



# Richmond Office of the City Auditor

Office of the Inspector General

*Fighting government waste, fraud and abuse*

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Richmond City Auditor/Inspector General

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Ms. Selena Cuffee-Glenn  
Chief Administrative Officer

The Office of the Inspector General (OIG) has completed an investigation of travel, training, and education expenditures of an employee who worked for the former Deputy Chief Administrative Officer (DCAO) and the former Interim DCAO of Operations. This employee was compensated from the Department of Public Utilities. This report presents the results of the investigation.

### **Allegations:**

The OIG received an anonymous complaint alleging the subject employee is paid by the Department of Public Utilities but the employee does not provide any service to the Department. The employee has been allowed to spend over \$30,000 for continuing education courses. The complaint also stated that the subject employee is also not working a full day.

### **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, City Code section 2-231 requires the Office of the Inspector General to conduct investigations of alleged wrongdoing.

### **Findings:**

During this investigation, significant findings were discovered raising public integrity issues. Due to the involvement of the Operations DCAO and interim DCAO in approving these transactions, the OIG sought help from the U.S. Attorney's Office and the Federal Bureau of Investigation (FBI).

Government officials have a fiduciary responsibility to maintain proper stewardship of public resources. The top executive team consisting of CAO and DCAOs are relied upon by the Mayor and the City Council for proper management of the City's operations. They are responsible for implementing and maintaining internal controls structure in the City.

The following information indicates that substantial wrongdoing occurred due to two members of the executive team not detecting discrepancies in documentation submitted to them for approval.

Total cost of travel and education expenditures, and unapproved absenteeism was approximately \$54,000 over a three year period

The following is the summary of cost from FY13 through FY15:

DESCRIPTION	AMOUNT SPENT	JUSTIFIED	QUESTIONABLE, UNJUSTIFIED OR FRAUDULENT
TRAINING	\$ 5,418.00	\$5,418.00	0.00
EDUCATION	\$12,953.23	-	\$12,953.23
TRAVEL	\$22,730.36	\$15,214.82	\$7,515.54
MEMBERSHIP	\$ 643.00	\$643.00	0.00
<b>TOTAL TRAINING RELATED EXPENSES</b>	<b>\$41,744.59</b>	<b>\$21,275.82</b>	<b>\$20,468.77</b>
UNAPPROVED ABSENCES*	\$12,232.35	0.00	\$12,232.35
<b>TOTAL</b>	<b>\$53,976.94</b>	<b>\$21,275.82</b>	<b>\$32,701.12</b>

\*Includes estimated cost of benefits

#### Misappropriation of City resources and incurring unjustified travel expenses

- It appears that the DCAO and the interim DCAO accepted the employee's documentation and approved the expenditures without proper verification. Additional diligence by the DCAOs may have identified many of the discrepancies observed. The following discrepancies were noticed in travel expenses:

Date	Discrepancy	Discrepancies resulting in overcharge
June 2013	\$520.63	<p>The employee travelled to Orlando, FL for training. The employee charged the City \$120 for baggage fees but could substantiate only \$25 in actual expense. Also, the employee overcharged the City \$54 for additional baggage fees and seat upgrade fees, which was inconsistent with the City's Travel Policy.</p> <p>The employee submitted a printout of general baggage fees from the airline's website to support baggage fees instead of actual receipt normally required for approval of expenses.</p> <p>In addition, the employee stayed at the conference hotel and did not need transportation to attend training. The employee spent \$371.63 on car rental. The City's Travel Policy allows reimbursement of car rental expenses only for official business use.</p>

September 2013	\$445.70	<p>The employee travelled to Houston, TX for training. The employee overcharged the City \$270.70 for hotel expenses. The employee submitted the hotel bill at the regular rate. However, the employee received credits for the difference between the regular rate and the conference rate, which the employee did not disclose to the City.</p> <p>The City pays per diem expense for each day of training. The employee charged the City \$52 for an additional day, which was not identified.</p> <p>The employee overcharged the City \$123 for taxi fees that was unrelated to the training.</p> <p>The employee purchased the airplane ticket a day before the date of travel. Thus, incurring more expensive airfare.</p>
November 2013	\$799.24	<p>The employee travelled to Seattle, WA. The employee received travel advance of \$1,896.84, including airfare, hotel, per diem and baggage fees. The employee never submitted a travel settlement with supporting documentation. The City policy requires settlement of travel and training expenses within 10 working days upon returning. The DCAO did not inquire about the settlement of travel advances.</p> <p>The investigator found that the employee never stayed at the hotel for which she received advance payment of \$749.24. The employee charged to the City \$50 in baggage fees. However, no supporting documentation was presented.</p> <p>The employee purchased the airplane ticket a day before the date of travel. Thus, incurring more expensive airfare. The DCAO did not question the delay in the purchase of the airline ticket.</p>
May 2014	\$308.15	<p>The employee was supposed to attend a two-day conference in San Jose, CA. The employee was asking for reimbursement of expenses incurred. The employee asked the City \$529.00 reimbursement for</p>

		<p>the cost of flight. The employee provided a printout of estimated cost from the airline's booking page. The employee did not pay this amount. The actual flight to San Jose, CA cost \$441. The employee subsequently exchanged the ticket for a ticket to Seattle, WA. The employee flew to Seattle five days earlier and flew to San Jose on the second day of the conference missing the first day.</p> <p>The employee overcharged the City \$25.15 for reimbursement of vehicle mileage for return trip to airport.</p> <p>The employee should have received \$100 for per diem. However, the employee got paid \$295 in per diem charges.</p>
July 2014	\$1,104.40	<p>The employee was supposed to travel to Portland, OR for training. However, no payment was made for the training. The employee travelled to Seattle, WA instead of Portland. The business purpose of this trip was not documented. However, the trip was approved by the DCAO. The employee was reimbursed for the expenses. Subsequently, during the investigation, the employee repaid this amount to the City of Richmond.</p>
September 2014	\$2,374.62	<p>The employee was supposed to travel to Portland, OR for training. No payment was made for the conference fees. The business purpose of this trip was not documented. However, the trip was approved by the DCAO. The employee received a travel advance of \$2,374.62 and never completed a travel settlement. The employee flew to Seattle, WA on the day before the conference ended.</p>
September 2014	\$142.00	<p>The employee overcharged the City for per diem Travel for training to Washington DC</p>
December 2014	\$529.60	<p>The employee was supposed to travel to Boston to go to Harvard University extension school. The ticket for this travel was bought on the day of the travel. The subject employee spent \$517.60 on airfare to Boston. The employee paid \$12 for parking car at the</p>

		Richmond airport. The employee spent about two hours in Boston, which would include travelling time to the school 8.3 miles away. No transportation expenses were claimed. No documentation supporting the need for this travel was submitted. The purpose and benefit of this trip is not clear.
March 2015	\$1,291.20	The employee was supposed to attend training in Portland, OR. The employee traveled to Seattle, WA instead of Portland, OR. No training was scheduled. Subsequently, during the investigation, the employee repaid \$137.80 of this amount to the City of Richmond.
<b>Total</b>	<b>\$7,515.54</b>	

#### **Potential Misappropriation and/or waste of the City's resources incurred on education expenses**

The subject employee was authorized to attend the Harvard Extension School for a certification program, where the employee attended online classes that could be used for a degree curriculum. The employee did not submit and the DCAO failed to require the employee to submit any evidence of completion of the classes paid for. In accordance with Administrative Regulation 7.6, the City does not pay for dropped or changed courses. Therefore, it was not possible to determine if \$12,953.23 paid for educational expenses was justified. The employee was not held accountable for cost incurred by the City on the employee's education. The employee submitted a copy of her check register for some of these costs, which does not demonstrate actual payment as documentation supporting this cost. However, the DCAO accepted this documentation and approved the payment.

#### **The subject employee had unauthorized absences that cost the City over \$12,000**

The investigator conducted an analysis of data received from the airlines, and time and attendance records for the subject employee along with analyzing travel records. In addition, the investigator conducted an analysis of the subject employee's city cell phone records and was able to determine that the subject employee was out of state for 36 days when the employee should have been working in the office. The employee was paid at a special assignment hourly pay rate of \$33.98, which was about 10% higher than the employee's regular pay rate. In addition, the employee gets benefits at about 25% of the pay. Therefore, the unapproved absences represented an estimated loss of \$12,232 to the City.

The DCAO never detected the employee's absence during this time. The above absences resulted from the employee's abuse of time in variety of ways as follows:

- The employee added additional days to authorized travel without requesting leave for this time.
- The employee would purchase airline tickets to authorized locations and submit the supporting documentation to obtain travel advance. The employee would then cancel original airline ticket and change the flight to an unauthorized location. The employee did not attend some of the scheduled training during this time. The employee did not submit leave for this time.
- The employee travelled to Honolulu between August 15 and September 2, 2014 and did not request leave, except for two vacation days, two sick days, and a holiday.
- The employee spent several days away from her job site without submitting vacation or sick leave. The investigator identified that some of these days the employee spent in the Seattle, WA metro area.

The former DCAO indicated that he was instructed by the former CAO to authorize the subject employee's training and education expenditures. However, the investigator found no evidence of such instruction. The DCAO assumed position of interim CAO when the former CAO resigned. The Director of Public Works was appointed as interim DCAO. The interim DCAO continued the former DCAO's practice of authorizing expenditures for the subject employee.

The investigator interviewed the former DCAO, who stated that the subject employee was not authorized to telecommute. According to the DCAO, he thought the subject employee was present and working at one of the authorized locations. The former DCAO said he was not aware that the subject employee was travelling to the west coast and charging the city of Richmond. He believed all travel was in accordance to training/education that he authorized. The interim DCAO indicated that he allowed the employee to work from home one-day-a-week, as needed. However, the required documentation was not prepared and approved.

### ***Conclusion:***

Based on the findings, the OIG concludes that the allegations are substantiated. Weak controls and inadequate supervision at the high level of the City Administration resulted in a substantial loss to the City. The City needs to recoup the lost money from the subject employee. The employee was prosecuted and pled guilty to charges in federal court. The subject employee pled guilty to one count of wire fraud and will be sentenced on April 28, 2016. As part of a federal plea agreement, the employee is required to reimburse the City \$9,556.49 in restitution, of which the employee has already repaid \$1,104.40 to the City. It should be noted that the restitution amount was only for the criminal wrongdoing. The City should attempt to recover the remaining amount of loss from the employees in civil proceedings.

The Office of the Inspector General appreciates the cooperation and assistance offered by the Federal Bureau of Investigations (FBI) and the United States Attorney's Office.

If you have any questions, please contact me at extension 5616.

Sincerely,

*Umesh Dalal*

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

cc: John Buturla, Interim DCAO  
City Council Members  
City Audit Committee