



Richmond Office of the City Auditor

Office of the Inspector General

Fighting government waste, fraud and abuse

Umesh Dalal, CPA, CIA, CIG
Richmond City Auditor/Inspector General

December 14, 2012

Doris Moseley, Director of Social Services

The Office of the Inspector General (OIG) has completed an investigation in the Department of Social Services. This letter informs you of the results of the investigation.

Complaint

OIG received a complaint that an employee of the Department of Social Services has been on paid administrative leave since July 22, 2011.

Legal Requirements

In accordance with the Code of Virginia, §15.2-2511.2, the City Auditor is required to investigate all allegations of fraud, waste and abuse. Also, the City Code section 2-231 requires the Office of the Inspector General to conduct investigations of alleged wrongdoing.

Background

The Department of Social Services (DSS) has an employee who has been on administrative leave (with pay) since July 22, 2011 pursuant to the Personnel Rule 5.4 (3). This action resulted subsequent to the employee being observed telling a customer not to put income from illegal activities on the Medicaid application. A group called "Project Veritas" videotaped this conversation.

Methodology:

The investigator performed the following tasks:

- Obtained and reviewed relevant documents from DSS and the Department of Human Resources (HR)
- Interviewed a Deputy Director, a Program Manager, and the Administrative Service Manager in DSS
- Interviewed the Deputy Director and a Division Chief in HR
- Consulted the Virginia Attorney General's Office

Facts:

The Investigator review of documents revealed:

- The subject employee is the Benefit Program Supervisor for DSS whose job is to advise clients about the Medicaid benefits and assist them in completing relevant applications.
- The subject employee was observed in a videotape aired by a local television station in July 2011 advising a client to omit his prostitution and drug trafficking business income from the Medicaid application in order to become eligible for the benefits.
- On July 22, 2011, the subject was placed on administrative leave with pay after the DSS Director consulted the Chief Administrative Officer and the Deputy Chief Administrative Officer over DSS.
- According to a memorandum prepared by the DSS Deputy Director, on July 28, 2011, the State Attorney General's Medicaid Fraud Unit contacted DSS to begin an investigation of the case. Subsequently, in August 2011, DSS was requested by a Medicaid investigator to provide additional information related to this case.
- In March 2012, DSS requested the HR Department to allow the subject employee to return to work in a different capacity.
- No documentation for approval or denial of the request was available.
- In April 2012, several DSS employees received a grand jury subpoena to testify in this case.

In addition, an investigator from the Office of the Inspector General had communicated this matter to the HR Director in January 2012. According to the HR Director, In March 2012, she communicated with the DSS Director about whether to allow the employee to return to work. The HR Director advised DSS that they should not allow the employee to return to work until the criminal investigation was completed.

Findings:

The HR Department was not involved during the initial determination to place the employee on administrative leave with pay. However, the HR Director approved the request to extend the action of administrative leave with pay beyond ten days. The HR Department has a practice of not taking administrative disciplinary action against an employee if a criminal investigation is in progress against the employee. However, any criminal investigation would not preclude the City from taking administrative disciplinary action.

During an interview, the HR Division Chief indicated that HR records do not show that subsequent to placing the subject employee on paid administrative leave, any other personnel action has been taken. Possible personnel action could have included leave without pay or reassigning the subject employee to tasks other than the employee's regular job duties some time during the prolonged period. Currently, the City does not have a procedure to assign an employee on paid administrative leave to return to work by reassigning to any other City

department. In this case, the employee could have been placed in any job function not exposed to sensitive information.

A representative from the Attorney General's Office interviewed several DSS employees regarding this criminal investigation. At no time since the investigation began did the Attorney General's Office advise DSS against taking administrative action against the subject employee in accordance with the City of Richmond personnel policy.

In March 2012, the DSS Deputy Director requested that the HR Department approve the subject employee to return to work to perform duties other than the employee's regular duties. According to the HR Deputy Director, typically, it is not HR's role to approve such action.

The subject employee's annual gross pay is \$41,353. This means that the City approximately incurred the following payroll expenditure on the subject employee when she was on paid administrative leave:

Salary for 35.5 paychecks	\$56,462.75
Estimated benefits (estimated at 25%)	<u>\$14,115.69</u>
Total	<u>\$70,578.44</u>

In conclusion, continuing to pay an employee for about one and one half years without getting any productivity represents a waste of resources. DSS needs to address this practice immediately.

If you have any questions, please contact me at extension 5640.

Sincerely,



Umesh Dalal, CPA, CIA, CIG
City Auditor/Inspector General

Cc: Byron Marshall, Chief Administrative Officer
Joya Hayes, Human Resources Director