



## OFFICE OF INSPECTOR GENERAL CITY OF JACKSONVILLE

### REPORT OF INVESTIGATION

CASE NUMBER: 2017-0007

ISSUE DATE: AUGUST 28, 2017

James R. Hoffman  
Inspector General

*"Enhancing Public Trust in Government"*

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#### JEA EMPLOYEE USED JEA RESOURCES TO OPERATE PERSONAL BUSINESS VENTURES JEA EMPLOYEE FAILED TO REPORT SECONDARY EMPLOYMENTS

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#### EXECUTIVE SUMMARY

On December 20, 2016, JEA Audit Services notified the Office of Inspector General (OIG) about an anonymous complaint (JEA-16-12-0002) received via the JEA hotline on December 20, 2016. The complainant alleged employee Sherry English (English), Manager Community Engagement (an appointed position), Customer and Community Engagement, JEA, had falsified her time and attendance records as English "spends little time in the office." Furthermore, the complainant alleged English falsified her 2016 appointed car allowance mileage log to reflect mileage for JEA business when the mileage was for personal use.

On December 21, 2016, pursuant to Section 602.303(j), *Ordinance Code*, the OIG referred the complaint to the State Attorney's Office (SAO) due to allegations relating to Florida Statutes §812.014, Theft and §838.022, Official Misconduct. The SAO advised the OIG to refer the criminal complaint to JEA Interagency Detective, Jacksonville Sheriff Office (JSO). On January 4, 2017, the OIG referred the complaint to the JEA Interagency Detective for a criminal investigation.

On February 3, 2017, the JEA Interagency Detective notified the OIG the criminal investigation had concluded and no criminal charges would be filed against English. However, the criminal investigation found English had violated multiple JEA policies and/or procedures. Upon receipt of the notification that the criminal investigation had concluded, the OIG continued on with the administrative investigation. Following her OIG interview, English resigned her position at JEA effective April 5, 2017.

Based upon a review of various records, interviews with JEA personnel, and a review of the JEA policy regarding standard time reporting practices for appointed employees, the allegation that English falsified her time and attendance entries was **unsubstantiated**. The allegation concerning the falsification of English's Appointed Car Allowance Mileage Log was **unsubstantiated**. The OIG investigation did not uncover any personal miles within English's mileage log. However, English admitted her mileage log was not accurate and contained two discrepancies related to official business.

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Based on English's own admissions, OIG **substantiated** violations by English of the JEA Secondary Employment Policy; JEA Acceptable Use Policy; and the JEA Security and Fire Prevention Policy.

## INVESTIGATIVE REPORT

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**ALLEGATIONS**

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**Sherry English (English), Manager Community Engagement, Customer and Community Engagement (an appointed position), JEA, allegedly (1) falsified her time and attendance records and (2) falsified her 2016 Appointed Car Allowance Mileage Log that included personal mileage.**

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**GOVERNING DIRECTIVES**

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- Florida Statute §112.313(6), Standards of Conduct for Public Officers, Employees of agencies, and local government attorneys (Misuse of Public Position);
- Section 601.101, *Ordinance Code*, Use of Public Property;
- JEA Appointed Car Allowance Procedure (SCM A0800 FS 001 Fleet Customer Services Policy, E. Additional Resources [effective January 20, 2015] );
- JEA Secondary Employment Policy (EWS A0210 009 effective November 21, 2016);
- JEA Acceptable Use Policy (TS B0010 IS 002 effective January 13, 2016);
- JEA Security and Fire Prevention Policy (Security 31000 001-Security effective April 18, 2016); and
- JEA Telecommuting Guidelines (HR A000 001 effective May 1, 2016).

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**CONCLUSION**

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Based upon the records reviewed, statements obtained, and standard time and attendance policies within JEA, the OIG concluded that English's time and attendance entries are in accordance with current JEA time-reporting procedures for appointed employees. Therefore, the allegation concerning the falsification of her time and attendance records was **unsubstantiated**.

The OIG investigation did not uncover any personal miles within English's mileage log. Therefore, the allegation concerning the falsification of English's Appointed Car Allowance Mileage Log was **unsubstantiated**. However, English admitted her mileage log was not accurate and contained two discrepancies related to official business.

During the investigation, the OIG uncovered several violations by English of JEA policies and procedures related to (1) secondary employment, (2) acceptable use policy (misuse of email, Internet and photocopier), and (3) security protocol.

English admitted she violated JEA's Secondary Employment Policy by failing to report an unnamed real estate business, rental property, and an online Amazon account. Additionally, she admitted to utilizing JEA electronic resources (email, Internet, computer, and copier) for excessive personal use and/or secondary business in violation of the JEA Acceptable Use Policy. Finally, English admitted to allowing her husband to walk around JEA premises unescorted in violation of JEA's security protocol.

Based on English's own admissions, the OIG concluded that English violated the JEA Secondary Employment Policy; the JEA Acceptable Use Policy; and the JEA Security and Fire Prevention Policy. Therefore, the OIG **substantiated violations of the above** JEA policies by English.

## **INVESTIGATIVE FINDINGS**

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### **Background**

On December 20, 2016, JEA Audit Services notified the OIG about an anonymous complaint (JEA-16-12-0002) received via the JEA hotline alleging that employee English, Manager Community Engagement (an appointed position), Customer and Community Engagement, JEA, had (1) falsified her time and attendance records as English "spends little time in the office" and (2) falsified her 2016 appointed car allowance mileage log to reflect mileage for JEA business when the mileage was for personal use.

Per the SAO on January 4, 2017, the OIG referred the complaint to the JEA Interagency Detective for a criminal investigation. On February 3, 2017, JEA's Interagency Investigations JSO Police Detective notified the OIG that the criminal investigation had concluded and no criminal charges would be filed against English. However, the criminal investigation revealed English violated multiple JEA policies and/or procedures including the Appointed Car Allowance Procedure (SCM A0800 FS 001 effective January 20, 2015), Secondary Employment Policy (EWS A0210 009 revised November 21, 2016), Acceptable Use Policy (Communication Technology) (TS B0010 IS 002 revised January 13, 2016), Electronic Messaging Policy (dated May 1, 2008) and portions of the Security and Fire Prevention Policy (Security 31000 001-Security effective April 18, 2016).

Based on the information provided by the JEA Interagency Detective concerning violations of JEA policies and/or procedures, the OIG continued on with the administrative investigation.

During the OIG investigation, both the JEA Audit Services and the JEA Interagency Investigations JSO Police Detective provided supporting documentation relating to English, which included various JEA records to include time and attendance records, mileage log records, email and internet history, and a screen shot from JEA video surveillance.

JEA Audit Services reviewed and noted two discrepancies from September of 2016 with English's appointed car allowance mileage log. On these two occasions, English's mileage log reflected that she had returned to JEA after attending meetings in the field; however, a review of JEA badge records (badge access to JEA facilities) and JEA surveillance video found no corresponding entries indicating English had returned to work.

### **Records Review**

OIG reviewed the applicable Florida Statutes, as well as JEA policies and procedures and found the following:

Per a review of Florida Statute §112.313(6), Standards of Conduct for Public Officers, Employees of agencies, and local government attorneys (Misuse of Public Position); and Section 601.101, *Ordinance Code*, Use of Public Property, public employees are generally prohibited from using public property and resources for personal benefit, convenience and/or profit.

***Time and Attendance for Appointed Employees***

***(JEA Employee Services Procedure: ES A0201 003 PR Appointed Time and Attendance effective September 21, 2016)***

The above policy states in part:

*A normal work schedule for an exempt Appointed/Managerial employee is a 40 hour work week. Appointed/Managerial employees are expected to establish a regular work schedule with their manager that is conducive to supporting the business area. Deviations from the established work schedule should be discussed and approved in advance with the employee's manager...;*

*Exempt Appointed/Managerial employees are expected to work the hours required to accomplish assigned responsibilities and attain targeted performance goals; and*

*For the purpose of this procedure, time at work entails being physically at work, or off-site participating in a business function. Working from home does not constitute being "at-work" except for approved telecommuting and other alternative work arrangements approved by the employee's manager.*

A review of English's time and attendance records for the period of November 14, 2016, through December 23, 2016, and December 26, 2016, through January 20, 2017, reflected English reported her work hours as Monday through Friday and did not exceed 8-hours in any given workday, and of note, no weekend hours were reflected as having been worked by English according to her time and attendance records.

Additionally, per English's time and attendance records there was no documentation which reflected that English attempted to claim hours worked from home, or that she received any compensation for any hours worked from home.

***Acceptable Use Policy***

***(JEA Corporate Policy TS B0010 IS 002 effective January 13, 2016)***

The above policy states in part:

*All ICT (Information and Communications Technology) systems...are to be used for business purposes and serving the interest of the company, and of our clients and customers in the course of normal operations;*

*Users are forbidden from using JEA electronic messaging systems for private business activities...the operation of a personal or a non-JEA business or for any undertaking for personal gain;*

*Excessive personal use may result in disciplinary action, including but not limited to the loss of email privileges and/or termination; and*

*Do not use company provided email addresses for any activity that is not explicitly business related including merchants, registrations, postings and social media providers.*

English's JEA's Acceptable Use Agreement - Electronic Messaging User Agreement form dated March 24, 2014 (incorporated with the Acceptable Use Policy), bears the signature of "Sherry Hogan English." Per the form, the employee signing this agreement is agreeing that the employee has reviewed and understood the following (in part):

*I recognize and understand that the company's electronic messaging and Internet systems are to be used for conducting the company's business only;*

*I understand that the use of this equipment for personal gain is strictly prohibited; and*

*As part of the JEA organization and use of JEA's gateway to the Internet and e-mail system, I understand that this JEA Electronic Messaging Policy applies to me.*

JEA Audit Services provided the OIG with English's JEA email account for the period October 1, 2016, to December 23, 2016 (approximately 3,881 emails). A review of the emails revealed numerous emails related to personal monthly financial records, federal tax return records and secondary employment. JEA Audit Services found that within the time frame reviewed 35 percent of English's emails (approximately 1,346 emails) were personal in nature, with the majority of those related to English's secondary employment which included a reference to an unnamed real estate business, rental property, and an "Amazon Seller" account.

A review for the same period of English's internet history by both OIG and JEA Audit Services reflected that English viewed and/or accessed several websites unrelated to JEA official business from her JEA computer. These websites included, in part:

- Facebook.com
- fitssmallbusiness.com
- linkedselling.com
- thisoldhouse.com
- americanexpress.com
- vystarcu.org
- equifax.com
- paypal.com

- sellercentral.amazon.com (Amazon Seller account)
- certapro.com
- hotmail.com
- irstaxrelief.securefilerpro.com

### ***Secondary Employment***

***(JEA's Procedure: EWS A0202 LR607 effective May 1, 2013)***

The above policy states in part:

*Secondary employment refers to a second job held by a full time employee;*

*This secondary employment includes contract, self-employment and part-time work...;*

*Secondary employment includes.....operating a business....and employment that generates any taxable income on a W-2 form or a 1099 form...; and*

*All fulltime employees have the responsibility for adhering to this policy and procedure.*

### ***Secondary Employment***

***(JEA's Procedure: EWS A0210 009 effective November 21, 2016)***

JEA's Secondary Employment Procedure was updated and added a "Violation" section which provides:

*Not reporting secondary employment or any violations of the Secondary Employment Directive may result in disciplinary action, up to an (sic) including termination and/or preventing rehire, if deemed appropriate.*

Per a review of both secondary employment procedures, the 2016 version had an employee acknowledgment and acceptance form but the 2013 version did not. JEA was unable to provide a copy of a signed 2016 acknowledgment and acceptance form from English. Additionally, JEA was unable to provide any approved secondary employment forms for English, as required by both the 2013 and 2016 secondary employment policies.

Per the Florida Division of Corporations, English was the registered agent of Homespace Jacksonville, LLC as of January 25, 2017. No other businesses were listed in English's name.

### ***Fleet Customer Services***

***(JEA Fleet Services Procedure: SCM A0800 FS 001 Fleet Customer effective January 20, 2015)***



Per a review of the Fleet Customer Services Procedure at section E.2., *Car Allowance for an appointed position, in lieu of an assigned vehicle* it states: “*The amount of the allowance is determined by the number of miles normally driven for JEA business each month.*” Additionally, Fleet Services “*will initiate a review of all car allowances no less than every three years.*”

### ***Appointed Car Allowance***

***(JEA Procedure: ES A08000 Appointed Car Allowance effective March 1, 2017)***

Per a review of this procedure, “*the purpose of a mileage log is to document the number of miles driven for official business use only.*” This procedure continued the practice of conducting “*an audit of all car allowance eligibility no less than every three years.*”

OIG reviewed the signed and dated September 29, 2016, mileage log form, submitted by English provided in accordance with the Appointed Car Allowance procedure. The mileage log English submitted to JEA covered the date range of July 28, 2016, through September 30, 2016. JEA’s Audit Services review of English’s appointed car allowance mileage log disclosed discrepancies. On two occasions, English’s mileage log reflected she had returned to JEA after attending meetings in the field; however, a review of JEA badge records (badge access to JEA facilities) and JEA surveillance video found no corresponding entries indicating English had returned to work.

### ***Security and Fire Prevention***

***(JEA Security Procedure: Security 31000 001 - Security effective April 18, 2016)***

The Security and Fire Prevention Procedure states, “*...All visitors must be escorted at all times while on JEA property, or while within a JEA facility, from entrance to exit. The authorized individual providing the escort is responsible for the visitor’s actions and ensuring their compliance with all applicable JEA policies and procedures.*”

JEA Audit Services provided a screen shot of surveillance video dated December 19, 2016, at 8:55 p.m., which captured English’s husband walking unescorted on the twelfth floor of the JEA tower near English’s office, in violation of the Security and Fire Prevention procedure.

### **Interviews**

#### ***Interview of Angelia Hiers, Chief Human Resources Officer***

Angelia Hiers (Hiers) advised that appointed employees are expected to work as many hours as necessary to accomplish the job. She stated that appointed employees do not receive compensation pay or overtime. The time and attendance system is more a “pay mechanism” and not a timekeeping system. All appointed employees were required to reflect an eight-hour work day, regardless of any hours worked in excess of an eight-hour day or any work performed outside the normal work week such as on weekends. According to Hiers, the current time keeping system does not allow for any deviation from an 8-hour day without incurring compensation or overtime. She also advised that there is an expectation that managers are to be aware of employees’ time and attendance.



***Statement of Jane Upton, Director of Customer and Community Engagement***

Jane Upton (Upton) advised that English was an appointed employee with JEA and her job duties were to manage JEA's program relationships with customers in the community, the JEA Employee Volunteer Program and the Ambassador Program (JEA employees at community events). English worked a flexible work schedule which included working evenings and weekends due to various community events. Per JEA policy, English received both a \$350 monthly car allowance and a \$100 monthly personal cell phone allowance. English was authorized to sync her JEA email account in order to send and receive official JEA emails on her personal cell phone. English was not approved to telecommute from her residence.

Upton advised that English did not have any secondary employment forms on file with JEA. However, Upton advised that in either January or February 2017, she held a staff meeting regarding the secondary employment policy. Subsequent to that meeting, on February 23, 2017, English submitted a secondary employment form to Upton for a business English identified as "Homespaces Jacksonville." On March 1, 2017, Upton rejected English's secondary employment form because English had not completed the form correctly. She advised this was the only secondary employment form English had ever submitted to her.

Note: OIG verified that English is listed as the Registered Agent for Homespaces Jacksonville, LLC, active as of January 25, 2017, per a review of the Florida Division of Corporations.

OIG provided Upton the opportunity to review a sampling of English's emails and internet search history obtained from JEA. Within the emails shown to Upton were various financial documents and information pertaining to English's various secondary employments (Amazon Seller account, a real estate company other than Homespaces Jacksonville, LLC, and rental property).

Upton stated that English did not submit any secondary employment forms for the Amazon Seller account, any other real estate company, or rental property. Nor was Upton aware English had any of these businesses, outside of the Homespaces Jacksonville, LLC. Upton stated per JEA Secondary Employment Policy (EWS A0210 009 effective November 21, 2016), English should have completed and submitted a secondary employment form to JEA for any secondary employment.

Upton confirmed that JEA had an Acceptable Use Policy (TS B0010 IS 002 effective January 13, 2016) regarding the use of electronic resources (copier, email, Internet, computer, etc.). She opined that English was authorized to use JEA computers for limited occasional personal use. However, upon review of the JEA's Acceptable Use Policy, she concurred that per the JEA policy as written JEA equipment should "not be for undertaking for personal gain or private business activities." Upton stated that she did not give English permission to use the JEA copier, JEA email account, or the Internet for personal and/or secondary employment purposes. Upton stated that all of these activities were in violation of the JEA Acceptable Use Policy.

Upton was provided the opportunity to review a picture from JEA video surveillance dated December 19, 2016, showing English's husband walking unescorted within the office space.

Upton believed this was not a policy violation (if he was going to the restroom). However, Upton stated that based upon the picture presented and the direction from which English's husband was walking from, he clearly was not walking from the restroom and may have been walking from the copier in the copy room. Upton agreed that English's action to allow her husband to walk around unescorted within the office space would be a violation of the JEA Security and Fire Prevention Policy (Security 31000 001-Security, effective April 18, 2016) as written.

Upton verified that a mileage audit was conducted in 2016 by JEA Employee Services and that English submitted a two month mileage log to Upton for review. Upton stated that she did not verify the miles listed on English's mileage log because she trusted English and she knew JEA Audit/Investigations Unit would review the mileage log. English's mileage log was forwarded to JEA Employee Services.

***Statement of Sherry English, Manager of Community Engagement***

Sherry English (English) stated her job was to build relationships between JEA and the community. English stated that in general, her work hours were Monday through Friday, and she was paid for an eight-hour day. She also stated that her work hours were not clearly defined, due to the nature of the community events. She worked a flexible schedule including nights and weekends to complete projects in the office.

English stated she worked approximately thirty minutes to an hour (uncompensated) on JEA projects at home each evening. Due to distractions at the office, English stated that it was hard for her to write anything during the day at JEA. In the evenings while at home, she would type memorandums and send emails to her JEA email account (from both her JEA email account and her personal email account). English stated that her personal life and her work life were merged into one to get the job done.

English confirmed she received a \$350 car allowance each month due to the requirements of her job duties (community organizations events, meetings, etc.). In September 2016, she completed a two month vehicle mileage log/audit (mileage log) as required by the Appointed Car Allowance Procedure. English stated her mileage log was accurate and only contained mileage for JEA business.

English was asked about the September 23, 2016, mileage log entry which reflected English had driven to a location for JEA business and included the return mileage back to JEA. (Note: There was no corresponding record of an entry on September 23, 2016, based on English's badge record.) English could not recall any information about this event or speak to why there was no record of badge access following the event.

English was asked about a September 30, 2016, mileage log entry which reflected that she attended a meeting and a return trip to JEA. (Note: There was no record of a meeting on English's calendar held at another JEA facility located on Talleyrand Avenue, nor did JEA's badge access records reflect that she attended a meeting at the JEA facility.) English stated she had already turned in the mileage log on September 29, 2016, and failed to correct the mileage log entry. She stated she did not intentionally misrepresent her mileage log.

English advised she became aware of the JEA Secondary Employment Policy due to an article in the JEA internal newsletter (Currents) sent via email (January 2017). She stated prior to this she was unaware of the JEA Secondary Employment Policy as she had never read the policy. English admitted for several years she had secondary employments and failed to submit a secondary employment form as required by the JEA Secondary Employment Policy.

English stated she completed and submitted a secondary employment form to Upton (February 23, 2017) for Homespaces Jacksonville, LLC (started in January 2017). Her plan was to place all future rental properties under this corporation. She admitted she had owned one rental property since November/December 2014. Additionally, she admitted operating an online Amazon business (Amazon Seller account) since 2013. English admitted to not submitting secondary employment forms for either of these ventures. English stated she never considered (the rental and the Amazon seller account) as secondary employment.

English stated she was aware JEA had a policy (JEA Acceptable Use Policy) regarding the use of electronic resources (email, Internet, copier, etc.). She advised she may have read the JEA Acceptable Use Policy when she began employment with JEA.

English stated there were times (very rare) she would scan or copy her personal bills, personal tax returns, and copy marketing information she found on the Internet (JEA computer) to be used for her personal business. She used the JEA copier because she did not have a working printer at home.

English stated since she was at JEA all day, she would also do personal things (online searches, telephone calls, etc.) she needed to get done. She admitted to sending and receiving personal and/or personal business emails from her JEA email account. She stated these included emails from credit unions (regarding refinancing her residence), online banking, personal construction projects at her residence, real estate seminars, information on flipping houses, etc.

She understood she could use the Internet for minimum use as long as it was not excessive. She stated she accessed Facebook (50% JEA related and 50% personal), her personal online banking account, and her Amazon seller account while at JEA. She stated she did not intend to violate any JEA policies.

English admitted she used the JEA computer, JEA copier, JEA email account and Internet (at JEA) for personal use and/or for her personal business. She stated she did not have permission to engage in these activities. She did this in order to “get it done.”

English was provided the opportunity to review a picture from JEA video surveillance dated December 19, 2016, showing her husband walking unescorted within the office space. She stated she worked late at JEA that night and her husband met her and stayed with her in her office. She unintentionally violated the JEA Security Policy by allowing her husband to walk around the 12<sup>th</sup> floor (between the copy room and her office) unescorted. She stated most likely he was retrieving items (she could not recall what the item was) from the copier located in the copy room (same floor as her office).

English stated she had never read the JEA Security Policy and had no knowledge as to the contents of the policy. English said that in January/February 2017 she became aware that her husband could not walk around JEA unescorted. She became aware after reading a sign near the elevators on the first floor that all visitors must be escorted.

English explained her husband would come to her office on a regular basis when she worked late at JEA. He would bring her dinner and stay with her throughout the evening working on his doctoral thesis. English could not recall the dates or how often this occurred.

During the course of this investigation and subsequent to her OIG interview, English resigned from her position at JEA effective April 5, 2017.

### RECOMMENDED CORRECTIVE ACTIONS

During the course of this investigation OIG identified a lack of internal controls relating to various JEA policies. The OIG recommends the following corrective actions:

1. Update all JEA policies identified in this investigation (Secondary Employment Policy, Appointed Car Allowance Procedure, Acceptable Use Policy, Telecommuting Procedure and Security and Fire Prevention Policy) to include an employee acknowledgment section. Additionally, ensure that these policies are reissued to JEA employees and that employee acknowledgements are retained.
2. Review JEA training programs to determine whether additional training is needed for current employees on the requirements of the Secondary Employment Policy, Appointed Car Allowance Procedure, Acceptable Use Policy, Security and Fire Prevention Policy, and Telecommuting Procedure. Determine if remedial training related to these policies on an annual basis would be appropriate.
3. Ensure JEA supervisors (to include newly promoted employees) are aware of the policies (Secondary Employment Policy, Appointed Car Allowance Procedure, Acceptable Use Policy, Telecommuting Procedure, and Security and Fire Prevention Policy) and are requiring their subordinates to obtain appropriate approvals (i.e. secondary employment and telecommute).
4. Given the timekeeping system is used as a “pay mechanism” rather than a timekeeping system for appointed employees, determine if the Time and Attendance for appointed employees procedure should be updated to ensure clarity of time keeping practices for appointed employees and add a certification/verification statement as to the veracity of the time and attendance submission, as one is not currently in place.
5. Determine the feasibility as to whether or not a time accountability system should be established for appointed officials and employees in order to more accurately reflect hours worked. Such a system would permit JEA officials to more effectively monitor hours worked by appointed officials and employees to ensure transparency.

6. Review and update the JEA Secondary Employment Notification of Secondary Employment form so that a *date of completion* is reflected on the form.
7. Review and update the Acceptable Use Policy to ensure clear language regarding the following, “*use of JEA technology shall be used for business purposes,*” and include at the beginning of the policy. Additionally, consider adding language which clearly defines “limited use” or “limited personal use.”
8. Review the JEA’s Appointed Car Allowance Procedure and determine if the practice of using a monthly allowance versus the IRS standard mileage rate allowance for appointed employees is in the public’s best interest and whether JEA’s Appointed Car Allowance Procedure should be updated. Additionally, determine if the audit review period should be on a reoccurring basis, either annually or semi-annually, rather than “within a three year period.”

In addition, OIG requests that JEA advise the OIG if any subsequent personnel action(s) (including all outcomes) are taken as a result of this investigation.

#### IDENTIFIED, QUESTIONED, AND AVOIDABLE COSTS

**Identified Costs:** N/A      **Questioned Costs:** N/A      **Avoidable Costs:** N/A

#### ENGLISH’S REPOSE

On July 31, 2017, the OIG mailed a copy of the draft Report of Investigation to English’s residence address on file with JEA. English was provided the opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation within ten (10) calendar days, due on or before August 10, 2017. No response was received from English.

#### MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS

On July 31, 2017, the Chief Executive Officer, JEA, was provided the opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation within twenty-one (21) calendar days, due on or before August 21, 2017. On August 21, 2017, a written response was received from the Chief Compliance Officer, JEA, and is attached in its entirety to this report.

JEA implemented various corrective actions per their attached response. Of significance, JEA has engaged a consultant to review and update JEA policies corporate-wide and anticipates completion by December 31, 2017. Additionally, JEA is in the process of developing a security training course that will be required for all JEA employees.

Attachment: Management’s Response, dated August 21, 2017

cc: IG Distribution B

**This investigation has been conducted in accordance with the ASSOCIATION OF INSPECTORS GENERAL Principles & Quality Standards for Investigations.**

21 West Church Street  
Jacksonville, Florida 32202-3139

August 21, 2017



Ms. Lisa A. Green  
Deputy Inspector General  
Office of Inspector General, City of Jacksonville  
231 E. Forsyth Street, Suite 470  
Jacksonville, FL 32202

E L E C T R I C

W A T E R

S E W E R

**Subject: JEA's Management Response Pursuant to OIG Correspondence Number 2017-0007**

Dear Ms. Green:

We are herein providing our management response to your DRAFT Report of Investigation dated July 31, 2017, which includes a summary of all corrective action plans, the status of each, and any supporting documentary evidence.

**Recommended Corrective Actions**

1. Update all JEA policies identified in this investigation (Secondary Employment Policy, Appointed Car Allowance Procedure, Acceptable Use Policy, Telecommuting Procedure, and Security and Fire Prevention Policy) to include an employee acknowledgment section. Additionally, ensure that these policies are reissued and that employee acknowledgments are retained.

**Management's Response**

JEA has engaged an outside consultant to coordinate with our Corporate Records Compliance Group to update the format, evaluate/edit the content and ensure the consistent quality of our policies, corporate-wide. This initiative should be completed by December 31, 2017. Accordingly, there may be some recommended changes to some of the policies addressed in this report.

The Secondary Employment Policy is a part of our annual mandatory Ethics training. Each employee is reminded of the policy and is asked to acknowledge their secondary employment, if applicable. This training is done online with an electronic acknowledgement retained in the file.



The most recent training and company-wide acknowledgement was in March 2017.

The Appointed Car Allowance Procedure was updated and implemented on March 7, 2017, following a review conducted in June-September 2016. The updated procedure includes an alignment with the mileage thresholds used by the City of Jacksonville.

The Acceptable Use Policy is part of the annual Information Security Awareness training, and all users with logical network access must acknowledge the policy. Users that do not complete the training with a passing score and do not acknowledge the Acceptable Use Policy will have their network access revoked until completion.

The Telecommuting Procedure is governed and approved by the Chief of Human Resources (CHRO). If an employee and his/her manager concur that a telecommuting arrangement is feasible, both the manager and employee must complete and sign the appropriate form, and route it directly to the CHRO. The CHRO will then review the request for final sign-off. No employee can enter into a consistent telecommuting arrangement without the final approval of the CHRO. As of this date, while the procedure may need to be reiterated, there are no revisions needed.

The JEA Security Department is developing a "General Security Practices" training course that will be required for all JEA employees. The details pertaining to this training are included in the response for recommendation #2 below.

2. Review JEA training programs to determine whether additional training is needed for current employees on the requirements of the Secondary Employment Policy, Appointed Car Allowance Procedure, Acceptable Use Policy, Security and Fire Prevention Policy, and Telecommuting Procedure. Determine if remedial training related to these policies on an annual basis would be appropriate.

### **Management's Response**

As these policies and procedures have been recently revised/reviewed or reiterated, no additional training is warranted at this time. The policies and procedures will be highlighted in upcoming communications that are sent out to all employees and management as a reminder of these policies/procedures.

The JEA Security Department is developing a "General Security Practices" training course that will be required for all JEA employees.



This training will cover a multitude of topics, including our access control policy, escorting requirements, and basic security practices. The training will be included in all new hire and newly appointed orientation sessions, and as a computer-based training (CBT) course. The CBT will be an annual refresher requiring employees to pass a short quiz and acknowledge the JEA Security policies and requirements. This training course will be ready for implementation by September 30, 2018.

3. Ensure JEA supervisors (to include newly promoted employees) are aware of the policies (Secondary Employment Policy, Appointed Car Allowance Procedure, Acceptable Use Policy, Telecommuting Procedure, and Security and Fire Prevention Policy) and are requiring their subordinates to obtain appropriate approvals (i.e. secondary employment and telecommute).

#### **Management's Response**

Both newly promoted and newly hired management (Appointed) employees attend Newly Appointed Orientation. These policies are discussed during these orientation sessions. Extra emphasis will be placed on the policies and procedures outlined above.

4. Given the timekeeping system is used as a "pay mechanism" rather than as a timekeeping system for appointed employees, determine if the Time and Attendance for appointed employees procedure should be updated to ensure clarity of time keeping practices for appointed employees and add a certification/verification statement as to the veracity of the time and attendance submission, as one is not currently in place.

#### **Management's Response**

The Appointed Time and Attendance Procedure has been updated to include clarifying language, and the new procedure will be disseminated by September 1, 2017.

5. Determine the feasibility as to whether or not a time accountability system should be established for appointed officials and employees in order to more accurately reflect hours worked. Such a system would permit JEA officials to more effectively monitor hours worked by appointed officials and employees to ensure transparency.

#### **Management's Response**

A review is underway for a long-term solution to ensure additional accountability, and will be completed by June 30, 2018.

6. Review and update the JEA Secondary Employment Notification of Secondary Employment form so that a *date of completion* is reflected on the form.

#### **Management's Response**

The most recent submission of Secondary Employment Notifications was via the annual electronic Ethics training in March 2017. The electronic form records the day that the training is finished, which serves as the date of completion. Additionally, there are three separate lines/fields on the form, to enter dates for: (1) the completion of training; (2) the start of secondary employment; and (3) the form's completion.

If employees should enter into a secondary employment arrangement, they may still submit the form electronically. The submission date serves as the date of completion. The Secondary Employment Policy is addressed during New Hire Orientation.

7. Review and update the Acceptable Use Policy to ensure clear language regarding the following, "*use of JEA technology shall be used for business purposes*" be included at the beginning of the policy. Additionally, consider adding language which clearly defines "limited use" or "limited personal use."

#### **Management's Response**

The Acceptable Use Policy will be updated to reflect the recommended "business purpose" and "limited, or *de minimus*," use language. These updates will be completed by December 31, 2017, ahead of the annual awareness/acknowledgment training in March 2018.

8. Review JEA's Appointed Car Allowance Procedure and determine if the practice of using a monthly allowance versus the IRS standard mileage rate for appointed employees is in the public's best interest and whether JEA's Appointed Car Allowance Procedure should be updated. Additionally, determine if the audit review period should be on a reoccurring basis, either annually or semi-annually, rather than "within a three year period."

In addition, OIG requests that JEA advise the OIG if any subsequent personal actions(s) (including all outcomes) are taken as a result of this investigation.

## Management's Response

When the JEA's Appointed Car Allowance Procedure was reviewed/updated in March 2017, an analysis was conducted to determine the benefits of using a monthly allowance versus the IRS standard mileage. The analysis concluded that it was more beneficial for JEA to continue using the monthly allowance method. In order to maintain the integrity of the procedure, allowances are associated with specifically identified positions.

Whenever a position with an assigned car allowance is either filled or vacated, it will be re-evaluated as to the continued propriety of the allowance.

We will advise you if any subsequent personal actions, and the outcomes, are necessary as a result of this investigation. To date, there have been none.

We thank you for your insightful recommendations. Please contact me if you need additional information regarding our corrective action plans.

Sincerely,



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Cc: Mr. Paul E. McElroy, Managing Director and Chief Executive Officer