

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

**REPORT OF
INVESTIGATION**



**AGENCY: OHIO MANUFACTURED HOMES COMMISSION
FILE ID NO.: 2014-CA00009
DATE OF REPORT: JANUARY 6, 2015**

The Office of the Ohio Inspector General ... The State Watchdog

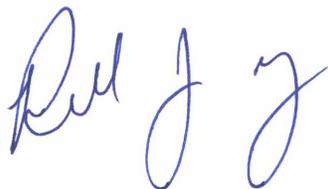
“Safeguarding integrity in state government”

The Ohio Office of the Inspector General is authorized by state law to investigate alleged wrongful acts or omissions committed by state officers or state employees involved in the management and operation of state agencies. We at the Inspector General’s Office recognize that the majority of state employees and public officials are hardworking, honest, and trustworthy individuals. However, we also believe that the responsibilities of this Office are critical in ensuring that state government and those doing or seeking to do business with the State of Ohio act with the highest of standards. It is the commitment of the Inspector General’s Office to fulfill its mission of safeguarding integrity in state government. We strive to restore trust in government by conducting impartial investigations in matters referred for investigation and offering objective conclusions based upon those investigations.

Statutory authority for conducting such investigations is defined in *Ohio Revised Code §121.41* through *121.50*. A *Report of Investigation* is issued based on the findings of the Office, and copies are delivered to the Governor of Ohio and the director of the agency subject to the investigation. At the discretion of the Inspector General, copies of the report may also be forwarded to law enforcement agencies or other state agencies responsible for investigating, auditing, reviewing, or evaluating the management and operation of state agencies. The *Report of Investigation* by the Ohio Inspector General is a public record under *Ohio Revised Code §149.43* and related sections of *Chapter 149*. It is available to the public for a fee that does not exceed the cost of reproducing and delivering the report.

The Office of the Inspector General does not serve as an advocate for either the complainant or the agency involved in a particular case. The role of the Office is to ensure that the process of investigating state agencies is conducted completely, fairly, and impartially. The Inspector General’s Office may or may not find wrongdoing associated with a particular investigation. However, the Office always reserves the right to make administrative recommendations for improving the operation of state government or referring a matter to the appropriate agency for review.

The Inspector General’s Office remains dedicated to the principle that no public servant, regardless of rank or position, is above the law, and the strength of our government is built on the solid character of the individuals who hold the public trust.



Randall J. Meyer
Ohio Inspector General



STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF INVESTIGATION

FILE ID NUMBER: 2014-CA00009

SUBJECT NAME: Ohio Manufactured Homes Commission

AGENCY: State Commission

BASIS FOR INVESTIGATION: Complaint

ALLEGATIONS: Falsification of expense account or request for reimbursement;
Falsification of records;
Failure to comply with state or department rules, procedures, or policies; and
Lack of rules, policies or procedures within the agency or department.

INITIATED: February 4, 2014

DATE OF REPORT: January 6, 2015

INITIAL ALLEGATION AND COMPLAINT SUMMARY

On October 3, 2013, the Office of the Ohio Inspector General received a complaint alleging the executive director of the Ohio Manufactured Homes Commission (OMHC) created a hostile work environment and was storing sensitive employee information, including documents containing Social Security numbers, on an inter-office computer network that was not protected. This complaint was forwarded to the Ohio Department of Administrative Services (ODAS), requesting it conduct an investigation and forward a copy of its findings, as well as any additional information ODAS felt warranted further investigation, to the Office of the Ohio Inspector General.

On January 30, 2014, ODAS forwarded a copy of its findings regarding its investigation of the three original allegations and informed the Office of the Ohio Inspector General of additional allegations, which included:

- Employee Gary Whitaker was not working a 40-hour work week and was falsifying his timesheets;
- Employee Angel Legge continued to work for her former employer, Choice Properties, in an apparent conflict of interest with her current job duties overseeing licensing; and
- The OMHC failed to inspect 100 percent of manufactured homes within the state, or to properly cite failed inspections.

As the OMHC had already scheduled hearings on the inspection issue for its February 2014 meeting, the Office of the Ohio Inspector General informed the commission that this issue would not be a part of its investigation. Furthermore, the Office of the Ohio Inspector General did not address the three allegations in the original complaint since they had been investigated by ODAS.

During the investigation conducted by the Office of the Ohio Inspector General, additional issues were noted, including failure to follow state policies regarding travel expense reimbursements, failure to provide employee access to the commission's policies and procedures, inadequate policies and procedures, and failure to pay invoices to third-party inspectors in a timely manner.

BACKGROUND

Ohio Manufactured Homes Commission

Ohio Revised Code Chapter 4781 establishes the Ohio Manufactured Homes Commission consisting of nine members: three each appointed by the governor, president of the Ohio Senate, and speaker of the Ohio House of Representatives. Members appointed by the Senate and House shall come from a list provided by the Ohio Manufactured Home Association.¹ The commission appoints an executive director who oversees the day-to-day operations of the office. The OMHC oversees the licensing, installation, and inspection of manufactured homes throughout the state. It hires third-party vendors under contract to assist with these functions. During the time period under investigation, the commission employed six employees, including two investigators/inspectors.

Central Service Agency

The Central Service Agency (CSA) is housed within the Ohio Department of Administrative Services and provides payroll and other administrative functions for boards and commissions that do not have the staff to perform these duties. The OMHC is one of the boards and commissions that utilize CSA for some functions, but does have its own staff member that is primarily responsible for OMHC fiscal matters.

INVESTIGATIVE SUMMARY

As part of the investigation, the Office of the Ohio Inspector General requested and received from the Ohio Manufactured Homes Commission employee timesheets, employee travel expense reimbursement reports, and all policies and procedures.

Timesheets

In the information provided to the Office of the Ohio Inspector General by the Ohio Department of Administrative Services, it was alleged Gary Whitaker, an OMHC investigator and inspector, regularly failed to work a 40-hour work week and falsified his timesheets to make it appear he did complete 40 hours. This allegation was based on employees' statements which cited

¹ The Ohio Manufactured Home Association is a non-profit agency that provides lobbying, training, and other benefits to its members. welcomehomeohio.com

incidents when Whitaker was observed arriving to the office late, but would later report on his timesheets that he arrived at his scheduled start time. Investigators spoke with Janet Williams, executive director of the OMHC, who noted that employees were allowed to flex their time during the week and she would not knowingly approve a falsified timesheet. Flex time was defined by those interviewed as either beginning work late but staying later in the day to make up the time, coming in early, or working longer hours later in the week to arrive at 40 hours.

The OMHC does not have a key card system for entering into offices. Nor does the commission have another means of recording employee start and end times such as a time clock or computer program that would record start and end times. As a result, the Office of the Ohio Inspector General is unable to verify that the start and end times recorded on Whitaker's timesheets were inaccurate.

Accordingly, the Office of the Ohio Inspector General does not find reasonable cause to believe a wrongful act or omission occurred in this instance.

Timesheets for all employees from 2013 were reviewed by the Office of the Ohio Inspector General for accuracy and adherence to state policies and regulations. Employees used an Excel spreadsheet to enter their work start and end times, as well as the amount of time they claimed for lunch. Employees were also responsible for manually calculating the amount of time worked each day and entering it into the spreadsheet, instead of having spreadsheet formulas calculate the time for them. This included the column for total hours worked.

Investigators recalculated the timesheets and found minor inaccuracies in the times calculated, resulting in too much time being deducted from leave balances or too much time being added to compensatory time earned balances.

Investigators also noted that on several occasions, employees listed hours worked on a Sunday. On some of the timesheets, the employees noted it was for hours worked on Friday of the

previous pay period.² These hours were not claimed as compensatory time and were instead used to show the employee worked 40 hours the following week. OMHC employees stated to investigators that Williams required that they submit their timesheets on Thursday before the pay period ends, indicating what hours they either expected to work or to use as leave for Friday. The OMHC employees noted any adjustments that were needed to be made for that Friday were recorded on the next pay period's timesheets.

Investigators asked Williams why she requires the timesheets be submitted on Thursday. Williams stated that she was instructed to do so by the Central Service Agency (CSA), who processes payroll for the OMHC. Investigators were unable to determine when or who Williams spoke to at CSA or ODAS regarding these instructions. Typically, state agencies, boards, and commissions have until noon the Wednesday following the close of the pay period to approve and process timesheets. This would give Williams adequate time to have employees make adjustments to timesheets or even have the employees submit their timesheet before they leave work on Friday afternoon or first thing Monday morning, given there were only six employees on staff during the period under investigation.

When Williams instructed employees to report hours as worked on Sunday when the work was actually performed during the previous pay week, employees were not able to claim compensatory time for time worked over 40 hours during that previous week. This is a violation of ODAS Directive HR-D-08: Compensatory Time.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe a wrongful act or omission occurred in these instances.

Travel Expense Reimbursements

Part of the information provided to the Office of the Ohio Inspector General by ODAS alleged OMHC employee Gary Whitaker was not traveling to mobile home parks for inspections and

² The state utilizes two-week pay periods with each pay week beginning on a Sunday and ending on a Saturday when paying employees. Paychecks are on a two-week delayed basis paid every other Friday. For example, pay period ending June 14, 2014, (starting on June 1, 2014, and ending on June 14, 2014) would be paid on June 27, 2014.

was falsifying his travel expense reports. The OMHC has inspection reports that are to be completed for each site visit by their staff inspectors or by third-party inspectors. From a review of the OMHC inspection form, investigators noted that neither the time of the visit was required, nor was a representative from the mobile home park required to be present during the visit or to document that they were aware an inspection occurred on that date.

A comparison conducted by investigators between Whitaker's timesheets and travel expense reports noted that on September 10, 2013, he reported being out all day on sick leave. Yet Whitaker's expense report stated he traveled 82.4 miles that day visiting various parks, and was reimbursed \$42.64 for mileage. It was also noted that Whitaker did not submit his request for mileage reimbursement until November 8, 2013, almost two months after the actual time the travel occurred.

During an interview with the Office of the Ohio Inspector General, Whitaker stated he must have reported the wrong date, but could not offer substantiating evidence to corroborate that he actually completed inspections that day. Whitaker said he had not maintained a calendar indicating where he would be and when, and noted that he was not required to complete an itinerary for site visits.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe a wrongful act or omission occurred in this instance.

As noted, Whitaker did not submit his travel expense reimbursement request until almost two months after the travel was reported to have occurred. The Office of the Ohio Inspector General reviewed all OMHC travel authorizations and expense reports for calendar year 2013. The Ohio Office of Budget and Management (OBM) manages travel expense reimbursements through OAKS, the state's accounting system. Travel is also governed by Ohio Administrative Code (OAC) §126-1-02, *Rates and requirements for reimbursement of travel expenses of state agents*. The OAC states, "All travel by state agents at state expense or on paid travel status must be authorized prior to travel by the head of a state agency or his/her designee." To ensure this occurs, OBM created a travel authorization process within OAKS in which employees enter an

estimate of their travel expenses prior to travel. In the Travel and Expense Reference Guide published by OBM, it further states, “An approved travel authorization is needed prior to all travel.”

A review of the travel authorizations created by OMHC employees showed that all of the authorizations for travel were created after the travel occurred. The average time between when the travel occurred and when the authorization was created was 21 days. Of the 129 travel authorizations created by OMHC employees, 36 were created 30 days or more after the travel occurred.

During the interview conducted with Williams, she told investigators that the Central Service Agency provided instruction to her on the travel process, and told her to create the authorization after the travel occurred. Williams was informed about the requirement in the OAC and the OBM travel guide and she stated she was unaware of the requirements. Investigators were unable to determine when or who Williams spoke to at CSA or ODAS regarding these instructions. Williams asked investigators how an employee was to complete the authorization if he or she did not know the travel expense amounts. Investigators responded that the authorization was just an estimate and OBM allowed for a certain variance if the employee’s actual expenses were above what was entered on their authorization form. Williams was unaware of this allowance.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe a wrongful act or omission occurred in this instance.

Conflict of Interest

ODAS also stated Angel Legge, OMHC program administrator, was alleged to have a conflict of interest by continuing to work for her former employer, Choice Properties, while working for OMHC. ODAS noted that this conflict would exist since Legge oversees the licensing of mobile home parks and operators for OMHC. Legge was asked by the Office of the Ohio Inspector General if she had worked for Choice Properties while employed by OMHC. Legge stated she did not work for Choice Properties, but her husband did. Legge acknowledged taking phone

calls during work hours from her former coworkers at Choice Properties, related to items she had worked on or was involved with during her time as a park manager.

Legge also stated she was not responsible for licensing issues when she was a park manager. Legge noted that Choice Properties' central office is responsible for licensing issues and that the individual parks were not involved in the licensing process.

Accordingly, the Office of the Ohio Inspector General does not find reasonable cause to believe a wrongful act or omission occurred in this instance.

Policies and Procedures

During interviews with the OMHC employees, investigators asked employees about their familiarity with the commission's policies and procedures; specifically, the employee manual or handbook. All of the OMHC employees stated that they did not have access to the employee manual and that it was kept in Williams' office. The employees also stated copies were not provided on the shared network and they were not informed or aware of any updates to the manual.

The Office of the Ohio Inspector General requested Williams provide a copy of the employee manual, as well as any electronic copies available on the shared drive. A review of the employee manual found that it was comprised of 28 pages; it was most recently updated in November 2005; and policies and procedures were noted as not adequate in the last audit by the Ohio Auditor of State, or in the case of the travel requirements, did not exist.

Additionally, policies and procedures sent by CSA, ODAS, OBM, or other oversight agencies were included in the back of the binder. Investigators reviewed the folder on the OMHC shared network that was labeled "policies" and did not find electronic copies of the employee manual.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe a wrongful act or omission occurred in this instance.

Late Payments to Third-Party Inspectors

During the investigation, the Office of the Ohio Inspector General was contacted by a third-party inspector regarding concerns the inspector had over late payments made by OMHC. The inspector stated he had submitted an invoice on September 30, 2013, for work performed that quarter, as required by the contract. However, the inspector said he was not paid for this invoice until almost January 2014. Investigators asked if OMHC had indicated there was a problem with the invoice, or had asked the inspector to submit a new or revised copy. The inspector stated the only item the commission requested was a copy of the contract, as it could not locate its copy. Investigators also asked if the third-party inspector was provided any interest for the late payment, and the inspector stated he was unaware interest was owed.

Several weeks after the Office of the Ohio Inspector General met with the third-party inspector about the late payment from OMHC, the inspector again contacted investigators stating OMHC was late in paying another invoice submitted. This time, when the inspector asked OMHC about interest owed to him on the late payment, he was informed that it was the vendor's responsibility to submit a separate invoice for the interest.

Ohio Revised Code §126.30 (A), Interest on late payments for goods or services, states,

Any state agency that purchases, leases, or otherwise acquires any equipment, materials, goods, supplies, or services from any person and fails to make payment for the equipment, materials, goods, supplies, or services by the required payment date shall pay an interest charge to the person in accordance with division (E) of this section, unless the amount of the interest charge is less than ten dollars.

The OMHC contract with third-party inspectors states OMHC will process payment within 30 days upon receipt of the invoice. A review of state accounting records of invoices processed by OMHC for payment between July 2013 and December 2013 found 42 instances where the invoice was processed after 30 days. Of these 42 instances, six were processed 90 days after the invoice date and three were processed more than 120 days after the invoice was submitted.

Also, state accounting records do not show OMHC processing interest payments on the late payments as required by Ohio Revised Code §126.30 (A). Instead, one vendor was informed that they were responsible for submitting a request for interest when the ORC clearly states it is the agency's responsibility.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe a wrongful act or omission occurred in this instance.

CONCLUSION

The Office of the Ohio Inspector General received a complaint regarding the Ohio Manufactured Homes Commission that was forwarded to the Ohio Department of Administrative Services for its review. During ODAS' investigation, additional allegations were made regarding timesheet issues and a possible conflict of interest. While these allegations were determined to be unfounded, additional issues were noted, including the following:

- Timesheets were not calculated accurately resulting in incorrect leave balances;
- Employees were unable to claim compensatory time; they were instructed by the executive director to submit timesheets early and add the time to a future pay period;
- A travel expense reimbursement was paid to an employee for travel that was reported to have occurred on the same day the employee reported and submitted sick leave on his timesheet;
- Travel authorizations were not completed prior to the date of travel, as required by the Ohio Office of Budget and Management;
- OMHC employees did not have access to the commission's policies and procedures;
- OMHC used an inadequate employee manual for reference that had not been updated in almost 10 years;
- OMHC failed to pay invoices within the required 30 days as specified in the contracts with inspectors; and
- OMHC failed to pay interest for late payments as required by Ohio Revised Code §126.30 (A).

RECOMMENDATIONS

The Office of the Ohio Inspector General makes the following recommendation(s) and asks the chair of the Ohio Manufactured Homes Commission to respond within 60 days with a plan detailing how the recommendations will be implemented. The Ohio Manufactured Homes Commission should:

- 1) Consider implementing a timekeeping system, such as a punch clock or computerized system, to accurately reflect an employee's start and end times.
- 2) Ensure timesheets are calculated accurately and hours are reported on the actual days worked and not on future pay period timesheets.
- 3) Work with the Ohio Department of Administrative Services on adjusting employee leave balances as noted in the report.
- 4) Ensure travel authorizations are completed prior to the employee's date of travel.
- 5) Verify if OMHC employee Gary Whitaker was accurately paid for the travel he claimed when not working, or if the payment made to him should be reimbursed to the State of Ohio.
- 6) Consider revising the OMHC inspection form to include the times the inspectors are on site, and include an acknowledgement by a representative of the manufactured home park being inspected that the inspection has actually occurred.
- 7) Work with the Central Service Agency to revise the employee manual. This should include all applicable Ohio Department of Administrative Services and Office of Budget and Management policies.
- 8) Ensure employees have access to the revised employee manual at all times.
- 9) Work with the Office of Budget and Management to pay interest for the late payments to vendors.

REFERRAL(S)

The Office of the Ohio Inspector General has determined that no referrals are warranted for this report of investigation.



STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

NAME OF REPORT: Ohio Manufactured Homes Commission
FILE ID #: 2014-CA00009

KEEPER OF RECORDS CERTIFICATION

This is a true and correct copy of the report which is required to be prepared by the Office of the Ohio Inspector General pursuant to Section 121.42 of the Ohio Revised Code.

Jill Jones
KEEPER OF RECORDS

CERTIFIED
January 6, 2015

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