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OFFICE OF THE INDEPENDENT INSPECTOR GENERAL

**PATRICK M. BLANCHARD**  
INSPECTOR GENERAL

69 West Washington Street  
Suite 1160  
Chicago, Illinois 60602  
PHONE (312) 603-0350  
FAX (312) 603-9948

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Honorable Toni Preckwinkle  
and Members of the Board of Commissioners  
of Cook County  
118 North Clark Street  
Chicago, Illinois 60602

Dr. John Jay Shannon  
Chief Executive Officer  
Cook County Health and Hospitals System  
1900 West Polk Street, 2<sup>nd</sup> Floor  
Chicago, Illinois 60612

Re: OIIG Summary Report No. IIG15-0046 (Pattern of Time Card Fraud)

Dear President Preckwinkle, Members of the Board of Commissioners and Dr. Shannon:

This letter is written in accordance with Sections 2-288 and 2-289(c)(2) of the Office of the Independent Inspector General (OIIG) Ordinance, Code of Ordinances, Cook County, Illinois, ch. 2, art. IV, div. 5 (2007)(the "OIIG Ordinance") relative to the investigation conducted involving repeated incidents of time card fraud by employees at the John H. Stroger, Jr. Hospital of Cook County. The following is a summary of the investigation.

**Investigation No.:** IIG15-0046

**Allegations:** Operational Review

**Disposition:** Recommendations for remedial action have been offered.

### Background

The OIIG has conducted numerous time and attendance investigations (time card fraud) involving Cook County Health and Hospitals System (HHS) employees at Oak Forest Health Center, Cermak Health Services and Stroger Hospital during the past several years. OIIG Summary Report No. IIG14-0501 released on February 5, 2015 highlighted nineteen such investigations that were sustained.<sup>1</sup> These time card fraud investigations involved a range of

<sup>1</sup> IIG12-0012, OIIG12-0021, IIG12-0076, IIG12-0077, IIG12-0078, IIG12-0079, IIG12-0080, IIG12-0081, IIG12-0082, IIG12-0083, IIG12-0084, IIG12-0085, IIG12-0375, IIG12-0476, IIG13-008, IIG13-0026, IIG13-0074, IIG14-0009 and IIG14-0385.

issues from employees swiping in and then immediately leaving to park their vehicles, employees swiping in for others who fail to report for work, employees leaving during the day without authorization, employees swiping in at unauthorized locations in order to avoid tardiness to employees not swiping at all. The subjects of the investigations involved a wide spectrum of positions and departments including a Division Chairman, a physician, a physician assistant, dentists, dental assistants, nurses, administrative assistants/aides, a trades foreman, environmental service employees, laborers and others. In the end, numerous recommendations have been offered though this issue remains a substantial problem that does not appear to have diminished in scope.

One of the most egregious investigations cited in the referenced summary report involved time card fraud that went undetected by supervisory personnel at the Oak Forest Health Center and involved 10 Environmental Service employees comprising nearly the entire shift. The employees were recorded by surveillance camera swiping in and out for each other. One employee was observed swiping in for three other employees. Some employees did not report to work but worked a second job off campus, while others either did not report to work or left work for extended periods of time without authorization. Several admissions were obtained along with the discovery that some of the employees were involved with defrauding the system for years.

A more recent investigation revealed that Cermak Health Service dentists and dental assistants were involved in time card fraud. The supervisor was aware of time and attendance deficiencies though admitted he failed to enforce the Attendance Policy #HR.2.10.3 (hereafter referred to as the Attendance Policy) and the Employee ID Swipe for Payroll Policy #HR.2.10.2 (hereafter referred to as the Employee ID Swipe Policy).

Based upon the numerous similar investigations that have been sustained, this office initiated this investigation to determine the scope of the problem and underlying causes. This investigation involved the identification of and interviews with 35 employees suspected of time card fraud as outlined below. Informational interviews were conducted with 24 supervisors and eight timekeepers. Lastly, interviews were conducted with three other employees from Human Resources and the Payroll Department. In the end, a total of 70 interviews were conducted that form the basis of the findings and conclusions of this report and the formulation of the proposed recommendations.

### **OIG Investigation**

#### **Methodology Used in Selecting Employees for Interview**

One investigative approach used to identify the HHS employees suspected of time card fraud involved the collection of "swipe" data. The data reviewed consisted of employees' swipe times for work recorded by time clocks and corresponding data reflecting the employees' swipe times at the parking garages (located both at the Juvenile Temporary Detention Center and Stroger Hospital campus) for comparison purposes. We also conducted fixed surveillance at key entrance points to the Stroger Hospital campus to identify employee violators. Once the

employees were identified, follow-up interviews were conducted with the identified employees, supervisors and timekeepers. These interviews resulted in the identification of additional employees suspected of time card fraud. This investigation focused upon the most egregious offenders.<sup>2</sup>

### Interviews

#### Former HHS Human Resources Employee

A pattern of improper swiping practices has been a long-standing problem at Stroger Hospital. By way of background, a former HHS Human Resources employee reported receiving a complaint concerning employees swiping in daily for work at the Stroger Hospital information desk during 2007. The frequency and the number of employees who swiped at the desk became overwhelming and interfered with the visitors seeking general information.

The former employee collected and analyzed swipe in data for both work and parking garage activity for 685 HHS and 65 Ambulatory & Community Health Network (ACHN) employees. The subsequent analysis revealed there was widespread tardiness among the employees, especially among nursing staff. Further analysis by this witness uncovered a pattern referred to as “drive and swipe.” “Drive and swipe” refers to the practice of employees temporarily parking their vehicles in front of the hospital, swiping in at the information desk and then later parking the vehicles to both avoid being tardy for work and to enable the employees to take advantage of their on-duty status to address the often lengthy process of garage parking. Most of the employees were not authorized to swipe at the information desk. It was further revealed that there were three areas that were referred to as “hot spots” in which the time clocks were conveniently located near entrance points to the hospital to enable the employees to swipe in prior to parking their vehicles.<sup>3</sup> The hot spots are located in:

- Administration Building, 1900 West Polk Street – Employees swiped using the time clocks located on the first floor and/or the breeze way near the elevators;
- Stroger Hospital Information Desk located at the front of the hospital on South Winchester Avenue; and
- The time clock located in the hallway near the Stroger Hospital Police Department.

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<sup>2</sup> Some of the data pertaining to employees’ parking activity when compared to the employees’ swipe in time for work could not be reconciled due to the large gap of time separating the swipe activity. Consequently, this data was not considered in the findings of this investigation. However, a comparison of the swipe in times for work and the employees’ scheduled start time was conducted which identified a tardiness problem in many instances.

<sup>3</sup> When an employee swipes in at a hot spot and begins the process of parking either at the Stroger Hospital or JTDC parking garage, an approximate 10 to 30 additional minutes is required before an employee is able to arrive at his work station.

The former Human Resources employee reported these findings to HHS senior management in a September 10, 2007 memorandum.

#### Interviews with Employees Suspected of Time Card Fraud

An overwhelming majority of the 35 suspected violators who were interviewed in this investigation maintained they were not aware of the Attendance and/or the Employee ID Swipe policies. Some swiped in at locations on the Stroger campus that made it convenient for them to “drive and swipe.” Several employees claimed they followed what other employees were doing and were never questioned by their supervisors. One employee claimed his former supervisor authorized the drive and swipe practice.

The interviews also revealed a common theme among the employees, whether they were front line employees or representatives of management, that an accepted past practice existed known as a “grace period.” The “grace period” involved the practice of failing to institute progressive discipline upon an employee who was tardy less than six minutes.<sup>4</sup>

Also noteworthy was the commentary by union representatives present during the interviews in which they acknowledged there was a time and attendance problem that has plagued HHS for years.

#### Timekeeper Interviews

The eight timekeepers interviewed also indicated their understanding that the “grace period” referred to above was an accepted practice. That is, the timekeepers did not monitor employees’ tardiness between one and five minutes after a start time or the swipe locations used by the employees they oversaw. The majority of timekeepers claimed they had little to no training in timekeeping and none of them were knowledgeable of the Attendance and Employee ID Swipe Policies. They were also not aware that the parking swipe data could be used as a management tool for monitoring time and attendance. Importantly, it was further revealed that numerous timekeepers monitored their own time and attendance.

#### Supervisor and Department Head Interviews

The overwhelming majority of the 24 supervisors and department heads interviewed were not aware that their employees were suspected of time card fraud. It was only when the OIIG brought the employees’ names to their attention that they became aware.

Few supervisors regularly reviewed the time and attendance records of their assigned employees. As such, numerous cases were identified where the review was so infrequent that the employee accumulated excessive incidents of tardiness and/or absences on a large scale without

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<sup>4</sup> An important distinction exists in current policy that allows a grace period for an employee to swipe in before the employee is docked pay. However, the grace period does not exist to forgive tardiness.

the imposition of progressive discipline. One employee, who was previously disciplined for tardiness, was cited for excessive tardiness on 50 days in a six month period resulting in a written reprimand. Another employee was excessively tardy 105 instances in 2014 and 106 times in 2015. In sum, this review identified numerous similar circumstances where time and attendance violations went unchallenged by management.

Employees and union representatives acknowledged that time card fraud has existed for years and remains a systemic problem. One reason offered for the continued existence of the problem involves staff shortages. Many expressed reluctance to enforce the time and attendance policies. It was also explained that staff shortages were also the result of an increase in the use of the Family and Medical Leave Act (FMLA). Some of the supervisors suspected that employees used FMLA intermittently to avoid being tardy. Another reason given was that various supervisors were required to oversee such a large unit that adequate supervision of staff became problematic. Lastly, many supervisors believed that the efforts necessary to pursue progressive discipline was too time consuming and burdensome, therefore only minimal levels of discipline were pursued. Other supervisors made similar comments claiming they did not have time to enforce policy because of other duties that were consuming their time.

#### Interviews of Human Resources Personnel

One of the Human Resources (HR) managers claimed that time and attendance was a problem and attributed the problem, in part, to the following:

- Supervisors and employees misinterpreting the Attendance Policy, believing as long as the employee swiped in within 6 minutes they should not be considered tardy;
- Some supervisors impose progressive discipline per policy while others do not. This has resulted in employees claiming disparate treatment; and,
- Due to staff shortages, some supervisors permit employees to make up time lost to their tardiness at the end of the day, sometimes resulting in overtime pay.

Another HR employee explained that confusion exists among supervisors regarding the Attendance Policy section on discipline.<sup>5</sup> Consequently, one of the employee unions filed a grievance on behalf of an employee arguing there was a misinterpretation of the Attendance Policy. These employees suspected that supervisors were not monitoring the employee's time

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<sup>5</sup> Attendance Policy # HR.2.10.3 Implementation/Procedures section #10. This section reads in part: "The period of review will become continuous once the employee receives a disciplinary action for attendance and will be based on a twelve (12) month cycle. Each disciplinary action an employee receives begins a new twelve (12) month rolling cycle, starting with the date of the most recent disciplinary action for attendance."

and attendance every 2 weeks (pay period), which they believed has contributed to time card fraud.<sup>6</sup>

#### Interview of Payroll Department Employee

The employee interviewed in the Payroll Department claimed that the time and attendance policies were ignored and the practice known as the “grace period” appears to have become an accepted institutional practice. It was this employee’s view that FMLA was abused by the employees and the Environmental Services Department and the Department of Laboratories were the most egregious abusers. He was also aware of the practice known as “drive and swipe” claiming he has witnessed this on a daily basis for at least the past five years and added that hospital administrators with offices on the lower floors of the Administration Building very likely have witnessed the practice as well.

#### Review of Employee Discipline

The review of Disciplinary Action Forms/Counseling Forms covering 2015 for one particular HHS department comprising approximately 150 employees revealed there were 70 employees (47%) cited for repeated tardiness, excessive absences, leaving an assigned area without authorization and a pattern of taking sick leave after an off day. The following are examples of a few of the most egregious offenders:

- Unexcused absences (22 days) from May 17 – August 22, 2015. Received counseling. Unexcused absences (21 days) from August 25 – November 28, 2015. Received written warning;
- Repeated tardiness (20 days) from May 27 – August 22, 2015. Received verbal warning;
- Repeated tardiness (35 days) from March 22 – May 16, 2015. Received counseling;
- Repeated tardiness (20 days) from May 17 – September 9, 2015. Received Verbal warning;
- Repeated tardiness (6 days) from March 23 – May 10, 2015. Received verbal warning. Repeated tardiness (16 days) from May 27 – August 16, 2015. Received written warning; and,
- Absenteeism involving a pattern of calling in following a day off (10 incidents) from March 29 – May 13, 2015. Received counseling and warning. Excessive absences (11 days) from May 18 – August 7, 2015. Received verbal warning. Excessive absences (7 days) from August 24 – September 27, 2015. Received written warning.

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<sup>6</sup> Employee ID and Swipe for Payroll Policy #HR.2.10.2 IV. Monitoring Process: (A) Employees’ records will be checked at the end of each pay period by the Department Head or Designee for attendance, tardiness, accuracy and other related information such as exceptions to the swipe locations.

### **OIG Findings and Conclusions**

In summary, 70 interviews were conducted with front line employees, timekeepers, supervisors, department heads and personnel from Human Resources and the Payroll Department. Twenty-four informational interviews and 35 subject interviews were conducted with employees suspected of time card fraud based upon data reviewed and surveillance conducted. Eight of the subject employees had past records of excessive tardiness. Admissions were obtained from 14 interviewees, and there was preponderance of evidence that implicated 15 additional employees. This review also cleared six of the employees for various reasons.

Several employees admitted to the practice of “drive and swipe” to avoid being tardy. Some of those interviewed claimed to have been doing this for years without being questioned about the practice. One employee claimed his supervisor authorized his employees to swipe in before parking their vehicles if they believed they were going to be late for work. Other employees acknowledged taking time to eat their breakfast after swiping in at the beginning of their scheduled shift.<sup>7</sup>

The results of this review and those of prior time card fraud investigations form the basis of our conclusion that a widespread institutional culture of time card fraud continues to exist. The environment that allowed this custom to develop was caused primarily by a lack of policy enforcement and supervisory oversight. Secondary factors that contributed to this issue include:

- Lack of familiarity and misinterpretation of policy by staff;
- Misunderstanding between supervisors and time keepers regarding their timekeeping roles/responsibilities;
- Acceptance of the “grace period” over approved institutional policy;
- Lack of time and attendance training for managers/supervisors and timekeepers;
- The added duty of monitoring employee time and attendance is time consuming and viewed by supervisors as overly burdensome because of the number of employees assigned to their oversight; and
- The disciplinary process is similarly perceived by supervisory staff as overly burdensome.

It is unclear why the “grace period” practice has perpetuated despite the existence of the current policy. The acceptance of an unofficial practice over official policy by management is alarming. More concerning is the overriding belief held by certain supervisors, department heads and union representatives that time and attendance has been a systemic problem for years.

Moreover, it is clear that habitual tardiness and absenteeism have impacted the hospital’s operation. While the financial burden triggered by a drop in productivity is significant, the costs

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<sup>7</sup> The interviews conducted during this review also resulted in the identification of an additional 17 employees suspected of time card fraud and an additional 70 other employees identified who possessed a documented history of discipline for time card fraud. These individuals were not interviewed as part of the subject review.

associated with staff shortages is also remarkable though difficult to quantify. Additionally, the extra work and overtime triggered by excessive tardiness and FMLA abuse impacts morale.

### **OIG Recommendations**

The substantial evidence considered in this review demonstrates that past efforts to curb time card fraud has done little to reverse the long standing existence of systemic abuse. We recognize the important efforts undertaken by HHS to address this issue and offer the following remedial actions in support of senior management to reverse the existing pattern of abuse.<sup>8</sup> Nonetheless, these initiatives will only prove successful with an absolute and on-going commitment. A primary component of the corrective action should focus on training and accountability by both supervisors in enforcing policy and staff in consistently adhering to it. The custom of allowing for a “grace period” should be eliminated and the following measures should be adopted:

1. Annual training should be implemented at all employee levels including front line employees, timekeepers, supervisors and department heads for the purpose of understanding the Attendance and Employee ID Swipe Policies;
2. Periodic training should be scheduled for timekeepers, supervisors and managers regarding best practices to monitor time and attendance as well as being informed of the latest practices and abuses;
3. HHS should educate employees that there is (a) not a five minute grace period to being tardy, and (b) repeated tardiness will be disciplined;
4. HHS should educate employees that the definition of “reports to work” means “to be present at the assigned work location and ready to begin work at the scheduled starting time” and not taking time to park vehicles, eat breakfast and/or dress for work on County time;<sup>9</sup>
5. The responsibilities of supervisors and timekeepers should be clearly defined regarding their respective roles in monitoring time and attendance;
6. The Attendance Policy should include language that prohibits timekeepers from maintaining their own time and attendance records;
7. All supervisors, regardless if they are employed as contractors or are Cook County employees, should have access to the Employee Clock Report as well as Stroger and

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<sup>8</sup> Current initiatives include implementation of new time and attendance system with fingerprint scanning capabilities along with training modules to train employees in the use of the new system, hiring “administrative professionals” to exclusively manage employee time and attendance responsibilities and development of a management curriculum training program for its workforce.

<sup>9</sup> Attendance Policy #HR.2.10.3

JTDC parking swipe data for purposes of policy enforcement and employee accountability;

8. Scrutiny of employee time and attendance should be conducted with regularity to identify abuses early on for purposes of remedial action. This process should occur on a rolling basis every pay period to identify the problem(s) immediately;
9. HHS should hold its contractors accountable when they are charged with the supervision of HHS staff and fail to enforce attendance policy;
10. HHS should review the Attendance Policy for purposes of clarifying the section entitled Implementation/Procedures #10 to avoid misinterpretation and future grievances;
11. HHS should consider the serious weaknesses in supervisory oversight caused by the lack of middle management which makes oversight of employees' time and attendance very difficult. HHS could address this vulnerability by adopting its plan to hire "administrative professionals" to focus on time and attendance issues; and,
12. The suspected abuse of intermittent FMLA should be reviewed and addressed. It is recommended when a pattern of intermittent use of FMLA leave is detected, the employee is automatically referred to EHS for review.

Finally, in accordance with Section 2-285(e) of the OIIG Ordinance, we respectfully request notification within 30 days of any action taken in response to these recommendations. Thank you for your consideration to these issues. Please do not hesitate to contact me if you have any questions.

Very truly yours,



Patrick M. Blanchard  
Independent Inspector General

cc: Honorable Toni Preckwinkle  
Mr. Brian Hamer, Chief of Staff, Office of the President  
Ms. Laura Lechowicz Felicione, Special Legal Counsel to the President  
Mr. Douglas Elwell, Deputy CEO, HHS  
Mr. Jeffery McCutchan, Interim General Counsel, HHS  
Ms. Deborah J. Fortier, Associate General Counsel, HHS  
Ms. Gladys Lopez, Chief of Human Resources, HHS