
Duplicate Payroll Charges

The Scenario

An auditor was working on a payroll audit at a Department of Defense agency. While reviewing employee timesheets, they noticed that a pharmacist was employed as both a civilian and contract employee. The pharmacist's independent contract authorized them to bill the agency for pharmacy services after their official work day ended and on weekends.

The auditor's review of timesheets submitted by the pharmacist disclosed the following information:

- The pharmacist was being paid for civilian and contract work hours each day. Consequently, they were being paid twice for the same work hours.
- Review of payroll records disclosed little variation in the number of contract work hours claimed, despite fluctuations in the number of overtime hours worked by other civilian pharmacists.
- Interviews with other pharmacy employees disclosed that the suspect pharmacist's work day ended promptly at 5:00 pm and they did not work on weekends. However, the auditor's review disclosed several timesheets with charges for weekend work.

Inquiry with agency management disclosed that the organization did not have policies or procedures to monitor timesheets submitted by employees that were also performing contract work.

General Comments / Lessons Learned. Auditors should be alert to situations where individuals are employed as both civilian and contract employees. Whenever possible, contractor and civilian timesheets should be analyzed to detect duplicate payroll claims. Another common contractor payroll scheme involves contract employees not reporting to work or not working the required number of weekly or daily hours and submitting fraudulent payroll claims to the Government.

FRAUD INDICATORS

- **Individual is employed as a civilian and contractor for the same organization.**
- **Employee's contract authorizes them to bill the Government for work performed after their official work day ends or on week-ends.**
- **Analysis of contractor work hours shows little variation, despite fluctuations in overtime claims by civilians performing similar work.**
- **Lack of evidence to support claims for overtime work (i.e. other employees cannot verify attendance).**
- **Lack of policies and procedures to monitor timesheets submitted by employees that are also performing contract work.**