

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Arrowhead Regional Medical Center: Timekeeping Follow Up Audit



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Auditor-Controller/Treasurer/Tax Collector

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January 31, 2019

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SUBJECT: TIMEKEEPING FOLLOW-UP 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 a follow-up audit of the Arrowhead Regional Medical Center's (ARMC) payroll process. The objective of the audit was to determine whether the recommendations for the findings in the Timekeeping Audit dated December 15, 2017 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 findings identified in the original audit report issued on December 15, 2017. Of the two recommendations from the original audit report, one has been partially implemented and one has not been implemented.

We sent a draft report to the Department on November 15, 2018. The Department'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 ARMC who assisted and cooperated with us during this engagement.

Respectfully submitted,

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Auditor-Controller/Treasurer/Tax Collector
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Date Report Distributed: January 31, 2019

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Scope and Objective

Our audit examined the controls over ARMC's payroll process for the period of January 1, 2018 through June 30, 2018.

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, *Arrowhead Regional Medical Center's Timekeeping Audit*, issued on December 15, 2017.

Methodology

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

- Interviews of ARMC staff
- Review of policies and procedures
- Examination of original source documents



Prior Finding 1: Monitoring controls over white slips need to be improved.

According to ARMC's Policy 210.01 Issue 3 "Time and Attendance Policy," employees are responsible for accurately recording their time daily during each pay period by clocking in and out at a designated time clock. An employee forgetting their badge and, therefore, is unable to swipe in/out to record their work time, will be required to complete an ARMC Time System Overtime or Correction Slip "white slip." Department supervisors and managers are responsible for ensuring that their employees record their time on a daily basis and in a timely manner, and are responsible to review daily any "unusual" times recorded for the previous day; discuss those irregularities with the employee, and to obtain the correct data.

The following conditions were identified when we reviewed 224 white slips.

- 20 were not completely filled out or completed in a timely manner.
 - Eight did not include explanations for the correction requested. For example, missing their badge or forgetting to swipe in.
 - Five were missing supervisor signatures and/or dates.
 - Four were submitted one month after the date to be corrected.
 - Three did not have the appropriate boxes marked on the white slips.

Supervisors and managers were not properly reviewing and approving white slips. When white slips are not properly reviewed, the risk of employees receiving pay for unworked time or unearned differential compensation is increased.

Recommendation:

We recommend supervisors and managers familiarize themselves with the ARMC's Time and Attendance Policy. In addition, we recommend supervisors and managers carefully review white slips to ensure they include the correct data, are complete and submitted timely.

Current Status: Not Implemented

The following conditions were identified when we reviewed 39 white slips:

- 19 were not completely filled out or completed in a timely manner.



- Two did not include explanations for the correction requested. For example, missing their badge or forgetting to swipe in.
 - Three were missing supervisor signatures and/or dates.
 - One did not have the appropriate boxes marked on the white slips.
- The following condition was additionally found during our review:
 - Thirteen had corrections entered into the system before the supervisor approved the correction.

Further Recommendation:

We strongly recommend that the department ensure white slips are reviewed by supervisors prior to adjustments being entered into the system. The percentage of noncompliant white slips increased to 48.7% from 8.9% in the original audit.

Management's Response:

ARMC recognizes the need to adhere to ARMC's "Time and Attendance Policy." Management acknowledges that there have been deficiencies in white slip controls, which will be addressed through additional training and placing accountability on the employee, timekeeper, managers as well as Administration.

In order to achieve compliance, ARMC will address the issues captured in the findings by taking the following steps:

- 1). Draft an interoffice memo from the Hospital Director advising all employees white slips will not be accepted if they are not properly filled out identifying the relevant information.
- 2). A supervisor/manager shall review the white slip and confirm the validity. If approved, the supervisor/manager shall sign, date and provide to the timekeeper for data entry.
- 3). A timekeeper shall only enter time once they verify that all information is accurate and contains the necessary fields.
- 4). Time shall not be entered for any incomplete white slip, employee may be subject to not receiving compensation if not corrected prior to pay period close.

In addition, ARMC is currently undergoing a timekeeping system upgrade which will enable real time data in an employees' record. Currently, only selective



employees are eligible to review their data in our current system (ADP) while others review their time by receiving print outs. Data input can be added in the system and approved/verified by a supervisor/manager thus eliminating the need for most white slips.

Auditor's Response:

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

Prior Finding 2: Employee authorization forms were not approved by management prior to telecommuting.

According to the San Bernardino County Telecommuting Policy, employees must complete all telecommuting forms and training before beginning to telecommute. Also, supervisors must secure approval from upper management before offering an employee telecommuting privileges and forward all signed paperwork to appropriate authorities.

We reviewed five randomly selected telecommuting authorization forms, and noted that all five employees telecommuted prior to upper management's approval date. In addition, the Department did not have an established list of the current telecommuters.

Management is not aware that the appropriate telecommuting forms must be completed and approved by management before an employee begins telecommuting. Without the proper signed telecommuting forms, the department is at risk of having unauthorized employees who telecommute and improper use of County equipment.

Recommendation:

We recommend supervisors and management ensure that all telecommuting forms are completed and approved for each employee prior to telecommuting. We also recommend that the Department keep an ongoing list of employees who telecommute.

Current Status: Partially Implemented

The Department has implemented written telecommuting policies complying with County requirements. The Department maintains an ongoing list of all telecommuting employees. However, we reviewed the single employee who



began telecommuting after the original audit and noted that approval from upper management was obtained four days after the start date.

Management's Response:

ARMC agrees with the Auditor's recommendations. Human Resources will continue to ensure that employees' complete telecommuting forms and obtain approval by the Hospital Director prior to the start of telecommuting. Human Resources will continue to maintain a list of telecommuters.

Auditor's Response:

The Department's actions will correct the deficiency noted in the finding.