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INVESTIGATION REPORT
FALSIFIED PAYROLL RECORDS
MINNESOTA VETERANS HOME

THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA
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ELDON STOEHR
Legislative Auditor

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Representative Donald M. Moe, Chairman
Legislative Audit Commission

and

Ronald J. Lavell, Deputy Commissioner
Department of Veterans Affairs

On October 22, 1980, the Legislative Auditor received a request from Ronald J. Lavell, Deputy Commissioner, Department of Veterans Affairs, to investigate the alleged falsification of personnel and payroll records by the personnel director at the Minnesota Veterans Home (MVH). The investigation was made pursuant to Minn. Stat. Sections 3.971, Subd. 1, 3.972, and 3.974.

Investigation disclosed that Thomas J. Crowe, Personnel Director, MVH, falsified personnel and time records to continue the employment of an employee who should have been terminated at the end of a 30 day emergency appointment. The employee was continued in the same position and worked an additional 30 days after her name was removed from the payroll roster. Crowe falsified records in the personnel/payroll system by entering a fictitious employee name and social security number and caused payroll warrants to be prepared and issued to the employee who was instructed to forge the endorsement to receive her compensation. The investigation also disclosed that Marion M. Schnitker, Assistant Administrator, MVH was told of the scheme to falsify records at the time it was initiated, but did nothing to prevent it.

Respectfully,

A handwritten signature in cursive script that reads "Eldon Stoehr".

Eldon Stoehr
Legislative Auditor

November 25, 1980

MINNESOTA VETERANS HOME

INVESTIGATION

Effective July 30, 1980, Yvonne M. Columbus was appointed Intermediate Clerk Stenographer assigned to the Medical Services Division, Minnesota Veterans Home (MVH). Her emergency appointment of 30 working days was to terminate September 9, 1980. Prior to July 30, 1980, Crowe attempted to fill the position from the list of eligible applicants submitted by the Department of Employee Relations, but was unsuccessful. Columbus, who was on the eligible list for Clerk Typist III, but not Intermediate Clerk Stenographer, was recommended to Crowe by Robert J. Strunk, Assistant Administrator, MVH. Columbus was informed by Crowe that she would be hired as an Intermediate Clerk Stenographer on a temporary basis and that she would have to pass that examination to remain in that position.

During the period of Columbus' appointment, she performed her duties as assigned and submitted time reports which were approved by her supervisors, Marion M. Schnitker, Assistant Administrator, or Liala M. Thomas, Office Secretary. According to the time reports, Columbus worked 29 consecutive working days and was paid for 30 days (including the holiday September 1, 1980) for the period July 30 to September 9, 1980. According to 2MCAR 2.131, emergency employees are not entitled to holiday pay.

Minn. Stat. 1979 Section 43.20 (Non-Competitive positions), provides that positions in the classified service may be filled without

competition such as an emergency which is provided for in Subd. 3 as follows:

"In case of an emergency, an appointment may be made without regard to the provisions of this chapter, but in no case shall it continue longer than 30 working days. This provision shall apply to both persons and positions. No person shall be employed more than 30 working days on emergency appointments within any 12 month period by the same appointing authority."

The state computerized payroll system automatically terminated Columbus effective September 9, 1980 and her name was not printed on the payroll roster for the pay period ended September 23, 1980.

Crowe, Schnitker, Thomas and Columbus testified under oath before investigators and gave the following account of their actions relating to the falsified records: On or about September 10, 1980, the next day after the payroll system terminated Columbus, Crowe prepared an Employee Action Form (EAF) appointing Margaret M. Johnston to the same position (No. 151660) of Clerk Stenographer Intermediate effective September 10. Crowe used Columbus' address, date of birth, and phone number as that of Margaret Johnston. The only difference in employee information from that of Columbus was the social security number. Crowe told investigators that Margaret M. Johnston is his wife's maiden name and that he used his wife's social security number to create the new employee record. Crowe told investigators that he created the new employee record in his wife's name and social security number so MVH could retain Columbus as an employee until she passed the test for Intermediate Clerk Stenographer and to generate payroll warrants for her compensation.

On or about September 10, 1980, the date Crowe decided to take the action to substitute the name Johnston for Columbus, he informed Columbus' supervisors, Schnitker and Thomas of his scheme. Schnitker testified that

Crowe showed her a time report made out in the name Margaret M. Johnston and that he substituted that name for Columbus. According to Schnitker, she told him that was wrong and he couldn't do that and that Crowe responded by saying that she (Schnitker) should not be concerned about his handling of the matter, that it's been done before, and that he would take the responsibility for it. Schnitker informed investigators that, "under the pressures I'm living with without an administrator, I have to trust that a man of his caliber knows what he's talking about."

Crowe's recollection of the conversation varies with Schnitker's in that he testified that Schnitker did not tell him he should not handle the matter this way, although she did not tell him he should. Crowe did not inform his supervisor, Robert Strunk of what he was doing and neither did Schnitker or Thomas inform anyone.

Columbus continued to work at MVH through October 21, 1980. Crowe had told her earlier that she would be terminated during that week because she had not passed the required test. (The appointment end date on Johnston's EAF is October 21, 1980). During the period September 10 to October 21, Columbus continued to submit time reports in her own name to her supervisor. Copies retained by Columbus do not bear a supervisors signature except for one signed by Schnitker dated October 7. Crowe testified that he destroyed the three original time reports prepared by Columbus and substituted time reports he prepared in the name Margaret Johnston. Crowe told investigators that he signed the name Margaret Johnston to the time reports and signed his own name in the space provided for the supervisor's signature.

Liala Thomas testified that she prepared the payroll time roster for the pay period ended September 23 and October 7 and typed in the name Margaret M. Johnston on the September 23 roster from information provided on

the EAF prepared by Crowe. She did this knowing that Johnston's name was substituted for Columbus. Crowe certified the payroll roster for the pay period ended September 23 and Marion Schnitker certified the payroll roster for the pay period ended October 7.

On October 3, 1980, payday for the pay period ended September 23, Crowe gave Columbus her salary warrant made payable to Johnston and informed her she would have to endorse the name Margaret Johnston and her own to deposit the warrant into her bank account. Columbus testified that she accepted the warrant from Crowe on October 3 and another warrant made payable to Johnston on October 17, endorsed the name Margaret Johnston on both warrants along with her own endorsement and deposited both to her bank account.

On October 20, after she was notified that she would be terminated, Columbus informed Joyce M. Hamerly, Training Coordinator, MVH and Robert Strunk that her last two payroll warrants were made payable to Margaret Johnston and of her conversations with Crowe relating to her employment and method of payment. Johnston's name was then removed from the payroll roster for the pay period ended October 21. Columbus' time report for that pay period indicates she worked 68 hours for which she has not been paid. On October 23, 1980 the Department of Employee Relations received an EAF prepared by Crowe terminating Johnston effective October 7. This EAF dated September 9 was not entered into the personnel/payroll system until October 30.

For the period September 10 to October 7 Johnston was paid a gross salary of \$750.36 for 156 hours. Crowe told investigators that he wanted to make restitution to the state for any amounts improperly expended.

Although Crowe has testified that he has made no other false entries in the personnel/payroll system, Investigators are continuing to investigate this matter and reviewing employee appointments made by MVH in prior years.