



OFFICE OF
STATE INSPECTOR GENERAL

SOUTHERN UNIVERSITY
UNAUTHORIZED OVERTIME SYSTEM

Report by
Inspector General Bill Lynch

Prepared for
Governor M.J. "Mike" Foster, Jr.

December 1, 2000

File No. 1-00-0111

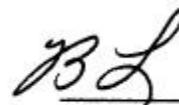


State of Louisiana

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November 21, 2000

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Southern University

Unauthorized Overtime System

Emma Perry, Dean of the John B. Cade Library on Southern University's Baton Rouge campus, operated an unauthorized, off-the-book overtime system for library employees. There was no university approval for the overtime and the hours were not reported in official university timekeeping records. Dean Perry approved and submitted false payroll records that showed employees were working at times when they were not.

Background

The John B. Cade Library, Southern University, Baton Rouge campus is an \$11 million facility with over 1 million volumes occupying 154,400 square feet of space, and was built in 1984. It operates year round, and is open over 90 hours per week, while providing services to students, faculty, and the public.

The library's budget for fiscal year 2000-2001 is \$1,765,106, and it has 40 authorized positions consisting of faculty and support staff.

Compensatory time is leave granted to employees as compensation for overtime hours worked.

"Exempt" employee refers to those employees that are exempt from the overtime compensation provisions of the Fair Labor Standards Act. Examples of employees who are exempt from overtime compensation provisions are executive, administrative and professional employees, including academic administrative personnel. Conversely, "non-exempt" employees are those who must be compensated for overtime hours worked.

Unauthorized Overtime System

Dean Perry operated an unauthorized, off-the-books overtime system for library employees. Under her system, faculty and staff were allowed to work overtime without the approval of university officials, and false payroll records were submitted that showed employees were working at times when they were not. Additionally, employee overtime hours were not officially reported, and as a consequence, non-exempt employees may not have been properly compensated.

The Personnel Handbook of the Southern University College System contains an attendance policy that requires department heads to maintain an accurate accounting of hours worked by employees. To facilitate this requirement, the university provides an official time sheet which is to be used to report all hours worked for each pay period. Furthermore, the Personnel Handbook includes a policy which requires overtime for exempt employees to be approved by the Board of Supervisors, and overtime for non-exempt employees to be approved in advance by the Chancellor.

The Fair Labor Standards Act establishes overtime pay and record-keeping standards for workers in federal, state and local governments, which includes institutions of higher education.

Supervisors in the library said they kept a record of overtime hours worked by employees under their supervision instead of turning the time in to the Human Resources department. Later, when the employee asks for compensatory time off, the supervisor checks the log and approves it. The employee's official attendance record would not reflect the overtime worked or the subsequent compensatory time off.

The off-the-books system used by the library cannot be regarded as an adequate substitute for official documentation.

For example, Dean Perry allowed Sana Alawady, Ph.D., her assistant and a faculty member, to accumulate at least 236 purported hours of unauthorized compensatory time from March, 1993, through March, 2000. In order to use this unauthorized compensatory time, Dr. Alawady signed and submitted, and Dean Perry approved, false payroll documents, reporting that Dr. Alawady was at work when she was not. Calculating the value of the 236 hours, Dr. Alawady received at least \$8,925 in salary, and used the hours to take trips to Egypt in 1997, 1998, and 2000; as well as for other absences.

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Listed below is a summary of the salary and hours earned by Dr. Alawady when she knowingly represented that she was at work when she was not:

YEAR	HOURS TAKEN	HOURLY RATE	EARNINGS
1995	16	\$ 32.13	\$ 514.08
1997	48	37.25	1,788.00
1998	52	37.25	2,086.00
2000	116	39.11	4,536.76
TOTAL	236		\$ 8,924.84

Dr. Alawady confirmed that she was absent during the times listed above; however, she stated that she had the permission of her supervisor, Dean Perry. She also stated that she believed that she had earned compensatory hours when she worked on special projects on the campus, and worked extra duties in the library when assigned.

Dean Perry stated that she personally authorized all overtime. She said she made a judgment call in the interest of the library, and did not intend to violate university policy. Dean Perry said that she did not submit requests for overtime to the Board of Supervisors and the Chancellor as university policy required. She said she did nothing more than inform the Vice Chancellor of her department when overtime would have been necessary.

The off-the-book overtime system used by Dean Perry failed to comply with university policy and federal regulations and provided no assurance that exempt and non-exempt employees were properly compensated for overtime.

The Personnel Handbook provides that all employees be compensated for overtime in accordance with federal regulations.

The Fair Labor Standards Act requires that non-exempt employees earn either overtime pay or compensatory time at a rate of one and one-half times their regular rate of pay for hours worked in excess of 40 hours each week. The amount of compensatory time that may accumulate before the employee must be paid for overtime is limited. In addition, official records of all overtime must be maintained to ensure an accurate accounting in the event of a layoff or resignation. Non-exempt employees must be paid upon termination for unused compensatory time.

Interviews were conducted with several non-exempt employees who stated that at least twice each semester library employees are required to work eight extra hours on a weekend. The employee either works eight hours on Saturday or Sunday, or splits the eight hours between the two days. Those extra hours are then either immediately used on Monday, or carried over and used at a later date. According to the employees, the overtime hours were earned at a hour for an hour rate, written on a tablet or desk calendar by their supervisor, and were not reported on attendance reports.

Using the library's informal off-the-books system, non-exempt employees could not be given their unused compensatory time if they are laid off or resign.

Conclusions:

1. Dean Perry operated an improper, off-the-books overtime system for library employees that did not comply with university policy and the Fair Labor Standards Act.
2. Dean Perry knowingly approved and submitted false payroll records of hours worked by Dr. Alawady.
3. Dean Perry and Dr. Alawady violated University rules for earning compensatory leave by exempt employees, when they did not receive approval from the Board of Supervisors to do so.
4. Not adhering to University policy has resulted in the lack of official University payroll data which can verify dates and times Dr. Alawady and other library employees allegedly worked.

Recommendations:

1. This report should be reviewed by the Chancellor of Southern University for the appropriate action to ensure federal regulations and university policies related to overtime and record-keeping are adhered to.

2. Southern University should conduct a comprehensive review of the time records for all library employees. It should assure that the library's overtime practices comply with federal law, and that all employees entitled to overtime compensation are credited with any overtime benefits due to them.

BL/PCW/lk

File No. 1-00-0111



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November 3, 2000

Mr. Bill Lynch
State Inspector General
Office of State Inspector General
P. O. Box 94095
State Capitol Annex
Baton Rouge, LA 70804-9095

Dear Mr. Lynch:

I write as a follow-up to your October 24, 2000 letter which included a report on "specific policies and procedures at the John B. Cade Library, Southern University, Baton Rouge." Responses to the conclusions and recommendations are listed below:

1. Within the University structure, the library is a unique entity because its regular hours of operation substantially exceed the University's normal 8-5 work day. As a part of the University's payroll system, one of the responsibilities of the library managers is to maintain time records for library employees. Based on our review, the intent of the library's method for maintaining these time records was to ensure sufficient staffing during nights and weekends so as to properly serve students and faculty. In addition, it appears that the method facilitated the timely completion of special University projects such as the Institution's accreditation by the Southern Association of Colleges and Schools (SACS). However, the library's method did not fully comply with University policy and the Fair Labor Standards Act. Therefore, I have instructed the Director of Human Resources to work with the library management to develop a method for maintaining time records which gives adequate consideration to their unique circumstances but that is also in full compliance with all applicable University policy and federal regulations.
2. In past years, the library staff was required to prepare for several special University initiatives such as SACS and academic area accreditation visits, Government Documents Inspection visits, and Board of Regents' consultants' visits. It appears that the level of effort necessary to adequately support the University's success in these endeavors required that Dr. Alawady work extra hours. The Dean of Libraries allowed Dr. Alawady to take an equivalent amount of time off during later payroll periods. However, the equivalent time was not reflected on the payrolls submitted to the Office of Personnel Services as required by University policy.

Therefore, I have instructed the Dean of Libraries to submit future time records in accordance with University policy.

3. The University concurs that library officials did not receive Board of Supervisors' approval to grant compensatory leave to an exempt employee. In the future, when extraordinary or emergency situations occur which will require extensive overtime, I have instructed the Dean of Libraries to request advance approval to grant compensatory leave to the affected employees.
4. A review has been conducted of all library employees and verification has been made regarding their status as either exempt or non-exempt. Our review has identified for the last three years, those non-exempt employees whose time worked was not reflected during the appropriate payroll period. Official documentation will be forwarded to the Office of Personnel Services for these employees, requesting necessary adjustments in accordance with University policy and federal regulations. Procedures have been implemented to ensure compliance with University policy and federal regulations which require that official payroll data is available to verify actual hours worked by employees.

RECOMMENDATIONS:

1. I have reviewed the auditor's report entitled "Unauthorized Overtime System" in consultation with members of my Senior Leadership Team, the Director of Human Resources and the Dean of Libraries. I have directed these officials to take the appropriate actions to ensure federal regulations and university policy for overtime and record-keeping are adhered to in all instances. Specific actions that we have taken are:
 - a. A review of actual hours worked by non-exempt library personnel for the last three (3) years has been completed. Non-exempt employees who have been determined by their supervisors to have worked overtime will be granted the appropriate compensatory time in accordance with University policy and federal regulations.
 - b. The Director of Human Resources is scheduled to meet with library administrators and staff to reorient them on federal regulations and University policy as it relates to overtime and record-keeping.
 - c. The Dean of Libraries has required supervisors to have non-exempt employees complete a daily sign-in and sign-out sheet to provide the accounting and record-keeping that is needed to verify dates and times worked.
 - d. The University's Personnel Handbook has been recently updated and distributed to all University department heads.
1. The Dean of Libraries has been in consultation with the Director of Human Resources and the Vice Chancellor for Finance and Administration to determine strategies for conducting a review of the time records for all library employees. A review of non-exempt library

employees' time records for the last three years has been completed and submitted to the Office of Personnel Services. The Director of Human Resources will meet with the Dean of Libraries and all library employees to ensure compliance with University policy and federal regulations. A by-product of our review will be the development of operating procedures that address the library's unique circumstances and will provide the necessary assurances that the library's overtime practices comply with federal regulations and University policy.

If additional information is needed, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Edward R. Jackson". The signature is written in a cursive style with a large, prominent "E" and "J".

Edward R. Jackson
Chancellor

/brs

cc: Dr. Leon R. Tarver II