SUMMARY OF INVESTIGATIVE REPORT NO. 14-0790

September 2015

The Office of Inspector General's Review of Alleged Time and Attendance Fraud and Other Misconduct by Employees in the Census Hiring and Employment Check Office

On September 15, 2015, the U.S. Department of Commerce Office of Inspector General ("OIG") issued a report to the U.S. Census Bureau ("Census") presenting its findings of widespread misconduct in the Census Hiring and Employment Check ("CHEC") Office. The CHEC Office performs a sensitive task in the federal government, namely processing background checks for prospective Census Bureau employees and contractors, including personnel who walk door-to-door to millions of homes across America. Notwithstanding the importance of the CHEC Office's mission, the evidence obtained over the course of the OIG's investigation establishes that many current and former CHEC employees engaged in pervasive misconduct over several years, including widespread time and attendance abuse, misuse of office, and repeated attempts to retaliate against a perceived whistleblower. These findings are summarized in greater detail below.

The OIG's investigation resulted from a hotline complaint alleging that certain CHEC Office employees had been fraudulently reporting their time and attendance. Specifically, the complaint alleged that six CHEC Office employees had regularly recorded and received pay for time not actually worked since at least 2010. The OIG referred the complaint to Census and required the Bureau to notify the OIG of the disposition of the complaint. Census reported to the OIG that it found "significant misconduct related to the receipt of pay for time not worked on the part of each employee" named in the initial complaint. The Bureau further stated that it expanded its review to include three additional employees and found that those employees also engaged in the same misconduct. The Bureau proposed the removal (*i.e.,* termination) of all nine employees.

Due to the criminal implications of the conduct at issue, the OIG opened this investigation into the fraudulent reporting of time and attendance by the subject employees. The OIG's preliminary analysis not only confirmed significant discrepancies in time and attendance recording by the identified employees, but also indicated that the problem was much broader than a specific group of employees. The OIG therefore expanded the scope of its investigation to include 40 current and former employees in the CHEC Office. Further, during the course of our investigation, the OIG uncovered evidence of additional misconduct by certain CHEC employees, including the misuse of official position, whistleblower retaliation, and interfering with the OIG's investigation.[1]

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[1] On October 27, 2014, the OIG presented the case to the United States Attorney's Office for the District of Maryland ("USAO") for its consideration. The USAO informed the OIG on April 8, 2015 that it had declined to pursue the matter.

Widespread Time and Attendance Abuse

The OIG used a wide range of analytical tools, including examining comprehensive sets of time and attendance data and comparing time records with email and other evidence, to determine whether 40 current and former CHEC employees engaged in time and attendance abuse, and if so, the extent of that abuse. The OIG's investigation identified a systemic pattern of time and attendance abuse by a significant portion of the CHEC Office since the start of the decade. In particular, the evidence and the OIG's analysis of relevant data show the following:

- From January 1, 2010 to September 20, 2014, the 40 current and former CHEC Office employees whose time and attendance we analyzed had a discrepancy of 19,162 hours (amounting to the equivalent of 2,395 full 8-hour workdays) between their reported work time and their actual work time.[2]

- The total time and attendance abuse in the CHEC Office during this four-year period cost taxpayers nearly $1.1 million.

- Nineteen of the employees—approximately half of the CHEC Office employees whose time and attendance we analyzed—had discrepancies of more than 400 hours over the four-year span.

- Nine employees improperly claimed—and were paid for—what amounts to more than 100 full work days each (more than 800 hours per employee) that they did not actually work.

- The CHEC employee with the largest discrepancy improperly claimed what amounts to 160 full days (1,277 hours) that he did not actually work.

- In some cases, CHEC employees claimed that they had worked a full day, yet there is affirmative evidence that they had not worked at all.

- In other cases, CHEC employees claimed to telework a full day, yet the evidence establishes they performed little or no work at all.

- At least two CHEC contractor employees inflated the hours that they worked, including one contractor who billed for 361 hours of time not actually worked, which amounted to a loss to the government of $32,217.11.

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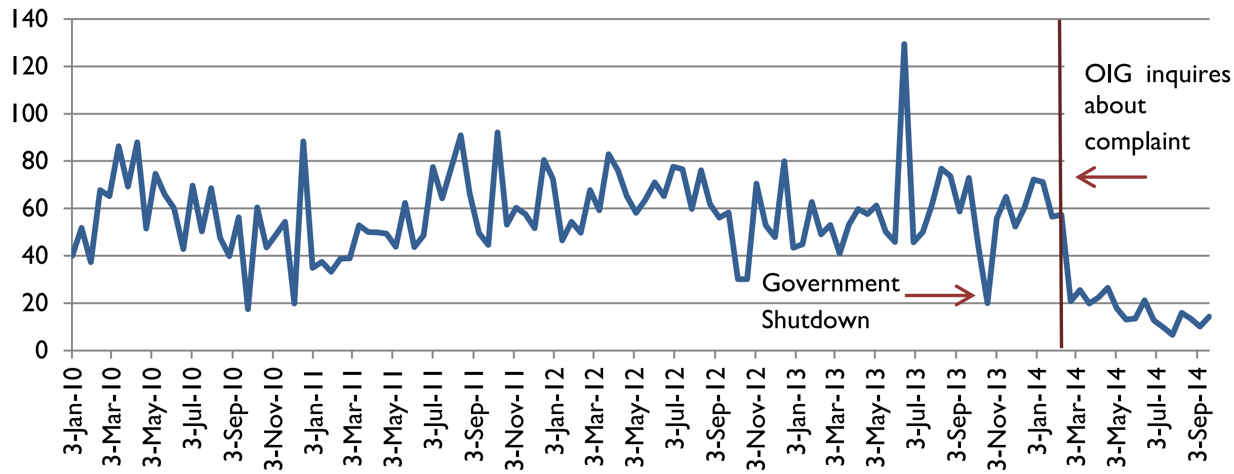
[2] In determining whether any discrepancies exist, the OIG generally interpreted the data in the light most favorable to the employees. For instance, we credited employees for working from the moment they swiped their identification badge ("badge") to enter the building until the moment they swiped their badge to exit the building. In addition, we gave the employees the benefit of the doubt and omitted days when there was no badge swipe data, yet the employee recorded a regular workday in WebTA. This inured to their benefit because, in the event that an employee simply did not show up to work, we still excluded that day from our analysis. We took this approach in order to eliminate days with any legitimate reasons for the absence of badge data, such as off-site trainings, miscoded telework, work travel, and forgotten badges.

Regarding the nine CHEC employees who received Proposals to Remove, Figure 1, shown below, demonstrates that the nine subjects drastically changed their work habits after learning about the OIG complaint. Between January 2010 and January 2014, the nine subjects had a discrepancy, on average, of approximately 60 hours per pay period. On February 4, 2015, OIG staff called CHEC leadership to inquire about allegations of CHEC time and attendance abuse. From February 2014 on, their average discrepancy fell to under 20 hours per pay period. Additionally, the subjects received Proposals to Remove from the Census Bureau beginning on April 24, 2014 and continuing over several days. During the two months prior to learning about the OIG complaint, the employee with the largest discrepancy overcharged 53 hours, yet in the two months after receiving a Proposal to Remove, that individual only overcharged by 1.5 hours.

Figure 1: Overcharged hours by pay period for nine subjects



Misuse of Office

Over the course of the investigation, we also discovered several relationships between CHEC employees and contractors that raised concerns of misuse of official position and other violations of federal law. The OIG's investigation into these issues centered on a specific CHEC employee, who according to the evidence appears to have used his[3] official position as a personal hiring vehicle for friends and their families. In particular, the evidence indicates that this employee was involved in the hiring and recommendation of numerous employees and contractors with whom he had a personal relationship. For instance:

- This employee was actively involved in the hiring and supervision of a contractor for the CHEC Office (including sending her resume to a company that provided services to the CHEC Office, interviewing her on behalf of the CHEC Office prior to her hiring as a contractor, serving as her de facto supervisor, and signing off on her timesheets), even

[3] Gender pronouns have been switched for some individuals in this Report to protect their identity.

though he was involved in a sexual relationship with the contractor throughout the relevant timeframe.

- The employee also engaged in a concerted effort spanning more than a year to help his friend's son obtain a new position at Census. The employee's emails demonstrate that he used his position in the organization to attempt to influence Census managers to hire his friend's son.

Through these and other actions related to the hiring and advancement of friends and their families, the evidence establishes that this employee violated the federal regulation prohibiting the misuse of office for private gain and may have engaged in prohibited personnel practices.

Whistleblower Retaliation and Other Misconduct Related to the OIG Investigation

Over the course of the OIG's investigation, certain CHEC Office employees attempted to intimidate witnesses and actively endeavored to interfere with our investigation. In particular, the evidence established that several CHEC employees fostered an environment that discouraged CHEC employees from speaking openly and truthfully with the OIG.

For instance, according to the evidence, one employee regularly made a variety of threatening statements loudly in the CHEC Office for all to hear, including that (1) the whistleblower had better "watch out;" (2) he will get even and make the whistleblower pay for reporting to the OIG; (3) the whistleblower will wish he had retired once he figured out who it was; and (4) he was going to sue the whistleblower. Below are some of the specific statements and actions attributed to this employee by numerous first-hand witnesses:

- At a meeting for the entire CHEC Office, this employee said that whoever contacted the OIG was a "coward" and "chickenshit."

- This employee repeatedly referred to the whistleblower as a "rat" and a "snitch" in conversations with CHEC employees.

- At an office social event held for a CHEC employee, this employee held a knife in his hand to cut the cake and, while making a stabbing motion with his arm, said something to the effect of "This is for who went to the OIG!"

The OIG also identified multiple instances in which two CHEC employees made false statements or otherwise lacked candor in their OIG interviews. We therefore concluded that these employees violated the federal law prohibiting false statements to federal investigators and DAO 207-10, the Department of Commerce policy requiring employees to fully cooperate with OIG investigations and not withhold information.

In sum, the evidence obtained over the course of the OIG's investigation establishes that certain CHEC Office employees engaged in a wide variety of misconduct that stretched over several years. Moreover, the evidence shows that some CHEC supervisors either led or participated in the misconduct, while others failed to report these abuses, take material steps to address the misconduct, or to take sufficient action to prevent future abuses.

While our investigation focused on evidence of time and attendance abuses and the other misconduct related to the CHEC Office work environment, we also observed additional issues that raise other concerns related to the unit's work. For instance, we obtained evidence that one employee was personally involved in the background check process for applicants with whom he had a personal relationship, which raises conflict-of-interest concerns and at a minimum creates an appearance of partiality. We also discovered a particularly egregious offense by another employee, who allegedly had a sexual interaction with a Census applicant for whom he was involved in the background check, which creates a troubling conflict of interest and undermines the integrity of the background check and suitability process.

Beyond these conflict-of-interest issues, the evidence also establishes that the Bureau has little quality control on the background check work completed by CHEC employees. For example, a CHEC employee conducting a background check may document in the system that he reviewed an applicant's criminal history or that he verified an applicant's employment. The CHEC Office has inadequate mechanisms or processes, however, to verify whether the employee actually performed those actions, or rather had completely fabricated the background check activities. Moreover, we found evidence that CHEC employees bypassed one of the CHEC Office's few internal controls—supervisory review of certain aspects of each case—by sharing the supervisor's password with subordinates for the subordinates to approve their own work.

In light of the widespread misconduct committed by CHEC employees identified in this Report, the apparent lack of internal controls on the quality of CHEC employees' work and deliberate bypassing of the unit's existing controls is disturbing. These failures are particularly troubling in light of the unit's principal mission—conducting the entire background check and suitability determination for all Census field staff, contractors, and temporary employees, which includes the Decennial Census enumerators that walk door-to-door throughout America.

Based on the findings in this report, the OIG makes several recommendations regarding the misconduct and to address the problematic culture in the CHEC Office. For example, we recommend that the Bureau consider taking disciplinary action against CHEC employees as the Bureau deems necessary and appropriate, improving policies and training regarding time and attendance, and revising CHEC policies and procedures to ensure adequate quality control mechanisms are in place.

The Office of Inspector General would like to recognize that the Census Bureau leadership fully cooperated during the investigation and has already begun taking appropriate actions to address problems identified during our investigation.

The OIG's full report of investigation on this matter may be requested pursuant to the Freedom of Information Act (5 U.S.C. § 552). For more information or to file a request, visit the OIG website and click "FOIA" at the bottom of the screen.