

## Timekeeping Fraud

Written by Nick Sanders  
Wednesday, 01 March 2017 00:00

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Timekeeping fraud continues to be the most prevalent form of employee misconduct—and one of the easiest to prove.

In the DoD OIG's Semiannual Report to Congress, covering the six-month period ending 31 March 2016, the Defense Inspector General reported that labor mischarging comprised 60 percent of all contractor disclosures made during that period. The DoD OIG reported that, during the six-month period ending 30 September 2016 (which is the most current reporting period) labor mischarging made up 71 percent of all contractor disclosures.

And those two data points are consistent with history. Labor mischarging—timekeeping fraud—is by far the number one reason contractors made disclosures, as required by the contract clause 52.203-13. (For details about contractor disclosures, see my article, “Audits of Mandatory Contractor Disclosures under 52.203-13: Everything You’ve Been Told is Wrong,” available on this website under “knowledge resources.”) Despite employee training and contractor internal controls designed to prevent such misconduct, it is still the number one reason for employee disciplinary action.

It's not just contractor employees, of course. It's anybody, really, who thinks they can get away with breaking the rules. And that also includes government employees and those independent contractors who work directly for the Federal government.

Such as Dan Glauber.

Dan worked as a contract employee for the Office of Personnel Management (OPM), where he served as a system administrator. To be clear: Dan was not a government employee, but he was an independent contractor hired directly by OPM. It was a full-time gig. It didn't last very long, though. He only made it a little over three months (April 2012 through August 2012) before being terminated. It's not clear *why* he was terminated, but we can guess that the 323.75 hours he recorded on his timesheet during that period where he wasn't present at the OPM worksite may have played a role.

After Dan was terminated, one of the causes for his absentee status was uncovered. It

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seemed that Dan also worked, full-time, for NSA as a subcontractor. NSA investigators determined there were 269.5 hours recorded on Dan's timesheets, for which he was not present at the work site. These missing hours were recorded during the period May 2012 through August 2012.

So Dan did the dream. He pulled down pay for two full-time gigs at the same time. Unfortunately, that was timekeeping fraud. The interesting thing is that, while the OPM folks noticed his absences and investigated, the NSA folks seemingly did not notice until the OPM folks clued them in.

*Oops!*

According to the obligatory Department of Justice [press release](#), Dan was convicted of making false statements, and was sentenced "to five years of probation. During that time, he will be placed on GPS monitoring for 90 days, must perform the community service, and must pay a total of \$70,646 in restitution."

Why do employees keep on falsifying their timesheets, despite all the training and all the internal controls deployed to prevent such wrongdoing, and despite all the downside of getting caught?

We don't have the answers, but we strongly suspect one causal factor is that the supervisory review and approval of employee timesheets isn't as strong an internal control as it's cracked-up to be. Really, in this virtual world, how much insight can a supervisor have into an employee's time when the employee is performing work in another building, or perhaps in another location far away? What good is that supervisory signature when the supervisor may have no idea how the employee spends their time?

HR tends to link supervisory timesheet reviews with the organizational structure. The supervisor who reviews and approves timesheets is same one who does the annual performance reviews. Perhaps it's time to revisit that linkage and decouple it. Perhaps the supervisor who reviews and approves an employee timesheet should be the one who is there actually supervising the employee on a day-to-day basis. That way, there will be some real assurance that when a supervisory signature is found on an employee timesheet, it was based

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on real insight and knowledge. It was not just a rubber stamp.

We're just sayin'....