

Form and Correctness Approved: *BAP*

Contents Approved:

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NORFOLK, VIRGINIA

# R-6                      ORDINANCE NO. 48,747

AN ORDINANCE TO AMEND AND REORDAIN SECTIONS 16-59 TO 16-62 OF THE CODE OF THE CITY OF NORFOLK, SO AS TO ADD THE DUTY OF THE CITY AUDITOR TO AUDIT RECIPIENTS OF CITY FUNDS.

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BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That sections 16-59 to 16-62 of the Code of the City of Norfolk, 1979, as amended, are hereby amended and reordained and shall read as follows:

Sec. 16-59. - Deputies.

There shall be one or more deputy city auditors, one of whom shall be designated by the auditor to act in the auditor's stead in the absence or disability of the auditor. The auditor shall be responsible for the acts of any deputy city auditors while in the performance of such duties.

Sec. 16-60. - General duties of city auditor; fraud, waste, and abuse.

- (a) *Generally.* The duties of the city auditor shall be such as are or shall be prescribed by the Charter or by the ordinances or resolutions of the city council. The city auditor shall perform such other duties not inconsistent with the ordinances or resolutions of the council or the Charter.

(b) *Fraud, waste, and abuse.*

(1) As used in this subsection, unless the context requires a different meaning:

*Abuse.* The excessive or improper use of something, or the employment of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the city; or extravagant or excessive use so as to abuse one's position or authority.

*Fraud.* The intentional deception perpetrated by an individual or individuals, or an organization or organizations, either internal or external to the city, that could result in a tangible or intangible benefit to themselves, others, or the city or could cause detriment to others or the city. Fraud includes a false representation of a matter of fact, whether by words or by conduct, by false or misleading statements, or by concealment of that which should have been disclosed, which deceives and is intended to deceive.

*Waste.* The intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the locality to the detriment or potential detriment of the locality. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls.

- (2) The city auditor is hereby requested to dedicate a telephone line and a website, if cost-effective, through which employees and residents of the city may report anonymously any incidence of fraud, waste, or abuse committed by any city officer or employee, or within any city department or program. The city auditor should inform employees of the city of the hotline and website, if any, and the conditions of anonymity, through the conspicuous posting of announcements in the locality's personnel newsletters, articles in local newspapers issued daily or regularly at average intervals, hotline posters on local employee bulletin boards, periodic messages on employee payroll check stubs, or other reasonable efforts. This dedicated line shall be referred to as a "hotline".
- (3) The city auditor shall determine the authenticity of every allegation received on the hotline or website and ensure that investigation and resolution activities are undertaken in response to any such authentic allegation in the most cost-effective and confidential manner available. All investigations of such matters shall be under the control and at the direction of the city auditor; provided, however, that the city auditor shall relinquish responsibility for investigation and resolution to other investigative and law-enforcement personnel where such responsibility is prescribed by general law and where appropriate to avoid duplicating or replacing existing investigation and resolution functions.

- (4) All officers and employees of the city having knowledge of, information, or reason to believe that there may be fraud, waste, and abuse to include missing money or property, misappropriation, or other similar irregularities in city affairs, shall inform the city auditor of such irregularity immediately.
- (5) The city auditor shall notify the mayor, the council audit committee, and the city attorney at all times if, within his or her professional judgment, money or property is missing, or fraud or misappropriation or other similar irregularities have occurred, provided such notification will not impede or hinder any investigation then pending. Simultaneously therewith or prior thereto, the city auditor shall notify the city manager and the director of finance of the situation so steps may be taken to lessen continuing risk the city.
- (6) The city auditor shall present to the council at its last meeting in July of each year, a schedule of all losses or misappropriation of money and property that have been brought to his or her attention during the past fiscal year.

Sec. 16-61. - Duty to audit recipients of city funds.

- (a) *Purpose.* The purpose of this section is to ensure that the city, through its city auditor, conducts periodic audits of non-City recipients of city funds.

- (b) *Applicability.* This section applies to any person or other legal entity that is not the city of Norfolk or one of its boards, commissions, departments or other agencies subject to audit by the city auditor but that receives monies from the city pursuant to direct appropriations as part of the city's annual appropriation ordinances or amendments thereto.
- (c) *Requirement.* Any person or other legal entity subject to this section shall, as a condition of receiving monies from the city, be subject to periodic audits of its finances and expenditures of such city monies by the city auditor on demand and without notice. This requirement shall apply regardless of whether identical or similar provisions appear in any appropriation ordinance or any agreement pursuant to which such monies are provided to such person or other legal entity.
- (d) *Penalty.* Any person or other legal entity subject to this section that denies the city auditor the right to conduct periodic audits of its finances and expenditures of city-provided monies on demand and without notice, or causes or permits such denial, shall be guilty of a Class 3 misdemeanor and shall be deemed ineligible to receive grants or other direct appropriations of city monies for a period of five years.

Sec. 16-62. - Reports.

The auditor shall make such reports as the council or city manager shall require and shall especially report to the council and the city manager any neglect, inefficiency or improper conduct of any officer that may be brought to his or her notice.

Section 2:- That this ordinance shall be in effect from and after its adoption.

**ADOPTED BY COUNCIL APRIL 26, 2022**  
**EFFECTIVE APRIL 26, 2022**