

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of Health and Hospitals
Office of Public Health
Baton Rouge, Louisiana

July 2, 2003



Investigative Audit

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Daryl G. Purpera, CPA, CFE

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July 2, 2003

MR. DAVID W. HOOD, SECRETARY
DEPARTMENT OF HEALTH AND HOSPITALS
OFFICE OF PUBLIC HEALTH
Baton Rouge, Louisiana

Transmitted herewith is our investigative report of the Department of Health and Hospitals - Office of Public Health. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our finding and recommendations as well as your response. Copies of this report have been delivered to the Department of Health and Hospitals; the Honorable Eddie Jordan, District Attorney for Orleans Parish; and others as required by state law.

Respectfully submitted,

A handwritten signature in cursive script, reading "Grover C. Austin".

Grover C. Austin, CPA
First Assistant Legislative Auditor

JLS:DGP:dl

[OPH03]

Executive Summary

Investigative Audit Report Department of Health and Hospitals Office of Public Health

Background *(See page 3.)*

The Office of Public Health (OPH) develops, provides, and assures public and environmental health services to protect and enhance the health of Louisiana citizens. It accomplishes these goals by operating and maintaining centers for community health; centers for environmental health; centers for health policy, information and promotion; and centers for preventive health.

The legislative auditor received information indicating that the audit director for OPH was being paid for hours that he did not work. This investigative audit was performed to determine the propriety of this information.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of OPH; (2) interviewing other persons as appropriate; (3) examining selected documents and records of OPH; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; (5) reviewing applicable state laws; and (6) observing employees activities during the work day.

Finding *(See page 5.)*

Mr. Edward M. Tierney, audit director, was paid \$4,989 for hours he did not work. Mr. Tierney submitted time sheets claiming 21 hours that he did not work for five days during May 2003. An analysis of the entry and exit logs for OPH and the HEAL Parking Garage for the period July 2002 through May 2003 indicates Mr. Tierney claimed an additional 127 hours on his time sheets when it appears he was not present at OPH.

Recommendations *(See page 7.)*

OPH should ensure that its employees adhere to its work hours, time reporting, compensatory time, and leave policies. In addition, OPH should ensure that supervisors observe their employees and verify that their time sheets agree with these observations.

In addition, this report has been provided to the district attorney for Orleans Parish. A special grand jury in Orleans Parish indicted Mr. Edward M. Tierney on charges of public payroll fraud on June 9, 2003.

Management's Response (*See Attachment I.*)

Management has placed Mr. Tierney on administrative leave with pay pending an internal investigation into these matters. In addition, management has reinforced its policies and practices regarding timekeeping, work hours, and leave with OPH employees.

Background and Methodology

The Office of Public Health (OPH) develops, provides, and assures public and environmental health services to protect and enhance the health of Louisiana citizens. It accomplishes these goals by operating and maintaining centers for community health; centers for environmental health; centers for health policy, information and promotion; and centers for preventive health.

The legislative auditor received information indicating that the audit director for OPH was being paid for hours that he did not work. This investigative audit was performed to determine the propriety of this information.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of OPH; (2) interviewing other persons as appropriate; (3) examining selected documents and records of OPH; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; (5) reviewing applicable state laws; and (6) observing employees activities during the work day.

The results of our investigative audit are the finding and recommendations herein.

Finding

Mr. Edward M. Tierney, audit director, was paid \$4,989 for hours he did not work. Mr. Tierney submitted time sheets claiming 21 hours that he did not work for five days during May 2003. An analysis of entry and exit logs for the Office of Public Health (OPH) and the HEAL Parking Garage for the period July 2002 through May 2003 indicates Mr. Tierney claimed an additional 127 hours on his time sheets when it appears he was not present at OPH.

OPH policy requires employees to work an eight-hour day between the hours of 7:30 a.m. and 5:00 p.m. They earn compensatory time for hours worked in excess of their normal work hours. OPH policy prohibits employees from working at home. Employees enter their start and end time each day on a time sheet so that the timekeeper can enter the times into the computer system. At the end of the pay period, each employee is required to sign a paper time sheet. According to Mr. Craig Peters, deputy undersecretary, when an employee signs his or her time sheet they are verifying that they actually worked the hours shown on it. An employee's supervisor then approves the time sheet before it is turned in for processing through the payroll system.

Mr. Peters explained that the work hours at OPH are from 8:00 a.m. to 4:30 p.m. He stated that if employees do not take a morning break or an afternoon break, they could accumulate them and use them in conjunction with their 30-minute lunch so they can take a one-hour lunch. Furthermore, Mr. Peters said that employees can take smoke breaks and these smoke breaks do not count toward an employee's normal breaks.

Mr. Peters stated that substantially all of Mr. Tierney's work is performed at the OPH office. Mr. Peters also stated that he reviews and approves Mr. Tierney's time sheets. Mr. Peters further stated that when he signs an employee's time sheet, he is verifying that the employee actually worked the hours reflected on it.

Mr. Tierney is the audit director for OPH located at 325 Loyola Avenue in New Orleans with an annual salary of \$70,117. For five days during the period May 8, 2003, through May 23, 2003, we monitored Mr. Tierney's daily activities. Mr. Tierney's time sheets reflect that he worked a total of 45 hours on those five days--40 regular hours and five hours of compensatory time. Our observation showed the following:

- May 8, 2003 - Mr. Tierney's time sheet indicates that he worked from 7:00 a.m. until 4:15 p.m. He claimed eight hours of normal time and 45 minutes of compensatory time. Our observation shows Mr. Tierney did not work a full eight-hour day. He arrived at work at 7:41 a.m., 41 minutes after the 7:00 a.m. time he put on his time sheet. At 11:20 a.m. he left work, went grocery shopping, and then returned to work at 2:05 p.m. Mr. Tierney left work for the day at 4:18 a.m. Therefore, Mr. Tierney did not work eight hours and 45 minutes claimed on his time sheet; he worked six hours earning no compensatory time.

- May 9, 2003 - Mr. Tierney's time sheet indicates that he worked from 7:00 a.m. until 4:45 p.m. He claimed eight hours of normal time and one hour and 15 minutes of compensatory time. Our observation shows Mr. Tierney did not work a full eight-hour day. He arrived at work at 8:10 a.m., one hour and 10 minutes after the 7:00 a.m. time he put on his time sheet. At 11:54 a.m. he left work, went to two bars, and then returned to work at 3:33 p.m. Mr. Tierney left work for the day at 4:33 p.m. Therefore, Mr. Tierney did not work nine hours and 15 minutes claimed on his time sheet; he worked five hours earning no compensatory time.
- May 21, 2003 - Mr. Tierney's time sheet indicates that he worked from 7:30 a.m. until 4:15 p.m. He claimed eight hours of normal time and 15 minutes of compensatory time. Our observation shows Mr. Tierney did not work a full eight-hour day. He arrived at work at 7:35 a.m. At 11:35 a.m. he left work, went to a bar, and then returned to work at 2:40 p.m. Mr. Tierney left work for the day at 4:11 p.m. Therefore, Mr. Tierney did not work eight hours and 15 minutes claimed on his time sheet; he worked five hours earning no compensatory time.
- May 22, 2003 - Mr. Tierney's time sheet indicates that he worked from 7:15 a.m. until 5:00 p.m. He claimed eight hours of normal time and one hour and 15 minutes of compensatory time. Our observation shows Mr. Tierney did not work a full eight-hour day. He arrived at work at 7:45 a.m. At 8:45 a.m. he left work, went home, and then returned to work at 11:05 a.m. At 11:32 a.m. he left work, went to a store and a bar, and then returned to work at 1:54 p.m. Mr. Tierney left work for the day at 5:07 p.m. Therefore, Mr. Tierney did not work nine hours and 15 minutes claimed on his time sheet; he worked five hours earning no compensatory time.
- May 23, 2003 - Mr. Tierney's time sheet indicates that he worked from 7:30 a.m. until 5:15 p.m. He claimed eight hours of normal time one hour and 15 minutes of compensatory time. Our observation shows Mr. Tierney did not work a full eight-hour day. Mr. Tierney arrived at work at 8:40 a.m., one hour and 10 minutes after the 7:30 a.m. time he put on his time sheet. At 10:36 a.m. he left work, went to a grocery store and two bars, and then returned to work at 1:48 p.m. At 2:42 p.m. he left work, went to a bar, and then returned to work at 4:13 p.m. Mr. Tierney left work for the day at 4:50 p.m. Therefore, Mr. Tierney did not work nine hours and 15 minutes claimed on his time sheet; he worked three hours earning no compensatory time.

Our observation showed that Mr. Tierney did not work 40 hours and earn five hours of compensatory time. Our observation showed that Mr. Tierney only worked 24 hours, did not earn any compensatory time, and did not turn in any leave slips. The value of the 21 hours claimed by Mr. Tierney but not worked is \$708.

In addition to observations of Mr. Tierney, we obtained the computerized entry and exit logs for the OPH office building located at 325 Loyola Avenue and the HEAL Parking Garage located adjacent to the OPH office building. These records indicate that during the period July 2002 through May 2003, Mr. Tierney was paid \$4,281 for 127 hours when it appears he was not present at OPH. Mr. Peters approved Mr. Tierney's time sheets.

We attempted to speak with Mr. Tierney, but he chose not to speak with us.

Recommendations

OPH should ensure that its employees adhere to its work hours, time reporting, compensatory time, and leave policies. In addition, OPH should ensure that supervisors observe their employees and verify that their time sheets agree with these observations.

This report has been provided to the district attorney for Orleans Parish. A special grand jury in Orleans Parish indicted Mr. Edward M. Tierney on charges of public payroll fraud on June 9, 2003.¹

¹ **R.S. 14:138** provides, in part, that payroll fraud is committed when any public officer or public employee shall carry, cause to be carried, or permit to be carried, directly or indirectly, upon the employment list or payroll of his office, the name of any person as employee, or shall pay any employee, with knowledge that such employee is receiving payment or compensation for services not actually rendered by said employee or for services grossly inadequate for such payment or compensation.

R.S. 14:133 provides, in part, that filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, any forged document, any wrongfully altered document, or any document containing a false statement or false representation of a material fact.

R.S. 14:134 provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

Attachment I

Photograph

Photograph



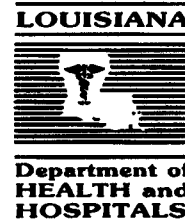
Mr. Tierney emerging from Grit's Bar at 2:10 p.m. on Friday, May 9, 2003.

Attachment II

Management's Response



STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



M. J. "Mike" Foster, Jr.
GOVERNOR

David W. Hood
SECRETARY

June 25, 2003

Mr. Grover C. Austin, C.P.A.
First Assistant Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Re: Investigative Audit Report
Office of Public Health

Dear Mr. Austin:

Thank you for your letter dated June 11, 2003 and enclosed draft of the investigative audit report. I appreciate the opportunity to respond on behalf of DHH/OPH and outlined the measures already taken to prevent similar incidents in the future. Attached please find copies of the following:

- 1) Memo dated June 16, 2003 from me to all DHH employees regarding hours of work and emphasizing that the time and attendance records must be accurate and reflect actual time worked. (See Exhibit # 1 attached)
- 2) Memo dated June 6, 2003 from Assistant Secretary Sharon Howard to all OPH employees regarding hours of work and the need to certify the correctness of the time sheets. Ms. Howard points out that adherence to time and attendance regulations and accurate documentation of the same are conditions of employment. (See Exhibit # 2 attached)
- 3) Memo dated June 10, 2003 from Craig Peters, OPH Budget Director, to all administrative and technical support employees regarding sign in and leave policy and supplementing existing OPH policy. (See Exhibit # 3 attached)
- 4) On June 18, 2003, Sharon Howard, Assistant Secretary for OPH, took appropriate personnel action in relation to Craig Peters, OPH Budget Director, for failure to adequately supervise his subordinates, including Mr. Ed Tierney who was indicted by the Orleans Parish Grand Jury for payroll fraud on June 9, 2003. Mr. Peters was notified that he will be held accountable and subject to disciplinary action for similar incidents in the future.

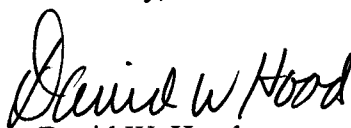
Mr. Grover C. Austin, C.P.A.

June 25, 2003

Page 2

The Department of Health and Hospitals is conducting an internal investigation regarding the allegations against Mr. Tierney and once the investigation is completed appropriate disciplinary action will be taken in accordance with applicable Civil Service Rules. Once the final disciplinary action letter is issued, we will forward a copy to you. I want to thank your staff for cooperating with our internal investigation and sharing your evidence.

Sincerely,

A handwritten signature in black ink that reads "David W. Hood". The signature is written in a cursive style with a large initial 'D'.

David W. Hood
Secretary

DWH/FHP/br

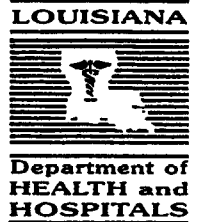
attachments

cc: Frank H. Perez
Sharon Howard



M. J. "Mike" Foster, Jr.
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



David W. Hood
SECRETARY

June 16, 2003

TO: All DHH Employees

FROM: David W. Hood
Secretary

RE: Hours of Work

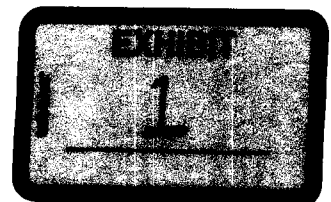
Employees in DHH have been allowed to work adjusted schedules other than an 8:00 a.m. to 4:30 p.m. workday. Assigned work schedules are approved by supervisors and become a part of payroll records. Employees are reminded of the need to accurately sign in and out on a daily basis, and the time that an employee signs in and out each day must reflect **actual time worked**. In addition, employees must initial time and attendance sheets at the end of each payroll period to certify the correctness of the information. To do otherwise is a falsification of time and attendance records and may result in disciplinary action up to and including dismissal and/or criminal prosecution.

There was a recent case of an employee who was suspected of payroll fraud, investigated by a Legislative Auditor, and charged with a criminal offense as a result of conducting personal business while not on leave status.

Should you have questions about DHH's policy on leave or overtime/compensatory time, I refer you to two policies outlining these issues: # 8107-76, Accrual and Use of Leave for Classified Employees; and # 8131-98, Overtime Policy. In addition your human resource office can provide guidance.

Your job is important to the overall accomplishment of the Department's objectives. Adherence to time and attendance regulations and accurate documentation are the responsibility of each of us as public employees.

DWH/nsf





M.J. "Mike" Foster, Jr.
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



June 6, 2003

MEMORANDUM

TO: OPH Employees

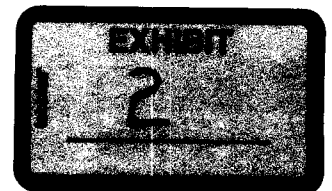
FROM: Sharon G. Howard
Assistant Secretary
Office of Public Health

RE: Hours of Work

The regular work week consists of 40 hours. You must maintain a record of hours worked each day and certify the correctness of the information on the time and attendance work sheet. Falsification of time and attendance may result in disciplinary action including suspension without pay, demotion, reduction in pay, reassignment and/or dismissal.

Your job is important to the overall accomplishment of the Departments' objectives. Professionalism and adherence to time and attendance regulations as well as accurate documentation of same are conditions of employment.

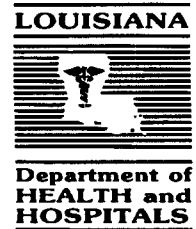
c: Mr. David W. Hood
Mr. Frank Perez
Ms. Joan Ward





M. J. "Mike" Foster, Jr.
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



David W. Hood
SECRETARY

June 10, 2003

Memorandum

To: All Administrative and Technical Support Employees

From: Craig Peters, Deputy Undersecretary, OPH

RE: Sign-in and Leave Policy

This memo is to reinforce and revise the Sign-in and Leave policy of the division of Administrative and Technical Support.

Coverage will be provided in all sections from 7:30 a.m. to 5:00p.m. Supervisors are to schedule their employees in half-hour increments to achieve this coverage (i.e. 7:30, 8:00, 8:30). Supervisors will provide me with a list of Employees, the employee's work schedule, and his/her lunch schedule by Close-of-Business Monday, June 16th. Lunch schedules must ensure telephone coverage for the section throughout the day.

Effective immediately, all employees will sign in and out for lunch in strict accordance with the lunch schedule developed by your supervisor.

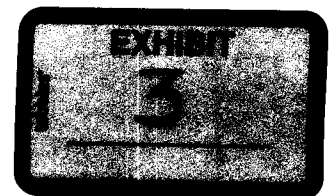
If you leave your assigned work area on personal business, with prior authorization by your supervisor, you are to sign out and sign back in upon your return. You will prepare an Application for Leave (SF 6) to cover your absence, in accordance with the Department of Health and Hospital's conversion chart (attached).

If you will be away from your assigned workstation for longer than fifteen minutes, you will notify your supervisor prior to leaving, of your destination and estimated duration of your absence.

This memo does not replace official OPH leave policy, but merely reinforces it. All other aspects of the OPH leave policy remain in effect.

If you have any questions, please refer them to your supervisor, who will pass them to me for clarification.

Cc: Sharon Howard, Assistant Secretary, OPH



DEPARTMENT OF HEALTH AND HOSPITALS
CONVERSION CHART OF MINUTES TO HOURS

Leave Taken		Leave Earned/Overtime	
Minutes	Hours	Minutes	Hours
6 - 11	.1	3 - 8	.1
12 - 17	.2	9 - 14	.2
18 - 23	.3	15 - 20	.3
24 - 29	.4	21 - 26	.4
30 - 35	.5	27 - 32	.5
36 - 41	.6	33 - 38	.6
42 - 47	.7	39 - 44	.7
48 - 53	.8	45 - 50	.8
54 - 59	.9	51 - 56	.9
60 - 65	1.0	57 - 62	1.0

Note: Each increment of hours equals six minutes (Example: .1 equals 6 minutes, .2 equals 12 minutes, etc.)

On the Application of Leave form enter the hour increments (example: .1) in the "I Request Hours of Leave Block" and the actual minutes in the "From and To Blocks."