

COUNTY OF SAN BERNARDINO  
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR  
INTERNAL AUDITS SECTION

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COUNTY FIRE:  
OVERTIME FOLLOW-UP AUDIT

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AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR  
268 WEST HOSPITALITY LANE  
SAN BERNARDINO, CA 92415-0018  
(909) 382-3183

WEBSITE: [WWW.SBCOUNTY.GOV/ATC](http://WWW.SBCOUNTY.GOV/ATC)  
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## **Audit Team**

**Denise Mejico, CFE**  
Chief Deputy Auditor

**Menaka Burkitt, CFE**  
Internal Audits Manager

**Steven Ems, CIA**  
Supervising Internal Auditor III

**Dominic Palencia**  
Internal Auditor III



## **County Fire: Overtime Follow-up Audit**

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**Auditor–Controller/Treasurer/Tax Collector**

June 25, 2021

**Ensen Mason CPA, CFA**  
*Auditor–Controller/Treasurer/Tax Collector*

**Douglas R. Boyd Sr., ESQ.**  
*Assistant Auditor–Controller/Treasurer/Tax Collector*

**Tori Roberts CPA**  
*Assistant Auditor–Controller/Treasurer/Tax Collector*

Dan Munsey, Fire Chief  
County Fire Department  
157 West Fifth Street, Second Floor  
San Bernardino CA, 92415-0451

RE: Overtime Follow-up Audit

We have completed a follow-up audit of the County Fire Department’s overtime hours for the period of February 1, 2020 through July 31, 2020. The objective of the audit was to determine if the recommendations for the finding in the County Fire Overtime audit report, issued October 29, 2018, has 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 finding identified in the original audit report issued on October 29, 2018. The Department has not implemented the recommendations from the original audit report.

We sent a draft report to the Department on March 30, 2020. The Department’s response to the current status of our recommendations is included in this report.

We would like to express our appreciation to the personnel at the County Fire 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:  
Denise Mejico, CFE  
Chief Deputy Auditor

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Grand Jury  
San Bernardino County Audit Committee

Date Report Distributed: June 25, 2021

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## Scope and Objective

Our audit examined the County Fire Department's (Department) overtime hours for the period of February 1, 2020 through July 31, 2020.

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, *County Fire Overtime Audit*, issued on October 29, 2018.

## Methodology

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

- Interviews regarding the time approval process with Department staff to identify controls in place for overtime approval.
- Review of Department's Overtime Procedures.
- Review of Memorandums of Understanding (MOU).
- Testing a sample of 34 payroll entries for proper approvals.



### **Prior Finding: Internal controls over time entry approval could be improved.**

The Internal Controls and Cash Manual (ICCM), Chapter 2-2, indicates that the premise of an effective internal control structure is the control environment, which includes elements such as management's philosophy and operating style and personnel policies and practices. It is imperative that management establishes internal controls, such as policies and procedures, and communicates them to the operating personnel. Furthermore, the ICCM, Chapter 2-3, indicates that all transactions should be properly authorized and approved, and clarifies that an approving official must be higher in rank than the person incurring the expenditure.

Out of 40 employee time entries tested, 6 were not approved by an employee of a higher rank. The Department does not have a policy that approvers of overtime must be of a higher rank than the employee submitting the overtime entry.

Due to availability, the Department may not have an employee higher in rank to approve time entries. Allowing employees to approve time entries of employees of the same rank increases the risk of unauthorized overtime hours resulting in incorrect wages paid to employees.

### **Recommendations:**

We recommend time entries be approved by an employee of a higher-ranking position than that of the employee they are approving. During a shift, if there are no employees of a higher-ranking position available to approve time entries, an employee of a higher-ranking position should provide a second approval before payroll is processed. We also recommend that the Department incorporate into their payroll procedures that the final approval of all time entries be by an employee higher in rank than the employee submitting the time entry.

### **Current Status: Not Implemented**

During our testing of 34 time entries, 1 was not approved by an employee of a higher-ranking position than the employee they were approving. Additionally, the Department has not incorporated, into their payroll procedures, that the final approval of all time entries must be by an employee higher in rank, than the employee submitting the time entry.

### Management's Response:

Although County Fire's error rate has improved from 6 out of 40 time entries in the prior audit to 1 out of 34 time entries, County Fire's goal is to have zero errors. In effort to remain in compliance, the following changes were implemented.

1. eTime back-up approvers updated
  - a. All Supervising Dispatchers were removed as back up managers to the Assistant Managers on June 15, 2021. Supervising Dispatchers will no longer have eTime Manager access which includes viewing any department personnel payroll entries.
  - b. eTime entries can only be approved by an Emergency Communication Assistant Manager and the Emergency Communications Manager.

With the removal of Supervising Dispatchers as Alternate Managers, supervisors no longer have approver access which includes the ability to view eTime entries in the County's Employee Management and Compensation System (EMACS). The affected departments must implement a new method of time validation for all floor personnel on shift daily and must be provided to the Assistant Manager and/or Manager for final approval in EMACS.

The changes made in EMACS will ensure all eTime entries are approved by an employee in a higher-ranking position, thereby reducing the risk of unauthorized overtime hours and incorrect wages paid to employees as well as complying with the auditor's recommendations.

Payroll staff and management will review Ops Directives related to payroll processing and ensure that they specifically state that all time entry approvals must be by an employee higher in rank than the employee submitting the time entry.

### Auditor's Response:

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