

COUNTY OF SAN BERNARDINO  
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR  
INTERNAL AUDITS SECTION

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FLEET MANAGEMENT DEPARTMENT:  
OVERTIME AUDIT

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## *Mission Statement*

*This office is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the County. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.*

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## **Fleet Management Department: Overtime Audit**

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**Auditor–Controller/Treasurer/Tax Collector**

**June 2, 2021**

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**SUBJECT: OVERTIME AUDIT**

We have completed an overtime audit of the Fleet Management Department (Department) for the period of July 1, 2019 through June 30, 2020. The primary objective of the audit was to determine if overtime hours have been properly recorded by the Department’s employees. 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 a procedure that could be improved. We have listed this area for improvement in the Audit Finding and Recommendations section of this report.

We sent a draft report to the Department and discussed our observation with management on June 1, 2021. The Department’s response to our recommendations is included in this report.

We would like to express our appreciation to the personnel at the Fleet Management Department 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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San Bernardino County Audit Committee

Date Report Distributed: June 2, 2021

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## Summary of Audit Results

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

Finding and Recommendations	Page No.
<p><b>Standby and regular hours exceeded daily hours allowed.</b></p> <p>We recommend management and supervisors review the MOU guidelines regarding standby compensation and communicate these guidelines to employees. Additionally, we recommend supervisors who approve time closely review their employees' time entries for employees with standby compensation. We further recommend the Department coordinate with the Human Resources Department to determine how to make the necessary payroll adjustments.</p>	7



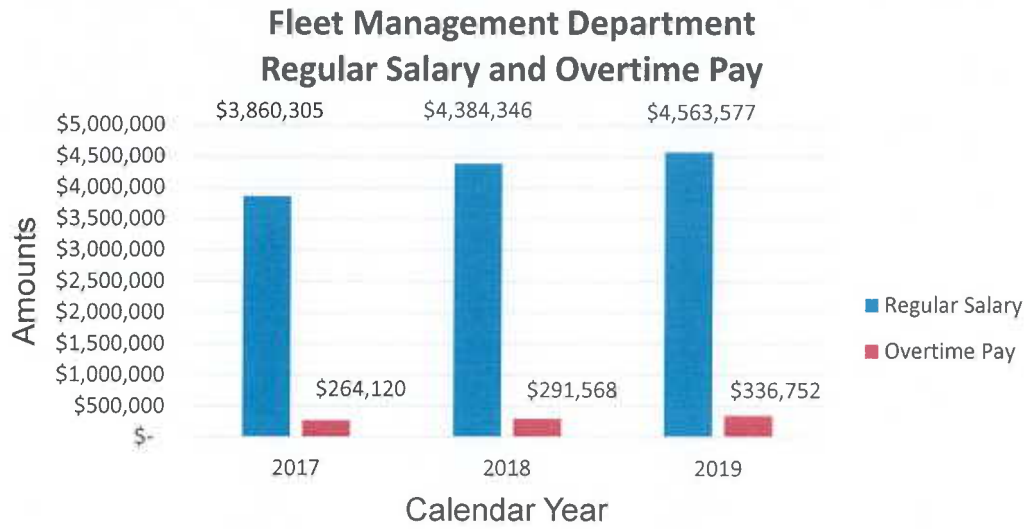
**OVERTIME AUDIT**

**The Department**

The San Bernardino County Fleet Management Department (Department) provides vehicles, equipment, and services to County departments and other local agencies in order for them to fulfill the County’s Mission, Vision, and Values by providing for the needs of the residents and businesses of San Bernardino County.

The Department currently operates the County’s Motor Pool and Garage operations. Fleet Management’s main garage in San Bernardino includes four shops: automotive, heavy duty, welding/metal fabrication, and generator services, as well as a parts room and fueling station. The Department has five smaller service centers in outlying locations (Barstow, Needles, Rancho Cucamonga, Victorville and Twentynine Palms) and 62 strategically located fueling stations. Additionally, the Department operates a motor pool which has ownership and/or maintenance and replacement responsibility for approximately 2,100 vehicles or equipment assigned to or used by County departments.

Below is a chart of regular salary and overtime pay for the Department’s employees for the past three years. The information was found on the Government Compensation in California website. The chart shows that over the last three years overtime pay has remained relatively consistent in relation to total salary expenses for the year.



Overtime is primarily used by the Department for instances where a vehicle or equipment needs to be repaired by a specified time in order to perform essential duties. A total of 106 employees coded hours during the audit period, of those 106 employees, 69 recorded overtime.

### **Memorandum of Understanding**

The County of San Bernardino recognizes several different bargaining units for separate employee classifications. Each of these bargaining units negotiate wages, hours, and other terms for the employees under their unit. The agreement of the County and each bargaining unit is written in a Memorandum of Understanding. The Department's employees eligible for overtime fall under the General Memorandum of Understanding 2019-2023 (MOU).

The MOU defines overtime as all hours actually worked in excess of 40 hours a work period or, in the case of the Supervisory and Management Units, 80 hours during a pay period. For purposes of overtime, paid leave time, excluding sick leave, shall be considered as time actually worked; provided, however, that for employees in the Supervisory and Management Units, time spent attending conferences, seminars and training programs shall not be considered as time actually worked.

Additionally, the MOU states that overtime shall be reported in increments of full 15 minutes and is non-accumulative and non-payable when incurred in units of less than 15 minutes. Overtime shall not affect leave accruals.



### **Scope and Objective**

Our audit examined Fleet Management Department's overtime hours for the period of July 1, 2019 through June 30, 2020.

The objective of our audit was to determine if overtime hours have been properly recorded by Fleet Management Department employees.

### **Methodology**

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

- Reviews of Department policies and procedures
- Interviews and walk-through of the time approval process with Department staff to identify controls in place over overtime
- Reviews of the General Memorandum of Understanding 2019-2023 (MOU)
- Reviews of a sample of payroll entries in the County's Employee Management and Compensation System (EMACS)
- Recalculation of overtime for selected pay periods based on related MOU guidelines

### **Finding: Standby and regular hours exceeded daily hours allowed.**

The General Memorandum of Understanding 2019-2023 (MOU) Section 3 - Standby Compensation on page 119 states that the employee shall not receive standby compensation during working hours, during meal/break periods or during periods where the employee is taking paid time off (e.g., Sick Leave, Vacation Leave, PTO, Administrative Leave, etc.). Standby would begin no earlier than when the employee has left the work site and end upon the employees return to the worksite. Therefore, in no circumstances should the number of hours for standby combined with regular or paid time off exceed 24 hours, per day.

During our testing of 2,238 employee pay periods, we identified two instances where an employee's standby and regular hours exceeded 24 hours in 1 day. Additionally, 8.5 hours were incorrectly coded as standby for these two instances.

An incomplete supervisory review of employee's coded hours can result in employees being over or underpaid violating the guidelines established in the MOU. When MOU guidelines are not followed, employees may not have been properly paid or overpaid for hours worked.

### **Recommendations:**

We recommend management and supervisors review the MOU guidelines regarding standby compensation and communicate these guidelines to employees. Additionally, we recommend supervisors who approve time closely review their employees' time entries for employees with standby compensation. We further recommend the Department coordinate with the Human Resources Department to determine how to make the necessary payroll adjustments.

### **Management's Response:**

Fleet Management was disappointed in the results of the audit, but Fleet Management is encouraged and committed to improving the review of employees' time entries for standby compensation. The Department agrees with the finding, and to improve review of standby compensation Fleet Management will implement the following:

- Management and supervisors will review the MOU guidelines regarding overtime and standby compensation.

- Management and supervisors will communicate these guidelines to employees.
- Management will review and advise supervisors on their responsibilities, regarding their close review of their employees' time entries with standby compensation.
- Management will work with Human Resources to make the necessary payroll adjustments.

**Auditor's Response:**

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