

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



PUBLIC WORKS – FLOOD CONTROL DISTRICT:
OVERTIME AUDIT

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Public Works – Flood Control District: Overtime Audit

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June 21, 2021

Brendon Biggs, Director
Department of Public Works
Flood Control District
825 East Third Street
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RE: Overtime Audit

We have completed an overtime audit of the Public Works – Flood Control District 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 District’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 District on June 3, 2021 and discussed our observation with management on June 7, 2021. The District’s response to our recommendations is included in this report.

We would like to express our appreciation to the personnel at the Public Works – Flood Control District who assisted and cooperated with us during this engagement.

Respectfully submitted,

Ensen Mason CPA, CFA
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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.
Overtime compensation should be closely reviewed. We recommend supervisors who approve time closely review their employee's time entries for employees with overtime compensation. We also recommend the District coordinate with the Human Resources Department to determine how to make the necessary payroll adjustments.	7

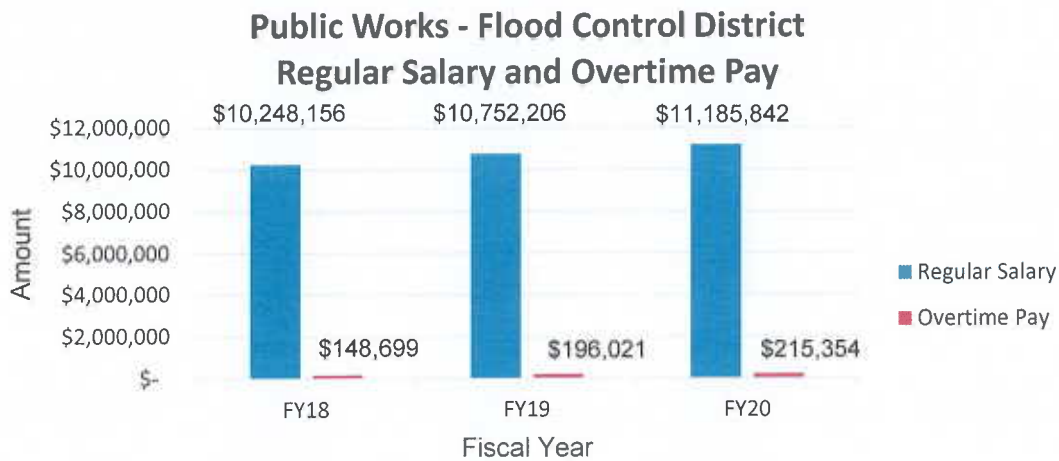
OVERTIME AUDIT

The District

The Department of Public Works – Flood Control District (District) was created in 1939 under special state legislation. The District has developed an extensive system of facilities, including dams, conservation basins, channels and storm drains. The purpose of these facilities is to intercept and convey flood flows through and away from major developed areas of the County of San Bernardino. The District’s principal functions include flood protection on major streams, water conservation, storm drain construction, facility maintenance and flood operations.

The District currently uses two payroll systems: Cost Accounting Management Systems (WinCAMS) and the County’s Employee Management and Compensation System (EMACS).

Below is a chart of regular salary and overtime pay for the District’s employees for the past three fiscal years. The information was provided by the District’s Administration.



The chart shows that over the last three fiscal years overtime pay has remained relatively consistent in relation to total salary expenses for the year. Overtime was primarily used by the District for peak workloads, emergencies and to accomplish critical assignments to cover staff vacancies. A total of 181 employees coded hours during the audit period, of those 181 employees, 80 recorded overtime.



Memorandums 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 (MOU). The District’s employees eligible for overtime fall under the General MOU (2019-2023) and the Professional Unit MOU (2020-2024).

The General and Professional Unit MOUs define 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, both MOUs state 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 overtime hours for the District 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 District employees.

Methodology

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

- Review of Memorandums of Understanding (MOU)
- Interview and walk-through of the time approval process with District staff to identify controls in place over overtime
- Review of a sample of payroll entries within the County's Employee Management and Compensation System (EMACS)
- Comparison of hours and time codes used on system generated reports from the District's Cost Accounting Management Systems (WinCAMS) to EMACS
- Recalculation of overtime for selected pay periods based on the related MOU guidelines

Finding: Overtime compensation should be closely reviewed.

The General Memorandum of Understanding (2019-2023), Overtime Section on page 101 states overtime shall be defined as all hours actually worked in excess of 40 hours a work period.

During our testing of 42 pay periods, we identified one instance where regular hours were over reported by 13 hours. This resulted in an overpayment of approximately \$480.

Overtime was incorrectly recorded due to a staff error where time was coded to a regular activity code instead of a differential code. When time is incorrectly coded to a regular activity code, overtime compensation will be erroneously paid to County employees, resulting in a loss of County funds.

Recommendations:

We recommend supervisors who approve time closely review their employee's time entries for employees with overtime compensation. We also recommend the District coordinate with the Human Resources Department to determine how to make the necessary payroll adjustments.

Management's Response:

The District processed a payroll adjustment in November 2020 for the above-mentioned error. The District will remind supervisors to closely review time entries for accuracy. In addition, the District implemented a system setting in WinCAMS to prevent employees from coding differential time to a regular activity code as a proactive measure to avoid future staff input errors.

Auditor's Response:

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