



April 11, 2011

Mr. Christopher Beschler, DCAO, Operations
Mr. James Jackson, Director, Department of Public Works

The Office of the Inspector General has completed an investigation in the Traffic Division of the Department of Public Works. This letter informs you of the results of the investigation.

Complaint

The Office of the Inspector General received a complaint alleging employees of the Traffic Division were abusing time.

Legal Requirements

In accordance with the Code of Virginia, §15.2-2511.2, the City Auditor is required to investigate all allegations of fraud, waste and abuse. Also, the City Code section 2-231 requires the Office of the Inspector General to conduct investigations of alleged wrongdoing.

Background

The traffic signals and pedestrian signs were equipped with incandescent lights that consumed significantly more electricity than LED lights. The Department of Public Works assigned the Traffic Division to replace the fixtures and install LED lights at 474 intersections throughout the City. After installing LED lights at 26 intersections using a vendor, the Department realized that costs could have been reduced approximately 25% by assigning the work to the Traffic Division employees. The work was conducted by the City staff on Saturdays, Sundays, and after regular working hours during the week. Therefore, 100% of the remaining project was supposed to be conducted using overtime hours. According to the Operations Manager for the Traffic Division, the project would save the City 60% of electricity consumption at the above intersections. Savings will not be generated until the electric utility company installs meters at each intersection. This \$800,000 project was funded by the State of Virginia Urban Program.

Findings

The investigator performed surveillance for nine days between January 22, 2011, and February 21, 2011. Six of the nine Traffic Signal Specialists employed by the Traffic Division worked overtime on the LED project during this time period. After reviewing relevant documentation, the investigator found that, on average, the employees defrauded the City by charging twice the overtime hours than they actually worked.

These six employees overstated their overtime as follows:

Title	Overtime Hours Paid For	Actual/Verified Overtime Hours	Overstatement	Overpayment
TSS II	72.5	39	33.5	\$ 952.27
TSS II	64.5	35.5	29	\$1,064.75
TSS I	36	18.5	17.5	\$ 575.64
TSS I	83	40	43	\$1,274.15
TSS I	56	27.5	28.5	\$ 673.80
TSS I	23	7.5	15.5	\$ 538.49
Total	335	168	167	\$5,079.10
% Overstatement			50%	

These employees were cooperative and forthcoming when the investigator interviewed them. They confessed to working approximately half the overtime hours they submitted for the LED project since October 2010. The above six employees received total overtime payments of \$29,199 since the inception of the project. If the observed behavior had continued throughout the project period the above employees would have been inappropriately paid overtime of about **\$14,600**.

When questioned by the investigator, several Traffic Division employees claimed that they were saving the City money by completing the LED project in-house instead of hiring contractors. However, they admitted there was “down-time” during normal work hours, and the LED project could have been worked on during normal hours instead of overtime. The Traffic Division’s Operations Manager informed the investigators that he considered performing this task during the regular work week. However, he could not provide any evidence supporting his assertion. Performing this project during normal work hours would have saved the City money.

The employees were also questioned about responding to after-hours issues with traffic signals such as flashing or missing lights that “on-call” employees are responsible for resolving. Several employees admitted they would repair these after-hours issues just prior to arriving to work the next morning, but would charge overtime as if they had resolved these issues the previous evening. This means that these employees may have received additional inappropriate overtime that could not be quantified.

Management Actions

At the inception of this investigation, the City Auditor's Office contacted the City's Administration. With the Administration's cooperation, the investigators were able to complete their work. In addition, the Director of Public Works was receptive to the results of the investigation and took prompt disciplinary action against the subject employees.

Conclusion

The Inspector General's Office (IGO) forwarded the above observations to the Commonwealth Attorney's office for prosecution. In addition, the IGO recommends that appropriate disciplinary action be taken against the subject employees. Like any other City operation, this project needed to be managed properly to maximize benefits from the resources expended. Unfortunately, it does not appear that this project was managed effectively, which allowed most of the employees in this Division to abuse overtime pay. The supervision of these employees was inadequate. According to the Department, lax supervision was due to the lack of training of the supervisor who was a senior crew member in a temporary assignment and had not been trained on the effective use of time management or effective delegation. The Public Works Department needs to scrutinize all work processes of the Traffic Division and make appropriate changes to strengthen internal controls to improve accountability and enhance employee productivity.

If you have any questions, please contact me at extension 5616.

Sincerely,

A handwritten signature in black ink, appearing to read 'Umesh Dalal', written in a cursive style.

Umesh Dalal, CPA, CIA, CIG
City Auditor/Inspector General

cc: Byron C. Marshall, Chief Administrative Officer