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June 4, 2009

TO: Supervisor Don Knabe, Chairman
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FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **PROBATION DEPARTMENT – PAYROLL/PERSONNEL REVIEW**

As requested by your Board and as part of our risk-based audit plan, we have completed a review of the Probation Department's (Probation or Department) compliance with County payroll and personnel policies and use of the Countywide Timekeeping and Payroll/Personnel System (CWTAPPS). Our review covered areas such as industrial accident payments, leave accounting, overtime usage, monitoring bonus eligibility, recording time and attendance, processing terminations and data security.

Summary of Findings

Probation needs to strengthen its controls over payroll/personnel operations and use of CWTAPPS. The following are examples of areas where the Department can improve:

- Probation should reevaluate its overtime budget, monitor its usage and comply with overtime policies.

  - The Department exceeded its overtime budget by an average of 126% in each of the last five fiscal years, or an average of approximately $9.8 million per year. Their overtime budget is between $6.7 million to $8.8 million per year and the actual expenditure is between $13.3 million to $21.0 million per year.

- Probation needs to monitor overtime at the juvenile halls to ensure it is only worked when needed. From July 2007 to May 2008, Probation added more than 170 Detention Services Officers (DSO) to address staff shortages and reduce overtime. However, overtime increased from $1.14 million to $1.28 million a month, even though the number of juveniles in the halls remained unchanged.

- Eighteen of 21 (86%) employees we reviewed exceeded Probation's overtime limits, and ten employees worked over 1,000 hours of overtime in a year. Non-emergency overtime is not always pre-approved or properly justified, and some employees worked overtime at other County jobs (e.g., a Supply Officer worked overtime painting a building, etc.).

- Probation needs to monitor Industrial Accident cases to ensure employees are properly paid. We noted five employees who were overpaid approximately $7,000, or an average of $1,400 per employee. These overpayments occurred because Probation did not immediately notify the Third Party Administrator when the employees had returned to work, or because Probation Payroll staff did not properly compute the employees' supplemental earnings.

- Probation needs to ensure that employees' time cards are accurate. We noted that information on sampled time cards did not always agree to supporting documents (e.g., daily overtime reports, etc.) and CWTAPPS. In addition, supervisors and/or timekeepers sometimes change employee time cards without the employee's knowledge.

- Probation needs to ensure that employees on extended sick leave are paid accurately. Twelve of 30 (40%) employees we reviewed were incorrectly paid a total of $3,700.

- Probation needs to improve security over CWTAPPS.

  - Department management needs to restrict access to the system and remove employees who no longer require access. We noted nine CWTAPPS users can change their own payroll/personnel information.

  - Probation needs to ensure employees with access to County computer data do not share passwords.

- To ensure timely and accurate payments, Probation needs to ensure employee terminations are processed within Auditor-Controller deadlines. We noted that Probation entered ten of 30 (33%) terminations we reviewed into CWTAPPS an average of 42 days after the deadlines.

Although this report is a review of Probation's Payroll/Personnel operations, we recommend that other County departments review the findings in this report and ensure the necessary controls are in place.

Details of these and other findings and recommendations are included in the attached report.

Review of Report

We discussed our report with Probation management on October 30, 2008. The Department's attached response indicates general agreement with our findings and recommendations. The Department will provide a detailed response to the Board of Supervisors within 60 days.

We thank Probation management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Terri Kasman at (213) 253-0103.

WLW:MMO:JLS:TK

Attachment

c: William T Fujioka, Chief Executive Officer
Robert B. Taylor, Chief Probation Officer
Lisa M. Garrett, Acting Director, Department of Human Resources
Department Heads
Public Information Office
Audit Committee

PROBATION DEPARTMENT
PAYROLL/PERSONNEL REVIEW

Background

The Probation Department (Probation) has approximately 6,400 employees in more than 50 locations. Probation's Human Resources Management Office, in the Administrative Services Bureau, includes the Payroll and Personnel units. The Payroll unit has 13 employees and the Personnel unit has 89.

Payroll clerks at Probation headquarters enter employee time information into the Countywide Timekeeping and Payroll/Personnel System (CWTAPPS). Probation also uses CWTAPPS to process personnel actions, such as hires/terminations, and maintain personnel data, including hire dates, social security numbers and County job history. CWTAPPS also maintains employee leave balances and industrial accident information.

Scope

We reviewed Probation's compliance with County payroll and personnel processing policies, including compliance with the County Fiscal Manual (CFM). Our review included interviews with staff and covered areas such as industrial accident payments, leave accounting, overtime usage, monitoring bonus eligibility, recording time and attendance, processing terminations and data security.

COMMENTS AND RECOMMENDATIONS

Payroll Exceptions

Our review disclosed a number of over and under payments due to incorrect time cards, CWTAPPS input errors, and misapplications of payroll rules and regulations. We provided Probation with a list of these exceptions. Probation management should correct the exceptions by recovering overpayments, issuing supplemental warrants to correct underpayments and adjusting employee leave benefit balances as necessary.

Recommendation

1. **Probation management correct the exceptions identified in this report by recovering overpayments, issuing supplemental warrants and adjusting employee leave balances.**

Overtime

Overtime Budget

We compared the Department's budgeted and actual overtime for fiscal year (FY) 2004-05 through FY 2008-09 and noted that Probation exceeded its overtime budget by an average of 126% in each of the last five fiscal years, or an average of approximately $9.8 million per year.

Fiscal Year	Budget	Actual	Over/(Under)	% Over/(Under) Budget
2004-05	$ 6,670,000	$ 13,297,079	$ 6,627,079	99%
2005-06	6,797,000	20,491,946	13,694,946	201%
2006-07	8,736,000	19,115,000	10,379,000	119%
2007-08	8,736,000	21,008,968	12,272,968	140%
2008-09	8,736,000	14,999,821[1]	6,263,821	72%

[1] This figure includes estimated expenditures for June 2009.

The ongoing actual overtime costs in excess of budget between 72% to 201% indicate a need to reevaluate the Department's overtime budget. The Department's FY 2008-09 overtime budget of $8,736,000 remain the same as the FY 2007-08 budget, even though the FY 2007-08 actual expenditure exceeded the budget by more than $10 million. Management should work with the Chief Executive Office (CEO) to reevaluate the Department's overtime budget.

Recommendation

2. **Probation management work with the CEO to reevaluate the Department's overtime budget and realign the budget amount to better reflect actual expenditure and needs.**

Overtime at the Juvenile Halls

Probation incurs approximately $1 million of overtime a month at the juvenile halls (halls). State regulations require specific ratios of the number of Probation staff to the number of minors at the halls. For example, when minors are awake, the Department must have at least one staff for every ten minors.

Staff and supervisors at the halls indicated that most of their overtime is due to staff shortages and to meet the State staffing ratios. Probation staff also indicated that they may need more staff than required by the State regulations (e.g., one staff for every seven minors) because of the types of juveniles in detention, the number of incidents, etc. However, the Department does not always document the reasons for having more staff (i.e., higher staffing ratios) than required by the State regulations.

We also noted that, while Probation increased the number of Detention Services Officers (DSOs) at the halls from July 2007 to May 2008 by more than 170, overtime still increased from $1.14 million to $1.28 million a month, even though the number of juveniles in the halls remained unchanged. Although the additional staff may be required, adding staff without a reduction in overtime indicates that overtime needs to be carefully monitored.

Recommendations

Probation management:

3. Ensure the juvenile halls document the reasons each time more staff are needed than required by State regulations.

4. Closely monitor overtime and ensure that overtime is used only when necessary.

Overtime Controls

We reviewed a sample of 21 employees from ten pay locations who earned an average of $42,600 in overtime during 2007, and noted the following:

* **Employees "shop" for overtime** – Four of 16 (25%) employees and three of 13 (23%) supervisors interviewed indicated that some employees report to other work locations (i.e., not their usual work location) on their days off, or call, to ask if overtime is available (referred to as "shopping for overtime"). Probation's overtime policy prohibits employees from going to other work locations without their direct supervisor's knowledge to "shop" for overtime opportunities. One employee indicated that he and his coworkers also hold competitions to determine who can work the most overtime. Another employee indicated that he works a significant amount of overtime so he can purchase a home.

* **Overtime limit** – Probation policy limits overtime to 24 hours in any seven consecutive days. However, 18 of 21 (33%) employees we reviewed exceeded this limit.

* **Excessive overtime** – A number of employees worked excessive overtime. For example, one employee worked 220 hours of overtime a month for five months. This employee worked 72 consecutive days over the five-month period without a day off. Department-wide, 366 employees worked over 300 overtime hours during 2007. Eighty-two of these employees worked 600 hours of overtime, and ten employees worked over 1,000 hours of overtime (equal to more than six months of full-time work). Employees working excessive amounts of overtime may not be physically alert and/or mentally capable of performing their jobs.

* **Employees work overtime performing duties outside their normal work** – For example, a Supply Officer worked overtime to paint a building. The employee's salary was approximately $5,000 per month, but his overtime rate was $7,500 per month. The County pays entry level painters approximately $2,100 a month and painter supervisors $4,900 a month. Allowing employees to work overtime outside their normal work can result in additional cost to the Department.

- **Non-emergency overtime is not always pre-approved** – Probation policy requires non-emergency overtime to be pre-approved. However, we noted that most non-emergency overtime was approved after it was worked. In addition, the Department does not have a standardized overtime pre-approval form.

- **The need for overtime is not documented or accurate** – Probation policy requires overtime pre-approvals to specifically document the reason for the overtime. For example, when overtime is worked to meet required staffing ratios, the approval documents should indicate the number of staff and minors in the facility. If overtime is required to "cover" for an absent or late employee, the approval should include the name of the absent/late employee. We noted that approval documents do not always indicate the number of staff and minors in the facility, as required. In addition, we reviewed 22 instances in which overtime was worked to "cover" for an absent employee, and noted that in ten cases (45%), the absent employee was shown as being at work, according to CWTAPPS.

- **Approved overtime verification forms are returned to employees** – Some Probation employees work overtime away from their regular pay location. After an employee works overtime, the supervisor where the overtime was worked signs the Intradepartmental Verification Form and returns it to the employee. The employee submits the approved verification form to his/her regular pay location supervisor. In these instances, the employee could alter the approved verification form before turning it in.

    ## Recommendations

    Probation management:

    5. Ensure employees work overtime only when necessary to meet business needs.

    6. Monitor to ensure employees and supervisors comply with the Department's overtime limit.

    7. Ensure employees do not work overtime performing duties outside their normal work.

    8. Use a standardized overtime pre-approval form and ensure that non-emergency overtime is pre-approved.

    9. Ensure overtime pre-approvals accurately document the need for the overtime.

    10. Ensure approved overtime verification forms are not returned to or accessible to employees.

Excessive Compensatory Time Off

County policy allows Fair Labor Standards Act (FLSA) exempt, non-represented employees to accrue up to 160 hours of Compensatory Time Off (CTO). Departments must monitor CTO balances in CWTAPPS to ensure employees do not accrue excess hours. CTO hours in excess of the limit must be forfeited (i.e., reduced manually in CWTAPPS).

Probation does not monitor CTO balances, and as a result, we identified ten employees who exceeded the limit. Five of the ten (50%) employees used CTO balances which should have been forfeited.

The Auditor-Controller instructed County departments' payroll managers in 2006 and 2007 to reduce the CTO balances for employees with excessive hours, including the ten employees noted in our review.

Recommendation

11. Probation management require employees to develop a plan to immediately reduce Compensatory Time Off balances for employees who exceed the limit and closely monitor Compensatory Time Off balances.

Time and Attendance

Time Card Submission Controls

CFM Section 3.1.6 requires employees to certify their reported time by completing and signing monthly/daily time records. Supervisors must certify the accuracy of employees' time. After approving time cards, supervisors should send them directly to timekeepers. Approved original time cards should not be returned to employees.

We noted the following deficiencies at various pay locations:

- **Supervisors and/or employees do not initial on changes to time cards.** Employees and supervisors should initial on changes to time cards to certify the accuracy of the changes.

- **Supervisors and/or timekeepers change employees' time cards without the employee's knowledge.** Some employees indicated that supervisors and timekeepers change their time cards, but do not always inform them of the changes. Some supervisors indicated that they do not always give a copy of the revised time card to the employees.

- **There is a lack of physical security over approved time cards.** For example, timekeepers have access to their own approved time cards, and some supervisors return approved time cards to employees.

  ### Recommendations

  Probation management:

  12. **Require supervisors and employees to approve changes to time cards.**

  13. **Ensure approved time cards are not returned to or accessible to employees.**

Time Card Processing

We compared a sample of 84 time cards to CWTAPPS and supporting documents (e.g., daily overtime reports, etc.), and noted the following:

- The overtime hours on 20 time cards (24%) did not agree with the hours on the daily overtime reports. For example, one time card reported 16 hours of overtime for one day, but the overtime report did not show any overtime. The Department could not provide overtime pre-approval forms for the 20 time cards.

- For 21 time cards (25%), Probation could not locate daily overtime reports to support 587 overtime hours. We also could not find overtime pre-approval forms for these overtime hours.

- Five time cards (6%) did not agree with CWTAPPS. For example, one time card did not show hours worked for three days, but CWTAPPS showed eight hours of regular earnings for each of the three days.

It appears that some of the discrepancies has resulted in incorrect payments. However, because it is unclear which time records are correct (i.e., the daily overtime report or the time card), we could not determine what under or over payments may have occurred.

CFM Section 3.1.6 requires persons independent of payroll/personnel functions to select a random sample of employee time cards each quarter and compare the information on the time cards to CWTAPPS, verify that the time cards contain the appropriate approvals, and ensure the employees are bona fide by tracing their names to personnel records. We noted that Probation does not perform this function.

Recommendations

Probation management:

14. Ensure time cards are complete and accurate, and that payroll information is entered correctly into CWTAPPS.

15. Ensure supervisors reconcile employee time cards to the daily overtime reports and other variance reports before approving time cards.

16. Require staff independent of payroll/personnel functions to select a random sample of employee time cards quarterly and comply with the CFM Section 3.1.6 requirements.

Payroll Distribution

Probation's payroll distribution controls do not comply with the CFM:

- Payroll staff receive, sort, and distribute payroll warrants and notices of direct deposit. Payroll staff should never be directly involved in handling warrants/notices of direct deposits.

- Someone independent of Payroll/Personnel does not investigate unclaimed warrants/notices of direct deposit. Payroll/Personnel staff conduct the investigations.

- Investigations and release of unclaimed warrants/notices of direct deposit are not completed within the 20-day guideline. Personnel had one unclaimed warrant, dated May 30, 2006, and 390 notices of direct deposit, the oldest dating back to July 2003. The unclaimed warrant expired two years after the issue date. If warrants cannot be delivered, they should be voided and returned timely to the Auditor-Controller's Countywide Payroll Division (A-C Countywide Payroll).

- Payroll staff voids undeliverable warrants, requests reissuance of the voided warrants from the A-C Countywide Payroll, and receives/distributes the reissued warrants. Payroll/Personnel staff should never be involved in voiding and reissuing unclaimed warrants.

- Payoffs are not conducted at least annually at all pay locations. We also noted that some pay locations mailed unclaimed warrants/notices of direct deposit from payoffs to employees. This practice defeats the purpose of the payoffs.

Recommendations

Probation management:

17. Ensure staff with no payroll/personnel responsibilities receive, sort and distribute payroll warrants and notices of direct deposit.

18. Ensure unclaimed warrants and notices of direct deposit are returned and investigated by someone independent of Payroll/Personnel.

19. Ensure unclaimed warrants and notices of direct deposit are investigated within 20 calendar days of issuance.

20. Void and timely return all undeliverable warrants to the Auditor-Controller's Countywide Payroll Division.

21. Ensure payoffs are conducted at all pay locations at least annually and that unclaimed warrants/notices of direct deposit from payoffs are not mailed to employees.

Supplemental Warrants

Supplemental payroll warrants are issued to correct underpayment errors. CFM Section 3.2.3 requires the payroll supervisor to approve requests for supplemental warrants in writing before entering the request in CWTAPPS. In addition, an employee independent of the payroll/personnel function should subsequently verify written approval for each supplemental warrant on the CWPAY Report of Supplemental Payroll Warrants Issued.

Eleven of 17 (65%) supplemental warrants we reviewed, totaling approximately $145,000, did not have written approval from the payroll supervisor. In some instances, we noted that payroll staff approved the supplemental warrants. Probation also does not ensure someone independent of the payroll/personnel function subsequently verifies written approval for each supplemental warrant issued.

Recommendations

Probation management:

22. Ensure the payroll supervisor approves all requests for supplemental warrants.

23. Ensure staff independent of the payroll/personnel functions verifies written approval for each supplemental warrant on the CWPAY Report of Supplemental Payroll Warrants Issued.

Industrial Accidents

County employees who are unable to work because of work-related injuries (i.e., industrial accidents (IA)) may receive temporary disability (TD) benefits. The benefits are authorized by one of the County's Third Party Administrators (TPA). If an employee's disability continues after one year, the post salary continuation period (PSCP) begins. Employees can use accumulated benefits (e.g., sick leave, vacation, etc.) to supplement the TD benefits, to receive up to 100% of their regular pay during the PSCP.

We reviewed 14 PSCP cases and noted that five (36%) employees were overpaid approximately $7,000, or an average of $1,400 per employee. Three of the five employees continued to receive TD benefits after they returned to work and two employees received more than 100% of their regular pay.

These overpayments occurred because Probation did not immediately notify the TPA when the employees had returned to work, or because Payroll did not recalculate the supplemental earnings when the employee's salary rate or the TD rate changed.

Payroll/Personnel staff indicated that the Department has approximately 572 open IA cases, but does not have written desk procedures for processing the cases. The errors noted during our review might have been avoided if Payroll/Personnel staff had written procedures.

Recommendations

Probation management:

24. **Ensure the TPA is immediately notified when employees return to work.**

25. **Ensure staff calculates supplemental payments correctly for employees receiving TD payments.**

26. **Develop and implement written desk procedures for processing and monitoring IA cases, including a requirement to notify the TPA immediately when employees return to work.**

Leave Accounting

Employees who are out sick can use full or part-pay sick leave to get paid for their absence. However, employees cannot use part-pay sick leave until they have been absent for five consecutive days and have used all their full-pay sick leave. When an employee's continuous sick leave extends into the following calendar year, the employee can only use full or part-pay sick leave that they had when their absence began. Once an employee begins using part-pay sick leave, the employee cannot use

full-pay leave (e.g., vacation, holiday, full-pay sick leave, etc.) unless specifically authorized by the Department Head. In addition, employees do not accrue holiday time while on part-pay sick leave.

We reviewed CWTAPPS data for 30 employees on extended sick leave and noted 12 employees (40%) were paid incorrectly:

- Seven employees used part-pay sick leave before using all of their full-pay sick leave. This resulted in underpayments of $578 and incorrect benefit balances.

- Four employees went from using part-pay sick leave to other full-pay leave (e.g., vacation, holiday earned, etc.), without Department Head approval. This resulted in overpayments of approximately $2,300 and incorrect leave benefit balances.

- Three employees continued to receive a bilingual bonus even though they were absent for more than 60 consecutive days, resulting in overpayments of $800. According to the Pay and Benefit Interpretive Manual, employees who are absent more than 60 consecutive calendar days should not receive a bilingual bonus.

We also noted instances where employees on part-pay sick leave received full-pay on weekends, or where employees inappropriately used new sick leave balances to which they were not entitled without returning to work. The Department should determine the amount of over/under payments made to these employees and adjust the employees' pay and benefit balances accordingly.

Recommendations

Probation management:

27. **Train Payroll Section staff on the rules for coding part-pay sick leave.**

28. **Monitor Payroll Section staff to ensure correct leave codes are used while employees are on extended sick leave.**

29. **Ensure bilingual bonuses are suspended when an employee is absent for more than 60 consecutive calendar days.**

30. **Ensure proper approvals are obtained before employees use full-pay leave (e.g., vacation, holiday earned, etc.) when employees are on part-pay status.**

Overpayment Recovery

CFM Section 3.3.0 requires departments to notify employees in writing of overpayments, and to initiate collection efforts immediately after the overpayments occur. If the employee is still in service (or on an extended leave without pay),

overpayments are recovered automatically as a deduction from subsequent salary payments. If the employee has left County service and will not receive any more salary payments, the overpayment must be recovered manually.

We reviewed 19 overpayments totaling $15,269, and noted that Probation had only sent overpayment letters to seven (37%) of the 19 employees and had only recovered two overpayments totaling $1,613. In addition, the Department recovered eight other overpayments, totaling approximately $5,755 through payroll deductions or adjustments to the employees' termination pay.

We also noted that all seven overpayment letters were prepared late. For example, three letters were prepared an average of 700 days after the overpayment, and one was prepared approximately four years after the overpayment.

Recommendation

31. **Probation management ensure Payroll staff timely notify employees of overpayments and follow up to ensure overpayments are collected.**

Bonuses

Timeliness of Payments

To ensure employees are paid properly, departments must enter bonus information into CWTAPPS within the Auditor-Controller deadlines each pay period. We noted that 19 of 30 (63%) bonuses we reviewed were not input timely due to delays at both the Personnel Section and the outlying pay locations. On average, the bonuses were entered 60 days late, resulting in untimely payments.

Recommendation

32. **Probation management establish procedures and monitor to ensure bonus transactions are entered into CWTAPPS by the Auditor-Controller deadline.**

Standby Pay

Standby bonuses are paid to employees assigned to be available when they are not scheduled to be at work. Standby pay is based on the employee's personnel item and ranges from $0.25 to $1.00 an hour for most Probation employees, with a monthly maximum of $50 to no limit, respectively.

We noted that six of 21 (29%) employees with a monthly standby limit exceeded their limit by a total of $4,300 during 2006 and 2007.

Recommendation

33. Probation management monitor standby earnings to ensure employees do not earn more than the monthly maximum.

Data Access

Profiles

Profiles determine which CWTAPPS screens a user can access and the specific actions (e.g., inquire, add, update, delete, etc.) they can process. CFM Section 3.1.5 requires departments to restrict profiles to the scope of the employee's job responsibilities. Profiles that permit changes to both payroll and personnel information should be restricted to management and high level supervisory personnel.

We noted the following deviations from CWTAPPS access requirements:

- Two employees (a Payroll and a Personnel supervisor) have access which allows them to view and perform all payroll and personnel functions in CWTAPPS. One employee has the ability to change his/her own information.

- Three employees have not logged onto the system from one to four years.

Recommendation

34. Probation management periodically review employees' CWTAPPS access, restrict access based on the employee job duties, and remove employees who no longer require access.

Processing Centers

CFM Section 3.1.5 states that processing centers should be used so that Payroll and Personnel staff do not have access to their own payroll/personnel information. Probation can group employees into CWTAPPS processing centers by pay location, division, etc., to ensure Payroll/Personnel employees do not have access to their payroll or personnel information.

We noted 31 of 89 (35%) CWTAPPS users have access to their own processing centers, including nine (10%) who can change their own payroll/personnel information. We discussed our findings with the Department's CWTAPPS coordinator who subsequently prepared CWTAPPS change forms to ensure staff do not have access to their own processing centers. However, we noted that the coordinator approved her own CWTAPPS change form and also approved the form that gave her initial access to perform all functions in CWTAPPS.

Recommendations

Probation management:

35. **Use processing centers so that staff do not have access to their own payroll/personnel information on CWTAPPS.**

36. **Ensure staff do not approve their own CWTAPPS access forms.**

Password Sharing

CFM Section 8.6.4 and Board of Supervisors Policy 6.101 state that passwords should not be shared. Three employees with CWTAPPS access stated that they regularly shared their passwords (network passwords for e-mail or CWTAPPS) with other employees, if their assigned access profile did not allow them to perform certain job functions or if there was a shortage in staff. Sharing passwords circumvents a number of system controls, including controls to restrict profiles to the scope of the employee's job responsibilities.

Recommendation

37. **Probation management ensure that employees with access to County computer data do not share passwords.**

Employee Terminations

When an employee terminates County employment, Personnel staff enter the required information into CWTAPPS. With certain exceptions (e.g., Megaflex elective leave, etc.), CWTAPPS calculates the terminated employee's final paycheck. It is important that departments enter terminations into the system before the Auditor-Controller deadlines. Terminations entered after the deadline must be processed manually and may result in incorrect final payments.

Timeliness of Terminations

Ten of 30 (33%) terminations we tested were not processed within the Auditor-Controller deadline. These terminations were entered into CWTAPPS an average of 42 days late. Although we found no payment errors, the delays resulted in employees being paid late, and Probation incurred additional charges for CWTAPPS adjustment transactions.

Personnel Section staff indicated that the processing delays are due to the pay locations submitting termination documents late. However, Personnel Section staff did not always date stamp the termination documents upon receipt, so we were unable to confirm where the delays occurred. Personnel Section staff should date stamp all payroll/personnel documents upon receipt to improve accountability.

Recommendations

Probation management:

38. Monitor to ensure terminations are processed timely.

39. Ensure Payroll/Personnel staff date stamp all payroll/personnel documents upon receipt from the pay locations.

Verification of Terminations on CWTAPPS

CFM Section 3.1.7 requires Personnel management (or someone independent of entering job, time card and/or termination transactions on CWTAPPS) to keep a list of terminated employees and trace the terminated employees' names to the Payroll Sequence Register for at least three consecutive months to ensure that out-of-service employees are not being paid. Probation does not perform this function.

Recommendation

40. Probation management ensure Personnel management (or someone independent of entering job, time card and/or termination transactions on CWTAPPS) traces terminated employees' names to the Payroll Sequence Register for at least three consecutive months after the employees terminate.

CWTAPPS Reports

CWTAPPS automatically generates reports to assist managers in monitoring payroll/personnel operations. Payroll staff are required to investigate exceptions on some reports (e.g., Time Card Error Report, etc.) and immediately process any necessary adjustments. Payroll staff should annotate the report to document the disposition of each entry and sign and date the report. The Payroll Supervisor should also review the reports each pay period to ensure that adjustments are made promptly and correctly. The Supervisor should also sign and date the reports.

Probation Payroll staff and management do not regularly review CWTAPPS reports. The Department could not provide 70% of the reports we requested. Of the reports the Department provided, 27% did not have any annotations and 14% were only partially annotated to indicate that they were reviewed and/or exceptions were corrected. Many of the problems and discrepancies in this audit report might have been avoided or detected if the Department reviewed CWTAPPS reports on a regular basis.

Recommendation

41. Probation management use CWTAPPS reports to monitor the Department's payroll operations and ensure the Payroll Supervisors and staff review the reports as required by the CFM.

ROBERT B. TAYLOR
Chief Probation Officer

COUNTY OF LOS ANGELES
PROBATION DEPARTMENT
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November 07, 2008

TO: Wendy Watanabe
           Acting Auditor-Controller

FROM: Robert Taylor
           Chief Probation Officer

SUBJECT: PAYROLL, BONUS, AND OVERTIME AUDIT

This is in response to your audit of the Probation Department's payroll, bonuses, and overtime. The Probation Department agrees with the audit findings, and within 60-days of report issuance will provide the Board of Supervisors and your office with a status report on each of the audit recommendations.

The Probation Department appreciates the collaborative audit techniques your audit team utilized to ensure development of practical recommendations to improve our operations. If you have questions, please let me know or contact Robert Smythe at (562) 940-2516.

RT:RS:gj

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