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HIGHLIGHTS

Highlights of City Auditor Report #1218, a report to the City Commission and City management

WHY THIS AUDIT WAS CONDUCTED

The purpose of this audit was to evaluate the internal controls related to leave and attendance processes for three selected City departments (Electric, Public Works, and Parks, Recreation, and Neighborhood Affairs or PRNA) and one division (Hilaman Golf Course). Specifically, our objectives were to determine whether (1) recorded leave and attendance processes and transactions complied with governing laws, rules, and policies and procedures, and (2) transactions were recorded accurately in the City's financial and human resources records.

WHAT WE RECOMMENDED

Management developed an action plan to address each of the identified recommendations. Some of the key action plan steps included:

- Human Resources to 1) revise personnel policies to clearly address instances when employees are eligible for on-call and not eligible for on-call duty pay; and 2) provide training to timekeepers so they can assist supervisors in applying applicable laws, rules, and policies related to leave and attendance.
- Accounting Services to 1) work with departments to develop new leave and pay codes to better track work and leave time; and 2) ensure that the new systems being acquired have capabilities needed to improve internal control weaknesses identified during this audit.
- Each department to: 1) ensure employee timesheets are signed by both the employee and supervisor; 2) monitor leave balances to prevent employees from having negative leave balances; 3) as applicable, implement measures to improve the accuracy of manually calculated time worked; and 4) as applicable, work with Human Resources and/or Accounting Services to resolve identified under or over payments.

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September 5, 2012

AUDIT OF SELECTED DEPARTMENTS' LEAVE AND ATTENDANCE PROCESSES AND TRANSACTIONS

The recorded leave and attendance transactions tested were materially accurate; however, there were several instances of noncompliance, most of which had no monetary impact.

WHAT WE CONCLUDED

Based on our testing, we:

- 1) Determined that even though errors were made, the recorded leave and attendance transactions tested were materially accurate. The errors identified in our testing were related to calculating time worked, recording the type of time earned or taken, and applying policies that were either vague or confusing. We did not find evidence of fraud in our testing. Additionally, we can give assurances that leave was accrued accurately and policies were applied correctly for workers' compensation and catastrophic leave.
- 2) Identified several instances of noncompliance with City policies and procedures and errors in the recording of leave and attendance that resulted in over and under payments to employees, however, most instances of noncompliance had no monetary impact.
- 3) Noted efficiency improvements that should be made in the processing of leave and attendance.
- 4) Provided a description of the issues and recommendations. Appendix A provides Management's Action Plan to address our recommendations.

Issues and recommendations are provided in the report in three sections: 1) compliance of leave and attendance processes and transactions with governing laws, rules, and policies and procedures; 2) accuracy of leave and attendance transactions; and 3) other issues related to inefficiencies of leave and attendance processing.

The errors and improper application of policies identified during this audit were restricted to the departments and divisions in our audit scope. However, due to the types of errors and misapplication of policies, we recommend management communicate these audit results with all departments to facilitate accurate recording of time and attendance on timesheets.

We would like to thank all City management staff involved in this audit for their complete cooperation and support during this audit.

*Audit of
Selected Departments'
Leave and Attendance Processes
and Transactions*

AUDIT REPORT #1218

September 5, 2012



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Audit of Selected Departments' Leave and Attendance Processes and Transactions



Sam M. McCall, Ph.D., CPA, CGFM, CIA, CGAP
City Auditor

Report #1218

September 5, 2012

Executive Summary

We conducted an audit of leave and attendance processes and transactions for three departments (Electric, Public Works, and Parks, Recreation, and Neighborhood Services) and one division (Hilaman Golf Course).

The purpose of this audit was to evaluate the internal controls related to leave and attendance processes for three selected City departments (Electric, Public Works, and Parks, Recreation, and Neighborhood Affairs or PRNA) and one division (Hilaman Golf Course). Specifically, our objectives were to determine whether (1) recorded leave and attendance processes and transactions complied with governing laws, rules, and policies and procedures, and (2) transactions were recorded accurately in the City's financial and human resources records.

Overall, based on our testing, we determined that even though errors were made, the recorded leave and attendance transactions tested were materially accurate. The errors identified in our testing were related to calculating time worked, recording the type of time earned or taken, and applying policies that were either vague or confusing. We also identified several instances of noncompliance with City policies and procedures in the recording of leave and attendance that resulted in over and under payments to employees, however, most instances of noncompliance had no monetary impact. We noted efficiency improvements that should be made in the processing of leave and attendance. We did not find evidence of fraud in our testing. Additionally, we can give assurances that leave was accrued accurately and policies were applied correctly for workers' compensation and catastrophic leave.

Issues and recommendations are provided in the following three sections: 1) compliance of leave and attendance processes and transactions with governing laws, rules, and policies and procedures; 2) accuracy of leave

and attendance transactions; and 3) other issues related to inefficiencies of leave and attendance processing.

Issues related to compliance of leave and attendance processes and transactions with governing laws, rules, and policies and procedures are provided below.

Improvements are needed in the areas of timesheet verification and approvals; segregation of duties related to department timekeepers; supervisors paying employees more than policy by inflating number of hours worked; employees are being allowed to take leave before it was earned; and compensatory time election has not been properly documented.

- *There was noncompliance with APP 615, “Timesheet Requirements for Payroll Processing;” in that 1) employees did not always sign their own timesheets verifying their accuracy, and 2) supervisory approvals of timesheets were not consistently documented.* In our testing of timesheets supporting payroll disbursements, we noted numerous instances where there were no evidence of supervisory approvals (22 of 33 PRNA timesheets). We also noted numerous instances where there was no evidence to support that employees asserted to the accuracy of the timesheets (18 of 33 PRNA timesheets; 8 of 40 Electric timesheets; and 7 of 40 Hilaman timesheets).

PRNA management reported that it is logistically challenging to process timesheets, ensure all timesheets are completed, signed by the employee and supervisor, and input into the timekeeping system each week due to the high number of timesheets that they process and the number of work locations throughout the City. At various times during the year, approximately 85% of the 1,000 PRNA employees are in part-time positions. Subsequent to our fieldwork, PRNA reported they have implemented alternative processes to ensure weekly timesheets are properly signed and approved.

- *Timekeepers had inappropriate access in the timekeeping and HRMS system in that they are allowed to enter leave and attendance transactions for themselves and/or for employees outside of their areas of responsibility.* During our audit, we noted that there was a lack of segregation of duties in that all timekeepers in Electric (16), PRNA (20), Hilaman (2), and Public Works (9) had system access capabilities to input their own time and make adjustments to their own time. Of these 47 timekeepers, 13 had input their own time at some point during the audit period, fiscal year 2011 (nine in Electric, one in PRNA, two in Public Works, and one in Hilaman).

We also reviewed prior period adjustments made on timekeepers leave and attendance records, and identified only one instance where a timekeeper made a prior period adjustment on her own leave and attendance records. All prior period adjustments made on the timekeepers' records appeared appropriate and reasonable. Even though our testing disclosed no improprieties with current practices in the selected departments, we consider timekeepers being able to enter leave and attendance transactions for themselves to be a serious weakness in internal control.

Additionally, nine timekeepers had inappropriate access in the timekeeping system and HRMS system because they were able to enter leave and attendance transactions and access personnel information for employees outside of their areas of responsibility. Subsequent to our fieldwork, the inappropriate access was removed for the timekeepers and the Department of Management and Administration management reported that the department code for the golf courses would be updated on October 1, 2012.

- *The number of hours recorded worked on timesheets in PRNA Aquatics was increased by the supervisor resulting in employees being paid for more hours than worked.* One PRNA Aquatics supervisor recorded more hours than time worked by a lifeguard who was scheduled for the early morning shift between 5 a.m. and 8 a.m. The timesheet recorded the lifeguard worked 3 hours, yet he was paid 4.5 hours. PRNA management reported this pay differential had been standard operating practice for a number of years and had received approvals from City executive management, Human Resources, and Payroll. For accounting purposes, it would be more appropriate to assign a new pay rate to the hours worked during the times that earn an increased pay than to inflate the number of hours worked.
- *Employees are being allowed to take leave before it has been earned.* City policy states “an employee who does not have available paid leave and who is not authorized for advance leave or donated leave should not be paid for leave and not be allowed to go into a negative leave balance.” In June 2012, there were eight employees in the departments in our audit with negative leave balances (four in

Electric, three in PRNA, and one in Public Works). Additionally, we noted there were 40 employees citywide with negative balances in a variety of leave categories, including sick, personal, compensatory, and personal/wellness. The current timekeeping system does not prevent leave from being entered when there is not an available leave balance to cover the amount of leave used by employees.

- *Employees' election to receive compensatory time in place of overtime has not been properly documented.* FLSA Rule Section 553.23(a) states that "as a condition for use of compensatory time in lieu of overtime payment in cash," section 7(o)(2)(a) of the Act requires an agreement or understanding reached prior to the performance of work. City Personnel Policies and Procedures allow for employees to elect to receive compensatory time in place of overtime by completing an "Overtime Compensation Agreement." We noted during our interviews that three of 14 timekeepers were not aware that employees could opt to receive compensatory time in lieu of overtime. Also, they were not aware the form must be signed by the department director and the employee and retained in the department.

We noted that improvements are needed in the areas of: 1) accurately inputting amounts and type of time worked and leave taken; 2) correctly applying Pre-Approved Personal (PAPER); 3) clarifying personnel policies regarding which employees are eligible to earn on-call bonuses; and 4) updating supervisor assignments in the HRMS employee's employment.

Issues related to the accuracy of leave and attendance transactions are provided below.

- *Of the 80 paychecks we tested, we identified nine incidents where the employees were incorrectly paid due to recording errors either on the timesheet or in the timekeeping system.* At Hilaman, we tested 20 paychecks totaling \$14,128 in fiscal year 2011. We identified 7 incidents where calculation errors were made resulting in incorrect time sheets for six employees totaling \$725.45 (or 5% of the \$14,128). Six of the errors were minor and resulted in two overpayments (total of \$9.15) and four underpayments (total of \$29.70). We found one major error that resulted in an overpayment (total of \$695.75) to one employee. This error was related to calculation for compensatory time payout for an employee that was promoted into a position not eligible for compensatory time. Management is working with Human Resources to determine how to address this issue.

In Electric, we tested 20 paychecks totaling \$24,996 in fiscal year 2011. We identified three recording errors resulting in two employees

being underpaid a total of \$392.94 (or 1.6% of \$24,996). In one case, an employee was underpaid \$361.32 for 8 overtime hours that was not entered into the timekeeping system. In the second case, an employee was underpaid \$31.62 due to one hour “rest time” that was not entered into the timekeeping system. The third error was a recording error of 2.5 hours that should have been leave taken instead of time worked. Since being notified of the recording errors, Electric processed prior period adjustments to correct the type and number of hours worked and employees were paid the amount owed to them.

- *Pre-Approved Personal (PAPER) leave is not being applied and recorded correctly.* PAPER leave was implemented in 2006 as an added benefit for employees who are required to work overtime during a week that had also previously been approved for leave. Eligible employees in “Non-exempt” and “Supervisory 1” positions are entitled to utilize PAPER leave for additional overtime compensation when they have obtained approval for personal leave prior to the schedule being developed for the week, and then were required to work. Leave time will then be classified as PAPER leave and be counted toward the 40 hours to determine eligibility for overtime compensation. There appears to be a misunderstanding among the timekeepers regarding who is eligible, what qualifies for, and what supporting documentation is required related to PAPER leave. During our testing of 15 PAPER transactions involving 15 employees, we noted 12 recording errors. Two of the 12 errors occurred in PRNA when PAPER leave requests were not made prior to the schedule being set, a requirement for PAPER leave. The leave should have been classified as personal leave. The misclassification resulted in two employees being overpaid a total of \$356, because the employees were paid overtime when they should have been paid at their regular pay rate. The remaining 10 errors had no financial impact. Five PAPER transactions (four in Public Works and one in Electric) were classified incorrectly, and five PAPER transactions in Public Works were for employees in positions not eligible to receive PAPER leave.
- *City Personnel Policies do not explicitly address when an employee is eligible or not eligible for “on-call” duty.* During our testing, we

noted from the timesheet of a Public Works' employee that on a day that he was using sick leave, he was also scheduled for "on-call" duty. That same day, he was called back to work, and was compensated for one hour of "on-call" pay and two hours of "call-back" pay. Human Resources management and the City Attorney's Office agree that the policy should be revised to clearly state that employees on leave should not be eligible for on-call duties unless responding to emergency conditions.

- *The supervisor assignment in the HRMS employee's employment information has not been consistently updated.* During our testing we noted two instances where the assigned supervisor in HRMS Employment Data screen was incorrect. In one case in Electric, the name of an employee's supervisor was listed incorrectly because the record was not updated after a new supervisor was assigned. In another case involving Public Works, an employee's assigned work area and the name of his supervisor was incorrect because the employee had recently been transferred. Additionally, during our interviews with Electric administrative staff, we were informed the names of employees' supervisors are not regularly updated in HRMS because employees will be rotated among different supervisors/crews throughout their employment. At this point in time, the risks associated with an incorrect name of a supervisor are not high. However, the City is currently evaluating new leave and attendance systems, and one of the goals for this new system is to implement an automated work flow processes to route timesheets for supervisory approval. This would involve using the employment information in the HRMS system to identify the name of the authorized supervisor responsible for approving employee timesheets. The employment-related information in the HRMS system will be critical in such an automated timekeeping and payroll process.

Human Resources and Accounting Services staff are aware of this issue and noted that they will seek to include a feature in the new timekeeping system that will provide departments the capability of updating the supervisor field in a more efficient manner. It will still be the departments' responsibility to ensure that the supervisor field is updated timely.

Other Issues related to inefficiencies of leave and attendance processing are provided below.

We noted one time-intensive process that would require a new timekeeping and payroll system to be performed more efficiently.

Additionally, we recommend that timekeepers receive training with supervisors regarding how to apply City policies and FLSA rules related to categorizing time and attendance.

- *It is time intensive for many timekeepers to input timesheet information into the HRMS timekeeping system on a weekly basis.* During our interviews, we were informed that four timekeepers within the three departments (Electric, Public Works, and PRNA) reported they spend between 4 to 12 hours weekly to input time into the timekeeping system for employees in their department each week. We also have knowledge of other timekeepers in other City departments that also spend similar number of hours inputting time and leave transactions into the timekeeping system. Timekeepers receive employee timesheets either on paper or through email and then must enter each record on the timesheet into the timekeeping system. In some cases, employees are inputting their own time into secondary timekeeping systems and then the timekeepers are re-entering the employees' time into the City's timekeeping system. DMA Accounting Services is researching the possibility of acquiring a new time and attendance system that would eliminate the duplicate data entry resulting in an increase in the automation and efficiency of data entry.
- *Timekeepers are trained on how to input data, but do not receive training on how to apply City policies and FLSA rules related to categorizing time and attendance.* Currently, supervisors receive training in Timesheets and Leave as part of the Human Resources' Policies and Procedures training because supervisors are responsible for what is recorded on the timesheets. Timekeepers receive training on how to input the data into the timekeeping system, either from Accounting Services or from other timekeepers and they are responsible for inputting what is on the timesheets into the timekeeping system. In our opinion, it would be beneficial for both the supervisors and the timekeepers to receive training on how to apply the rules and policies and procedures. That would assist the timekeepers in understanding how leave and time worked are categorized and in bringing to the attention of supervisors items inadvertently overlooked in the approval of leave and attendance.

The errors and improper application of policies identified during this audit were restricted to the departments and divisions in our audit scope. However, due to the types of errors and misapplication of policies, we recommend management communicate these audit results with all departments to facilitate accurate recording of time and attendance on timesheets.

Appendix A provides management's action plan to address the recommendations in this report.

We would like to thank and acknowledge the full and complete cooperation and support of City management and staff during this audit including Department of Management and Administration (Human Resources, and Accounting Services Payroll Division), Utility Services (Electric, and Utility Business and Customer Services Hilaman Golf Course); Safety and Neighborhood Services (Parks, Recreation and Neighborhood Affairs); and Development and Transportation Services (Public Works).

Audit of Selected Departments' Leave and Attendance Processes and Transactions



Sam M. McCall, Ph.D., CPA, CGFM, CIA, CGAP
City Auditor

Report #1218

September 5, 2012

Scope, Objectives, and Methodology

The purpose of this audit was to evaluate the internal controls related to leave and attendance processes for three selected City departments (Electric, Public Works, and Parks, Recreation, and Neighborhood Affairs) and one division (Hilaman Golf Course) during the period October 1, 2010 through September 30, 2011.

The purpose of this audit was to evaluate the internal controls related to leave and attendance processes for three selected City departments (Electric, Public Works, and Parks, Recreation and Neighborhood Affairs) and one division (Hilaman Golf Course). Specifically, our objectives were to determine whether recorded leave and attendance (1) processes and transactions complied with governing laws, rules, and policies and procedures, and (2) transactions were recorded accurately in the City's financial and human resources records.

The scope of this audit included a review of payroll and leave related disbursements and transactions during the period October 1, 2010 through September 30, 2011. To address the audit objectives, we reviewed related laws, rules, and policies and procedures; selected and tested samples of paychecks and payroll and leave adjustments; reviewed related supporting documentation; completed analytical procedures; interviewed applicable staff; and made observations as necessary. We also reviewed access capabilities of staff responsible for entering leave and attendance information into the City's timekeeping system.

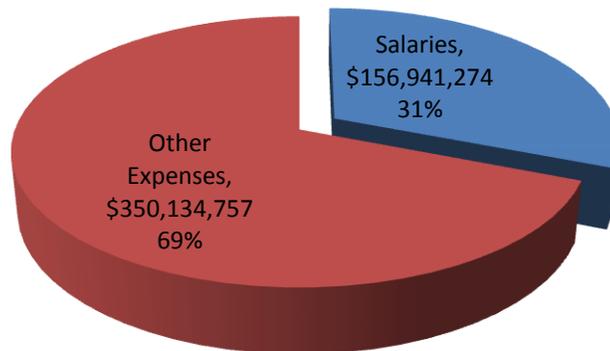
We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

In Fiscal year 2011, the City employed over 2,800 FTE and personnel costs made up approximately 31% of the City's expenditures, excluding fuel, allocations, and contributions between funds (\$157 million of the \$507 million).

The City of Tallahassee (City) is a full-service city providing a variety of services to its citizens, including police and fire services; public transportation, including a regional airport and bus transit system; public works and services; electric generation, transmission, and distribution; natural gas distribution; water production and distribution; sewer collection and treatment, stormwater/flood control; planning, and building permitting; and other community services, such as parks and recreation, and economic and community development. In fiscal year 2011, the City employed 2,846 full-time equivalent (FTE) employees. Salaries and wages made up 31% of the City's 2011 operating expenditures, excluding fuel costs, allocated costs, and contributions to other funds (\$157 million of \$507 million).

Figure 1
FY 2011 Salaries and Wages of the City's Expenditures



Source: FY 2011 City Financial System Accounting Reports

Among the over 2,800 FTEs in the City, there are a variety of position classifications eligible for assorted compensation and leave benefits. We reviewed laws, rules, and policies and procedures to determine their applicability to the audit scope and objectives. The laws, rules, and policies and procedures related to pay for employees' attendance (i.e. time at work), leave, and retention of compensation-related documentation are provided below in Table 1.

Table 1
Law, Rule, and Policies and Procedures Relevant to the Audit

Table 1 identifies the laws, rules, and policies and procedures related to pay for employees' attendance (i.e. time at work), leave, and retention of compensation-related documentation.

Law, Rule, or Policy and Procedure	Description	Applies to
Fair Labor Standards Act (FLSA)	The FLSA establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments. Specific sections of the law applicable to this audit report include overtime and compensatory time.	Full-time and Part-time Employees
Florida Statutes Chapter 440, Workers' Compensation Insurance Law	It is the intent of the Legislature that the Workers' Compensation Law be interpreted so as to assure the quick and efficient delivery of disability and medical benefits to an injured worker and to facilitate the worker's return to gainful reemployment at a reasonable cost to the employer.	Employers, and Full-time and Part-time Employees
State of Florida General Records Schedule GS1-SL	The general records schedules are intended for use by state, county, city, and special district public records custodians. The schedules provide retention periods for the most common administrative records such as routine correspondence and personnel, payroll, financial, and legal records.	Documentation retention requirements of the City's leave and attendance records
Electric Utility Operations Employee Fatigue/Rest Time Policy	This policy provides guidelines to employees and supervisors to determine the proper rest periods to maintain a safe and productive working environment.	Full-time Electric employees and supervisors not in the managerial overtime classification
City Personnel Policy Chapter 706, Working Conditions	This policy applies uniform regulations governing working conditions, including those legal constraints which affect employees in the public service; and provide a safe and healthful workplace for employees and protection from hazardous substances, equipment and conditions. This includes workers' compensation.	Various sections apply to the different classifications of employees
City Personnel Policy Chapter 704, Compensation	This policy classifies all positions according to duties, functions, responsibilities, and required training and experience; and provides equitable and adequate compensation, in the form of both pay and monetary fringe benefits. This includes on-call bonus and call-back pay, overtime (including application of pre-approved personal leave) and compensatory time.	Various sections apply to the different classifications of employees

City Personnel Policy Chapter 703, "Temporary Employment"	This policy provides uniform guidelines for the employment of persons in temporary (non-regular) status either on a full-time or part-time basis.	Full-time and part-time employees in a temporary status
City Personnel Policy Chapter 708, "Types of Leave"	This policy provides the types of leave available for employees, including holidays, leaves of absence with pay, and leaves of absence without pay. It also provides guidelines and requirements regarding leave accrual and use.	Various sections apply to the different classifications of employees
City Administrative Policy and Procedures 630, "Internal Controls"	This policy establishes and maintains an internal control structure designed to ensure: that there is compliance with laws, regulations and policies; that resources are safeguarded against waste, loss and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports.	To all departments

Processing of Leave and Attendance

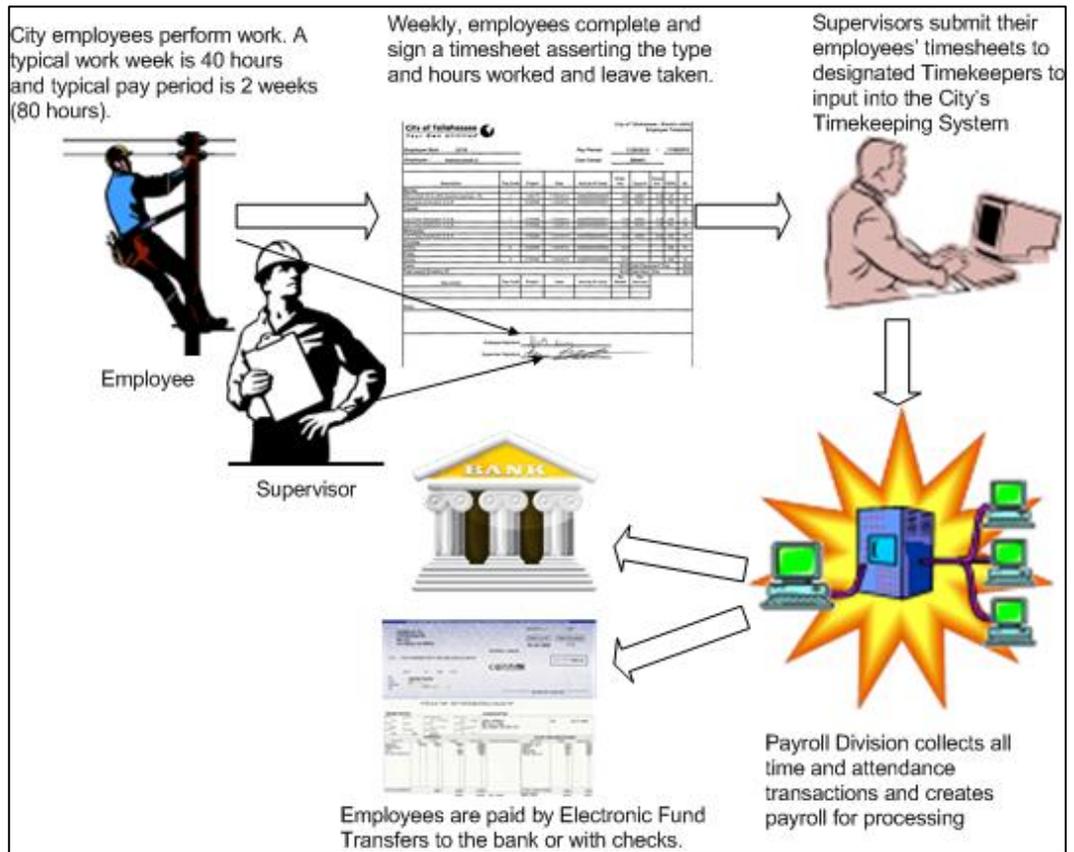
Responsibilities related to recording leave and attendance and processing payroll occur in different departments and divisions throughout the City.

Human Resources develops policies and procedures.

Leave and attendance encompasses the development and management of human resources policies and procedures, employees performing work and taking leave, and entry of type and amount of work performed and leave taken for each employee into the City’s timekeeping system. This information is then used in the preparation and disbursement of payroll to employees. These duties are performed in different departments and divisions throughout the City. Figure 2 provides a graphic depiction of the City’s biweekly payroll process, starting with employees working (or taking leave), through the distribution of payroll.

The development and management of human resources policies and procedures are centralized within the City’s Human Resources Division, located in the Department of Management and Administration (DMA). This division is responsible for providing comprehensive human resource services including personnel management, classification and pay, benefits administration, labor relations, safety, employee data in the Human Resource System Management (HRMS), human resource policy and procedures and training, and organizational development and strategic planning support.

**Figure 2
Biweekly Payroll Process**



Source: Audit Staff

Employees complete timesheets.

Supervisors approve timesheets.

Timekeepers in departments and divisions input time worked and leave taken.

As shown in the figure, every week, employees are required to record and verify the type and number of hours worked and leave taken on a timesheet. The timesheet can be on paper or in an automated timesheet recording system. At this time, none of the automated timesheet recording systems interface to the City's timekeeping system. The recording of employees' leave and attendance transactions into the City's timekeeping system is performed by designated timekeepers within departments and divisions.

Individual departments or divisions are responsible for the accuracy of recording leave and attendance information for each employee in their respective departments or divisions. The City has developed and implemented a timekeeping system that interfaces with its Human Resource Management system (HRMS) and Financials systems. Designated staff in each department or division, called timekeepers, is given access into the timekeeping system to input leave taken and the

amount and type of time worked for each employee within their department or division on a weekly basis.

Payroll Division processes bi-weekly payroll for employees.

The Accounting Services Payroll Division is responsible for collecting all the leave and attendance information and preparing accurate and timely payment of salaries to all employees on a bi-weekly basis, either through direct deposits transferred electronically to banks or paper checks.

Audit Results, Issues, and Recommendations

Overall, the tested recorded leave and attendance transactions were in compliance with laws, rules, and policies and procedures and were materially accurate.

We tested a variety of work and leave transactions recorded in FY 2011 in the four departments/divisions for compliance with laws, rules, and policies and procedures and accuracy. Overall, the tested recorded leave and attendance transactions were in compliance with laws, rules, and policies and procedures and were materially accurate. We did not find evidence of fraud in our testing. Additionally, we can give assurances that leave was accrued accurately and policies were applied correctly for workers' compensation and catastrophic leave. We did, however, identify several instances of noncompliance with City policies and procedures and errors made during recording leave and attendance that resulted in instances of over and under payments to employees. We noted efficiency improvements that should be made in the processing of leave and attendance.

The identified issues and recommendations are provided in the following three sections: 1) compliance of leave and attendance processes with governing laws, rules, and policies and procedures; 2) accuracy of leave and attendance transactions; and 3) other issues related to inefficiencies of leave and attendance processing.

Compliance of leave and attendance processes with governing laws, rules, and policies and procedures

We identified transactions and processes that did not comply with governing rules or policies and procedures, and transactions that were not recorded accurately in the City's financial and human resources systems.

Employees did not always sign their own timesheets to verify its accuracy.

Supervisors did not always sign their employees' timesheets to indicate approval.

Table 1 on page 10 provides a brief description of the laws, rules, and policies and procedures applicable to the City's leave and attendance processes. We noted that improvements are needed in the areas of: 1) timesheet verification and approvals; 2) access capabilities of departmental timekeepers; 3) employees being paid more hours than were recorded on timesheets; 4) employees being allowed to take leave before earned; and 5) compensatory time election not being properly documented.

There was noncompliance with APP 615, "Timesheet Requirements for Payroll Processing;" in that 1) employees did not always sign their own timesheets verifying their accuracy, and 2) supervisory approvals of timesheets were not consistently documented.

APP 615 states "the preparation and signing of a timesheet represents and employee's confirmation that the time worked and /or leave taken, as applicable, is accurate and complete. The signing of a timesheet by an approving authority is a confirmation that the timesheet has been reviewed and the approving authority concurs with the employee's assertions as to the time that was worked and/or leave taken." Minimum documentation that should be retained includes employee name, employee ID, department ID, week ending date, daily hours worked and or taken off, with leave type(s) shown, and signatures of both the employee and the approving authority. "The responsibility for attesting to the accuracy of a timesheet is with the employee and the approving authority, not the timekeeper."

There are varying requirements of City positions for recording leave taken and work performed. Any employee eligible for overtime or compensatory time must complete a weekly timesheet to document the type and amount of time worked. City employees in upper management positions not eligible for overtime or compensatory time must document the type and amount of leave taken on a weekly basis. All documentation must be signed by the employee asserting to its accuracy and by supervisors to indicate its approval and also asserting to its accuracy.

In our testing of timesheets supporting payroll disbursements, we noted the following instances of noncompliance with APP 615.

- Documentation was not available to support supervisory approval for:
 - Twenty (61%) of 33 PRNA timesheets.
 - One (3%) of 40 Public Works timesheets.

All timesheets tested in Electric and at Hilaman were signed by supervisors.

- Documentation was not available to support the employee asserted to the timesheets accuracy in:
 - Eighteen (55%) of 33 PRNA timesheets.
 - Seven (18%) of 40 Hilaman timesheets.
 - Eight (20%) of 40 Electric timesheets. The employee's name was signed by the supervisor on these timesheets, not the employee.

All timesheets tested in Public Works were signed by employees.

PRNA management reports that it is logistically challenging to process timesheets, ensure all timesheets are completed, signed by the employee and supervisor, and then input into the timekeeping system each week due to the high number of timesheets that they process and the number of work locations throughout the City. At various times during the year, approximately 85% of the 1,000 PRNA employees are in part-time positions, such as: athletic league supervisors, coaches, officials, instructors, and lifeguards; community center instructors, recreation leaders, and playground coordinators; and special event coordinators, specialists, and maintenance workers. Subsequent to our fieldwork PRNA reported they have implemented alternative processes to ensure weekly timesheets are properly signed and approved.

In order to ensure an employee's time worked and leave taken recorded on timesheets is accurate and approved, we recommend that departments ensure employees sign their own name and supervisory approval is recorded indicating that the supervisor concur with the employee's assertions of time worked and leave taken. If employees are not available to sign their timesheets prior to entry into the timekeeping system, a

signature should be subsequently obtained, or noted why not, as appropriate.

Timekeepers have inappropriate access in the timekeeping and HRMS system in that they are allowed to enter leave and attendance transactions for themselves and/or for employees outside of their areas of responsibility.

There is a lack of segregation of duties due to timekeepers in three departments inputting their own time.

First, APP 630, Section II, "Control Activities" #5, "Segregation of Duties" requires that key duties in authorizing, processing, and recording, transactions or events should be segregated among individuals to reduce the risk of error or inappropriate actions. During our audit, there was a lack of segregation of duties, in that 47 timekeepers (16 in Electric; 20 in PRNA, 2 in Hilaman, and 9 in Public Works) had system access capabilities to input or make changes to their own time and attendance records in the timekeeping system. While timekeepers had access to input their own time, we noted that 13 of the 47 timekeepers in the selected departments had input their own time during the audit period, fiscal year 2011 (nine in Electric, one in PRNA, two in Public Works, and one in Hilaman).

In FY 2011, only one timekeeper in the departments in our audit scope made a prior period adjustment on her own record. We reviewed the prior period adjustment and determined that it was reasonable and appropriate and there were no exceptions.

Timekeepers also had inappropriate system access to employees' human resource data outside their areas of responsibilities.

Second, APP 630, Section II, "Control Activities" states that access to resources and records should be limited to authorized individuals in order to reduce the risk of unauthorized use or loss. We noted that nine of 47 (17%) timekeepers in our testing had inappropriate access in the timekeeping system and HRMS system in that they were able to enter leave and attendance transactions and access personnel information for employees outside of their areas of responsibility.

Timekeepers with inappropriate access included seven timekeepers in PRNA, one timekeeper in Electric, and one timekeeper in Public Works. Subsequent to our fieldwork, the inappropriate access was removed for the timekeeper in Electric, the timekeeper in Public Works, and three timekeepers in PRNA. However, inappropriate access still remained for four PRNA timekeepers due to their continued access to employees' time

and attendance records at the Hilaman and Gaither golf courses. The management of golf courses was moved organizationally from PRNA to Utility Business and Customer Services (UBCS) in 2010. After the move, UBCS became responsible for management of the golf courses, including payroll, but the golf courses continue to have PRNA's department code.

Even though our testing disclosed no improprieties with current practices in the selected departments, we consider timekeepers being able to enter leave and attendance transactions for themselves to be a serious weakness in internal control. We recommend system access and responsibilities be changed to:

- (1) Prevent timekeepers from entering their own leave and attendance transactions, or alternatively, compensating controls be implemented to adequately monitor leave and attendance transactions related to timekeepers; and
- (2) Restrict timekeepers' access to only the areas for which they are responsible. To limit access of PRNA timekeepers to the golf courses, the department code of the golf courses should be updated from PRNA to UBCS.

Subsequent to our fieldwork, PRNA and Payroll implemented additional security to limit timekeepers from accessing golf course employees' leave and attendance records and DMA management reported that the department code for the golf courses would be updated on October 1, 2012.

The number of hours recorded worked on timesheets in PRNA Aquatics was increased by the supervisor resulting in employees being paid for more hours than worked.

One supervisor was recording more hours worked than should have been in order to increase the amount of pay for lifeguards working early shifts.

As directed in APP 615, "Timesheet Requirements for Payroll Processing" provides that the timesheet represents that the time worked and /or leave taken, as applicable, is accurate and complete. One PRNA Aquatics supervisor recorded more hours than time worked by a lifeguard who was scheduled for the early morning shift between 5 a.m. and 8 a.m. The timesheet recorded the lifeguard worked 3 hours, yet he was paid 4.5 hours. PRNA management reported this pay differential had been standard operating practice for a number of years and had received approvals from City executive management, Human Resources, and

Payroll. However, for accounting purposes, it would be more appropriate to assign a new pay rate to the hours worked during the times that earn an increased pay than to inflate the number of hours worked.

In order to ensure the employees' timesheets support the number and type of hours worked and were paid, we recommend that PRNA work with Human Resources and Payroll to define a new pay code to pay the lifeguards the appropriate rate of pay for the actual number of hours they work.

Employees are being allowed to take leave before it has been earned.

There is not a control in place to prevent employees from taking leave prior to earning leave.

City Personnel Policy 708 states "an employee who does not have available paid leave and who is not authorized for advance leave or donated leave should not be paid for leave and not be allowed to go into a negative leave balance." We reviewed listings of employees with negative leave balances throughout the audit fieldwork. In June 2012, there were eight employees in the departments in our audit with negative leave balances (four in Electric, three in PRNA, and one in Public Works). Additionally, we noted there were 40 employees citywide with negative balances in a variety of leave categories, including sick, personal, compensatory, and personal/wellness.

The current timekeeping system does not prevent leave from being entered when there is not an available leave balance to cover the amount of leave used by employees. Department staff, commonly the timekeeper, is responsible for ensuring there is an adequate leave balance before recording leave. The timekeeper is expected to make a prior period adjustment to change the leave type used to another category with an adequate balance as appropriate or record leave without pay.

We recommend that DMA, during their evaluation of time and attendance systems, consider ensuring that the system has the capability of preventing leave entries when there are not adequate leave balances so negative leave balances will not exist. Until such a system can be fully implemented, we recommend Payroll notify either the department director or immediate supervisor of the employees with a negative leave balances in their department for them to address and prevent from reoccurring.

Employees' election to receive Compensatory Time in place of overtime has not been properly documented.

There are not controls in place to ensure that employees are made aware of their option to choose compensatory leave in lieu of overtime or that the required documentation is properly retained.

FLSA Rule Section 553.23(a) states that "as a condition for use of compensatory time in lieu of overtime payment in cash, section 7(o)(2)(a) of the Act requires an agreement or understanding reached prior to the performance of work. This can be accomplished pursuant to a collective bargaining agreement, a memorandum of understanding or any other agreement between the public agency and representatives of the employees." Compensatory time can be either at regular rate of hours worked or at a rate of 1 1/2 times the hours worked depending on the circumstances. City Personnel Policy and Procedure Chapter 704, Section H allows for employees to elect to receive compensatory time in place of overtime by completing an "Overtime Compensation Agreement."

We noted during our interviews, three of 14 timekeepers were not aware that employees could opt to receive compensatory time in lieu of overtime. Also, they were not aware of the form required to be signed by the department director and the employee and retained in the department.

Additionally, there appears to be some confusion regarding when compensatory time can be offered in place of overtime. According to Human Resources, a director may not require those who work overtime to take compensatory time in place of overtime if the employee has not chosen to receive compensatory time. However, a department director has the right to restrict those who work overtime to only those employees who have chosen to take time, rather than money, as their compensation.

In order to ensure employees are aware of their options regarding compensatory time and overtime, we recommend that the City's policies and procedures clearly describe when compensatory time may be offered in place of overtime. We also recommend that each department and eligible employees be made aware of and properly document and retain Overtime Compensation Agreements for those employees that opt to receive comp time instead of overtime.

Accuracy of Leave and Attendance Transactions

Our second objective was to determine whether recorded leave and attendance transactions were recorded accurately in the City's financial and human resources systems.

Our second objective was to determine whether recorded leave and attendance transactions were recorded accurately in the City's financial and human resources systems. **Based on our testing, we determined that overall, even though errors were made, the recorded leave and attendance transactions tested were materially accurate.** We did not find evidence of fraud in our testing. Additionally, we can give assurances that leave was accrued accurately and policies were applied correctly for workers' compensation and catastrophic leave.

The errors identified in our testing were related to calculating time worked, recording the type of time earned or taken, and applying policies that were either vague or confusing. We also noted that improvements are needed in the areas of: 1) accurately inputting amounts and type of time worked and leave taken; 2) correctly applying Pre-Approved Personal (PAPER); 3) clarifying personnel policies regarding which employees are eligible to earn on-call duty; and 4) updating supervisor assignments in the HRMS employee's employment.

We noted 9 errors related to 80 paychecks tested.

Of the 80 paychecks we tested, we identified 9 instances (11%) where the employees were paid incorrect amounts due to data entry errors; seven at Hilaman; and two in Electric. The time worked and/or leave taken reported on the timesheet was not entered correctly into the timekeeping system.

At Hilaman, we noted six errors resulting in one overpayment of \$695.75, two minor overpayments (totaling \$9.15), and four minor underpayments (totaling \$29.70).

At Hilaman, we tested 20 paychecks totaling \$14,128 in fiscal year 2011. We identified 7 incidents where calculation errors were made resulting in incorrect time sheets for six employees totaling \$725.45 (or 5.13% of the \$14,128). Six of the errors were minor and resulted in two overpayments and four underpayments (total of \$29.70), and one was a major error that resulted in an overpayment (total of \$695.75) to one employee. The minor errors were due to manual calculation errors in adding up time worked recorded on timesheets by an antiquated punch card machine. The major error related to the wrong rate of pay used to calculate a compensatory time payout for an employee that was promoted into a position not eligible for compensatory time. Management is working with Human Resources to determine how to address this issue.

We recommend management work with Human Resources to resolve the overpayment issue. We also recommend that Hilaman staff take more care in calculating the hours worked or implement a different method of recording time to ensure that employees are paid the correct amounts. Additionally, management should consider utilizing a timesheet with existing calculations to assist staff and supervisors calculate time worked.

In Electric, we noted two errors resulted underpayments totaling \$392.94.

Management corrected the errors immediately after being notified.

In Electric, we tested 20 paychecks totaling \$24,996 in fiscal year 2011. We identified three recording errors resulting in two employees being underpaid a total of \$392.94 (or 1.6% of \$24,996). In one case, an employee was underpaid \$361.32 for 8 overtime hours that was not entered into the timekeeping system. In the second case, an employee was underpaid \$31.62 due to one hour “rest time” that was not entered into the timekeeping system. The third error was a recording error of 2.5 hours that should have been leave taken instead of time worked. Since being notified of the recording errors, Electric processed prior period adjustments to correct the type and number of hours worked and employees were paid the amount owed to them.

Electric's “fatigue” policy allows employees to be paid for up to eight (8) hours of “rest time” before coming back to work when employees have been required to work 16 hours in a given 24 hour period. Scheduled shift hour obligations that are met with “rest time” hours will be considered hours worked for purposes of calculating overtime. “Rest time” is currently reported as regular time worked and counts toward the calculation of overtime. Because “rest time” is not classified as a separate type of work category, there is a potential risk that “rest time” may not be recorded or applied correctly and may not be detected in a timely manner. For example, as discovered in our testing, when personal leave is mistakenly recorded as “rest time”, the time is recorded as regular work time, and therefore does not stand out and could go unnoticed. If overtime was worked that week, the incorrectly coded rest time would count toward overtime and the employee would have been overpaid.

We recommend Electric work with Payroll to implement a new leave code for reporting of “rest time.” This would provide management a better tracking of the extent of employees’ use of “rest time” and minimize the risk that the use of “rest time” be over applied as time worked.

During our testing, pre-approved leave was consistently misapplied. On 15 transactions, we noted only 3 applied this leave type correctly.

Ten errors were recording errors without monetary impact; two errors resulted in overpayments totaling \$356.

Pre-Approved Personal (PAPER) leave is not being applied correctly.

PAPER leave was implemented in 2006 as an added benefit for employees who are required to work overtime during a week that had also been previously approved for leave. Employees must work 40 hours prior to being eligible for overtime compensation. Leave time does not count toward the 40 hours needed. First, only employees in positions classified as “non-exempt” and “Supervisory 1” are eligible to utilize PAPER leave for additional overtime compensation. Second, an employee must have obtained approval for personal leave prior to the schedule being developed for the week, and then was required to work, for the leave time to be classified as PAPER leave and be counted toward the 40 hours to determine eligibility for overtime compensation.

In our interviews with timekeepers, there appeared to be a misunderstanding of what supporting documentation was required for the use of PAPER leave. During our testing, we obtained a listing of all employees in the three selected departments that recorded PAPER leave during fiscal year 2011. We judgmentally selected 15 PAPER transactions involving 15 employees to determine if PAPER leave was recorded correctly. We noted 12 recording errors associated with the 15 PAPER leave transactions. The monetary impact related with these recording errors was overpayments to two employees totaling \$356. The errors included:

- Five PAPER transactions (four in Public Works and one in Electric) were classified incorrectly. There was no overtime earned during the week, so the leave should have been classified as personal leave instead of PAPER leave. There was no monetary impact due to these misclassifications.
- Five employees in Public Works with PAPER leave were not in positions eligible to receive PAPER leave. The leave should have been classified as personal leave instead of PAPER leave. There was no monetary impact due to these misclassifications.
- Two leave requests in PRNA were not made prior to the schedule being set. The misclassification resulted in the two employees being overpaid a total of \$356, because the employees were paid overtime when they should have been paid at their regular pay rate.

As noted in the above, while PAPER leave was not being applied appropriately, there were overpayments of overtime to employees in two of the 15 transactions due to misclassification of PAPER leave. Timekeepers should record PAPER leave only when eligible employees earn the leave during a week where overtime is worked. Otherwise, the PAPER leave should have been recorded as regular Personal Leave.

In order to ensure that PAPER leave is used and any associated overtime applied correctly, and that any reported usages of PAPER leave are accurate, we recommend Human Resources provide training to department timekeeping staff and supervisors as to what PAPER leave is and how it is to be used.

City Personnel Policies do not explicitly address when an employee is eligible or not eligible for “on-call” duty.

During our testing, we noted from the timesheet of a Public Works’ employee that on a day he was using sick leave, he was also scheduled for “on-call” duty, was called back to work, and compensated for one hour of “on-call” pay and two hours of “call-back” pay. Personnel Policy Chapter 704C does not explicitly address when an employee is eligible or not eligible for on-call duty. Human Resources management and the City Attorney’s Office agree that the policy should be revised to clearly state that employees on leave should not be eligible for on-call duties unless responding to emergency conditions.

In order to ensure that on-call is only available for eligible employees, we recommend that Human Resources revise the policy to addresses instances when employees are eligible for on-call and not eligible for on-call duty pay, such as when employees are out on leave unless responding to emergency conditions.

City Personnel Policies should be revised to clearly state that employees on leave should not be eligible for on-call duties unless responding to emergency conditions.

HRMS data specific to assigned supervisor is not consistently updated for all employees.

This is not a high risk currently, but will be when this information is used to automate work flow processing of timesheets.

The supervisor assignment in the HRMS employee's employment information has not been consistently updated.

During our testing we noted two instances where the assigned supervisor in HRMS Employment Data screen was incorrect. In one case in Electric, the name of an employee's supervisor was listed incorrectly due to the record not being updated after a new supervisor was assigned. In another case involving Public Works, an employee's assigned work area and the name of his supervisor was incorrect because the employee had recently been transferred.

Additionally, during our interviews with Electric administrative staff, we were informed the names of employees' supervisors are not regularly updated in HRMS because "employees will be rotated among different supervisors/crews throughout their employment." At this point in time, the risks associated with an incorrect name of a supervisor are not high. However, the City is currently evaluating new time and attendance systems, and one of the goals for this new system is to implement automated work flow processes to route timesheets for supervisory approval. This would involve using the employment information in the HRMS system to identify the name of the authorized supervisor responsible for approving employee timesheets. The employment-related information in the HRMS system will be critical in such an automated timekeeping and payroll process.

Accounting Services staff is aware of this issue and noted that they will seek to include a feature in the new timekeeping system that will provide departments the capability of updating the supervisor field in a more efficient manner. It will still be the departments' responsibilities to ensure the supervisor field is updated timely.

We recommend Accounting Services and Human Resources continue to consider the need for accurate assigned supervisor in the employee's employment data in the HRMS system and its impact on a new timekeeping system's functionality. If this information is important to the payroll processing, it is important to assess the accuracy of the needed data fields.

Other Issues Related to Inefficiencies of Leave and Attendance Processing

During our audit, we noted two additional issues that should be addressed to increase the efficiencies related to processing leave and attendance and payroll.

During evaluation of a new time and attendance system, staff should place importance on a system that will eliminate or minimize manual data entry.

Timekeepers should be trained on how to apply City policies and FLSA rules related to categorizing time worked and leave taken.

During our audit the leave and attendance processes, we noted two additional issues that should be addressed; one issue is related to payroll processing and one is related to the training provided to timekeepers.

It is time intensive for many timekeepers to input timesheet information into the HRMS timekeeping system on a weekly basis.

During our interviews, we were informed that four timekeepers within the three departments (Electric, Public Works, and PRNA) reported they spend between 4 to 12 hours weekly to input time into the timekeeping system for employees in their department each week. We also have knowledge of other timekeepers in other City departments that also spend similar number of hours inputting time and leave transactions into the timekeeping system. Timekeepers receive employee timesheets either on paper or through email and then must enter each record on the timesheet into the timekeeping system. In some cases, employees are inputting their own time into secondary timekeeping systems and then the timekeepers are re-entering the employees' time into the City's timekeeping system.

We recommend DMA Accounting Services, during their evaluation of time and attendance systems consider ensuring the chosen system has the capability of allowing employees to input their own time worked and leave taken into the system electronically and eliminate the data entry by a third person. Such a system could even accept transactions transferred from the secondary timekeeping system, and provide employees the capability of having an electronic signature based on their user IDs.

Timekeepers are trained on how to input data, but do not receive training on how to apply City policies and FLSA rules related to categorizing time and attendance.

Currently, supervisors receive training in Timesheets and Leave as part of the Human Resources' Policies and Procedures training because supervisors are responsible for what is recorded on the timesheets. Timekeepers have received training on how to input the data into the timekeeping system, either from Accounting Services or from other timekeepers. Timekeepers are responsible for inputting what is on the timesheets into the timekeeping system. In our opinion, it would be

beneficial for both the supervisors and the timekeepers to receive training on how to apply the rules and policies and procedures. That would assist the timekeepers in understanding how leave and time worked are categorized and in bringing to the attention of supervisors items inadvertently overlooked in the approval of leave and attendance. Examples of rules and topics that should be included in such training would include:

- Overtime – eligibility and calculation (FLSA rules and City policies)
- Overtime Compensation Agreements – documentation and retention requirements (FLSA rules and City policies)
- Compensatory Time – when it can be used and limitations (City policies)
- Workers' Compensation – eligibility, when it can be used, how to record, and documentation requirements (Florida laws and City policies)
- Catastrophic Leave - eligibility, when it can be used, how to record, and documentation requirements (City policies)
- Paid and Unpaid Leave – when each can be used and their limitations (City policies)
- Retention – what to retain and acceptable storage methods (State rules and City policies)

We recommend Human Resources provide applicable training to timekeepers on how to apply applicable laws, rules, and policies related to timekeeping responsibilities.

Conclusion

We also, identified several instances of noncompliance with City policies and procedures in the recording of leave and attendance that resulted in some over and under payments to employees. Additionally, we noted a few inefficiencies related to the processing of leave and attendance where improvements should be made.

We concluded the following:

- 1) Based on our testing, we determined that even though errors were made, the recorded leave and attendance transactions tested were materially accurate. The errors identified in our testing were related to calculating time worked, recording the type of time earned or taken, and applying policies that were either vague or confusing. We did not find evidence of fraud in our testing. Additionally, we can give assurances that leave was accrued accurately and policies were applied correctly for workers' compensation and catastrophic leave.
- 2) We identified several instances of noncompliance with City policies and procedures and errors in the recording of leave and attendance that resulted in over and under payments to employees, however, most instances of noncompliance had no monetary impact.
- 3) We noted efficiency improvements that should be made in the processing of leave and attendance.
- 4) In the report, we provided a description of the issues and recommendations and Appendix A provides Management's Action Plan to address our recommendations.

The errors and improper application of policies identified during this audit were restricted to the departments and divisions in our audit scope. However, due to the types of errors and misapplication of policies, we recommend management communicate these audit results with all departments to facilitate accurate recording of time and attendance on timesheets.

We would like to thank and acknowledge the full and complete cooperation and support of City management and staff during this audit including Department of Management and Administration (Human Resources, and Accounting Services Payroll Division), Utility Services (Electric, and

Utility Customer and Business Services Hilaman Golf Course); Safety and Neighborhood Services (Parks, Recreation and Neighborhood Affairs); and Development and Transportation Services (Public Works).

***Appointed
Official's
Response***

City Manager:

We appreciate the level of effort provided by the City Auditor and his staff in reviewing and suggesting improvements to the time and attendance process. The issues detailed in the report demonstrate the complexity and diversity of this process. I am extremely pleased with the cooperation demonstrated by Mr. McCall's team and staff of the various audited departments. I have no doubt that the action items identified in this report will ensure that internal controls and City policies are strictly adhered to in the future.

Appendix A – Management’s Action Plan

Action Steps	Responsible Employee(s)	Target Date
A. To improve compliance with governing laws, rules, and policies and procedures.		
1. Human Resources to provide training to timekeepers on how to apply applicable laws, rules, and policies related to timekeeping responsibilities.	Annette Pearce, Human Resources	Will work with Departments as convenient for them; completed by August 2013
2. Each of the four areas to ensure employees sign their own name on timesheets asserting to the accuracy of recorded time worked and leave taken.	Gia Scruggs, Parks Recreation & Neighborhood Affairs Robert Wigen, Electric Greg Wilkerson, Public Works Jan Auger, Hilaman	December 31, 2012
3. Each of the four areas to ensure supervisors consistently review and approve employee timesheets indicating they concur with the employee's assertions of time worked and leave taken.	Gia Scruggs, Parks Recreation & Neighborhood Affairs Robert Wigen, Electric Greg Wilkerson, Public Works Jan Auger, Hilaman	December 31, 2012
4. PRNA work with Human Resources and Payroll to define a new pay code to pay the lifeguards the appropriate rate of pay for the actual number of hours they work.	Gia Scruggs, Parks Recreation & Neighborhood Affairs Diane Cole, Human Resources David Scarano, Accounting Services	September 28, 2012

Action Steps	Responsible Employee(s)	Target Date
5. Payroll notify either the department director or immediate supervisor of the employees with a negative leave balances in their department for them to address and prevent from reoccurring.	David Scarano, Accounting Services	October 1, 2012
6. Each department to implement a process to regularly check the leave balance for employees in their departments to prevent employees from having negative leave balances.	Gia Scruggs, Parks Recreation & Neighborhood Affairs Robert Wigen, Electric Greg Wilkerson, Public Works	December 31, 2012
7. DMA, during their evaluation of a new time and attendance system, ensure that the new system has the capability of preventing leave entries when there are not adequate leave balances so negative leave balances will not exist.	Rick Feldman, Accounting Services	To Be Determined
8. Human Resources provide training to department timekeeping staff and supervisors as to what PAPER leave is and how it is to be used.	Annette Pearce, Human Resources	Will work with Departments as convenient for them; completed by August 2013
9. Human Resources revise the policy to addresses instances when employees are eligible for on-call and not eligible for on-call duty pay, such as when employees are out on leave unless responding to emergency conditions.	Annette Pearce, Human Resources	September 28, 2012
B. To improve the accuracy of Leave and Attendance Transactions.		
1. Hilaman management should consider utilizing a timesheet with existing calculations to assist staff and supervisors accurately calculate time worked.	Jan Auger, Hilaman	January 1, 2013
2. Hilaman staff to take more care in calculating the hours worked or implement a different method of recording time to ensure that employees are paid the correct amounts.	Jan Auger, Hilaman	Immediately

Action Steps	Responsible Employee(s)	Target Date
3. UBCS should work with Human Resources to resolve the overpayment issue related to the incorrect payout of compensatory time.	Reese Goad, UBCS Tammy Edwards, Human Resources	September 28, 2012
4. Electric to work with Payroll to implement a new leave code for reporting of “rest time.”	Robert Wigen, Electric David Scarano, Accounting Services	September 30, 2012
C. To improve the internal controls related to recording time and attendance transactions.		
1. DMA/Payroll to implement system access controls to prevent timekeepers from entering their own leave and attendance transactions, or alternatively, implement compensating controls to adequately monitor leave and attendance transactions related to timekeepers.	David Scarano, Accounting Services	September 30, 2012
2. Payroll to develop and make available a query for departments to monitor the leave balances of their employees to ensure that employees have leave balances before recording leave taken, or to enter leave without pay.	Gia Scruggs, Parks Recreation & Neighborhood Affairs Robert Wigen, Electric Greg Wilkerson, Public Works	Completed <i>(HRMS Query available: APY1012U)</i>
3. Budget Office and UBCS should work together to change the cost center for golf courses to be in the correct department.	Reese Goad, UBCS Heath Beach and Robert Bechtol, Budget Office	October 1, 2012