



# 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

August 29, 2011

## Douglas Murrow, Building Commissioner, Planning and Development Review

The Office of the Inspector General (OIG) has completed an investigation in the Inspection and Permits Division of the Department of Planning and Development Review. This letter informs you of the results of the investigation.

### Complaint

The OIG received a complaint alleging that a City Building Inspector was possibly requesting money from contractors while conducting City building inspections.

### 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 OIG to conduct investigations of alleged wrongdoing.

### Background

The City's Administrative Regulations Number 1.1 (A.R. 1.1) related to the Code of Ethics governs the standards of conduct that employees must follow in the performance of their duties. Section III of A.R. 1.1 states "*No employee of the City of Richmond shall engage in business activity or have any direct or indirect financial interest, which conflicts or would appear to conflict with the fair, impartial and objective performance of officially assigned duties and responsibilities.*" The following responsibilities of employees are governed under A.R. 1.1:

- *Employees shall avoid actions which might result in or create the appearance of:*
  - *using public office for private gain*
  - *giving preferential treatment to any person*
- *Employees shall not solicit or accept any gift, gratuity, favor, loan, entertainment, or other like thing of value from a person who:*
  - *has, or is seeking to obtain, contractual or other business relations with the City*
  - *conducts operations or activities that are subject to regulation by the City*
  - *has an interest that may be favorably affected by the performance or non-performance of the employee's official duties and responsibilities*

## **Findings**

The investigator conducted interviews with several employees of the Inspection and Permits Division and identified three possible vendors which may have been contacted by the inspector. During subsequent interviews with these three vendors, the investigator determined the following:

- In the spring of 2010, the inspector asked to borrow \$400 from the co-owner of a local plumbing company. The inspector had previously established a business relationship with the owner during a code inspection. The co-owner stated the request made him feel uncomfortable so he did not give any money to the inspector.
- During July of 2010, the inspector contacted the owner of another local plumbing company and asked to borrow money. The inspector had previously established a business relationship with the owner during a code inspection. The owner asserted he informed the inspector that he did not want the appearance of a conflict of interest, but that he would make a personal loan to him. The inspector received \$300 in the form of a check and promised to pay the money back. However, the inspector has not paid the \$300 back to the owner.
- In the summer of 2011, the President of a large construction company received a call from the inspector asking to meet with him about a personal family matter he had. The same day the President met with the inspector in his office. The President indicated the inspector requested to borrow \$600 from him. The President stated he felt uncomfortable by the request and thought it was unusual since he did not know the inspector. The President did not give the inspector any money.

The investigator interviewed the inspector after meeting with the three vendors. The inspector initially denied he had asked vendors for money, but eventually admitted he had received \$300 from the vendor in July 2010. The inspector also acknowledged he had asked to borrow money from the other two vendors, but they refused his request. The inspector stated that even though he asked for money from the vendors, his personal financial interest did not cause him to improperly perform his job duties.

When the investigator discussed the Code of Ethics in A.R. 1.1, the inspector stated he was not aware of that portion of the City's Administrative Regulations. However, the inspector indicated that his actions could be considered a conflict of interest, as prescribed in A.R. 1.1.

## **Conclusion**

The OIG finds the allegation to be partially substantiated. The evidence obtained did not indicate the inspector's conduct to be an act of bribery. However, the employee's actions

violated the City's Code of Ethics governed by A.R. 1.1 when he engaged in a conflict of interest. The OIG recommends appropriate disciplinary action against the subject employee.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Umesh Dalal', written in a cursive style.

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

C: Byron C. Marshall, Chief Administrative Officer  
Peter Chapman, Deputy Chief Administrative Officer  
Viktoria Badger, Interim Director, Planning and Development Review