



COMPTROLLER'S INVESTIGATIVE REPORT

Nashville Electric Service

September 23, 2022

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

September 23, 2022

Nashville Electric Service
Board of Directors
1214 Church St.
Nashville TN, 37246

Nashville Electric Service Board of Directors:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Nashville Electric Service, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 20th Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Nashville Electric Service

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Nashville Electric Service. The Comptroller's Office initiated the investigation after officials reported various allegations of time and attendance abuse by multiple employees. The investigation was limited to selected records for the period July 1, 2018, through June 30, 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 20th Judicial District.

BACKGROUND



Established in 1939, Nashville Electric Service (NES) is the operating name of the Electric Power Board (board) of the Metropolitan Government of Nashville and Davidson County (Metro). NES is one of the largest utilities in the nation, distributing power to nearly 420,000 customers residing in Nashville and Davidson County and parts of the six surrounding counties. NES is governed by a five-member board appointed by the Mayor of Nashville and confirmed by the Metro Council, to serve five-year terms without pay. The board appoints a chief executive officer who has responsibility for day-to-day operations, including hiring of employees.

RESULTS OF INVESTIGATION

1. A FORMER VICE PRESIDENT OF CUSTOMER SERVICES FAILED TO DISCLOSE A POTENTIAL CONFLICT OF INTEREST, FAILED TO MAINTAIN ACCURATE TIMEKEEPING RECORDS, AND USED HER WORK EMAIL ACCOUNT FOR UNAUTHORIZED PURPOSES

A. Investigators question the former Vice President's failure to disclose a potential conflict of interest by having a personal relationship with a subordinate

A former Vice President of Customer Services (Vice President) had a personal relationship with a subordinate who was in the same direct line of supervision for at least 14 months before disclosing it to management after a formal inquiry in September 2020.

In April 2019, a three-member panel interviewed the subordinate and another employee, both Electronic Meter Technician IIIs¹, for a promotion to Meter Maintenance Supervisor. The interview panel eventually selected the subordinate for the promotion, which became effective in May 2019. The former Vice President helped coordinate the selection of the interview panelists and participated in the interviews, scoring, and evaluation of both candidates.

Even though the former Vice President told investigators she and the subordinate's personal relationship did not start prior to the subordinate's promotion to the supervisor position, investigators question the Vice President's relationship with the subordinate prior to April 2019 based on email correspondence between them that indicates otherwise.

While NES does not have a policy explicitly requiring employees to report personal relationships with subordinates in the same direct line of supervision, NES does require employees to fill out and submit annually a *NES Conflict of Interest Disclosure Statement*, which includes the following paragraph:

After having read the policy, I know of no actual or potential conflict of interest with my duties as an employee with the Electric Power Board, except as stated below.

Both the former Vice President and the subordinate documented "None" on their 2019 and 2020 *NES Conflict of Interest Disclosure Statements*. In addition, the former Vice President reviewed and checked on the subordinate's *NES Conflict of Interest Disclosure Statement* that no conflict existed in respective years per the following paragraphs:

As the responsible supervisor, manager or vice president, I understand that I am responsible for enforcing the Ethics policy. I hereby certify that I have reviewed this Disclosure Statement and considered all disclosures. I further certify that I am not aware of any information submitted that is incorrect nor am I aware of any additional information that has not been provided that may represent a conflict of interest of commitment.

The former Vice President stated she thought she did not have to disclose the personal relationship, and she did not believe the personal relationship was an issue at the time. She also told investigators that she did not give the subordinate any special treatment, and that they did not mix work with their personal lives. However, shortly after the former Vice President informed NES officials of the personal relationship, officials moved the supervisory responsibilities of the subordinate's department to a different NES Vice President.

¹ Electronic Meter Technician (EMT) III is the highest position in a 3-step series of technicians within Meter Services that reports to a Meter Maintenance Supervisor.

While it is unclear when the personal relationship between the former Vice President and the subordinate began, by failing to timely disclose the personal relationship to management, it is questionable whether the former Vice President could fairly and impartially perform her duties as it pertains to public trust, and thus created an appearance of impropriety with respect to her decision making. Implementing a policy requiring disclosures of personal relationships with subordinates in the same direct line of supervision would address conflict of interest concerns, reduce the risk of favoritism, clarify the transparency within the organizational hierarchy, and improve employee morale.

B. Investigators question timekeeping records of the former Vice President for at least five days while she was on personal trips

The former Vice President was a salaried employee, and her timekeeping records were maintained in a human resource management system called PeopleSoft. Since she was a full-time employee, her timekeeping records in the system defaulted to 40 hours each week. Although the former Vice President could delegate her time keeping responsibilities to an employee, she was still ultimately responsible for reporting any changes to her work schedule and ensuring her timekeeping records in PeopleSoft were accurate. For example, if the former Vice President wanted to take any type of leave, she had to submit a leave request in PeopleSoft, inform her supervisor of any planned absence, and ensure the leave was actually entered and accurately reflected in the system.

The former Vice President was permitted to “flex” her work schedule, which enabled her to work her required minimum 40 hours at any time during the work week. She could also work remotely with the approval of her supervisor.

Investigators question the following five days during which the former Vice President did not appear to accurately reflect personal leave in timekeeping records:

- 1) Two days in February 2019. The former Vice President told investigators that on Monday, February 25, 2019, and Tuesday, February 26, 2019, she was on a personal trip to Sevierville, Tennessee; however, her timekeeping records in PeopleSoft reflected that she worked eight hours both days.
- 2) Two days in December 2019. The former Vice President’s timekeeping records in PeopleSoft reflected that she worked eight hours on Monday, December 30, 2019, and eight hours on Tuesday, December 31, 2019. However, the former Vice President told investigators she went on a personal trip to Montana for the New Year’s holiday but did not give the exact dates. She further stated the subordinate with whom she had the personal relationship accompanied her on the trip. According to his timekeeping records in PeopleSoft, the subordinate used personal leave and compensatory time off on December 30 and 31, 2019.
- 3) One day in February 2020. The former Vice President’s timekeeping records in PeopleSoft reflected that she worked eight hours on Friday, February 14, 2020. However, the former Vice President told investigators she was on a personal trip in New Mexico. She further

stated she went on the trip with the subordinate who, according to his timekeeping records in PeopleSoft, used personal leave on February 14, 2020.

The supervisor of the former Vice President informed investigators that the former Vice President worked primarily in the office during this time. While some exceptions may have been granted allowing remote work, the supervisor did not recall the former Vice President requesting to work remotely for the days in question. Therefore, investigators question a total of five days for which the former Vice President failed to enter leave requests or communicate her absence from the office to her supervisor.

The former Vice President sent a total of 65 emails between February 25 and 26, 2019; no emails between December 30 and 31, 2019; and 14 emails on February 14, 2020. On the two days in February 2019 and one day in February 2020, investigators were unable to determine whether the former Vice President indeed flexed her hours or whether she should have reported leave due to insufficient records. However, for Monday, December 30, 2019, and Tuesday, December 31, 2019, the former Vice President would not have been able to flex her hours. The timekeeping records in PeopleSoft indicated the former Vice President was on paid holiday leave on Wednesday, January 1, 2020, and on eight hours of approved leave for both Thursday and Friday, January 2-3, 2020.

Because of the lack of documentation related to the timekeeping discrepancies, investigators question the work status of the former Vice President for all five days. She told investigators that she commonly worked more than 40 hours a week, and there were times she flexed her time. The former Vice President could not recall if she used flex time on the days in question or whether there was a lack of oversight on her part. She did state that if she was not flexing her time, then the timekeeping discrepancies were unintentional and due to a lack of oversight.

According to Policy 45.01 (Time Reporting) of the NES Policy Manual,

B. It is each employee's responsibility to maintain an accurate daily record of his or her hours worked and use correct time reporting codes for straight time and overtime, work order numbers, and absences, . . .

C. The former Vice President used her NES email account for unauthorized purposes

Investigators obtained evidence that the former Vice President routinely used her NES email account for personal business, such as travel bookings or related personal activities. In March 2020, she uploaded personal pictures to her NES email account, and also sent inappropriate graphics from her personal email account to her NES email account.

According to NES Policy Manual, Policy 58.09 – Internet and Electronic Mail,

NES provides employees with access to the internet and electronic mail (email) in order to assist them in conducting NES business. NES expects that when employees use the internet or email during work hours while on NES' premises,

or remotely through the use of NES' computer equipment, employees will do so in a responsible manner, and for work-related purposes only.

The former Vice President admitted to investigators she was aware of NES' internet and email usage policy and acknowledged she should not have used her NES email account for unauthorized purposes.

The former Vice President retired from NES effective August 1, 2022.

2. NES OFFICIALS FAILED TO PROVIDE ADEQUATE OVERSIGHT OF AN EMPLOYEE'S VEHICLE USAGE

NES officials questioned fuel usage and mileage of an employee in Meter Services Department. Investigators reviewed the employee's mileage and fuel usage records for the period April 2020 through November 2020. Beginning in March 2020, the employee was allowed to work remotely due to the COVID-19 pandemic, until management ended the practice in October 2020. During this time, NES records indicated the employee accessed NES premises at multiple locations. The employee told investigators that while he worked from home some days, there were also other days he worked onsite for NES customers and days that he went to an NES office. The employee's mileage and fuel usage more than doubled once the employee returned to working in the NES office in October 2020. Because the employee's vehicle did not have vehicle tracking data for investigators to review, investigators were unable to determine whether the mileage driven by the employee followed the "Use of Marked NES Vehicles Temporarily Assigned on a 24-Hour Basis – Meter Acknowledgement" signed by the employee.

INTERNAL CONTROL DEFICIENCIES

Our investigation revealed the following deficiencies in internal control:

Deficiency 1: NES officials failed to establish sufficient parameters in policies addressing leave for personal business and employee breaks

NES Policy 45.02 "Leave for Personal Business" permits an employee, at the discretion of his/her supervisor, to be absent from work for personal business without charging the employee's accumulated leave in so much as the business cannot be attended to outside of regular working hours and the personal business requires less than one to four hours' absence. Additionally, NES Policy Section 48.0 addresses break periods for employees. Employees are allowed two 15-minute break periods as well as a meal break of "at least 30 minutes" that has been scheduled by a Vice President or supervisor.

NES officials reported multiple and department wide instances of Meter Services Department employees abusing personal business, break and lunch time by taking "long lunches" and attending to personal business beyond the time permitted under the established policy. Standard practice by management, during the scope of the investigation, was to not question employees' time or whereabouts if the work assigned daily was being completed. When new management took over the Meter Services Department, management questioned, to varying degrees, the work time of almost every employee in

the Meter Services Department based on employees' vehicle tracking data. One employee told investigators his former supervisors were aware of any personal business he handled during work hours, and his former supervisors allowed employees to take "long lunches".

NES officials should consider defining and adopting a more formal process of supervisors' approval of leave for personal business. The policy of allowing "at least 30 minutes" for a meal break is ambiguous, subject to abuse, and does not differentiate between a reasonable meal break and a "long" meal break. NES officials should establish more definite boundaries for allowable break times. Having definite bounds and clear guidance on allowable break times and leave for personal business are good management practices and controls that provide greater oversight over employees' timekeeping practices.

Deficiency 2: NES officials failed to establish a policy outlining where overtime work was to be performed by Meter Services employees

While some employees' jobs, such as field technicians, required them to go to a customers' residence or a commercial site for emergency work that occurred after regular business hours, others employees' jobs, such as "lead" employees, did not require an onsite presence. NES officials did not have a policy stating physical presence for work during overtime hours was required. The Meter Services Department only had an "expectation" that the lead employees were completing their work at the NES office after-hours while on overtime. Investigators discovered that a Meter Services employee conducted 16 days of overtime work at a location other than his NES office. While NES records indicated the employee was conducting the work expected of him for these overtime hours, he was not following the expectations of his supervisor at the time and thus completed his overtime in an unapproved work location. Having a clear policy stating when an employee can complete work remotely and what work can be accomplished remotely helps ensure employees comply with management expectations.

Deficiency 3: NES had inadequate processes over the former Vice President's timekeeping

While NES had a process in place for the former Vice President to follow when requesting leave of any type, this process failed to ensure that accurate timekeeping was maintained in PeopleSoft to reflect the hours actually worked. The former Vice President told investigators that as a salaried full-time employee, she was allowed to "flex" her work time and take a day off during a work week. However, the former Vice President's records in PeopleSoft did not reflect "flexed" days. Retaining sufficient records justifying the employees' work time and personal leave is an effective control for accountability purposes, even for a member of the executive management team.

NES officials indicated they have corrected or intend to correct these deficiencies.