



# 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

November 15, 2010

Mr. Byron C. Marshall, CAO  
Dr. Carolyn Graham, DCAO, Human Services

The Office of the Inspector General (OIG) has completed an investigation in the Citywide Maintenance Division of the Parks, Recreation and Community Facilities Department. This letter informs you of the results of the investigation.

## **Complaint**

During a planned audit of Parks, Recreation and Community Facilities, currently underway, the auditor noted certain irregularities in the use of overtime to build a reception desk for the Pine Camp Community Center. Since construction of this desk had not been completed and it was still located at the Citywide Maintenance Office, the case was referred to the Inspector General's Office for further investigation.

## **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.

## **Methodology**

- The investigator gathered documentation (timesheets, invoices, etc.) to determine the cost of labor and materials.
- Numerous employees were interviewed.
- Other investigative procedures were followed as necessary.

## **Findings**

The investigator's review of various documentation and inquiries with numerous employees found:

### ***Excessive Costs***

- The Cultural Arts Manager requested that the existing Pine Camp reception desk be refurbished by installing a protective, transparent partition over it. He also wanted to add two sides on the desk and move it to the center of the lobby. This would improve lobby monitoring efforts and have some protection for the attendants.
- The following is a picture of the desk that needed to be refurbished:



- A Trades Supervisor for the Citywide Maintenance Division decided to build a new desk that was substantially larger than the existing desk and planned to include granite countertops. However, this decision was not communicated to the Cultural Arts Manager until construction of the desk was almost complete.

The new desk, which is still not complete, does not satisfy the requirements of the Pine Camp Community Center. The desk is almost five feet tall and will not allow an elderly person working at the reception desk to communicate with the patrons when sitting down. Therefore, the desk now requires a design change to accommodate this need. This will require additional work to be performed on the desk before finishing it for use in the lobby of the center.

- 135 hours of overtime were incurred to build the desk in February and March 2010. These hours were approved by several levels of management, including the Superintendent of Citywide Maintenance, the Operations Manager, and the Director of Parks, Recreation and Community Facilities. The Operations Manager who oversees the Division defended the costs of materials and overtime spent on building the desk as reasonable. During an interview, the Superintendent of Citywide Maintenance, who is a trained carpenter, indicated that the desk should have taken no more than 40 hours to complete. Another carpenter in the Division also estimated the desk could be built in about 40 hours.

- The total cost of labor and materials incurred to build the desk as identified by the Citywide Maintenance Division was \$11,970 as follows:

Labor	\$5,295
Material	\$6,675
Total	\$11,970

The material costs included \$1,477 for tools charged to capital expenditures and \$1,520 of materials that did not appear suitable for construction of this desk. As discussed, the construction of the desk is still not complete, and the amount of additional costs to complete it has not been identified.

#### ***Consequences of Using Untrained Staff***

- During this project, the Citywide Maintenance Division assigned desk construction duties to the Trades Supervisor, who is a licensed electrician and an Equipment Operator. The Equipment Operator is not a trained carpenter. The Division employs trained, professional carpenters but the carpentry work was not assigned to them.

During construction of the desk, the untrained Equipment Operator suffered a serious injury as he mishandled a saw. The injury required surgery, which cost the City \$24,703 in medical bills and lost wages related to the injury. Due to conflicting information, it is not clear whether the saw was equipped with both protective guards required to safely operate it.

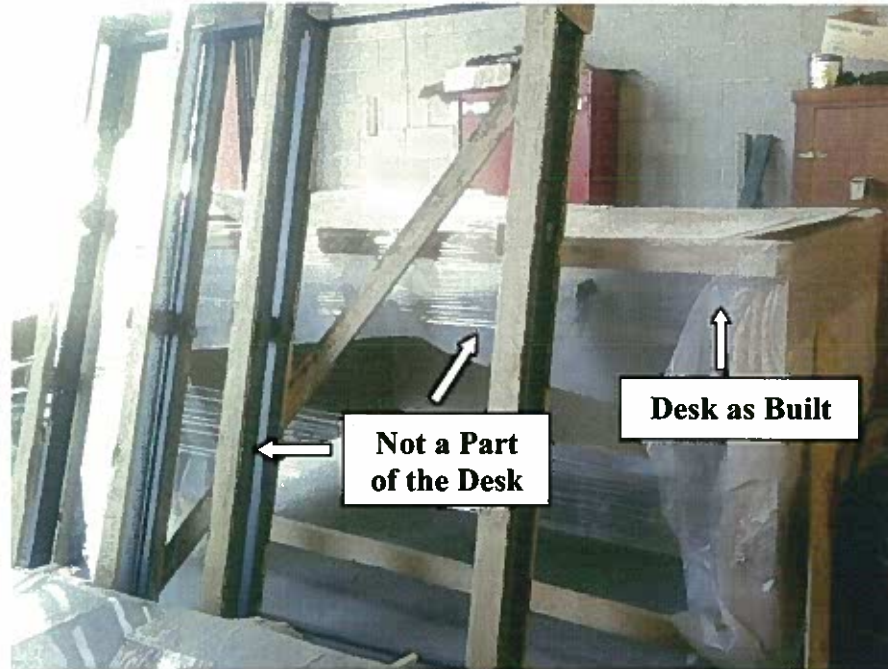
- Based on the foregoing information, the City incurred a total cost of **\$36,673**. If the desk was commercially procured, the actual cost would have been a fraction of this cost.

#### ***Approval for the Desk***

- An investigator found that the construction of the desk was not approved by the Deputy Director of Parks, Recreation and Community Facilities, who supervises the Cultural Arts Manager. The Cultural Arts Manager approached the Citywide Maintenance Architect to get the existing desk refurbished. The Trades Supervisor recommended building the new desk.
- The Architect approved the construction of the desk without having a formally documented, total estimated expenditure for the construction of the desk and without performing any verification of the price of a similar desk available commercially. The Architect neither had a good description of the desk requested by the Cultural Manager nor the design of the proposed desk. Yet, the Architect approved the construction of the desk.

#### ***Current Status***

- The desk is currently shrink-wrapped under an outdoor overhang at the Citywide Maintenance Office. The desk as built is depicted in the following picture:



It should be noted that to refurbish the original desk as requested would have cost the City a small fraction of the total costs, including the costs already incurred and additional costs necessary to complete the desk.

### ***Conflict of Interest***

- The investigator determined the granite was purchased from a vendor where the Trades Supervisor's son works as a shop foreman. It is not clear if the Trades Supervisor who constructed the desk disclosed the conflict of interest prior to the procurement.

### ***What Motivated the Building of the Desk?***

- This was an unscheduled project for building a piece of furniture that could have been scheduled when staff time was available and did not need overtime expenses to construct it. Completion of this project did not have any time constraints. According to the Superintendent of Citywide Maintenance who was on sick leave during most of the project, the Trades Supervisor decided to begin this project.
- The Equipment Operator who injured himself was placed on "light duty" but still worked 16 hours of overtime on this desk when he returned to work. Allowing this employee to continue this carpentry work from which he suffered serious injuries may have exposed the City to additional liabilities.

### ***Conclusion***

- Considering the original request to modify the existing desk, the City incurred substantial costs to build a new desk that was unnecessary. The OIG finds that City resources were wasted in the construction of this desk, which in its current state is unusable for the purpose for which it was built. It appears the decision to build the desk, as constructed,

was made to collect overtime pay. Appropriate management oversight may have prevented this occurrence. Furthermore, an untrained employee worked on a project that resulted in a serious injury, when a professional carpenter should have been used. The OIG recommends that the City Administration review the facts reported in this memorandum and take appropriate action.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Umesh Dalal".

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