



Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the Inspector General

September 18, 2019

Mayor Levar Stoney
City of Richmond

The Office of the Inspector General (OIG) has completed an investigation as it relates to the hiring of relatives of an Administration Official. This report presents the results of the investigation.

Legal & City Policy Requirements:

1. In accordance with the Code of Virginia, §15.2-2511.2, the Inspector General is required to investigate all allegations of fraud, waste, and abuse.
2. City Code Sec. 2-214 requires the Office of the Inspector General to conduct investigations of alleged wrongdoing.
3. City Code Sec. 2-161 – City employees are responsible for reporting instances of misconduct, including fraud, waste and abuse.
4. City Code Sec. 2-1295 - Prohibited working relationships between family members.
 - (a) Appointment or employment. No officer or employee of the City, whether classified, unclassified or otherwise, shall appoint or employ, or cause to be appointed or employed, any relative of such officer or employee to any position, classified or unclassified, within a department or other agency under the direct or indirect supervision of such officer or employee.
5. City of Richmond Personnel Rule 3.17 Provisional – The appointment status of a qualified individual when there is (1) no eligible list and/or (2) during an approved leave of absence for the incumbent and it is essential that the vacancy be filled. Such an appointment shall be approved by the Director of Human Resources or designee and shall be no longer than ninety (90) calendar days. Such appointments shall only be extended or renewed with the approval of the Chief Administrative Officer or designee or City Council's designee depending on the reporting relationship. Provisional employees have limited rights and benefits and are limited to temporary positions.

6. City of Richmond Personnel Rule 6.16 Nepotism – It is the policy of the City not to place immediate family members in a supervisor-subordinate relationship or in the same line of supervision in the same agency, regardless of the working relationship.

Background:

- A complaint to the Office of the Inspector General was made on April 28, 2019 alleges that the Administration Official's spouse was hired as a Deputy Sheriff and his/her son/daughter was hired as a Senior Administrative aide in the Department of Public Utilities (DPU). The complaint alleged that while the family members may have gone through the proper process, the Administration Official may have provided references or taken steps to assist in the hiring of his/her family members. It also alleged both family members are receiving higher salaries and given more favorable positions due to their connection with the Administration Official. Two subsequent allegations mentioned the Administration Official's niece or cousin is working for the City and the Administration Official directed one of his/her subordinates to hire his/her relative.

Allegation(s):

- Administration Official may have influenced directly or indirectly the hiring and salary of his/her spouse as a Deputy Sheriff. This is in violation of City Code Sec. 2-1295 - *Prohibited working relationships between family members*.
- Administration Official may have influenced the hiring and salary of his/her son/daughter as a Senior Administrative aide. This is in violation of City Code Sec. 2-1295 - *Prohibited working relationships between family members* and City of Richmond Personnel Rule 6.16 *Nepotism*
- Administration Official directed subordinate to hire other relatives. This is a violation of City Code Sec. 2-1295 - *Prohibited working relationships between family members* and City of Richmond Personnel Rule 6.16 *Nepotism*

Notification(s):

- State Police - The OIG notified the State Police of the anonymous complaint and potential violation of the City Ordinance. On May 2, 2019, the State Police responded that they conferred with their legal department and said the State Police cannot enforce a City/County Ordinance unless driven by special circumstances, such as protests and riots, but there is usually an agreement between the local and state government.
- Auditor of Public Accounts (APA) - The OIG notified the State Auditor of Public Accounts of the anonymous complaint and potential violation of the City Ordinance. On May 2, 2019, they responded that they do not believe the facts and circumstances fall within the intent of Section 30-138 of the Code of Virginia. Since the allegations did not involve Constitutional Officers or State funds, they did not have statutory authority to

investigate. They recommended consulting with the City Attorney as it was a legal matter rather than an accounting one.

- **City Attorney** – The OIG notified the City Attorney of the anonymous complaint and potential violation of the City Ordinance as well as the feedback received from the State Police and the Auditor of Public Accounts. On May 13, 2019, the City Attorney advised the OIG that because the particular provision of the Richmond City Code (2-1295) provided a criminal penalty, the OIG should refer the matter to the Commonwealth Attorney’s Office for further determination.
- **Commonwealth Attorney** - The OIG notified the Commonwealth Attorney’s Office of the anonymous complaint and potential violation of the City Ordinance as well as the feedback received from the State Police, the Auditor of Public Accounts and the City Attorney. On May 15, 2019, the Commonwealth Attorney’s Office stated that they believed that the Office of the Inspector General should investigate the matter further, and in the same manner as the OIG would investigate any anonymous complaints regarding fraud, misconduct, waste, or abuse.

Based on this feedback, the OIG proceeded with the investigation.

Objective & Scope:

The objective of this investigation was to review the allegations made and come to a conclusion on these narrowly defined matters. This report, in no way should be construed to be an evaluation of any employees’ performance, background or qualifications as City employees.

Findings:

Relationships to the Administration Official – During the investigation we were informed that there may be several relatives of the Administration Official working for the City. The investigator was able to obtain a job application for an employee in the Finance Department, listing potential relatives of the Administration Official working for the City. This application listed six relatives working for the City including: a cousin (Administrative Official), the Administrative Official spouse as a cousin-in-law, two other cousins, his/her spouse and a brother. We used this information to conduct further inquiries and based on information obtained during the investigation, we were informed of the family connections as follow, as they relate to the Administration Official:

- **Spouse** - Sheriff’s Office Deputy with an annual salary of \$38,238. He/she was hired May 16, 2016.
- **Son/Daughter** – Department of Public Utilities (DPU) Administrative Program Support Assistant with a salary of \$26.44/hour. He/she was hired as a provisional employee March 18, 2019.
- **Nephew/Niece** – Department of Public Works (DPW) Program Manager with an annual salary of \$70,000. He/She was hired as a provisional employee on January 5, 2019.

- Second Cousin – Department of Finance Administrative Program Support Assistant with a salary of \$19.23/hour. This person was initially hired as a provisional employee on Feb 11, 2019 and later as a full time permanent employee April 13, 2019 as a Tax Representative at \$20.67/hour.
- Second Cousin's spouse – DPW Administrative Project Analyst with an annual salary of \$54,995. He/she was hired as a provisional employee March 4, 2019.
- Another Second Cousin - Department of Finance Administrative Program Support Assistant with a salary of \$18.75/hour. This person was hired as a provisional employee Feb 4, 2019.

City Code Sec. 2-1295 – Provides a definition of relative. "For purposes of this section, the word "relative" refers to any of the following relationships, whether by blood, marriage, adoption or a step-relationship: spouse, parent, grandparent, child, grandchild, brother, sister, niece, nephew, or first cousin."

Appointment and Compensation of Relatives

Administration Official's spouse – As a Sheriff's Office Deputy he/she was paid a yearly salary of \$38,238, which is in range of others. The Sheriff is a separate Constitutional Officer and does not report under the portfolio of departments within the Administration.

The Administration Official's son/daughter – The following is a list of some of events regarding the hiring and compensation.

- Feb 1, 2019 – The DPW Director sent an email to the DPU Deputy Director II requesting to meet with the son/daughter of the Administration Official. The Deputy Director II questioned who he/she was and the purpose of the meeting and the DPW Director replied, "Your new policy advisor/admin support analyst." A smiley face was included with the email response.
- Feb 7, 2019 – DPW Director received the Administration Official's son/daughter's resume and forwarded it to the DPU Director and DPU Deputy Director II.
- Feb 8, 2019 – A request was sent to Human Resources (HR) from DPU's Deputy Director II to hire the Administration Official's son/daughter in a provisional position as an Administrative Support Assistant/Administrative Technician Senior position rate of \$26.44 an hour. This request was date stamped as received by HR on Feb. 11, 2019.
- Feb 11, 2019 - HR Compensation Team reviewed the Administration Official's son/daughter proposed salary. The HR analysis stated that the proposed pay was high compared to others in this position. HR's analysis showed that within DPU, the salary ranges for this position were from \$17.16 to \$27.48/hour and averaged \$20.86/hour for 33 employees and only one was above the proposed rate. This analysis also showed within the City salary ranges for this position were from \$15.06 to \$27.48/hour and

averaged \$20.30/hour for 129 employees; only two employees were above the proposed rate.

- Feb 12, 2019 – An email from DPU Director’s personal email account to his City email account with Subject line that contained the name of second cousin’s spouse offer letter so he/she can put in his/her resignation & watch for Official son/daughter. The second cousin’s spouse had previously been referred to the DPU Director from the DPW Director for a position as discussed later in this report. In interviews, the DPU Director initially stated he did not recall if the provisional employee hired was the son/daughter of the Administration Official until after he/she was hired. In a second interview, the investigator showed the DPU Director an email pertaining to the hires, and at that time the DPU Director acknowledged that he did know of the relationship prior to hiring. The DPU Director said that the Administration Official told the Director to evaluate his/her son/daughter just like everyone else after he/she was hired.
- Feb 13, 2019 – An email was sent by the Assistant to the Interim HR Director to DPU personnel staff, stating the request for the Administration Official’s son/daughter was not approved by the Interim HR Director and the HR Benefits Team because the proposed salary was too high. The maximum salary the Interim HR Director would approve was \$20.86/hour. (Note: this was the average for DPU). A letter approving the provisional appointment at \$26.44/hour for the Administration Official’s son/daughter was signed later that day by the Interim HR Director. The Interim HR Director had a conversation with DPU staff, who informed her that this was the Administration Official’s relative, and the salary had to be approved; which impacted the higher salary approval. Interviews with three DPU staffers confirmed the salary and the hiring at that rate of pay for the Administration Official’s son/daughter was directed by upper management from DPU. The DPU Director stated the salary level was provided by the DPW Director.
- March 18, 2019 – The Administration Official’s son/daughter started working as a provisional employee for DPU as an Administrative Program Support Assistant, salary \$26.44/hour.
- The Administration Official’s son/daughter stated that he/she met the DPW Director at various City events. He/she forwarded his/her resume to the DPW Director and also had a meeting about possible job opportunities. He/she subsequently was contacted by DPU about job opportunities.

The Administration Official’s Nephew/Niece – The following is a list of some of events regarding the hiring and compensation:

- December 5, 2018 – Background check was requested.

- December 17, 2018 – Nephew/Niece received a contingent offer letter for a provisional appointment as a Program Manager within DPW. He/she accepted the 90-day provisional position on the same day.
- January 4, 2019 – Nephew/Niece filled out an employment application and other paperwork for the provisional position. This occurred after a background check had been requested and an offer of contingent employment had been extended and accepted.
- January 5, 2019 – The Nephew/Niece was hired as provisional employee with DPW as a Program Manager with a salary \$70,000.
- The nephew/niece stated that while working at a local clothing retail store in November 2018, the DPW Director approached him/her about a job. He/she stated the DPW Director liked the customer service he/she provided his wife. He/she also stated he/she emailed his/her resume to the DPW Director and met him in his office to discuss the position. The investigator requested a copy of that email and was later advised by the nephew/niece that he/she could not find the email. According to his/her job application and resume, he/she has not worked at the above mentioned store since 2016.

Other Family Relationships¹ – The following items were also noted during the course of the investigation pertaining to hiring and compensation matters.

Second Cousin's Spouse

- January 17, 2019 DPU Director received a resume for the second cousin's spouse from DPW Director. This resume was sent from the Administration Official's personal email account to the DPW Director's personal email account. The DPW Director forwarded this email to his City email account. The original email dated January 10, 2019 from the Administration Official said "Hello! Take a look at 's resume. A military guy! Thanks....."
- January 23-29, 2019 – There are several email strings for meetings with second cousin's spouse within DPU.
- February 12, 2019 – Email from DPU Director's personal email account to their City Account with subject line that contained the name of second cousin's spouse offer letter so he/she can put in his/her resignation & watch for Administration Official's son/daughter.
- March 4, 2019 – Started as a provisional DPU Administrative Project Analyst with an annual salary of \$54,995.

¹ Other Family Relationships is defined as relationships that do not meet the definition of "relative" in City Code or definition of "immediate family members" in City Personnel Rules.

Second Cousins

- According to an interview with one of the two second cousins, he/she decided to relocate and reached out to people in the Finance Department. He/she did not say who he/she reached out to but he/she stated that the DCAO of Finance and Administration responded to him/her. The cousin stated the DCAO wanted to make sure he/she had the finance background and wanted to make sure he/she worked hard. He/she was initially hired as a Finance Administrative Program Support Assistant, salary \$19.23/hour and then full time permanent as a Tax Representative \$20.67/hour on April 13, 2019.
- Another second cousin was also hired as provisional employee on February 4, 2019 in the Department of Finance as an Administrative Program Support Assistant with a salary of \$18.75/hour.

Subject Interview:

On June 27, 2019, the Administration Official voluntarily agreed to be interviewed by the Office of the Inspector General in regards to the hiring of his/her son/daughter and other family members. The Administration Official stated he/she did not want his/her son/daughter working for the City of Richmond because of the scrutiny. The Administration Official also stated he/she was not aware his/her son/daughter was hired until after his/her son/daughter received an offer letter from the City of Richmond. At that time, his/her son/daughter told him/her about the job. The Administration Official further stated that he/she was not directly involved in the hiring of any family members. The subject stated that he/she notified the Mayor's Office after the hiring of his/her son/daughter.

Mayor's Office Interview:

The investigator interviewed a Senior Official from the Mayor's Office who confirmed that the Administration Official did notify the Mayor's Office of the hiring of the Administration Official's son/daughter. This was done after the son/daughter was offered the position and was already working in that position.

Conclusion:

Based on the findings, the OIG concludes that the allegation is partially substantiated in that Supervisors felt obligated to approve the Administration Official's son/daughter's salary at a higher level in terms of compensation due to the relationship to the Administration Official. The Investigator did not find any evidence on the Administration Official direct involvement, but based on emails and interviews, high level subordinates to the Administration Official, including the DPW and DPU Directors were involved in the hiring and compensation levels of the son/daughter. The DPW and DPU Directors were also aware of his/her relationship to the Administration Official, which impacted the higher salary approval based on guidance from DPU to HR.

Lastly, the OIG concludes that five provisional employees were hired between January 1, 2019 and March 31, 2019 and two of these employees were relatives as defined by the City Code and three were more distant relatives, which are part of other family relationships. The HR records provided, show a compensation team review for three of the five, however, no record of reviews were provided from the HR records for the nephew/niece and second cousin's spouse. As of July 10, 2019 two of the five were hired through regular recruitment and the other three provisional employees received extensions to their provisional appointment, which was approved by the DCAO of Finance.

The City of Richmond Personnel Rule 3.17 Provisional states - "The appointment status of a qualified individual when there is (1) no eligible list and/or (2) during an approved leave of absence for the incumbent and it is essential that the vacancy be filled". The provisional employee process is not consistently meeting the criteria as defined in the City's personnel rules. We believe this process should be reviewed for consistency of application throughout the City. This report has been copied to the appropriate authority.

If you have any questions, please contact me at extension 1845.

Sincerely,



James Osuna
Inspector General

cc: Honorable City Council Members
Colette McEachin, Commonwealth Attorney
Allen Jackson, City Attorney