submitted her resignation. The related criminal case is pending.



## Inventory of Complaints

As of September 30, 2013, there were 28 open complaints classified as follows:

- Policy Issues (9)
- Fraud (5)
- Theft of Goods/Services (4)
- Theft of Time (4)
- Conflict of Interest (3)
- Customer Relations (1)
- Discrimination (1)
- Falsification of Company Records (1)