

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Department of Behavioral Health: Holiday Accrual Audit



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Auditor-Controller/Treasurer/Tax Collector

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Department of Behavioral Health Holiday Accrual Audit

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March 25, 2019

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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 holiday payroll for the period of July 1, 2017 through June 30, 2018. The primary objective of this 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 several procedures and practices that could be improved. We have listed these areas for improvement in the Audit Findings and Recommendations section of this report.

We sent a draft report to the Department on February 27, 2019 and discussed our observations with management on March 6, 2019. The Department's responses to our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Department of Behavioral Health who assisted and cooperated with us during this engagement.

Respectfully submitted,

Ensen Mason CPA, CFA

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By:

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Summary of Audit Results

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

Finding No.	Findings and Recommendations	Page No.
1	Hours were not properly recorded on holidays.	6
	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 Department coordinate with the Human Resources Department to determine how to make the necessary adjustments to employees' leave balances.	
2	Standby and regular hours exceeded the daily hours allowed.	7
	We recommend management and supervisors review the MOU guidelines regarding standby compensation. In addition we recommend supervisors who approve time closely review their employees' time entries for standby compensation. We also recommend the Department review standby compensation for the entire fiscal year and coordinate with the Human Resources Department to determine how to make the necessary payroll adjustments.	



HOLIDAY ACCRUAL AUDIT

The Department

The Department of Behavioral Health (Department) is responsible for providing mental health and substance use disorder services to county residents who are experiencing major mental illness or substance abuse issues. The Department provides mental health/substance use disorder treatment to all age groups, with a primary emphasis placed on treating children/youth who may be seriously emotionally disturbed, adults who are experiencing a serious and persistent mental illness, and individuals who are experiencing substance use disorders. The Department also provides an array of prevention and early intervention services for both mental health and substance abuse.

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 Behavioral Health employees on thirteen holidays for the fiscal year ended June 30, 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 reporting codes and the various ways Department employees code their time.
- Analyzing payroll entries of all Department of Behavioral Health employees for thirteen holidays.



Finding 1: 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. Additionally, if an employee is scheduled to work on a holiday but calls off sick, they shall code holiday leave for that 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. Administrative and annual leave do not accumulate past the 26th pay period each year. Although sick leave does not have a maximum accumulation, unused sick leave is not payable upon separation from the County except as a percentage at retirement. Recording vacation, administrative leave, annual leave or paid sick leave 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 County employment.

The following conditions were identified:

- There were fourteen instances of employees incorrectly recording paid vacation, paid sick leave, paid comp time taken or leave without pay on a holiday instead of recording holiday. This resulted in the employees incorrectly accruing holiday hours. One out of these fourteen instances occurred at the supervisory level.
- There were seven instances of employees recording one hour of regular time on a holiday. One out of these seven instances occurred at the supervisory level.
- There were four instances of employees incorrectly recording paid sick leave or vacation and regular hours in addition to the paid holiday.
- There was one instance of an employee recording holiday time on a non-scheduled work day which incorrectly resulted in the employee receiving overtime pay.

An incomplete review by supervisors of an employee's time on holidays may allow employees to be paid against guidelines established in the MOU. Not



following the guidelines may enable employees to accrue additional holiday time and increase their payout upon retirement or termination from the County.

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 Department coordinate with the Human Resources Department to determine how to make the necessary adjustments to employees' 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 periods more closely. The Department of Behavioral Health's Payroll Unit has been coordinating with the Auditor-Controller/Treasurer/Tax Collector's Payroll Section to process the necessary corrections to employees' leave balances and/or adjustment of their pay, as appropriate.

Auditor's Response:

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

Finding 2: Standby and regular hours exceeded the daily hours allowed.

The General Memorandum of Understanding (2015-2019) (MOU) states that an employee shall not receive standby compensation once an employee begins work. Therefore, in no circumstance should the number of hours for standby pay and regular pay equal more than 24 hours. Being paid for standby hours once an employee's shift starts results in an overpayment of payroll.

There was one instance in which standby and regular hours equaled more than 24 hours in one day. This instance occurred at the supervisory level.



An incomplete review of an employee's time by their supervisor for standby hours can allow employees to be paid against the guidelines established in the MOU. Not following the guidelines could allow employees to receive overpayment.

Recommendation:

We recommend management and supervisors review the MOU guidelines regarding standby compensation. In addition we recommend supervisors who approve time closely review their employees' time entries for standby compensation. We also recommend the Department review standby compensation for the entire fiscal year and coordinate with the Human Resources Department to determine how to make the necessary payroll adjustments.

Management's Response:

Management and supervisors will be reminded to review all MOU guidelines regarding standby compensation, as well as reminding those supervisors who approve time to closely review their employees' time entries, making certain the total hours, including standby, are not more than 24 hours of worked time in a day. The Department of Behavioral Health's Payroll Unit has been coordinating with the Auditor-Controller/Treasurer/Tax Collector's Payroll Section to process the necessary corrections and/or adjustments to employees' pay and/or leave balances, as appropriate.

Auditor's Response:

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