

STATE OF OHIO  
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF  
INVESTIGATION



**AGENCY: OHIO BUREAU OF WORKERS' COMPENSATION**  
**FILE ID NO.: 2012 CA-00002**  
**DATE OF REPORT: SEPTEMBER 18, 2012**

## 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.



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**OFFICE OF THE INSPECTOR GENERAL**

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RANDALL J. MEYER, INSPECTOR GENERAL

**REPORT OF INVESTIGATION**

**FILE ID NUMBER:** 2012 CA-00002

**SUBJECT NAME:** Kim Pandilidis

**POSITION:** OBWC Assistant Special Investigations Supervisor

**AGENCY:** Ohio Bureau of Workers' Compensation

**BASIS FOR INVESTIGATION:** Complaint

**ALLEGATIONS:** Violation of rules, policies and fraud

**INITIATED:** December 29, 2011

**DATE OF REPORT:** September 18, 2012

## **INITIAL ALLEGATION AND COMPLAINT SUMMARY**

On December 29, 2011, the Office of the Ohio Inspector General received a complaint from a former Ohio Bureau of Workers' Compensation (OBWC) employee alleging Kim Pandilidis, an employee of the OBWC Special Investigations Division, manipulated or falsely reported mileage on log entries for her state-assigned vehicle. The complainant alleged while the vehicle was being used to commute to and from work, Pandilidis falsely reported that the mileage driven was for state business purposes.

## **BACKGROUND**

Ohio's workers' compensation system is the largest state-funded insurance system in the nation, serving approximately 256,000 employers and 1.2 million injured workers. It is the mission of the Ohio Bureau of Workers' Compensation to protect injured workers and employers from loss as a result of workplace accidents, and to enhance the general health and well-being of Ohioans and the Ohio economy.

OBWC Memo 4.17, revised June 2009, discusses travel, and more specifically, travel time by employees of the bureau:

In general, [Ohio] Bureau of Workers' Compensation [(OBWC)] employees are entitled to paid travel when traveling for a work-related purpose. If an employee arrives to or departs from a work location other than the normal assigned report-in location, the employee shall subtract the time of the normal work commute and subtract the normal work commute miles when determining appropriate paid travel time and mileage reimbursement.

OBWC Memo 4.18, revised June 2009, covers the use of state vehicles by employees of the bureau, and states, "Agency vehicles are to be utilized for the sole purpose of conducting state business." The memo also specifies the Vehicle Assignment Policy:

Whenever possible, BWC will assign vehicles to employees who travel the required business miles, which will be established by DAS on a yearly basis. ... Failure to follow these policies and procedures may result in the loss of use of an agency vehicle and/or the imposition of discipline.

## **INVESTIGATIVE SUMMARY**

The Office of the Ohio Inspector General received a complaint alleging an OBWC employee, Kim Pandilidis, fueled her state-issued vehicle on her way to or from work and recorded the mileage on her state-issued vehicle travel logs as travel for business purposes. The complaint identified 54 instances from February 9, 2007, through October 28, 2010, in which the complainant believed Pandilidis reported driving for business purposes, but provided no records substantiating any business activity.

To aid in the investigation of the allegations, the Office of the Ohio Inspector General obtained Pandilidis' vehicle expense reports, cost commute records, and time sheets from OBWC.

All OBWC employees with state-issued vehicles are required to document vehicle usage. The monthly record of vehicle expense report classifies the miles driven as either business or commute and also tracks fuel and maintenance expenses associated with the vehicle. Employees are required to submit receipts supporting fuel purchases and miscellaneous maintenance expenses made by the vehicle's operator.

"Cost commute" records are maintained biweekly and are submitted by employees using state-issued vehicles. Cost commute records are used by OBWC to calculate and report Internal Revenue Service taxable fringe benefit withholding amounts for employees assigned state-issued vehicles.<sup>1</sup> The cost commute records document travel as either a commute for travel from the employee's home to the assigned work headquarters, or for a business purpose when traveling to or from an alternative work location.

Time sheets are maintained biweekly and document the actual hours worked. OBWC employees are required to enter the time worked into the electronic timekeeping system used by the agency. The OBWC timekeeping system allows employees to enter notes on daily activities.

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<sup>1</sup> Employees who are assigned a state vehicle are considered to be receiving a taxable fringe benefit. This requires a \$3.00 tax be reported on their W-2 for every full day they identify as using the vehicle for non-business, commute purposes. If they use the vehicle for commute purposes one-way, the tax is listed as \$1.50.

The Office of the Ohio Inspector General requested from OBWC Pandilidis' cost commute records dated January 01, 2008, through October 28, 2010. Of the 42 reports reviewed, 38 instances were identified when fuel was purchased either at a time significantly after Pandilidis had left work or during work hours as reported by Pandilidis in OBWC's electronic timekeeping system.

Additionally, this review showed Pandilidis frequently used the same gas station, United Dairy Farmers. Mapping software determined a distance of 27 miles from Pandilidis' work headquarters to her residence, which included the stop at the United Dairy Farmers convenience store. A cursory review of Pandilidis' monthly record of vehicle expense reports identified several instances in which the total mileage was around 54 miles, and the travel was classified as a combination of business and commute.

After examining Pandilidis' vehicle expense reports, the Office of the Ohio Inspector General expanded its review to include:

- All days in which fuel was purchased during 2008, 2009, 2010, and 2011.
- All days in 2008, 2009, 2010, and 2011 for which total miles was reported between 54 and 60.

The expanded review identified 217 days which met the criteria and on 137 of those days, issues were identified involving Pandilidis' travel which largely fell within the following categories described further in the paragraphs below: time and fuel purchases, mileage, discrepancies in reports, and questionable use. Moreover, of those 137 days, more than one possible issue was identified related to Pandilidis' travel on 43 days.

Time and Fuel Purchases

A review of all fuel purchases made by Pandilidis during the period January 1, 2008, through December 31, 2011, resulted in questions about the time of day when fuel was purchased. These instances were categorized as follows:

Category	Number of Instances
Fuel purchased during reported work day	13
Fuel purchased 60 minutes or more after the end of reported work day	17
Fuel purchased 60 minutes or more before the beginning of reported work day	2
Fuel purchase same time as the beginning or end of reported work day	2
Fuel purchased within 15 minutes of reported start time	3
Unable to determine time fueled; questionable	1
<b>Total</b>	<b>38</b>

To enter the OBWC office, Pandilidis was required to swipe a unique OBWC identification card through a card reader which opened the door. The Office of the Ohio Inspector General requested OBWC provide swipe card records for days when Pandilidis purchased fuel during work hours or within 15 minutes of her reported start time. However, those records were not available as they are only maintained for a limited amount of time.

Following revisions to the OBWC travel policy effective July 1, 2007, the OBWC Special Investigations Division posted answers to frequently asked questions about the agency’s new travel policy on its Microsoft SharePoint<sup>2</sup> site. One of the questions posed on the SharePoint site was, “When commuting into work in a state vehicle and you stop to get fuel, when does the day officially start?” The answer to that question was, “Your start time begins when you get to work.”

Furthermore, the OBWC Special Investigations Division policy on vehicle usage prohibits the use of state-issued vehicles for personal use and states: “It is a violation of policy to utilize state vehicles for personal use of any kind. Business needs are the only approved use for state

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<sup>2</sup> Microsoft SharePoint, a social computing system that makes it easier for people to work together, set up Web sites to share information with others, manage documents from start to finish, and publish reports with colleagues and customers.

vehicles.” This OBWC policy prohibits state-issued vehicles from being stopped, diverted or used in any manner to address any personal or non-state business matters, even if the stop requires no additional travel distance.

During an interview conducted by the Office of the Ohio Inspector General on May 9, 2012, Pandilidis was unable to explain why she would have purchased fuel more than 60 minutes before she reported beginning her work day or 60 minutes after she reported the end of her work day. Pandilidis suggested heavy traffic might account for a longer commute on some days, resulting in an arrival at home later than usual. However, five instances were identified in which there was a considerable period of time between when Pandilidis logged her end time and fueled her state-issued vehicle. Pandilidis believed those instances might have been when she had already worked 40 hours and was working late to finish up a project.

This review also identified that Pandilidis’ February 2009 vehicle expense report documented she worked in the field on February 1, 2009, and claimed all miles as business. Additionally, the vehicle expense report shows fuel was purchased on that day. However, the receipt associated with the fuel purchase reflects it actually occurred on February 3, 2009. As February 1, 2009, is a Sunday, this is likely a data entry error. A review of timekeeping records provided by OBWC showed that Pandilidis did not report working any hours on February 1, 2009.

Pandilidis stated she may have made a mistake in entering the date and explained she usually saves a new copy of the vehicle expense report at the beginning of each month and then fills in the appropriate data. In this instance, she believed she probably started the report on the first calendar day of the month. Of the data reviewed, this was the only instance identified in which Pandilidis claimed travel on a weekend.

### Mileage

Mapping software showed a distance of 27 miles from Pandilidis’ work headquarters to her home, which included the stop at the United Dairy Farmers convenience store where she typically refueled. The Office of the Ohio Inspector’s General review of Pandilidis’ travel records identified several instances when the total miles driven for state business purposes were

close, or equivalent to Pandilidis' round-trip commute of 54 miles. OBWC does not consider traveling from home to an employee's headquarters or from headquarters to home as a valid state business purpose. Sixty-seven instances were identified when the total daily mileage was recorded at between 54 and 60 miles, and Pandilidis classified the travel to be for state business purposes, but there was no documentation supporting the destination or purpose for the travel. On other occasions, low mileage was reported. From those occurrences, 69 incidents of questionable usage related to mileage reported by Pandilidis were identified:

<b>Category</b>	<b>Number of Instances</b>
Total miles 54-60 and no a.m. and/or p.m. commute	67
Less than 40 miles total	02
<b>Total</b>	<b>69</b>

During an interview, Pandilidis stated she has classified her travel as business miles when fueling her state-issued vehicle on the way to or from her headquarters. Pandilidis recalled a directive was sent to supervisors, including herself, to inform agents that fueling state-issued vehicles was not a proper business purpose if done as part of travel from the agent's home to headquarters or visa-versa.

*Discrepancies in Reports*

A review of travel records by the Office of the Ohio Inspector General identified instances where entries Pandilidis reported on vehicle expense reports did not match cost commute summary records. Monthly vehicle expense reports classify the miles driven to be either for state business purposes or for commuting, and must include receipts for fuel purchases. The cost commute summary records document travel in a state-issued vehicle as either for the purpose of commuting and a taxable fringe benefit, or for state business purposes and, therefore, a non-taxable event.

In 32 instances, Pandilidis classified all miles recorded on her vehicle expense report as travel for state business purposes, and claimed neither a morning nor afternoon commute on her cost commute summary record. On 27 occasions, OBWC could provide no record of cost commute summaries for Pandilidis. According to OBWC, when an OBWC employee fails to provide a

cost commute summary report, individuals are assumed to be commuting and are assessed a taxable fringe benefit for both the trip to and from work.

During the interview conducted by the Office of the Ohio Inspector General on May 9, 2012, Pandilidis stated she updated the vehicle expense report on a regular basis and completed the cost commute summary report only at the end of each pay period. On some occasions, Pandilidis explained, she might not have been able to recall on any given day whether she had been in the field or just commuting to or from work. In those instances, Pandilidis said she marked her travel as being for the purpose of commuting to or from work, and believed this might account for a discrepancy between the vehicle expense reports and cost commute summaries.

#### Questionable Use

A review of Pandilidis' records by the Office of the Ohio Inspector General identified 17 instances in which a variety of questions were raised related to her travel:

- Instances were identified in which Pandilidis claimed vehicle maintenance expense; however, no receipts were provided documenting the expenditure.
- Discrepancies were identified between the destination Pandilidis reported on the vehicle expense report and the destination identified in comments entered on the time reporting system. At times, Pandilidis would specify a work location in the time reporting system which conflicted with what she had listed on the vehicle expense report.
- Instances were identified in which comments entered into the time reporting system, when Pandilidis would subtract the time equivalent for her 27-mile commute, were inconsistent. On some occasions, it appeared Pandilidis subtracted equal commute times both at the beginning and at the end of her day. In other instances, comments entered into the time reporting system appeared to indicate Pandilidis only subtracted commute time at the beginning or at the end of the day.
- Instances were identified in which Pandilidis claimed she was traveling for business purposes; however no supporting documentation was found in the records reviewed.

OBWC Memo 4.17, revised June 2009, addresses travel time and states:

In general, Bureau of Workers' Compensation (BWC) employees are entitled to paid travel when traveling for a work related purpose. If an employee arrives to or departs from a work location other than the normal assigned report-in location, the employee shall subtract the time of the normal work commute and subtract the normal work commute miles when determining appropriate paid travel time and mileage reimbursement.

A review of the timekeeping records by the Office of the Ohio Inspector General identified several instances in which Pandilidis documented her hours less a commute time of 35 minutes. In some instances, Pandilidis documented her work hours less the commute time from both the beginning and end of her day. In other instances, Pandilidis subtracted the duration of her commute time from either the beginning or the end of the day. According to Pandilidis, employees are not required to note the time subtracted as part of their normal commute in the timekeeping system.

On one occasion, Pandilidis logged her end time as 5:05 p.m., and reported her time less the duration of a commute from 5:05 p.m. to 5:40 p.m. However, at 5:08 p.m., Pandilidis purchased fuel at the United Dairy Farmers convenience store near her home. In many instances it was not possible to substantiate whether the time reported was true and accurate.

## **CONCLUSION**

The Office of the Ohio Inspector General received a complaint alleging OBWC employee Kim Pandilidis manipulated or falsely reported mileage driven on her OBWC vehicle log for her state-assigned vehicle. The complainant alleged Pandilidis made entries on the vehicle log reporting the miles driven to be for business reasons when in fact they were for her commute to and from work, and were prohibited by OBWC policy to be counted as business miles. During the course of the investigation, and upon review of the available documents, it was found there were a number of questions related to time and fuel purchases, mileage, discrepancies in reports, and questioned use. Because records were reviewed back to 2007, Pandilidis attributed these discrepancies to poor record keeping, or the inability to provide explanations due to the length of time that had passed. During an interview, Pandilidis admitted there were times when she

stopped to fuel her state-issued vehicle while commuting to and from work, and then counted the duration of the commute as time at work even after a memo was sent out by OBWC management stating this was improper.

**Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe wrongful acts or omissions occurred in these instances.**

**RECOMMENDATION(S)**

The Office of the Ohio Inspector General makes the following recommendations and asks the Ohio Bureau of Workers' Compensation to respond within 60 days with a plan detailing how these recommendations will be implemented. The Ohio Bureau of Workers' Compensation should:

1. Reconcile quarterly cost commute summary reports with vehicle expense reports to identify discrepancies.
2. Implement a random sample of individuals assigned state-issued vehicles used for commuting purposes, and review timekeeping records, vehicle expense reports, and cost commute summary records to ensure appropriate controls are in place.
3. Develop policies and procedures to require more detailed explanations to validate state business travel. Consideration could be given to including this as part of the comments field on the timekeeping record, or including a comments field on the vehicle expense report form.
4. Determine if the conduct of Kimberly Pandilidis warrants administrative action.



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RANDALL J. MEYER, INSPECTOR GENERAL

**NAME OF REPORT: Ohio Bureau of  
Workers' Compensation**  
**FILE ID #: 2012 CA-00002**

**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.**

A handwritten signature in black ink, appearing to be "Jill Jones", with a long horizontal stroke extending to the right.

**Jill Jones**  
**KEEPER OF RECORDS**

**CERTIFIED**  
**September 18, 2012**

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