

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



**DEPARTMENT OF PUBLIC WORKS – FLOOD CONTROL:
HOLIDAY ACCRUAL FOLLOW-UP AUDIT**

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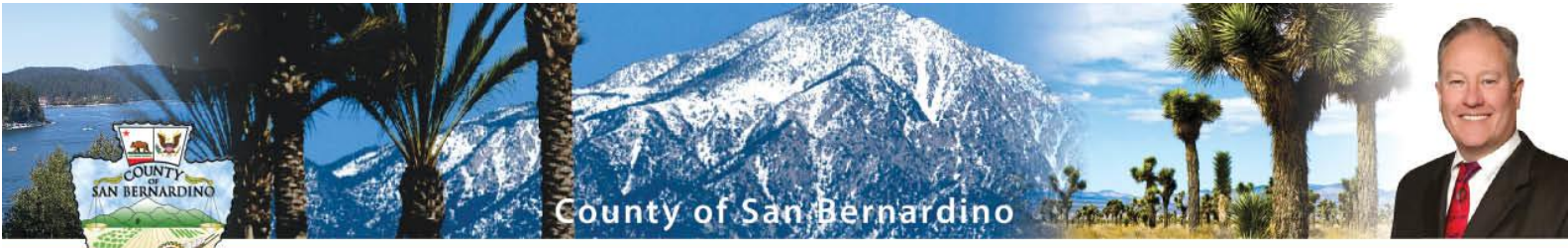
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**Department of Public Works – Flood Control:
Holiday Accrual Follow-up Audit**

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January 24, 2022

Brendon Biggs, Director
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Flood Control District
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San Bernardino, CA 92415-0835

RE: Department of Public Works – Flood Control Holiday Accrual Follow-Up Audit

We have completed a follow-up audit of the Department of Public Works – Flood Control District’s (District) 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 – Flood Control 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 District has partially implemented corrective actions for the finding from the original audit report.

We sent a draft report to the District on December 7, 2021. The District’s responses to the current status of our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Department of Public Works-Flood Control District 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
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Date Report Distributed: January 24, 2022

EM:DLM:DP:oac

Scope and Objective

Our audit examined the Department of Public Works – Flood Control Holiday Accrual from January 1, 2021, to June 30, 2021.

The objective of this follow-up audit was to determine whether the District implemented the recommendations contained in the prior audit report, *Public Works – Flood Control: 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 District staff
- Analyze the payroll entries of all District 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 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 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 District coordinate with the Human Resources Department to determine how to make necessary adjustments to employees' pay and leave balances.



Current Status: Partially Implemented

The District 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 District coordinated with the Department of Public Works' Payroll Unit to make the necessary adjustments for the conditions identified in the prior audit. However, while testing 677 payroll entries on four holidays from January 1, 2021, to June 30, 2021, we identified one instance (.2%) when an employee coded vacation time on a holiday instead of recording holiday. This resulted in the employee incorrectly accruing holiday hours.

Management's Response:

The District processed a payroll adjustment in September 2021, for the above-mentioned error. The District will continue to remind supervisors to closely review time entries for accuracy. As an additional proactive measure, the District will program an alert in WinCams to warn employees when they are coding an earn code other than holiday time on a fixed holiday.

Auditor's Response:

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