

SEMINOLE COUNTY

**SPECIAL REVIEW OF
RECORDING TIME WORKED**

REPORT NO. 071406

July 2006

Prepared by:
Internal Audit Division
Clerk of the Circuit Court



MARYANNE MORSE
Clerk of the Circuit Court
Seminole County

July 14, 2006

The Honorable Carlton Henley
Chairman
The Board of County Commissioners
Seminole County, Florida
1101 East First Street
Sanford, FL 32771

Dear Mr. Chairman:

I am very pleased to present you with the attached special review of recording time worked.

Management's response to the audit has been incorporated into this report. There are some conditions noted that warrant management's attention.

I would like to thank the members of management for their cooperation and assistance throughout the course of this audit. Their assistance is deeply appreciated. With warmest personal regards, I am

Most cordially,

Maryanne Morse
Clerk of the Circuit Court
Seminole County

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Seminole County Special Review of Recording Time Worked

The Internal Audit Division of the Office of the Clerk of the Circuit Court has completed a limited review of the policies and procedures for recording hours worked within Seminole County government. This review was requested by County Finance Director David Godwin.

PURPOSE

The objective of the review was to determine if the procedures for recording hours worked are adequate, accurate, and in compliance with county policies.

BACKGROUND

Seminole County Board of County Commissioners (BCC) employs approximately 1,440 employees, of which 1,260 are classified as “non-exempt”. Non-exempt employees are entitled to be compensated for overtime work; the other 280 are classified as “exempt” (exempt from receiving overtime pay). Full time employees classified as “exempt” are granted forty hours of administrative leave as a form of compensation for working overtime hours. There are a total of 78 divisions throughout the county; each with different responsibilities, goals and objectives.

To ensure that all employees are treated fairly and equitably, and that all goals and objectives are met, the Seminole County Human Resources Division has established a policy and procedures manual (dated 3/29//99) for all employees and division management to follow. Management is responsible for ensuring compliance with the various policies contained therein. In May 2003, the county manager became aware that professional staffers were working a variety of schedules. Some employees were allowed to work “flex schedules” while others were not. In an effort to ensure and enforce consistency, the county manager published a memorandum which disallowed flex schedules in all but a certain few divisions (i.e. Fire Rescue, Environmental Services).

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1. On March 17th, 2006, auditors within County Finance noted several questionable entries on staff timesheets submitted for pay;
2. County Finance Director David Godwin was notified of the possible "mischarge". Mr. Godwin notified Clerk of the Circuit Court, Maryanne Morse of the discrepancy that same day.
3. Upon further review, Ms. Morse contacted the county manager's office and discussed with BCC Chairman Carlton Henley, the discrepancies and recommendations.
4. Ms. Morse directed Mr. Godwin to correct the timesheets in accordance with policy.

By taking the appropriate action (reassigning the timesheet hours) a misallocation was prevented. Employees still were paid; their time was re-allocated correctly to Paid Time Off (PTO).

From an audit perspective, non-compliance with policy needs to be corrected, documented, and steps taken to prevent re-occurrence.

SCOPE OF WORK

The review was limited to timesheets submitted for the period February 21, 2006 through March 16, 2006.

Our review coverage included:

- Review of the Seminole County Personnel Policies and Procedures manual;
- Review of the County Manager's policy memorandum dated March 28, 2003;
- Review of approximately 5,200 timesheets;
- Interviews of key personnel; and,
- Any other procedures considered necessary under the circumstances.

The review was performed by Gail Joubran and Bill Carroll.

OVERALL EVALUATION

It is our opinion that the policies and procedures governing the recording of time worked are inadequate and not in compliance with the County Manager's Policy Memorandum dated March 28, 2003.

We are also concerned that recording errors on timesheets are not always uncovered internally (by division personnel). Timesheets are reviewed and

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approved by supervision and submitted to Payroll for processing with errors. The errors are often not identified until a pre-audit is performed by a payroll clerk.

It is our overall opinion, that **too many divisions have established their own policy** in lieu of complying with county policy.

The following conditions require management's attention:

- The Human Resources policy and procedures has not been kept up-to-date to include the county manager's directive regarding flex time;
- Some timesheets show negative paid time off, administrative leave, or sick leave balances;
- Timesheets are not always approved by supervision;
- Adjustments to timesheets are not adequately documented; and,
- There exists no written guidelines for completion of timesheets nor requirements for approval.

FINDING NO. 1

The county manager's directive regarding "Flex Time" (dated March 28th, 2003) has not been incorporated into the personnel policy and procedures manual.

On March 28th, 2003, the county manager issued a directive regarding "flex time". The directive stated in part:

"Full time office and professional employees will operate from a base schedule of 8:00 am to 5:00 pm with a one-hour lunch break. Department directors have the option of altering this base schedule for valid business needs; however, any alterations must fall within a 7:00 am to 7:00 pm timeframe. In addition, work weeks will be based upon 5 working days; shorter work weeks are not authorized nor are daily schedule changes based on employees skipping their lunch break".

The county manager also stated in his directive that concerns had been "...voiced over the inequity of certain employees' authorization to work 4 or 4.5 workdays, while others with similar responsibilities are not afforded the same opportunity..." Our review of four payroll periods disclosed that seventeen of seventy eight divisions are utilizing some form of flex time despite the county manager's directive.

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Seminole County Personnel Policy and Procedure Manual (dated June 3, 1999) Section 308 states in part:

“The schedule of hours for members will be determined by each department director or designee who will inform members of their daily schedule of hours or work, including meal periods, break periods, and any changes deemed necessary or desirable by the County.”

Thus, county staff has conflicting policies as to permitted work hours. The manual states one point of view, the memo another. We believe that an up-to-date personnel policy including any directives from the county manager ensures a consistent and equitable policy. As a result, there is no room for misunderstanding.

Recommendation

1. Update the Personnel Policy and Procedure Manual to include the County Manager’s directive; and,
2. Ensure that all divisions are operating in compliance with the directive.

Management Response

We agree that the Personnel Policy and Procedure Manual should incorporate and be consistent with any supplemental directives issued by the County Manager.

Suggested remedy: It is our intent to take Personnel Policy and Procedure Manual updates to the BCC for adoption. Department Directors remain responsible for compliance with existing policies.

FINDING NO. 2

Some timesheets show negative paid time off, administrative leave, or sick leave balances.

Twenty nine of the roughly 5,200 employee timesheets reviewed by Internal Audit show negative balances for either paid time off, administrative leave, or sick time. This illustrates that either the employees are taking more time off from work than allotted or earned (i.e. borrowing) under the personnel policy, and thus being overpaid, or time records are not being kept up to date by department administrators, or both.

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Most of the negative balances appear to be from divisions that have elected to have their employees log hours worked with an online computer program. Some divisions are using this program and others are using the manual timesheets. Internal Audit does not have a preference as long as the **record is accurate and management has approved the hours worked**. After processing the payroll, a report is run that identifies those individuals with negative balances. Corrections are made at the next payroll cycle.

Not having accurate records, an opportunity exists for some employees to be overpaid. Also, employees and division management do not have an accurate record of the time available for administrative leave, paid time off, and sick leave.

Recommendation

1. Fix those timesheet records that show negative balances; and,
2. Establish a uniform time recording system. In other words, have each division operate under the same rules and guidelines and incorporate these guidelines into the personnel policy manual.

Management Response

We agree that timesheets should not reflect negative leave balances.

Suggested Response: Supervisors signing off on the timesheets have responsibility to double check leave balances against leave taken. They should correct timesheet records with negative balances and establish uniform time recording guidelines.

FINDING NO. 3

Time sheets are not always approved by supervision.

We found **no specific requirement** in the personnel policy that requires a supervisory review and approval of timesheets.

For the period that we reviewed, we found 26 of 5,200 timesheets that had not been reviewed and approved by a supervisor. Many of these timesheets were submitted by managers themselves. Case in point, of the five employees with the timesheet errors who had their timesheets adjusted, two were management that did not have their timesheets approved by their direct supervisor. Had a supervisory review been performed, perhaps the exceptions may have been caught prior to the timesheets being remitted to County Finance. We did not find any policy that exempts certain positions from having exclusion from a management or supervisory review and approval.

Having a supervisory review and approval of timesheets ensures that the time recorded is accurate and in accordance with County policy.

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Recommendation

1. Establish a written policy on the requirements for review and approval of timesheets.
2. County Finance should send unsigned timesheets back to the division for correction after processing the payroll.

Management Response

We agree that all payroll records should have supervisory approval.

Suggested remedy: Payroll records for most employees should be approved by the Department Director or their designee. Establish a procedure where timesheets for Department Directors would be approved by the appropriate Deputy County Manager and the Deputy County Manager’s timesheets would be approved by the County Manager. County Finance should return unsigned timesheets back to the Department Director for correction.

FINDING NO. 4

Adjustments to timesheets are not adequately documented.

We found several adjustments on timesheets apparently made without any form of support or documentation, annotation, or explanation as to **why** the adjustments were made, and **who** actually made the adjustments.

We found timesheets with total hours worked adjusted by simply crossing out what was on the timesheet and writing down a new number; others had white outs. In addition, some timesheets had the hours recategorized in the summary totals. Internal Audit was not able to determine who was making the adjustments and also why the adjustments were made. We did not know if the employee made the adjustments, the supervisor, a department clerk, or a payroll clerk.

Also, there is **no written policy** as to the requirements for documenting the adjustments. A set of guidelines on how adjustments are documented on timesheets ensures that there is an adequate audit trail and an explanation as to why the adjustments were made.

Recommendation

Establish a guideline for making adjustments to timesheets so that there is an adequate audit trail.

Management Response

We agree that adjustments to timesheets should be properly documented.

Suggested Remedy: Any changes made to timesheets should be properly documented and cross initialed by the employee and supervisor to allow for an adequate audit trail.

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