



**MAYOR KEVIN L. FAULCONER
CITY OF SAN DIEGO**

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NEWS RELEASE

City Outlines Actions Taken Since Employee Theft

San Diego, CA – Mayor Kevin Faulconer today released a summary of actions taken by the City of San Diego since concerns were raised about the on-the-job activities of former City employee Jason Williams, who was arraigned today for theft.

“We know about the actions of this former employee thanks to the enhanced accountability measures at City Hall that I and others have worked to implement over the past several years,” said Mayor Faulconer. “This person in no way represents the dedicated and selfless employees who serve San Diegans every day. I appreciate the determined work of our Auditor, City Attorney, and other City employees who participated in the investigations and helped bring this closer to resolution.”

Williams was a 17-year employee of the City of San Diego, most recently in the position of Storekeeper II in the Public Utilities Department, Wastewater Treatment and Disposal (WWTD) branch.

WWTD has a central warehouse and four additional warehouses at its four major treatment and reclamation plants. These warehouse facilities support the four plants, eight pump stations, the Wastewater Collection Division and general water operations. The WWTD utilizes a commercial software program, Enterprise Maintenance Planning and Control (EMPAC), to manage its inventory of supplies that support the plants, pump stations and other facilities in the Public Utilities Department.

On February 1, 2013, a formal Fact Finding Panel (Panel), comprised of Public Utilities Department staff with backgrounds in auditing and investigations and a member of the Purchasing & Contracting Department, was assembled to investigate and review evidence of potential wrongdoing. The information under review indicated possible misconduct on the part of a specific employee in the Warehouse Operations. The Panel took an objective look at the warehouse purchasing activities by interviewing 22 individuals, internal and external to the City, and reviewed an extensive amount of warehouse purchasing records dating back to March 2008.

Concurrently, the Office of the City Auditor had received a Fraud Hotline complaint alleging that warehouse employees had been making excessive purchases of equipment and supplies. Public Utilities Department management, working in conjunction with the City Auditor, had determined that significant quantities of industrial type batteries and other work supplies were being purchased with City funds but the inventory records were either missing or fraudulent.

The total value of the purchasing activities investigated is approximately \$243,000, which encompassed the purchase of industrial-type batteries and consumable items, such as gloves and disposable work coveralls.

The results of the Fraud Hotline investigation and Department's findings were referred to the San Diego Police Department for further evaluation and appropriate action.

The Auditor's investigation determined the Department's internal controls could be strengthened. The Department agreed with the Auditor's recommendations and has already implemented the internal purchasing controls to include:

- Invoices entered in the separate purchasing system are also reconciled to EMPAC records.
- Purchase Orders are immediately created when an order is placed with a vendor.
- Further segregation of duties between ordering, receiving and authorizing payment for supplies.

The Department's fact-finding investigation determined that Jason Williams' illegal behavior was able to occur because:

- He took advantage of the allowed approval authority level when utilizing City-approved purchasing methods available for smaller transactions.
- He falsified documents.
- He used intimidation and discipline as a means to keep subordinate employees from questioning any of his odd purchasing activities.
- He did not always follow City purchasing procedures when using certain purchasing methods, but the error was potentially overlooked by other system approvers due to reasons provided by him and/or due to the high volume of purchases made by the Warehouse staff for the Department.
- He displayed a persona to management of an innovator and hardworking staff member that was looking for cost-saving measures. One "cost-saving measure" was the consolidation of purchasing all consumable items (i.e. gloves, coveralls) at the location he controlled, thus allowing purchases to be directed and completed by him providing justification for large volumes purchased.

On August 16, 2013, while the investigations were still underway, Jason Williams resigned from the City of San Diego.

Throughout the investigation, the Auditor, Police, City Attorney, Purchasing & Contracting, and Public Utilities Department worked together to obtain the information necessary to file a criminal complaint.

Additionally, the City Attorney's Office will add a restitution order to any conviction of the former employee. If there isn't a conviction, civil action for cost recovery from Williams is possible.

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