

DEPARTMENT OF RECREATION AND YOUTH SERVICES
BUREAU OF RECREATION
REVIEW OF PAYROLL PROCEDURES

Office of Public Integrity
Date: June 29, 2016

I. EXECUTIVE SUMMARY

The Office of Public Integrity (OPI) examined the adequacy of the procedures used to account for employee paid duty hours, the effectiveness of internal control in the payroll process, and compliance with approved policies and practices for employees in the Department of Recreation and Youth Services, Bureau of Recreation.

The results of the review indicate that payroll records and the corresponding system of internal controls over employees' reported time are generally reliable. However, certain deficiencies exist that require management attention.

- ◆ Of the 348 Human Resource System (HRS) cards examined, Recreation personnel could not provide OPI with 117 corresponding Recreation Integrated Time Cards. Bureau of Recreation policy requires that employees complete these internal time cards. As a result, supporting documentation does not exist for these employees' time reported on HRS cards.
- ◆ Of the 230 internal time cards examined, OPI noted that 37 did not agree to the HRS time cards. Additionally, we noted missing information and signatures on 44 internal time cards.
- ◆ The Office of Public Integrity noted 28 of the 348 HRS time cards examined had unauthorized alterations that changed previously recorded information on the time cards. This condition potentially allows unauthorized and improper alterations of previously recorded and approved information.

II. BACKGROUND, OBJECTIVES AND SCOPE

A. Assignment

The Office of Public Integrity routinely includes payroll system reviews in its annual work program. The Department of Recreation and Youth Services (DRYS) requested this review.

B. Background

The Bureau of Recreation provides quality leisure time programs and services to residents of all ages, with an emphasis on youth. The Bureau includes five individual operating units; Administration, Camps and Special Programs, Recreation, Athletics and Aquatics and the Genesee Valley Complex and Martin Luther King, Jr. Memorial Park. At the request of DRYS, the Office of Public Integrity selected Camps and Special

Programs, Recreation and Athletics and Aquatics for examination in this review.

To provide support for time reported on HRS cards, Bureau policy requires most employees to complete manual internal time cards called Recreation Integrated Time Cards. The policy requires employees to accurately record start and end work times on these internal time cards. Additionally, to attest to the accuracy of the information recorded on the Integrated Time Cards, the policy requires employees to sign them.

To ensure accuracy in transcribing data and timeliness of completion, supervisors sometimes complete the HRS time cards by transferring the information from the Recreation Integrated Time Cards directly to the HRS cards. Employees normally sign their completed HRS cards.

C. Objective and Scope

The objectives of the review were to determine the adequacy of procedures used to account for employee paid duty time, the effectiveness of internal control in the payroll process, and the extent of compliance with approved policies and practices.

In this review, we examined all bi-weekly and a sample of the weekly payrolls paid in the units selected for review during the month of August 2015. During this period, there were 302 weekly employees and 65 bi-weekly employees assigned to these units. For each employee in each pay period, the Office of Public Integrity examined detail information recorded on the Human Resource System payrolls and compared it to source records including internal time cards, and supporting documentation for authorized overtime. We examined 249 time cards applicable to a sample of 98 weekly employees and 99 time cards applicable to 65 bi-weekly employees.

Management is responsible for establishing and maintaining a system of internal accounting and administrative control. Fulfilling this responsibility requires estimates and judgments by management to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of accurate, informative reports that are fairly stated.

Because of inherent limitations in any system of internal accounting and administrative control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any system evaluation to future

periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The recommendations presented in this report include the more significant areas of potential improvement that came to our attention during the course of the examination, but do not include all possible improvements that a more extensive review might develop.

III. RESULTS OF REVIEW

The Office of Public Integrity examined payroll and personnel records required by City and Bureau policy to determine compliance with these policies. Generally, based on the examination of the documents and the results of various audit tests, payroll records originating within the units reviewed and the corresponding system of internal controls over employees' reported time are reliable, accurately reflect duty time, and meet the internal control objectives of the payroll system.

However, we noted certain deficiencies, both of an operational and an internal control nature, exist that require management attention to ensure compliance with City, and Bureau policies. The following table summarizes these findings:

Department of Recreation and Youth Services
Bureau of Recreation
Summary of Findings

<u>Week Ending</u>	<u>Total HRS Time Cards Examined</u>	<u>Internal Time Card Not Located</u>	<u>Internal Time Card Does Not Agree to HRS Time Card</u>	<u>Internal Time Card Incomplete</u>	<u>Alterations To HRS Card Not Authorized</u>
08/08/15	90	36	5	7	8
08/15/15	144	31	23	29	12
08/22/15	53	24	2	3	2
08/29/15	<u>61</u>	<u>26</u>	<u>7</u>	<u>5</u>	<u>6</u>
Total	<u>348</u>	<u>117</u>	<u>37</u>	<u>44</u>	<u>28</u>

A. Incomplete, Inaccurate and Missing Recreation Integrated Time Cards

Bureau policy requires most employees to complete Recreation Integrated Time Cards. The policy requires employees to manually record all start and end work times on these internal time cards and to sign the cards to attest to the accuracy of the information recorded on them. These documents provide a detail of the days worked, the times in and out for each employee and total hours for the pay period.

When properly utilized, Recreation Integrated Time Cards enhance control over reported work hours. They provide a means for supervisors to verify the accuracy of the information recorded on HRS time cards and provide facility staff with a means of tracking the location of employees when offsite and their expected time of return.

During this review, OPI noted several adverse findings related to Recreation Integrated Time Cards. These findings include the following:

1. Of the 348 HRS time cards examined during this review, Recreation personnel provided OPI with only 230 corresponding Recreation Integrated Time Cards. They could not locate the remaining 117 internal time cards. OPI could not verify if Recreation personnel did not complete these documents, if they did not turn them into the administrative office or if they misplaced them. As a result, supporting documentation does not exist for these employees' time reported on Human Resource System (HRS) cards.
2. Of the 230 Recreation Integrated Time Cards examined, OPI noted that 37 did not agree to the HRS time cards. This is an error rate of 16.1%. In 17 of these instances, the hours recorded on the internal time cards were greater than the hours recorded on the

corresponding HRS cards and in 20 instances, the hours recorded on the internal time cards were less than the hours recorded on the corresponding HRS cards. Additionally, OPI noted missing information and signatures on an additional 44 internal time cards. This is an error rate of 19.1%.

These discrepancies and omissions appear to be the result of clerical errors. However, the failure of employees to completely and accurately complete these internal time cards significantly diminishes the control and benefits that they provide.

◆ Recommendation

Management should follow Bureau policy and ensure that all required employees complete internal time cards. Additionally, to minimize clerical errors, employees should exercise care and diligence when completing these time cards.

B. Alterations to HRS Time Card Not Authorized

The Office of Public Integrity noted 28 of the 348 HRS time cards examined had unauthorized alterations changing previously recorded information on the time cards. As a result, the City cannot establish responsibility for the changes to the time cards. Administrative Policy 4210, 4.2.4 requires an employee's immediate supervisor to initial any changes or corrections made on a time card.

Non-compliance with this payroll policy affects the ability to identify the originator of changes made on employee time cards and potentially allows unauthorized and improper alteration of information that supervisors have already recorded and approved on the time cards.

◆ Recommendation

All changes to the HRS time cards should be initialed by the employee's immediate supervisor.

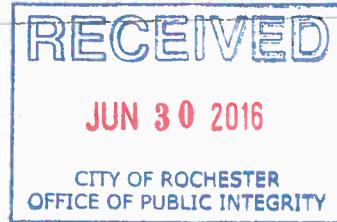
IV. DEPARTMENTAL RESPONSE

The response of the Department of Recreation and Youth Services follows.



City of Rochester

Inter-Departmental Correspondence



To: Daniel Mastrella, Manager of Internal Audit, OPI
From: Marisol Ramos-Lopez, Commissioner, DRYS 
Date: June 22, 2016
Subject: Time card exceptions response from OPI field audit checks

Attached are the responses to the audit for the Department of Recreation and Youth Services time card exception.

MRL:mh

Attachment



Inter-Departmental Correspondence

To: Marisol Ramos-Lopez, Commissioner of DRYS
From: Eric Rose, Deputy Commissioner 
Date: June 22, 2016
Subject: Recreation Response to OPI Audit

Responses to the exceptions discovered by OPI in their field audit report are as follows:

FINDINGS: Of the 348 HRS time cards examined during this review, Recreation personnel provided OPI with only 230 corresponding Recreation Integrated Time Cards. They could not locate the remaining 117 internal time cards. OPI could not verify if Recreation personnel did not complete these documents, if they did not turn them into the administrative office or if they misplaced them. As a result, supporting documentation does not exist for these employees' time reported on Human Resource System (HRS) cards.

RESPONSE: The missing timecards were due to misplacement and disorganization. This was directly associated with office staff and personnel changes. Staff has since been trained on the proper procedures for storing these documents.

FINDINGS: Of the 230 Recreation Integrated Time Cards examined, OPI noted that 37 did not agree to the HRS time cards. This is an error rate of 16.1%. In 17 of these instances, the hours recorded on the internal time cards were greater than the hours recorded on the corresponding HRS cards and in 20 instances, the hours recorded on the internal time cards were less than the hours recorded on the corresponding HRS cards. Additionally, OPI noted missing information and signatures on an additional 44 internal time cards. This is an error rate of 19.1%. These discrepancies and omissions appear to be the result of clerical errors. However, the failure of employees to completely and accurately complete these internal time cards significantly diminishes the control and benefits that they provide.

RESPONSE: On May 26, 2016, the Area Coordinators discussed the importance of accurate time keeping and reviewed our policies and procedures with the Center Directors and Recreation Supervisors. Center Directors and Recreation Supervisors are now required to manually log weekly hours worked and cross check internal time cards with HRS cards before submitting them. Any discrepancies will be addressed, changed, and initialed by Center Director or Recreation Supervisor prior to them being submitted.

In response to OPI's recommendation, the response is the following:

Recommendation: Management should follow Bureau policy and ensure that all required employees complete internal time cards. Additionally, to minimize clerical errors, employees should exercise care and diligence when completing these time cards.

Response: The Bureau of Recreation will follow the recommendation of OPI on this issue and follow the bureaus policies and procedures.

A. Alterations to HRS Time Card Not Authorized

The Office of Public Integrity noted 28 of the 348 HRS time cards examined had unauthorized alterations changing previously recorded information on the time cards. As a result, the City cannot establish responsibility for the changes to the time cards. Administrative Policy 4210, 4.2.4 requires an employee's immediate supervisor to initial any changes or corrections made on a time card.

Non-compliance with this payroll policy affects the ability to identify the originator of changes made on employee time cards and potentially allows unauthorized and improper alteration of information that supervisors have already recorded and approved on the time cards.

Response: All staff will be required to attend annual Fall and Summer trainings to ensure that everyone is in full compliance with the Bureau policies.

Recommendation: All changes to the HRS time cards should be initialed by the employee's immediate supervisor.

Response: The Bureau of Recreation will follow the recommendations of OPI on this issue and Center Directors and Recreation Supervisors will initial and document any changes to internal and HRS time cards prior to submitting them.