

# County of San Bernardino

**Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section**

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## **Public Works - Transportation: Holiday Accrual Audit**



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# Auditor-Controller/Treasurer/Tax Collector

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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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## Audit Team

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Internal Auditor III

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# Public Works – Transportation Division

## Holiday Accrual Audit

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**June 20, 2019**

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Public Works Department – Transportation Division  
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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 the Department of Public Works - Transportation Division's (Division) holiday payroll for the period of January 1, 2018 through December 31, 2018. The primary objective of the 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 procedures and practices that could be improved. We have listed these areas for improvement in the Audit Finding and Recommendations section of this report.

We sent a draft report to the Division and discussed our observations with management on June 12, 2019. The Division's response to our recommendations is included in this 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**

Chief Deputy Auditor

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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.
Hours were not properly recorded on holidays. We recommend management and supervisors review the payroll guidelines established in the General Memorandum of Understanding (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.	6



## HOLIDAY ACCRUAL AUDIT

### The Department

The Department of Public Works - Transportation Division (Division) manages the planning, design, operation, maintenance and improvements of the County Maintained Road System (CMRS) that currently includes approximately 2,500 miles of roadways. Major activities are administration, planning, design, construction and traffic operations. Management and technical activities are centered in the San Bernardino office. Maintenance functions are provided through 13 yards with regional facilities located to best serve the 20,000-square-mile area of the County of San Bernardino.

Routine maintenance activities of the Division include patching and crack filling of approximately 6,000 lane miles of asphalt pavement, grading of 421 miles of unpaved roads, shoulder maintenance, plowing snow on approximately 450 miles of mountain roads, traffic signal maintenance at 50 intersections, roadside weed abatement in urban areas, traffic signs and pavement striping maintenance throughout the system, maintenance of drainage facilities and guardrails, storm repairs and clean up.

Many other road improvements are accomplished through cooperative efforts with other public agencies. Such cooperation provides funding opportunities and efficiency, as well as improved services to the traveling public. Agencies involved in such efforts are cities within the County, special districts, federal, state, regional agencies and utility companies.

### 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 Public Works - Transportation Division's (Division) employees on 14 holidays for the calendar year ended December 31, 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 recording codes and the various ways Division employees code their time.
- Analyzing payroll entries of all Division employees for 14 holidays.



### **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.

### **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 period more closely.



The Department of Public Works payroll unit will process the necessary corrections to employees' pay and leave balances.

**Auditor's Response:**

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