

**SAN BERNARDINO COUNTY
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR
INTERNAL AUDITS DIVISION**



**DEPARTMENT OF PUBLIC WORKS - TRANSPORTATION:
HOLIDAY ACCRUAL FOLLOW-UP AUDIT**

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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
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Chief Deputy Auditor

Menaka Burkitt, CFE
Internal Audits Manager

Steven Ems, CIA
Supervising Internal Auditor III

Dominic Palencia
Internal Auditor III



Department of Public Works - Transportation: Holiday Accrual Follow-up Audit

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Auditor–Controller/Treasurer/Tax Collector

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

December 21, 2021

Brendon Biggs, Director
Department of Public Works
Transportation Division
825 East Third Street
San Bernardino, CA 92415-0835

RE: Department of Public Works – Transportation Division Holiday Accrual Follow-Up Audit

We have completed a follow-up audit of the Department of Public Works – Transportation Division’s (Division) holiday payroll for the period of January 1, 2021, through June 30, 2021. The objective of the audit was to determine if the recommendations for the finding in the Department of Public Works – Transportation Division Holiday Accrual audit report, issued June 20, 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 finding identified in the original audit report issued on June 20, 2019. The Division has implemented the recommendations from the original audit report.

We would like to express our appreciation to the personnel at the Department of Public Works – Transportation 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, CFE
Chief Deputy Auditor

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Date Report Distributed: December 21, 2021

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Scope and Objective

Our audit examined the Department of Public Works – Transportation Division’s Holiday Accrual from January 1, 2021, to June 30, 2021.

The objective of this follow-up audit was to determine whether the Division implemented the recommendations contained in the prior audit report, *Public Works – Transportation: Holiday Accrual Audit*, issued on June 20, 2019.

Methodology

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

- Review of the General Memorandum of Understanding (MOU) (2015-2019 and 2019-2023)
- Interviews of Division staff
- Analyze the payroll entries of all Division employees for four holidays

Prior 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 3,458 payroll entries:

- There were 5 instances (0.14%) 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 pay.
- There were 2 instances (0.06%) when employees coded vacation time on a holiday instead of recording holiday time. 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 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.



Current Status: Implemented

The Division has implemented a process to notify employees and supervisors in their timekeeping system, WinCams (Cost Accounting Management System) of upcoming holidays. In addition, an email is distributed to all staff reminding them to follow guidelines established in the appropriate MOU prior to each holiday. The Division coordinated with the Department of Public Works' Payroll Unit to make the necessary adjustments for the conditions identified in the prior audit. During our testing of four holidays from January 1, 2021, to June 30, 2021, we did not identify any instances of employees coding regular, vacation, and holiday time in excess of their regularly scheduled workday on a holiday or coding vacation time on a holiday.