

County of San Bernardino

**Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section**

Public Works - Flood Control: Holiday Accrual Audit



Ensen Mason CPA, CFA

Auditor-Controller/Treasurer/Tax Collector

268 West Hospitality Lane
San Bernardino, CA 92415-0018
(909) 382-3183

Website: www.sbcounty.gov/atc

Fraud, Waste & Abuse Hotline: (800) 547-9540

Auditor-Controller/Treasurer/Tax Collector

Mission Statement

This office is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the County. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.

Audit Team

Denise Mejico
Chief Deputy Auditor

Menaka Burkitt
Internal Audits Manager

Rachel Ayala
Supervising Internal Auditor III

Steven Ems
Internal Auditor III

Melissa Perez
Accountant II



Public Works - Flood Control Division

Holiday Accrual Audit

Audit Report Letter	1
Executive Summary	3
Audit Background	4
Scope, Objective and Methodology	5
Audit Finding and Recommendations	6



Auditor–Controller/Treasurer/Tax Collector

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

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

June 20, 2019

Kevin Blakeslee, Director

Public Works Department - Flood Control Division
825 E. Third Street, Room 101
San Bernardino, CA 92415-0835

SUBJECT: HOLIDAY ACCRUAL AUDIT

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed an audit of the Department of Public Works - Flood Control Division's (Division) holiday payroll for the period of January 1, 2018 through December 31, 2018. The primary objective of the audit was to determine if hours were properly recorded by employees on fixed holidays. 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 identified procedures and practices that could be improved. We have listed these areas for improvement in the Audit Finding and Recommendations section of this report.

We sent a draft report to the Division and discussed our observations with management on June 12, 2019. The Division's response to our recommendations is included in this report.

We would like to express our appreciation to the personnel at the Department of Public Works - Flood Control Division 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

Chief Deputy Auditor

Distribution of Audit Report:

Robert Lovingood, 1st District Supervisor
Janice Rutherford, 2nd District Supervisor
Dawn Rowe, 3rd District Supervisor
Curt Hagman, Chairman, 4th District Supervisor
Josie Gonzales, Vice Chair, 5th District Supervisor
Gary McBride, Chief Executive Officer
Grand Jury
Auditor-Controller Audit Committee

Date Report Distributed: June 20, 2019

EM:DLM:SWE:oac



Summary of Audit Results

The table below summarizes the audit finding and recommendations for this audit engagement. For further discussion, refer to the *Audit Finding and Recommendations* section of this report.

Finding and Recommendations	Page No.
Hours were not properly recorded on holidays. We recommend management and supervisors review the payroll guidelines established in the General Memorandum of Understanding (MOU). In addition, we recommend supervisors review time entries on a holiday and the time recording codes entered for that pay period more closely. We also recommend the Division coordinate with the Human Resources Department to determine how to make necessary adjustments to employees' pay and leave balances.	6



HOLIDAY ACCRUAL AUDIT

The Department

The Department of Public Works - Flood Control Division (Division) was created in 1939 under special state legislation. Since its inception, the Division has developed an extensive system of facilities, including dams, conservation basins, channels and storm drains. The purpose of these facilities is to intercept and convey flood flows through and away from the major developed areas of the County of San Bernardino, as well as to promote water conservation and improved water quality.

The Division's principal functions are:

- Flood protection on major streams
- Water conservation
- Storm drain construction
- Facility maintenance
- National pollutant discharge elimination system
- Flood operations

Memorandum of Understanding

The County of San Bernardino recognizes several different organizations for separate employee classifications. Each of these organizations negotiate wages, hours and other terms and conditions of employment for the employees under their unit. The agreement of the County and each organization is written in a Memorandum of Understanding (MOU). The MOU used for this audit is the General MOU (2015-2019) and covers the following employee units: Administrative Services, Clerical, Craft, Labor & Trades, Management, Supervisory, Supervisory Nurses and Technical and Inspection. The County recognizes San Bernardino Public Employees Association (SBPEA) Teamsters Local 1932 as the exclusive employee organization for the employees in the stated units.



Scope and Objective

Our audit examined the time recording of all Department of Public Works - Flood Control Division's (Division) employees on 14 holidays for the calendar year ended December 31, 2018. The objective of our audit was to determine if hours were properly recorded by employees on fixed holidays.

Methodology

In achieving the audit objective, the following evidence gathering and analysis techniques were used, including but not limited to:

- Reviewing the General Memorandum of Understanding (2015-2019).
- Gaining an understanding of time recording codes and the various ways Division employees code their time.
- Analyzing payroll entries of all Division employees for 14 holidays.



Finding: 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.

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. Recording vacation 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 the County employment.

The following conditions were identified when we reviewed 1,928 payroll entries:

- There were 2 instances (0.1%) when employees coded regular, vacation and holiday time in excess of their regularly scheduled workday on a holiday. This resulted in employees incorrectly receiving overtime.
- There were 2 instances (0.1%) when employees coded vacation time on a holiday instead of recording holiday. This resulted in the employees incorrectly accruing holiday hours.

An incomplete review by supervisors of an employee's time on holidays may allow employees to be paid outside the guidelines established in the MOU. When payroll guidelines are not followed, employees may accrue additional holiday time and increase their payout upon retirement or termination from the County. Incorrectly coding time above an employee's regular schedule could result in overpayments.

Recommendation:

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

Management's Response:

Management and supervisors will be reminded to review all payroll guidelines established in the appropriate MOU, as well as being reminded to review entries on a holiday and the time recording codes for those pay period more closely.



The Department of Public Works payroll unit will process the necessary corrections to employees' pay and leave balances.

Auditor's Response:

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