



Office of the Auditor General

# Investigative Audit Report

## **Department of Environmental Quality BioWatch Unit's Selected Employees' Time Reporting and Use of State Vehicles**

January 2019

State of Michigan Auditor General  
Doug A. Ringler, CPA, CIA





# OAG

Office of the Auditor General

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**Doug A. Ringler, CPA, CIA**  
Auditor General

January 18, 2019

Ms. Liesl Eichler Clark, Director  
Department of Environmental Quality  
Constitution Hall  
Lansing, Michigan

Dear Ms. Clark:

Consistent with our standard practices upon completing an investigative audit, we are issuing our investigative audit report on the Department of Environmental Quality BioWatch Unit's Selected Employees' Time Reporting and Use of State Vehicles.

Copies of this report are being forwarded to various relevant entities and legislative committees. Also, the report may be viewed on our public Web site at [audgen.michigan.gov](http://audgen.michigan.gov).

Sincerely,

Doug Ringler  
Auditor General



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EXECUTIVE SUMMARY AND  
BACKGROUND FOR OAG INVESTIGATION,  
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INVESTIGATION CONCLUSIONS

## EXECUTIVE SUMMARY

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### BACKGROUND

The Office of the Auditor General's (OAG's) Fraud Investigative Services Team investigated the work-related activities of four Department of Environmental Quality (DEQ) BioWatch Unit employees after receiving allegations that, since at least late 2016, some Unit employees routinely took extended lunches and left early without recording their time off in the State's timekeeping system.

### INVESTIGATION CONCLUSIONS

1. The four employees regularly overstated and falsely certified their work hours, including overtime. Actual and estimated overpayments for these hours totaled \$33,873 between January 2017 and June 2018. The overstated hours resulted from the employees making personal stops while working outside of Cadillac Place, taking extended lunches, and leaving work early without recording any type of leave to account for the unworked hours.
2. Three of the employees regularly misused their State vehicles by doing one or more of the following:
  - Driving them for personal use during their normal work shifts.
  - Parking them overnight at their personal residences.
  - Driving well above the posted speed limit (up to 94 mph).Also, these employees did not accurately complete some of their daily travel logs.
3. At least one Unit employee had a commuting arrangement that did not reflect sound business practice.

These employees may have committed payroll fraud and violated State policy regarding acceptable use of State vehicles. On October 25, 2018, we referred the issues identified in this report to DEQ for its consideration of a full disciplinary investigation in accordance with the terms of the labor agreement between the employees' union and the State of Michigan.

Michigan Civil Service Commission Regulation 5.16 requires employees to repay the entire amount of overpayments if the appointing authority or Civil Service determine the overpayments resulted from fraud or misrepresentation. Also, the Regulation provides that employees may be disciplined, up to and including dismissal, and the matter may be referred to the Attorney General, State Police, or local law enforcement authorities for a criminal investigation and to the Attorney General for civil action.

DEQ's response is included in the report as an appendix.

# BACKGROUND FOR OAG INVESTIGATION, INVESTIGATION ACTIVITIES, AND INVESTIGATION CONCLUSIONS

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## BACKGROUND

The OAG received a complaint through its Fraud, Waste, and Abuse Hotline which alleged that, since at least late 2016, two longtime DEQ BioWatch Unit employees and possibly others regularly took extended lunches and left work early. However, the employees almost always reported 40 hours or more of work per week in the State's timekeeping system. The issue of these employees overstating their hours was allegedly brought to the attention of the Unit supervisor on several occasions, but the supervisor did not take meaningful action to address it.

The Unit is responsible for the State's activities under the United States Department of Homeland Security's BioWatch Program and is responsible for detecting and responding to potential air-released bioterrorism events. The Unit operates out of Cadillac Place in Detroit. Most Unit employees are responsible for collecting filter samples for testing and analysis and for operating and maintaining the Program's air monitoring instruments.

Pursuant to the Auditor General's constitutional and statutory authority to conduct post audits of financial transactions and make investigations pertinent to the conduct of audits, the OAG initiated a limited scope, investigative audit in February 2018 of the time reporting practices and other activities of selected Unit employees.

## INVESTIGATION ACTIVITIES

Our investigation activities consisted primarily of inquiries and the examination of selected financial records and other documentation. This report does not constitute an audit or attestation engagement conducted in accordance with generally accepted government auditing standards.

The OAG's Fraud Investigative Services Team conducted preliminary investigative activities in April, May, November, and December 2017, which included, among other things, limited observation of selected Unit employees and a review of the payroll and other records of all Unit employees. We determined that a full investigative audit was warranted that focused on the two full-time employees named in the complaint and two additional employees who were selected after a cursory review of all Unit employees' time reported, swipe card activity within Cadillac Place, and other data.

Our review included analysis of the following information primarily from January 2017 through June 2018:

- Payroll records.
- State vehicle travel logs.
- Fuel purchase records.

- Parking ramp entrance and exit data.
- Cadillac Place swipe card access data.
- Cadillac Place video footage.
- Selected information from employee personnel files.
- Relevant policies, procedures, and other authoritative guidance.

In addition, we conducted limited observation of two of the Unit employees at or around Cadillac Place, the employees' homes, and the designated overnight parking locations for their State vehicles to observe the employees' arrival and departure times.

We captured data relative to the movements of the State vehicles permanently assigned to the four Unit employees during alternating periods from March 25, 2018 through June 8, 2018, using Global Positioning System (GPS) devices placed on the employees' vehicles during those periods.

We interviewed all Unit employees headquartered at Cadillac Place on July 23, 2018 to obtain an understanding of their daily job responsibilities, work schedules, and time reporting practices and to learn the employees' understanding of the acceptable use of State vehicles. We also questioned the Unit supervisor about the controls over Unit employees' time reporting practices and State vehicle usage.

## INVESTIGATION CONCLUSIONS

### 1. Overstatement of Time Worked and Falsification of Time Reports

**The four employees regularly overstated and falsely certified their work hours, including overtime, in the State's timekeeping system. Actual and estimated overpayments for these hours totaled \$33,873 between January 2017 and June 2018. The overstated hours resulted from the employees making personal stops while working outside of Cadillac Place, taking extended lunches, and leaving work early without recording any type of leave to account for the unworked hours.**

Michigan Civil Service Commission Regulation 5.16 requires employees to repay the entire amount of overpayments if the appointing authority or Civil Service determine the overpayments resulted from fraud or misrepresentation. Also, the Regulation provides that employees may be disciplined, up to and including dismissal, and the matter may be referred to the Attorney General, State Police, or local law enforcement authorities for a criminal investigation and to the Attorney General for civil action.

The employees' paid work time began when they arrived at their State vehicles in the morning and ended when they

parked their vehicles in the afternoon or early evening. For those days in which we tracked the employees' vehicle movements using GPS devices, the employees overstated their hours by between 7% and 35%, with actual overstated time ranging from 20 minutes to 4 hours and 45 minutes per day:

Table 1: GPS Monitoring of Employees' Time Worked and Time Recorded

Employee	Days Monitored	Days Employee Overstated Hours	Total Regular and Overtime Hours Reported by Employee	Overstated Hours	Overpaid Salaries and Wages
A	18	18 (100%)	139.0	48.5 (35%)	\$2,055
B	17	9 (53%)	136.0	15.8 (12%)	706
C	12	10 (83%)	92.5	20.2 (22%)	1,392
D*	14	10 (71%)	105.8	7.5 (7%)	412
					\$4,565

\*Part-time employee.

The following is additional information for each of the four employees:

a. Employee A:

This employee was responsible for completing a filter collection route each workday and did not have any additional job responsibilities outside of Cadillac Place. As noted in Table 1, the employee overstated his work hours on all 18 (100%) GPS-monitored days. On these days, the employee made multiple personal stops while performing a filter collection route and/or after leaving Cadillac Place and did not appear to conduct any additional work activities after leaving Cadillac Place.

The overstated hours for this employee ranged from 1 hour and 47 minutes to 4 hours and 45 minutes per day. Employee A had limited job responsibilities in Cadillac Place and informed us that he helped with shipping duties, filing paperwork, sanitizing the break room and work stations, and other duties as assigned by the Unit supervisor.

Using Employee A's average route completion time and other information derived from our GPS analysis together with Cadillac Place swipe card access and other data, we assessed the accuracy of Employee A's reported work hours for the approximately 9 months from January 1, 2017 through September 7, 2017 and from May 10, 2018

through June 9, 2018 (excluding dates already included in our GPS analysis and other dates for which relevant information was not available). This employee had an approved absence between September 7, 2017 and May 9, 2018.

Employee A informed us that he recorded the actual amount of time worked each day in the State's timekeeping system, including any time worked in excess of the regular 8-hour workday. However, we estimated that the employee overstated regular and overtime hours worked during the 9 months by 360.7 hours, resulting in the Unit incurring payroll costs totaling \$16,122 for work the employee likely did not perform.

b. Employee B:

This employee was primarily responsible for completing a filter collection route each workday, transporting collected filters to Lansing twice per week and maintaining the grounds of the filter collection sites. As noted in Table 1, Employee B overstated his work time on 9 (53%) of 17 GPS-monitored days. On these days, the employee sometimes made multiple personal stops while performing a filter collection route and/or after leaving Cadillac Place. Although Employee B left Cadillac Place prior to completing an eight-hour shift each of the 9 days, the GPS data showed that the employee went home without doing any site maintenance on 7 of those days. On the other 2 days, the employee discontinued site maintenance activities and arrived home or parked his vehicle before completing an eight-hour shift. Employee B's overstated hours ranged from 41 minutes to 3 hours and 2 minutes per day.

Employee B informed us that, with his supervisor's approval, he often "flexed" his schedule but still recorded eight hours worked for each day (less any leave time usage). For example, Employee B stated that he may work 7.5 hours one day and 8.5 hours on another day during a given week but records 8 hours worked for each day and 40 hours for the week. The employee stated that he typically would not record overtime for those instances in which he worked beyond a regular eight-hour shift when flexing his time. Employee B indicated that the actual amount of time worked "all evens out in the long run." However, the GPS data during a three-week period showed that Employee B did not make up the time for those days in which the employee went home before working a normal eight-hour shift.

Using Employee B's average route completion time, the average time spent performing site maintenance activities, and other information derived from our GPS analysis together with parking ramp entrance and exit and other data, we assessed the accuracy of Employee B's

reported work hours for the 18-month period from January 2017 through June 2018 (excluding dates already included in our GPS analysis and dates that the employee transported filters to Lansing). We estimated that the employee overstated regular and overtime hours worked, less any leave time recorded, by 274.7 hours during this period. This resulted in the Unit incurring payroll costs totaling \$13,186 for work the employee likely did not perform.

c. Employee C:

This employee was primarily responsible for troubleshooting, maintenance, repair, and periodic inspection of air monitoring instruments at the monitoring sites and for various other duties at Cadillac Place. As noted in Table 1, Employee C overstated his work time on 10 (83%) of 12 GPS-monitored days. On 9 of those days, the employee sometimes made multiple personal stops while working outside of Cadillac Place and arrived home before completing an eight-hour shift on 7 days without conducting any fieldwork after leaving Cadillac Place. On the other 2 days, Employee C discontinued fieldwork-related activities and arrived home before completing an eight-hour shift.

Employee C also worked 3.5 hours of overtime on another day but recorded working 4.5 hours of overtime. Employee C's overstated work time ranged from 37 minutes to 4 hours and 20 minutes per day. Because Employee C generally did not have an assigned route and because the location and duration of the employee's day-to-day fieldwork-related activities varied and were generally undocumented, we could not estimate the number of recorded hours not worked outside of the GPS-monitored days.

d. Employee D:

This employee was primarily responsible for completing a filter collection route and transporting collected filters to Lansing three days per week. As a part-time employee, Employee D's work shifts varied but generally ranged from 6 to 10 hours per day. As noted in Table 1, Employee D overstated his work time on 10 (71%) of 14 GPS-monitored days, with the overstated time ranging from 20 minutes to 1 hour and 25 minutes per day. Because Employee D's assigned routes and work shifts varied, we could not estimate the number of recorded hours not worked outside of the GPS-monitored days.

We did not follow up with the Unit employees to obtain an explanation for leaving work early, making apparent personal stops while working outside of Cadillac Place, overstating their hours worked, or falsifying their time reports. This change from our normal protocol was related to concerns regarding

provisions in the Unit's labor agreement that could undermine an effective and timely investigation by DEQ.

Poor internal control and lax supervisory oversight allowed the cited work time and payroll abuses to occur and either go undetected or be ignored. For example, although Unit employees worked varying hours, the Unit supervisor did not require the employees to complete alternative or modified work schedule request forms documenting their beginning and ending work times and unpaid lunch periods, when applicable. Without this information, the supervisor would not know when Unit employees had worked their requisite hours and if it was appropriate for them to leave work for the day. The supervisor informed us that he allowed employees to flex their work times because he "trusted" that they would work their required hours.

As another example, the supervisor did not require employees to document for his review the work that the employees purportedly completed at locations other than Cadillac Place and the amount of time spent at each location.

Apparent confusion by the employees regarding paid and unpaid lunches may have impacted the overstatement of work hours. When interviewed, Unit employees gave conflicting responses as to whether they were required to take an unpaid lunch period. The Unit supervisor informed us that the part-time employees are not required to take an unpaid lunch period; however, the supervisor was unsure as to whether full-time employees actually took an unpaid lunch. These varied understandings highlight the need for DEQ to more clearly define expectations and communicate them to Unit employees.

Notwithstanding, the employees' labor agreement requires employees' work schedules to be broken at approximately midpoint by an unpaid meal period of not less than thirty minutes unless operational needs require otherwise. Employees may work through a scheduled meal period with supervisory approval.

## 2. **Misuse of State Vehicles**

**Three of the employees regularly misused their State vehicles by doing one or more of the following:**

- **Driving them for personal use during their normal work shifts.**
- **Parking them overnight at their personal residences.**
- **Driving well above the posted speed limit (up to 94 mph).**

**Also, these employees did not accurately complete some of their daily travel logs.**

The three employees made between 1 and 5 personal stops on 75% to 88% of the days that we tracked their vehicle movements using GPS devices:

Table 2: GPS Monitoring of Employees' Use of State Vehicles

Employee	Days Monitored	Days With Personal Stops	Range of Personal Stops per Day During Work Hours	Duration of Individual Stops (Hours: Minutes)	Location of Primary Stops
A	18	14 (78%)	1 to 3	Up to 3:01	Residential and retail areas
B	17	15 (88%)	1 to 3	Up to 1:01	Restaurants and retail areas
C	12	9 (75%)	1 to 5	Up to 7:16	Residential areas, restaurants, and home improvement stores

In addition, we noted that Employee B drove the State vehicle on two days that the employee was not working and Employee C drove the vehicle one night after work hours.

State of Michigan Administrative Guide to State Government procedure 0410.03 prohibits the non-duty use of State vehicles. All three employees informed us that they knew that personal use of State vehicles was prohibited and, as such, only used their State vehicles for business purposes.

Regarding inaccurate completion of daily travel logs, we noted instances in which one or more of these employees had documented that they completed a filter collection route that they had not completed, recorded work miles for days that they did not work, significantly overstated or understated their work miles on certain days, and recorded the same work miles on more than one vehicle log. In addition, the employees generally recorded only their filter collection routes on the mileage logs and did not record the numerous personal stops made at non-filter locations each day.

Employees A and B informed us that they completed their travel logs at the end of each month rather than on a daily basis. The Unit supervisor could improve the accuracy of the travel logs by requiring more timely completion of the travel logs and implementing a more thorough review process that includes random comparisons of vehicle odometers with employee travel logs.

According to the Department of Technology, Management, and Budget's (DTMB's) Vehicle and Travel Services Driver

Reference Guide, failure to submit accurate mileage reports to DTMB may result in the loss of State vehicle privileges.

**3. Questionable Commuting Arrangements  
At least one Unit employee had a commuting arrangement that did not reflect sound business practice.**

All Unit employees with a regularly scheduled filter collection route or significant job responsibilities outside of Cadillac Place had an assigned State vehicle that they parked overnight at a safe location near their respective home and/or route. This enabled the employees to complete their routes or other responsibilities each morning without first having to travel to Cadillac Place to pick up a State vehicle. As previously noted, the employees' paid work time began when they arrived at their State vehicles in the morning and ended when they parked their vehicles in the afternoon or early evening.

When an employee's home and route are in close proximity to one another, allowing the employee to use their State vehicle to commute to and from Cadillac Place and paying the employee for their travel time may mutually benefit both the Unit and the employee. However, when employees parked their State vehicles close to their homes and their homes were not located near their routes, the Unit incurred additional costs with little or no apparent corresponding benefit.

Employee C drove his State vehicle to and from Fort Gratiot in St. Clair County (a round trip of at least 127 miles per day) on State time and at State expense even though all of the Unit's monitoring activities took place in Wayne, Oakland, and Macomb Counties. Generally, Employee C did not perform a filter collection route and instead was responsible for troubleshooting, maintaining, repairing, and periodically inspecting the air monitoring instruments and for completing various other duties at Cadillac Place.

From February 1, 2018 through June 8, 2018, at least 22 (26%) of Employee C's 85 workdays included travel directly to Cadillac Place and back to Fort Gratiot. Also, many of Employee C's other workdays included travel only to Cadillac Place and other locations in Detroit and then back to Fort Gratiot. In addition to paying the employee's hourly wage to make the daily 2.5-hour round-trip commute, the Unit also paid at least \$44.81 per day in vehicle lease costs.

We noted other Unit employee examples with commute times up to 40 minutes to their first filter collection sites after picking up their State vehicles. DEQ should evaluate the appropriateness of all Unit employees' commuting arrangements and ensure that there is a sound business case supporting them.

# APPENDIX

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GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
LANSING



LIESL EICHLER CLARK  
DIRECTOR

January 10, 2019

Mr. Doug A. Ringler  
Auditor General  
Office of the Auditor General  
201 North Washington Square, Sixth Floor  
Lansing, Michigan 48913

Dear Mr. Ringler,

Thank you for the draft investigative audit of the Department of Environmental Quality (DEQ) BioWatch Unit's Selected Employees' Time Reporting and Use of State Vehicles. The DEQ's response for inclusion in the audit is below.

*The DEQ takes misuse of state resources seriously. Upon receiving the referral of issues identified by the Office of Auditor General's Fraud Investigative Services Team, the DEQ requested Civil Service conduct an investigation. Civil Service completed an investigation for payroll fraud and violations of state policies for the employees in question. As a result of the OAG's findings and Civil Service's review, disciplinary action was issued for five individuals, including dismissal of two employees.*

Please contact me at 517-284-5004 if anything else is needed.

Sincerely,

Amy Epkey  
Administration Deputy Director  
517-284-5004

cc: Bryan Weiler, OAG  
Liesl Eichler Clark, Director, DEQ  
Aaron B. Keatley, Chief Deputy Director, DEQ  
Mary Ann Dolehanty, DEQ







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