



Date: 8/31/2020

Scope: The County Auditor's office reviewed payroll for all full time employees at the Public Health Department for the payroll dates of March 6th, 2020 through April 2nd, 2020 at the request of the County Administrator, Director of Public Health, and the Human Resources Director. This audit did not include any per diem, part time or flat rate employees.

Objectives: The objective of this audit was to review internal controls of the payroll process for the Public Health Department and to ensure compliance with policies and procedures. This audit addressed the following related questions:

- Are time and attendance records approved?
- Are time and attendance records calculated accurately?
- Are each of the time and attendance records in compliance with resolution 209-20; Authorize the establishment of a policy for the County Response to the COVID-19 emergency?

Report:

Wayne County employees are paid bi-weekly upon submission of a complete time and attendance record. This record is entered into the County's financial software by the department's payroll liaison. The time and attendance records are approved by a direct supervisor and released to the payroll department for processing. A well designed payroll processing system requires policies and procedures that provide guidance and oversight for employees who process their department's payroll information, and maintains the time and attendance records for their department. Subsequent to the field work of the audit, the Human Resources Department provided Wayne County's Payroll Policy and Procedure that was adopted by the Board of Supervisors in 2014 with resolution 337-14. The policy requires signatures of both the employee and the supervisor, guidance for what the time and attendance record should include, and procedures for time entry into the County's financial software. The Payroll Policy and Procedure does not provide procedures for the approval and justification of overtime and compensatory time. Comprehensive and formal policies and procedures ensure that payroll is processed consistently and accurately within and across all departments.

Public Health Department employees record hours worked using the standard Wayne County Time and Attendance Record, also referred to as timesheet throughout this report. This paper attendance record is produced by the employee and then certified with the

employee's signature. It is then reviewed by the employee's supervisor for accuracy and signed by the supervisor in accordance with resolution 653-12 that requires that both the employee's signature and the supervisor's signature appear on the document for certification. Resolution 653-12 titled Resolution Establishing Payroll Record Certification Policy was provided by the Human Resources Department subsequent to the completion of the audit fieldwork. The department's payroll liaison then enters the payroll into the County's software system for submission to the payroll department. The paper time and attendance records are sent to the payroll department for documentation purposes. There were several timesheets that were altered by the payroll liaison prior to submission to the payroll department. The modifications were initialed solely by the payroll liaison.

In total, forty timesheets submitted by 20 employees were reviewed for signatures. It was found that a total of five were not signed by the employee. It should be noted that one of these employees were 'furloughed' and not in the office at the time the time and attendance record was submitted. The County is currently lacking any formally adopted policy or procedure that provides guidance for timesheets during employee absences. All timesheets were found to be signed by the employee's direct supervisor or department head prior to submission to the payroll department.

In response to the COVID-19 emergency, resolution 209-20 titled Authorize the Establishment of a Policy for the County Response to the COVID-19 Emergency was adopted by the Wayne County Board of Supervisors on March 17th, 2020. The resolution references a directive issued by Governor Cuomo on March 16th, 2020 that required all state and local governments to reduce their in-office workforce by fifty percent. Resolution 209-20 authorized the adoption of a total of nine policies for the next thirty days, or until further action by the Board. Two of the nine policies established how staff that are required to continue coming into work will be compensated for their time. The resolution became effective on the date of adoption; March 17th, 2020.

One policy in the resolution states "Staff that are required to report for work will be credited additional annual leave equal to the number of hours actually worked. This will be calculated at straight time. Employees will be allowed to accrue up to 10 days of additional annual leave. The County Human Resource Director will review the application of the December leave time cap on an individual basis." Straight time is defined as normal working hours, paid at regular rate.

The Public Health Department's standard work day is 7 hours, totaling to a 35 hour work week. Therefore, the all public health employees were allowed to accrue up to 70 hours of additional annual leave time, at a rate of 1 additional annual leave hour for every hour worked according to resolution 209-20.

Another policy in resolution 209-20 that establishes how employees that are required to continue coming into work states "staff that are required to report to work and have been credited with the additional 10 days of leave time will then receive 1 hour of pay for each hour they work at straight time."

Because all Public Health employees have a standard work day of 7 hours, each of the employees will be earning double their hourly rate after 70 hours of the additional annual leave time is accumulated. After the 70 hours of the additional annual leave time has been accumulated, the employee will begin earning their normal rate, plus one additional hour of pay for each hour actually worked. Essentially the employees were to be paid double their regular rate for each hour actually worked.

The Audit Department reviewed the Public Health Department's 40 time and attendance records for the audit period that totaled \$113,059.23 in payroll funds. Of the forty timesheets reviewed, errors were found on fourteen timesheets. The errors on thirteen timesheets resulted in overpayments of payroll funds to ten employees that totaled \$2,894.61. The errors on the remaining one timesheet resulted in the underpayment of \$84.03 in payroll funds to one employee. An error during the calculation of the additional annual leave hours resulted in an underpayment of the additional annual leave hours to one employee. Other than the miscalculation of leave hours, this employee's timesheets were accurate and the payroll funds disbursed to this employee were appropriate.

The contracts between the County of Wayne and Civil Service Employees Associations state "employees scheduled on a regular work week basis shall be paid at the straight time rate for all hours actually worked up to forty (40) hours. All hours actually worked in excess of forty (40) hours in any week shall be paid at the overtime rate of one and one-half (1.5) times the hourly rate."

Five of the inaccurately compensated Public Health employees were paid for overtime hours for hours worked beyond a forty hour work week during the audit period. These employees were paid for these hours at one and one-half (1.5) of their regular rate. These employees were also paid for these hours at double their rate because of the policy adopted by the Board of Supervisors on March 17th, 2020. The hours were included in the total hours coded on their timesheet as each of the following pay types; '215; Overtime at 1.5 hours,' '397; Essential Staff with Pay,' and '398; Essential Staff Double Pay.' Therefore, the hours worked beyond forty were paid out at a rate of three and one-half of the employee's normal rate. Resolution 209-20 states the employees are entitled to "one [additional] hour of pay for each hour they work at straight time" or their usual rate times two (2.0 of their regular rate of pay). As a result there was an overpayment \$1,590.24 in total to these five employees.

The contracts between the County of Wayne and the Civil Service Employees Associations state "at the employee's option compensatory time off may be provided for overtime incurred in the necessary performance of duties which results in an extension of the usual work day...Hours over forty (40) hours shall be computed at time and one-half in accordance with the Fair Labor Standards Act.

Four of the audited Public Health employees accrued compensatory time for hours worked beyond their 35 hour work week. It was determined that these hours were also paid out at double their normal rate, resulting in an overpayment of compensatory time

that was not earned. On each of these employee's time and attendance records there were hours that were included in the 'totals' for each of the following pay types; '500; Comp Earned,' '397; Essential Staff with Pay,' and '398; Essential Staff Double Pay.' Therefore the hours of compensatory time that was also included in both the total of 397; Essential Staff with Pay and 398; Essential Staff Double Pay hours must be taken from the employee. As a result a total of 10.25 hours of compensatory time must be taken from the four employees.

According to the contracts between the County of Wayne and the Civil Service Employees Associations, hours worked in excess of forty hours shall be computed at time and one-half (1.5 of their regular rate) and added to the employee's compensatory time bank. During the review of the sampled time and attendance records it was determined that the County's current arrangement for time entry only allows compensatory time to entered in the County's financial software at the rate of 1.0. It does not allow compensatory to be entered at 1.5, or time and one-half. Therefore the payroll entry employee or payroll liaison must compute the hours worked in excess of forty themselves, and enter the total amount of compensatory time earned or the employee must calculate the time and write it in their timesheet. The current method can result in human calculation errors and does not provide consistency between time and attendance records within or across departments. There is currently not a policy in place to avoid these inconsistencies in time and attendance records. The recommended practice would be to have employees only write actual hours worked on their time and attendance records. Any compensatory time in excess of forty hours would be recorded under a separate 'pay type' than the compensatory time earned prior to forty hours worked, because they are compensated at different rates. The hours for each pay type would then be entered either at the rate of 1.0 or 1.5, just as the overtime hours are recorded in two different pay types; any overtime hours worked prior to forty hours is recorded at 1.0, any hours worked in excess of forty hours is at time and one-half or 1.5. This would allow employees to record actual hours worked on their timesheets, and provide for consistency across all time and attendance records.

Two of the audited Public Health employees were paid double their regular rate prior to earning their ten days, or 70 hours, of additional annual leave time. Resolution 209-20 states "staff that are required to report to work and have been credited with the additional ten days of leave time will then receive one hour of pay for each hour they work." These employees were credited the 70 hours (or ten days) of the additional annual leave time, but they were also paid double their regular rate for hours that were worked prior to earning the full 70 hours of the additional leave time. As a result, there was an overpayment to these two employees that totaled \$1,218.29.

One Public Health employee that was included in the audit was found to be owed additional hours of leave time that was miscalculated. The employee is owed 3.5 hours of the additional annual leave time in accordance with the policies adopted with resolution 209-20.

Recommendations:

1. The Human Resources Department must review the payroll policies and procedures that were adopted in 2014. Any revisions to this policy must be adopted by the Board of Supervisors.
2. The department head should discuss any anomalies on an employee's time and attendance record with the employee and have the employee make any necessary changes as required by the Wayne County Payroll Policy and Procedure (resolution 337-14). Any changes should be authorized with the employee's initials.
3. Human Resources must ensure timesheets are signed by both the employee and the employee's direct supervisor as required by resolution 653-12.
4. The Human Resources department should periodically review a sample of timesheets to ensure policies and procedures are being followed.
5. The Payroll Department should work with the Information Technology Department to inquire about the limitations of the County's financial software. The time entry system should be reviewed to inquire if it will allow two pay codes for the entry of compensatory time; one for compensatory time earned at a rate of 1.0 and another for compensatory time earned at a rate of 1.5.
6. Actions should be taken to recover the overpayment of payroll funds identified by the audit.

Management Response:

The following response from the Human Resource Director, Chris Kalinski, was received by email on August 31st, 2020;

Human Resource Director Response:

1. The Human Resources Department must review the payroll policies and procedures that were adopted in 2014. Any revisions to this policy must be adopted by the Board of Supervisors.
The Human Resources Department will review and update the current payroll policies and procedures that were adopted in 2014. Will present updated resolution to the Board of Supervisors by year end for approval. It will be our intention to update bi-annually or as needed and have posted on the county internal webpage.
2. The department head should discuss any anomalies on an employee's time and attendance record with the employee and have the employee make any necessary changes as required by the Wayne County Payroll Policy and Procedure (resolution 337-14). Any changes should be authorized with the employee's initials.
This item would need to be addressed within each department, HR Payroll processes the payroll. The payroll liaison and department head would need to coordinate this change with employees if needed.

3. Human Resources must ensure timesheets are signed by both the employee and the employee's direct supervisor as required by resolution 653-12.

Resolution 653-12 states that all employees will manually or electronically certify to their time worked each and every pay period and that the supervisor or designee must also certify manually or electronically to each staff member's working time prior to submission. Each Wayne County department has a payroll liaison who is responsible for the input of the time entry each pay period. The previous resolution states that HR payroll will not process payroll unless certified, in many instances HR payroll does not receive timesheets until after payroll has been processed. When updating the payroll policies and procedures it will be stated clearly that it is the payroll liaison responsibility to ensure that all time sheets are signed by both employee and department head/designee prior to submission of payroll.

4. The Human Resources department should periodically review a sample of timesheets to ensure policies and procedures are being followed.

Agreed, we will address in the updated policies/procedures.

5. The Payroll Department should work with the Information Technology Department to inquire about the limitations of the County's financial software. The time entry system should be reviewed to inquire if it will allow two pay codes for the entry of compensatory time; one for compensatory time earned at a rate of 1.0 and another for compensatory time earned at a rate of 1.5.

Compensatory time is addressed within each bargaining unit and the amount of time each employee is allowed to accrue. Within the County Munis System, compensatory time is classified as an accrual, not a payroll code.

Per the Munis "payroll bible": *If a person is entitled to Comp time earned at Time and half (1 1/2) this calculation needs to be done manually before entering.* This responsibility would fall with the payroll liaison within each department, not HR payroll.

6. Actions should be taken to recover the overpayment of payroll funds identified by the audit.

Kristen Scott
County Auditor
8/31/2020

Heidi Kronbeck
Internal Audit Clerk
8/31/2020