



**INTERNAL AUDIT
OFFICE**

505 Travis St.
Suite 450
Shreveport, LA 71101
www.shreveportla.gov
Office: 318-673-7900
Fraud Hotline: 318-222-5698



Leanis L. Steward
City Internal Auditor

**REPORT TO THE CITY
COUNCIL
BY THE CITY INTERNAL
AUDITOR**

**LIMITED SCOPE PERFORMANCE AUDIT
OF EMPLOYEE FAILURE TO
REPORT TIME OFF**

**INTERNAL AUDIT REPORT
(IAR) 650016-02**

May 31, 2016

Report Highlights	Page
<ul style="list-style-type: none">• We received a fraud hotline report alleging non-compliance with the City's policies and procedures for reporting time worked by some Shreveport Airport Employees	1
<ul style="list-style-type: none">• Our limited scope audit confirmed the allegation and management has undertaken actions to ensure that these policies and procedures are followed in the future	2



The Council
City of Shreveport

Leanis L. Steward, CPA, CIA
City Internal Auditor
P.O. Box 31109
Shreveport, LA 71130-1109

E-Mail Address:
Leanis.Steward@shreveportla.gov
Phone: 318.673.7900
Fax: 318.673.7911

May 31, 2016

Councilman Willie Bradford
Chairman, Shreveport City Council
P. O. Box 31109
Shreveport, LA 71130-1109

Dear Councilman Bradford:

Subject: IAR 650016-02 – Limited Scope Performance Audit of Employee Failure to Report Time off

Attached please find the above-referenced report.

Sincerely,

Leanis L. Steward, CPA, CIA
City Internal Auditor

nd

LIMITED SCOPE PERFORMANCE AUDIT OF EMPLOYEE FAILURE TO REPORT TIME OFF INTERNAL AUDIT REPORT (IAR) 650016-02

Introduction

The Internal Audit Office has completed a limited scope performance audit of certain documents and reports associated with payroll payments made to employees of the Shreveport Airport Authority. We received allegations through the City's Fraud Hotline (FHL) that certain personnel employed by the Shreveport Airport Authority were taking time off from work and not reporting it, thereby claiming the time as "time worked" and receiving pay for that time. Our objective in this instance was to determine the validity of the allegations and report the results of our limited scope performance audit.

The methodology used included:

- Examining copies of the ***Absence Request and Report*** forms turned in to payroll for the periods beginning July 1, 2015 through October 15, 2015 and November 1, 2013 through March 31, 2014.
- Examining records of gate access to the secure staff parking area for Regional Airport administrative employees.
- Examining copies of Airport Administrative Employees' pay stubs for the periods beginning July 1, 2015 through October 15, 2015 and November 1, 2013 through March 31, 2014.
- Examining Fuel purchase records for certain City owned Airport assigned vehicles for the period July 1, 2015 through October 15, 2015.
- Office correspondence of Regional Airport Administrative Employees for the period January 1, 2013 through October 20, 2015.
- Other documents and records bearing on the matters under investigation.

We conducted this limited scope performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

City employees are granted paid leave for vacation and personal needs and for sick time. They are charged with reporting each pay period any vacation or sick leave they have taken. The leave taken reduces their accrued balance of vacation and/or sick leave, and they are paid for such time at their regular rates.



If an employee takes time in excess of their accrued leave, that time is still reportable and it is allowed as leave without pay. Additionally, in the event of a prolonged sickness, the employee may be covered by the Family Medical Leave Act (FMLA). Further, if an employee is out sick more than three (3) days, (s)he is required by City policy to provide a doctor's statement verifying that the employee was ill and unable to work for the period of absence and is now capable of returning to duty.

There are controls in place to ensure compliance with these policies and procedures; however, it is possible to thwart compliance with the controls.

Criteria

Executive Order 91-2 Amended (effective September 3, 1998) provides information concerning the various types of leave and sets policies and procedures for leave to be reported and approved by non-classified employees.

Cause

Employees did not follow established policies and procedures. Management failed to provide adequate oversight of the City's established leave policies and procedures.

Effect

The City has suffered monetary loss and decline in morale among other workers in the Airport Administration as they have viewed these activities taking place with no action by management to correct them.

Findings

We found that two non-classified employees of the Shreveport Airport Authority have not properly reported their time-off. In one instance, we are able to document an employee's absence from work for at least forty-five consecutive work days, including one paid holiday, while out for medical procedures and recovery. The employee was paid for this entire period and no time off from work was reported to payroll. In addition, based on the evidence we obtained, this employee's take home City vehicle was parked at the employee's residence for the entire duration of his absence.

In the second instance, the employee had twenty-seven equivalent days absent that were not documented in accordance with City policies and procedures during the periods beginning July 1, 2015 through October 15, 2015 and November 1, 2013 through March 31, 2014. At no time during these periods did this employee report any time off other than holidays.

Conclusion

Based on evidence obtained, two non-classified employees at the Shreveport Regional Airport were not reporting their time in accordance with the City's established policies and procedures.



Recommendations

We make the following recommendations:

- The City takes appropriate disciplinary measures against the two employees who are the subject of this report.
- The City seeks restitution of the funds paid these employees.

Suggested Timetable

The findings and conclusion in this report are serious; therefore, we believe that these recommendations should be pursued on a priority basis.

Management Response

While the Internal Audit conducted revealed what appears to be impropriety on behalf of two airport employees who's time records were incorrectly logged, a further review by management reveals the following:

Employee #1 - The nature of his job requires non-standard and long hours. During the period in question, this employee sustained a non-work related injured requiring he be out of the office. While he was not in the office, documents reviewed reveal he was actively working on SAA business and had in fact been informally approved to work from home. It was further revealed that the required Form 24 was late being submitted due to him being out of the office and was not readily available at the time of the audit. Records audited may have also not accurately captured his attendance because he was dropped off at work each day and did not use his city vehicle or gain access using the airport access control system.

Employee #2 - It appears management has attempted to provide an employee accommodation outside of City policy to allow her to address personal issues. This accommodation involved permitting her to leave in the late afternoon to tend to childcare issues and then to return to work to complete her required hours into the evening. This accommodation was not documented properly and was allowed for an extended period of time. It is believed that her evening hours were in fact worked as management was in the office to observe her return and stay late on many occasions.

Management does not believe that any of the actions above were an intentional effort to defraud the city but rather the result of poor attention to timekeeping. Efforts have been made to resolve these issues in a fair and responsible manner; and to ensure measures are in place to prevent future lapses. The following corrective action has been identified to address these findings:



Corrective Action

- Management conducted a review of employee #1's time and determined that a total of 154.5 hours was not accurately charged to the employee. His time will be adjusted accordingly to reflect a charge of (104) Sick Pay Hours and (50.5) Comp Time Hours.
- Employee #1 will receive one day suspension, without pay, for failure to follow established policy for timekeeping.
- Employee #2 given her responsibility for the oversight of financial matters, including payroll, will be reassigned to a lower position of responsibility effective January 1, 2016.
- The informal accommodation afforded to Employee #2 will cease effective January 1, 2016.
- Employee #2 will receive one day suspension, without pay, for failure to follow established policy for timekeeping.
- Management has issued a new SAA policy detailing the requirements for the tracking of time, which includes potential disciplinary action for non-compliance.
- All timekeeping staff will be required to attend the City Timekeeping Training that is offered in January 2016.
- Senior Management staff will attend the City Timekeeping Training offered in January 2016.

Prepared by:

April M. Jordan, CFE, CLEA
Staff Auditor II

S. Ben Hebert, CPA, CFE, CISA, CMA
CLEA, CLAA, CGMA Staff Auditor III

Approved by:

Leanis L. Steward, CPA, CIA
City Internal Auditor

aj:bh:nd

c:

Mayor
Chief Administrative Officer
City Council
Clerk of Council
Shreveport Airport Authority Director
Carr, Riggs & Ingram