



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

August 9, 2011

Dr. Carolyn Graham, DCAO, Human Services
Ms. Doris Moseley, Director, Department of Social Services

The Office of the Inspector General has completed an investigation in the Department of Social Services regarding the use of Wal-Mart gift cards during the period of March 2008 to August 2008. This letter informs you of the results of the investigation.

Complaint

The Office of the Inspector General (OIG) received a complaint that an employee of the Department of Social Services (DSS) used the Wal-Mart credit card account to purchase Wal-Mart gift cards for her personal use.

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

DSS had a Wal-Mart credit card account with 20 user cards available to DSS personnel. The DSS employee would obtain the user card from the supervisor to purchase Wal-Mart gift cards for her Foster Care clients. The investigation examined whether the gift cards were used to make personal purchases.

Findings

The investigator determined that a DSS employee obtained the Wal-Mart credit card from her supervisor and purchased 13 gift cards totaling \$2,810 between March and August 2008. The gift cards were to be used to purchase clothing for her Foster Care clients. However, the investigator noted the gift cards were used to purchase baby food, baby clothing, diapers, groceries, household goods, cigarettes, and beer. None of the clients were infants so they did not need diapers, baby food or baby clothing, and all the clients resided in a group home which provided their food. Some gift cards assigned to different clients living in group homes at separate locations were used to make a single purchase. The investigator verified with these group homes that they did not

receive these gift cards. The investigator also obtained appropriate documentation which revealed that the cards were used by the DSS employee for her own personal benefit. On multiple occasions, the DSS employee also used her own personal credit card to supplement the balance not covered by the gift cards. The amount misappropriated by the DSS employee represented the total value of the gift cards of \$2,810.

Outcome

The Commonwealth Attorney's Office was notified of the investigative findings and an appropriate criminal charge was filed against the former employee. On August 1, 2011, the former employee was indicted on one count of embezzlement in connection with this investigation. She pled guilty to the above charge in Richmond District Court and received a 12 months sentence with 10 months suspended, three years probation and restitution in the amount of \$2,810.

According to DSS Management, they implemented controls to better monitor the usage of the Wal-Mart credit card account as a result of this investigation. They cancelled 17 of the 20 Wal-Mart credit cards. Three cards remain secured in the Cashier's Office, but are only used for emergency purchases, such as when children are removed from homes. The cards are only used with the Deputy Director's approval and must be returned by the next business day. Other controls include:

- Cards must be returned to the Cashier's Office with purchase receipts and completed case documentation signed by the supervisor. The client account for which the purchase is being made must also be identified.
- Purchases are limited to \$500 and must not include gift cards.
- Only authorized users may use the cards.
- The Wal-Mart credit account is reconciled monthly.

Separate policies regarding gift cards were developed and are currently being used by DSS. These policies govern the usage, approval, required documentation, and security of the gift cards.

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

Sincerely,



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

Cc: Byron C. Marshall, Chief Administrative Officer