

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Department of Behavioral Health: Holiday Accrual Follow-Up Audit



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Auditor-Controller/Treasurer/Tax Collector

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Department of Behavioral Health Holiday Accrual Follow-up Audit

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June 12, 2020

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SUBJECT: HOLIDAY ACCRUAL FOLLOW-UP AUDIT

In compliance with Article V, Section 6, of the San Bernardino County Charter, we have completed a follow-up audit of the Department of Behavioral Health (Department) holiday accruals as of October 2019. The objective of the audit was to determine if the recommendations for the findings in the Department of Behavioral Health Holiday Accrual audit report, issued March 25, 2019, have been implemented. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We have provided a status of the audit findings identified in the original audit report issued on March 25, 2019. The Department has partially implemented the recommendations from the original audit report.

We sent a draft report to the Department on April 29, 2020.

We would like to express our appreciation to the personnel at the Department who assisted and cooperated with us during this engagement.

Respectfully submitted,

Ensen Mason CPA, CFA

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By:

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Date Report Distributed: June 12, 2020

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Scope and Objective

Our audit examined the time recording of all Department of Behavioral Health employees for four holidays from April 2019 to October 2019.

The objective of this follow-up audit was to determine if the Department implemented the recommendations contained in the prior audit report, Department of Behavioral Health Holiday Accrual, issued March 25, 2019.

Methodology

In achieving the audit objective, the following procedures were performed, including but not limited to:

- Reviewing the General Memorandum of Understanding (MOU) (2015-2019 and 2019-2023).
- Interviewing of Department staff.
- Analyzing payroll entries of all Department of Behavioral Health employees for four holidays.



Prior Finding 1: Hours were not properly recorded on holidays.

The General Memorandum of Understanding (2015-2019) (MOU) states that an employee shall receive holiday pay for any fixed holiday that falls within a vacation period. An employee on an alternate work schedule such as a 9/80 or 4/10 may code accrued vacation hours on a fixed holiday that falls on a workday up to an amount that if combined with his/her fixed holiday accrual would equal the total amount of hours the employee would have been scheduled for the day. Additionally, if an employee is scheduled to work on a holiday but calls off sick, they shall code holiday leave for that day.

Upon retirement or separation from the County, employees are compensated for any unused accrued holiday time. On the contrary, vacation hours have a maximum accumulation, which depends on the length of the employee's service and their trade unit. Administrative and annual leave do not accumulate past the 26th pay period each year. Although sick leave does not have a maximum accumulation, unused sick leave is not payable upon separation from the County except as a percentage at retirement. Recording vacation, administrative leave, annual leave or paid sick leave on a holiday would enable employees to continue accumulating all of their holiday hours. This would increase the value of their payout when the employee separates from County employment.

The following conditions were identified:

- There were fourteen instances of employees incorrectly recording paid vacation, paid sick leave, paid comp time taken or leave without pay on a holiday instead of recording holiday. This resulted in the employees incorrectly accruing holiday hours. One out of these fourteen instances occurred at the supervisory level.
- There were seven instances of employees recording one hour of regular time on a holiday. One out of these seven instances occurred at the supervisory level.
- There were four instances of employees incorrectly recording paid sick leave or vacation and regular hours in addition to the paid holiday.
- There was one instance of an employee recording holiday time on a non-scheduled work day which incorrectly resulted in the employee receiving overtime pay.



An incomplete review by supervisors of an employee's time on holidays may allow employees to be paid against guidelines established in the MOU. Not following the guidelines may enable employees to accrue additional holiday time and increase their payout upon retirement or termination from the County.

Recommendation:

We recommended management and supervisors review the payroll guidelines established in the MOU. In addition, we recommended supervisors review time entries on a holiday and the time recording codes entered for that pay period more closely. We also recommended the Department coordinate with the Human Resources Department to determine how to make the necessary adjustments to employees' leave balances.

Current Status: Partially Implemented

Management instructed employees who approve time entries to review the payroll guidelines established in the MOU. The Department coordinated with Central payroll to make the necessary adjustments for the conditions found in the prior audit. The following conditions were identified when we tested all four holidays that occurred from April to October 2019:

- There was one instance of an employee incorrectly recording paid sick leave on a holiday.
- There was one instance of an employee recording holiday time on a non-scheduled work day which incorrectly resulted in the employee receiving holiday pay.
- There were three instances of employees incorrectly recording paid sick leave or vacation and regular hours in addition to the paid holiday.

Management's Response:

Management and supervisors continue to be reminded to review all payroll guidelines established in the MOU, as well as being reminded to review entries on a holiday and the time recording codes for those pay periods more closely. The Department of Behavioral Health's Payroll Unit has coordinated the necessary corrections to employees' leave balances and/or adjustment of their pay, as appropriate. These corrections were completed and the last update/verification provided to the Auditor-Controller/Treasurer/Tax Collector's Payroll Section as of February 10, 2020.



Auditor's Response:

The Department's actions will correct the deficiencies noted in the finding

Prior Finding 2: Standby and regular hours exceeded the daily hours allowed.

The General Memorandum of Understanding (2015-2019) (MOU) states that an employee shall not receive standby compensation once an employee begins work. Therefore, in no circumstance should the number of hours for standby pay and regular pay equal more than 24 hours. Being paid for standby hours once an employee's shift starts results in an overpayment of payroll.

There was one instance in which standby and regular hours equaled more than 24 hours in one day. This instance occurred at the supervisory level.

An incomplete review of an employee's time by their supervisor for standby hours can allow employees to be paid against the guidelines established in the MOU. Not following the guidelines could allow employees to receive overpayment.

Recommendation:

We recommended management and supervisors review the MOU guidelines regarding standby compensation. In addition we recommended supervisors who approve time closely review their employees' time entries for standby compensation. We also recommended the Department review standby compensation for the entire fiscal year and coordinate with the Human Resources Department to determine how to make the necessary payroll adjustments.

Current Status: Partially Implemented

During our testing of four holidays, there were no days that standby and regular hours exceeded the daily hours allowed. Management instructed employees who approve time entries to review the MOU guidelines regarding standby compensation. The Department coordinated with Central payroll to make the necessary adjustments for the conditions found in the prior audit. Although Management did communicate the importance of accurate time recording to all



Department staff, they did not perform a comprehensive review of standby compensation recorded for the fiscal year 2017-2018.

Management's Response:

Management and supervisors continue to be reminded to review all MOU guidelines regarding standby compensation, as well as reminding those supervisors who approve time to closely review their employees' time entries, making certain the total hours, including standby, are not more than 24 hours of worked time in a day.

Although the Department did not perform a comprehensive review of standby compensation recorded for the fiscal year 2017-2018, the Department Payroll Unit implemented a process whereby they include standby in their review of overtime hours each pay period to ensure there are not more than 24 hours recorded as worked in a day.

Auditor's Response:

The Department's actions will correct the deficiencies noted in the finding