



State of Louisiana

**OFFICE OF
STATE INSPECTOR GENERAL**

DIVISION OF ADMINISTRATION

FALSE PAYROLL RECORDS

Report by

Inspector General Bill Lynch

Prepared for

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

December 5, 2003

File No. 1-04-0023

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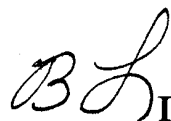
State of Louisiana

**OFFICE OF
STATE INSPECTOR GENERAL**


Division of Administration

False Payroll Records

Report by

 **Inspector General Bill Lynch**

Approved by

 **Governor M.J. "Mike" Foster, Jr.**

November 25, 2003

File No. 1-04-0023

Division of Administration False Payroll Records

Kimberly Watts, confidential assistant to Division of Administration Commissioner Mark Drennen, submitted payroll documents containing false information which resulted in adding 40 hours of annual leave to her leave balance to which she was not entitled. The value of the leave was about \$1,000. Ms. Watts also attempted to mislead investigators by altering a payroll document during the investigation.

Additionally, Ms. Watts was an employee of two parties to a three-party cooperative endeavor agreement between the Division of Administration, the Office Facilities Corporation and YogaWorks, LLC, a private company providing yoga classes to division employees. Ms. Watts' arrangement may have been a violation of the state Code of Ethics.

Although the agreement expired in April, 2003, YogaWorks has continued to provide classes in the Claiborne Building in Baton Rouge, where the division is primarily housed.

Background

Kimberly Watts has served as a full-time, unclassified confidential assistant to the commissioner for about two years. She earns both annual and sick leave and is required to use the leave for time off in the same manner as a classified state employee.

According to Ms. Watts, her duties include maintaining the commissioner's business schedule, handling telephone calls, and serving as the timekeeper for employees of the commissioner's office. Her annual salary is about \$52,000.

As timekeeper for the past two years, Ms. Watts has been responsible for maintaining and submitting time and attendance records and support documentation to the division's payroll office. She also inputs data to the payroll system.

False Payroll Documents

False Leave Change

On April 3, 2003, Ms. Watts entered into the payroll system an annual leave deduction of 40 hours from her leave balance for her vacation to Costa Rica for a week. She deducted eight hours per day for each work day Monday, April 7, through Friday, April 11, 2003.

On May 16, 2003, Ms. Watts completed and submitted a Pay Period Time Adjustment document on which she falsely claimed to be owed 40 hours of annual leave because she previously "had input two weeks rather than one."

Commissioner Drennen certified the document as accurate by signing it.

Ms. Watts initially told investigators she submitted the Pay Period Time Adjustment document because she had deducted two weeks of annual leave from her leave balance instead of one. However, after being confronted with documents showing this was false, she said she could not remember why she thought she was owed 40 hours of annual leave. She admitted the leave change was incorrect.

Cover-up Attempt

The commissioner's office maintains a sign-in sheet which supports time and attendance records. Employees are required to show the amount and type of leave taken for each of the work days in a two-week pay period. Ms. Watts initially completed the sign-in sheet covering the period of her vacation to Costa Rica to show she used eight hours of annual leave for each work day Monday, April 7, through Friday, April 11, 2003.

However, in order to regain the deducted leave, Ms. Watts later altered the document. So that the sign-in sheet and the Pay Period Time Adjustment document would agree, Ms. Watts used "white-out" to remove her notations of annual leave from the sign-in sheet.

During questioning by investigators, Ms. Watts was asked to produce the original sign-in sheet, not knowing that investigators already knew the "white-out" condition of the document. In an attempt to mislead investigators, Ms. Watts wrote over the "white-out" that she was on annual leave for the five work days. She first claimed that she used the "white-out" to change notations of sick leave that she mistakenly entered to annual leave for the vacation. However, she later admitted to investigators that she added the notations of annual leave over the "white-out" after this investigation began.

On Oct. 30, 2003, only minutes after being questioned by investigators, Ms. Watts completed another Pay Period Time Adjustment document properly deducting 40 hours of annual leave from her leave balance.

Whether there were violations of the laws regarding injuring public records, falsifying public records or public payroll fraud are matters for the district attorney to determine.

Yoga Classes

The Division of Administration, the Office Facilities Corporation (OFC), a public corporation established to finance funding for state office buildings, and YogaWorks, LLC entered into a cooperative endeavor agreement in January, 2003. The agreement permitted YogaWorks, a private company, to provide yoga classes to employees of the division. The classes were held during employee lunch breaks or after work hours. In exchange, the division and OFC provided the space for the classes in the Claiborne Building in the Capitol Complex in Baton Rouge, where the division is primarily housed.

Although the agreement expired in April, 2003, the classes have continued. The legal department at the Division of Administration initiated the renewal process in late October, 2003, as soon as it was learned that the agreement had expired.

From March, 2003, through July, 2003, Ms. Watts was paid by YogaWorks at least \$415 to teach some of the classes. This arrangement, wherein Ms. Watts was a confidential assistant to the commissioner of administration and an instructor for YogaWorks, may be

in violation of the state Code of Ethics, and would be a matter for the Board of Ethics to determine. In July, 2003, counsel for the Division of Administration advised Ms. Watts of the possible ethics violation, and she stopped receiving payment from YogaWorks.

Conclusions:

1. Ms. Watts, a confidential assistant to the commissioner of administration, completed and submitted payroll documents containing false information.
2. The false documents resulted in adding 40 hours of annual leave to Ms. Watts' leave balance to which she was not entitled. The value of the leave was about \$1,000.
3. Ms. Watts was an employee of two parties to a cooperative endeavor agreement. The arrangement is possibly in violation of the state Code of Ethics.
4. YogaWorks, LLC, a private company, was allowed to operate in the Claiborne Building, where the division is primarily housed, after the cooperative endeavor expired.

Recommendations:

1. The commissioner of administration should take appropriate action with regard to Ms. Watts' improper activity.
2. The commissioner should insure that a cooperative endeavor agreement is properly in place to allow YogaWorks to continue providing yoga classes in the Claiborne Building.
3. This report should be referred to the appropriate authorities for review.

Management Response:

A response from Commissioner Mark Drennen is attached.

BL/JW/rp

File No. 1-04-0023



M. J. "MIKE" FOSTER, JR.
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

November 21, 2003

Mr. Bill Lynch
Inspector General
P. O. Box 940954
Baton Rouge, Louisiana 70804-9005

Dear Mr. Lynch:

Re: File 1-04-0023

In response to your November 13, 2003, report submission we offer the following.

Time and Attendance:

We agree that there was an incorrect accounting of leave for the period April 7 through 11, 2003, and that error remained undetected until a recent October 2003 review of time files occurred. We do not agree with the report assertion that this was an intentional act to alter leave activity on Ms. Watts part and that there was a subsequent attempt on her part to alter the documents to avoid disclosure. Ms. Watts clearly indicated that the initial correction was an error on her part due to a misunderstanding on her part of the leave input for that time time period. I believe that assertion is understandable given Ms. Watt's time in service. The assertion that the alteration of the original white out was an attempt to hide the mistake is an erroneous one. The reality of the situation was that Ms. Watts was attempting to correct an error which had been brought to her attention as a result of the time file review. While another action may have been more appropriate it was not a malicious attempt to hide anything.

Mr. Bill Lynch
November 21, 2003
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Yoga Classes:

The report infers that Ms. Watts violated the Ethics provisions between the period of March and July 2003. It is my contention that no ethics violation occurred since: 1) prior to March 2003 instructional classes were held under the direction of employees of YogaWorks; 2) Ms. Watts volunteered to teach the classes starting in March 2003 due to the unavailability of the YogaWorks employee (had she not the classes would have had to been cancelled); 3) Ms. Watts was not aware of any potential ethics issues; 4) Ms. Watts was performing these functions during her off work time; 5) Ms. Watts had no relationship with either the Office Facilities Corporation and/or YogaWorks that influenced the decisions regarding the offering of Yoga classes within the Claiborne Building; and 5) upon notification of the possibility of a potential ethics issue Ms. Watts immediately discontinued receipt of payment, but still continued to teach the courses for the benefit of the participating employees. In addition, I would note that the delinquency in the renewal of the cooperative endeavor was in neither the knowledge or control of Ms. Watts. Although we believe no ethics violation occurred, in response to this inquiry we have submitted a factual discussion of this issue to the Board of Ethics for their review and determination.

I trust this provides information that clarifies the factual circumstances surrounding these two issues such that a correct report representation will occur. I appreciated the opportunity to be able to respond to the inquiry. Should you have any questions, please feel free to contact me.

Sincerely,



Mark C. Drennen
Commissioner of Administration