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STREET TALK

May 2, 2007

City Audit Tools May Soon Include Guns, Handcuffs

by Chris Dovi

City Auditor Umesh V. Dalal is a bookish man with a mild manner and a head for numbers. But that V. might soon stand for Vendetta.

A plan percolating with City Council could grant Dalal — or someone within his office — sworn law-enforcement status. With that status could come handcuffs, revolver, arrest powers ... and a powerful yearning for doughnuts.

"We just made a presentation [last week to City Council] about inspector general positions to investigate fraud and corruption in the city," Dalal confirms.

And there's plenty to investigate, Dalal says: "It appears, based on our work, in the city we are concerned about the status of internal controls. When there [are] weak internal controls, there's a possibility for fraudulent transactions occurring."

Dalal says there's ample argument to be made for a stronger law-enforcement element within the auditor's office. He cites a study by the Austin, Texas-based Association for Certified Fraud Examiners, which estimates that as much as 6 percent of the revenues of cities without tighter controls are lost to fraud committed internally.

And the actual number is likely much higher, says the association's president, James Ratley, which is why creating an inspector general position is increasingly common in government.

"Examination is a confrontational situation from a start to a finish," says Ratley, explaining that leaving the job to an auditor doesn't always work. "What's important is the ability to go in there not with your hat in your hand and ask for information."

That hat-in-hand approach, Dalal says, has yielded less-than-satisfactory results during his office's recent audits of city schools and the real estate assessor's office. Mayor Doug Wilder, frustrated with the lack of cooperation, has applied pressure on both city agencies to submit to new audits.

"One of the things [creating an inspector general position] will do is it should make the information flow much more rapid, which would aid in recovery of the assets," Ratley says. Without investigative powers, auditors are left to rely on local police officers, who must plead cases to the commonwealth's attorney.

As it works now, Dalal's office can subpoena documents and information, but if fraud is discovered, it must turn its investigation over to law enforcement. "We can investigate matters only to a certain extent," Dalal says.

City Council President William J. Pantele is perhaps the proposal's biggest proponent. During a recent finance committee meeting, he lashed out at some council members who were raising questions about the need for an inspector general.

"I suppose that there are some folks who would not be in favor of investigating fraud and waste — and I'm willing to be outvoted on that one," Pantele snipped.

Dalal says a tip line established by council pays helpful city employees 10 percent of the actual savings recovered by fraud investigations. Rewards are capped at \$5,000. A similar fraud hotline for citizens also was created. **S**

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