



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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June 30, 2014

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: John Naimo  
Acting Auditor-Controller

SUBJECT: **DEPARTMENT OF CHILDREN AND FAMILY SERVICES –  
PAYROLL/PERSONNEL FOLLOW-UP REVIEW**

We have completed a follow-up review of the Department of Children and Family Services (DCFS or Department) payroll/personnel audit from September 2007. The 2007 audit had 42 recommendations, and identified over \$100,000 in overpayments, in areas such as use of overtime, leave accounting, industrial accident (IA) payments, recording time and attendance, processing terminations, monitoring bonus eligibility, and data security. Our follow-up review was intended to determine if DCFS implemented 32 of the 42 recommendations. We did not follow-up on 10 recommendations that are less material and/or no longer applicable due to various process changes.

**Summary of Findings**

After our 2007 review, it appears DCFS took corrective actions such as establishing policies, issuing directives, and assigning staff to review implementation. However, these policies and directives did not always result in compliance. Our follow-up review continued to identify weaknesses in areas such as use of overtime, IA payments, and recording time and attendance, and we identified approximately \$49,000 in overpayments.

We noted that DCFS implemented eight (25%) recommendations, and partially implemented nine (28%) recommendations, but 15 (47%) of the 32 recommendations have not been implemented. DCFS management needs to increase its monitoring to

ensure that all outstanding recommendations are fully implemented, and that employees follow established procedures, policies, and directives. The following are examples of areas needing improvement:

- **DCFS needs to correct exceptions from the 2007 report by recovering overpayments, issuing supplemental warrants, and adjusting employee leave benefit balances.** In 2007, we noted numerous overpayments due to incorrect timecards, input errors, and misapplication of payroll rules and regulations, and recommended that the Department recover the overpayments. However, we reviewed five of the overpayments identified from our prior review, totaling \$26,000, and noted that the Department did not recover the five overpayments. In addition, we continued to find additional payroll related errors and overpayments because many of the recommendations were not fully implemented.

*DCFS' response – DCFS' attached response indicates that the Department began recovering overpayments, correcting underpayments, and adjusting employees' leave balances for the exceptions noted in our current review.*

*Auditor's response – Although DCFS indicated that they began correcting exceptions noted in our current review, DCFS must also review and correct the remaining exceptions noted in the 2007 review.*

- **DCFS needs to ensure overtime is approved by managers who can verify the overtime hours worked.** During our prior review, we noted that overtime was not always approved by supervisors who could verify the employees actually worked the reported time. During the current review, we continued to find the same issues. For example, we reviewed a sample of five employees who worked over 40 hours of overtime in one month, and noted that for three (60%) employees, their overtime was approved by managers who could not verify their overtime hours worked.

*DCFS' response – DCFS' attached response indicates that the Department issued a memo on January 7, 2014 to remind all employees that overtime should be approved by managers who have first-hand knowledge of the work performed. In addition, DCFS' Internal Controls Section (ICS) will continue to conduct quality assurance monitoring of overtime authorizations to ensure compliance. The Department will also provide training to appropriate staff and explore options for developing e-Forms, etc.*

*Auditor's response – DCFS' current quality assurance monitoring of overtime authorizations does not ensure compliance with all overtime policies and procedures. For example, ICS verifies that the overtime forms are signed, but*

*this verification does not ensure that the forms are approved by supervisors with first-hand knowledge of overtime hours worked.*

- **DCFS needs to ensure the Third Party Administrator (TPA) is notified timely when employees return to work from IAs.** In our initial review, we noted that DCFS did not inform the TPA timely, and as a result, four (40%) of the ten employees continued to receive Temporary Disability (TD) payments totaling \$18,000 after they returned to work. During our current review, we reviewed files of three employees who returned to work from IA leave and noted that two (67%) employees continued to receive TD payments for 14 and 20 days after they returned to work, resulting in overpayments totaling \$4,652.

*DCFS' response – DCFS indicates that in 2007, the Department developed a Desk Guide related to processing IA cases and distributed the Guide to appropriate staff. DCFS also indicates the Department updated this Guide in March 2012 and January 2014 and redistributed it to staff. In addition, DCFS' response indicates that the two identified overpayments mentioned above were paid to the employees by the TPA rather than by the Department, and the TPA is recovering the overpayments, based on the Department's request.*

*Auditor's response – DCFS needs to establish effective ongoing oversight to ensure sustained staff compliance with the established Desk Guide. In addition, it should be clarified that the TPA issued the overpayments, but the overpayments were caused by DCFS not providing timely notice to the TPA that the employees had returned to work.*

- **DCFS needs to ensure that employees certify the accuracy of their reported time by completing and signing timecards.** During our prior review, we noted that supervisors and/or secretaries often completed and signed employee timecards instead of the employee, and secretaries sometimes completed and approved employee timecards without supervisory review. With the implementation of web-based timecards (i.e., TIMEI), employees now electronically sign and submit their timecards for supervisory approval. If an employee is unavailable, a designated proxy may submit the employee's timecard. We noted that approximately 13% of employee timecards (or an average of 905 timecards per pay period) were completed by proxies during March and April 2013. The County Fiscal Manual (CFM) and DCFS policy require employees to review and sign a hard copy timecard if their timecard was completed by a proxy. However, we reviewed 81 timecards completed by proxies during this review, and noted that none of the timecards were signed by the employees.

*DCFS' response – DCFS' attached response indicates that the Department reminded all employees to accurately complete and sign hard copy timecards.*

*DCFS also indicated that employees now electronically certify the accuracy of their timecard via TIMEI.*

*Auditor's response – DCFS' response implies that because employees now electronically certify the accuracy of their timecard via TIMEI, the timecard issues have been resolved. However, DCFS needs to ensure compliance with the CFM and its Departmental policy by requiring employees to review and certify timecards that are prepared by proxy.*

- **DCFS needs to annually review the work assignments, personnel files, and eligibility documents of employees receiving a bonus to verify they continue to be eligible.** In 2007, we noted that DCFS did not consistently complete the annual review, and recommended that someone who does not enter data on the Countywide Timekeeping and Payroll/Personnel System (CWTAPPS) annually review the work assignments of employees receiving a bonus to verify they are eligible. During our current review, we continued to find that DCFS does not complete this annual review for all applicable employees. We noted that four (10%) of the 40 employees we reviewed received bonuses totaling approximately \$10,000 that they were not eligible to receive.

*DCFS' response – DCFS' attached response indicates that they ensured the employee who annually reviews the work assignments of employees receiving a bonus does not enter data in eHR. In addition, the response indicates that the Department hired a highly experienced manager who will be responsible for reviewing the bonuses. DCFS also indicated that they terminated the bonuses noted in our report, and are in the process of recovering the bonus overpayments.*

*Auditor's response – As indicated above, DCFS did not consistently complete the annual bonus review for all employees. It is important to ensure that someone who does not enter data in eHR completes the review as indicated in DCFS' response. It is equally important to ensure that this review is completed for all employees receiving a bonus.*

As mentioned above, we identified additional payroll/personnel related deficiencies which were not in the 2007 audit. For example, a number of employees who worked overtime indicated that they do not always record overtime hours on their timecards. We also noted that employees exceeded the weekly and/or monthly overtime limits, Payroll staff did not review required eHR reports, and staff did not enter bonus information in the systems accurately. DCFS indicates that the Department began correcting these deficiencies, and will monitor to ensure that employees comply.

**Review of Report**

We discussed our report with DCFS management on January 21, 2014. DCFS' attached response (Attachment II) indicates they generally agree with our findings and recommendations.

We thank DCFS management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Smythe at (213) 253-0101.

JN:AB:RS:YK

Attachments

c: William T Fujioka, Chief Executive Officer  
Philip L. Browning, Director, DCFS  
Public Information Office  
Audit Committee

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
PAYROLL/PERSONNEL FOLLOW-UP REVIEW**

**Background and Scope**

In 2007, we completed a review of the Department of Children and Family Services' (DCFS or Department) compliance with County payroll and personnel policies, and made 42 recommendations, and identified over \$100,000 in overpayments, in areas such as use of overtime, leave accounting, industrial accident (IA) payments, recording time and attendance, processing terminations, monitoring bonus eligibility, and data security. We completed a follow-up review of the 2007 review to determine if DCFS implemented 32 of the 42 recommendations. We did not follow-up on 10 recommendations that are less material and/or no longer applicable due to various process changes.

We reviewed DCFS' compliance with County payroll and personnel policies, and the County Fiscal Manual (CFM). Our review included interviews with DCFS staff and management, and tests of overtime and timecard controls; IA payments, bonus, and termination processing and monitoring; and overpayment recovery to determine the status of the prior recommendations.

**Status of Prior Recommendations**

After our 2007 review, it appears DCFS took corrective actions such as establishing policies, issuing directives, and assigning staff to review implementation. However, it appears these policies and directives did not always result in compliance. Our follow-up review continued to identify weaknesses in areas such as use of overtime, IA payments, and recording time and attendance. We noted that DCFS implemented eight (25%) recommendations, and partially implemented nine (28%) recommendations, but 15 (47%) of the 32 recommendations have not been implemented. DCFS management needs to increase its monitoring to ensure that all outstanding recommendations are fully implemented, and that employees follow established procedures. The following are the status of the recommendations that have not been fully implemented.

**Recommendation #1**

*DCFS management correct the exceptions identified in this report by recovering overpayments, issuing supplemental warrants and adjusting employee leave benefit balances as necessary.*

**Current Status: NOT IMPLEMENTED**

We reviewed five overpayments totaling approximately \$26,000, identified in our prior review to determine if the overpayments were recovered. We noted that the Department did not attempt to recover the five overpayments. This included an IA overpayment to one employee totaling approximately \$19,000, which resulted from the

employee receiving regular pay (using accumulated benefits such as vacation or sick leave) and Temporary Disability (TD) payments at the same time for six months.

**Recommendation #2**

*Ensure overtime is approved by managers who can verify the overtime hours worked.*

Current Status: NOT IMPLEMENTED

During our prior review, we noted that overtime was not always approved by supervisors who can verify the employees actually worked the reported time. During our current review, we reviewed a sample of five employees who worked over 40 hours of overtime in one month, and noted the same issue with three (60%) employees' overtime.

**Recommendation #3**

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

Current Status: NOT IMPLEMENTED

We interviewed 20 employees, and six (30%) indicated that approved overtime forms are returned to them or they have access to the approved forms.

**Recommendation #4**

*For employees working overtime while not at their regular pay location, ensure approved overtime forms are submitted timely and directly to the employees' pay location supervisor.*

Current Status: NOT IMPLEMENTED

We noted that DCFS' practice has not changed from our prior review. When employees work overtime away from their regular pay location, their approved overtime forms are returned to the employees. The employees then submit the approved overtime form to their regular pay location supervisor. In these instances, the employees could alter the approved overtime forms before submitting them.

**Recommendation #5**

*Ensure all non-emergency overtime is approved before it is worked.*

Current Status: PARTIALLY IMPLEMENTED

County and DCFS policies require non-emergency overtime to be approved in advance. In our prior review, we noted that non-emergency overtime was not generally approved

in advance, but approved a day after the employees worked overtime. In February 2011, DCFS management issued a memo to all employees reiterating DCFS' overtime policy. In addition, it appears DCFS periodically sampled overtime to ensure employees complied. Despite the Department's efforts, it appears non-emergency overtime is not always approved in advance. We reviewed 197 instances of non-emergency overtime worked by 20 employees, and noted that 70 (36%) instances were approved after the overtime was worked. In addition, we were unable to determine if the overtime was pre-approved for four overtime instances because corresponding overtime authorizations were missing approval dates.

We also noted 46 (23%) instances where overtime approvals were not obtained. Since employees worked many of these overtime hours away from their regular pay locations and overtime approvals were missing, we could not determine if the employees actually worked the overtime hours claimed.

### **Recommendation #7**

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

Current Status: PARTIALLY IMPLEMENTED

With the implementation of web-based timecards (i.e., TIMEI), Payroll Section staff no longer prepare timecards for employees who are out on leave. Instead, their timecards are prepared by other authorized staff or proxies (i.e., timekeepers) at the regional offices. Although the Department provided the recommended training to Payroll staff, the Department has not trained any regional office staff on the rules and coding for part-pay sick leave after they started using TIMEI in July 2007. We reviewed sick leave coding for 20 employees, and noted that eight (40%) employees' sick leaves were improperly coded, as noted below:

- Six employees used part-pay sick leave before fully exhausting all of their full-pay sick leave. This resulted in underpayments of \$1,127 and incorrect benefit balances.
- Two employees used new sick leave balances they were not entitled to use without returning to work. This resulted in overpayments totaling approximately \$2,185 and incorrect leave balances. One of the two employees also accrued a holiday while the employee was on part-pay sick leave, because her sick leave was incorrectly coded. This resulted in an overpayment totaling \$145.

### **Recommendation #8**

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

Current Status: NOT IMPLEMENTED

As noted above, regional office staff now prepare timecards for employees on leave. The Department does not monitor staff to ensure correct leave codes are used while employees are on extended sick leave. As discussed above, eight (40%) of the 20 employees' sick leaves were improperly coded.

**Recommendation #11**

*Ensure Payroll Section staff correctly enter all key Industrial Accident dates into the Countywide Timekeeping and Payroll/Personnel System (CWTAPPS).*

Current Status: NOT IMPLEMENTED

Since CWTAPPS was replaced by eHR (the County's new payroll and personnel system), we reviewed 19 employees on IA leave in eHR and noted that Payroll Section staff did not enter or correctly enter key IA dates (e.g., date of injury, IA start/end date, etc.) for four (21%) employees. We noted that one (25%) of the four employees was overpaid \$1,790 because Payroll Section staff did not enter the employee's IA start date, which resulted in the employee receiving both regular salary and IA payments.

**Recommendation #12**

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

Current Status: NOT IMPLEMENTED

We reviewed a sample of 20 bilingual bonuses that should have been suspended (i.e., employees were absent for more than 60 consecutive calendar days), and noted that nineteen (95%) were either not suspended or suspended late, resulting in overpayments totaling \$3,765.

**Recommendation #13**

*Ensure the Health and Safety Unit notifies Payroll within 24 hours when employees are placed on IA leave. Payroll staff should confirm, in writing, with the Health and Safety Unit that they have received the Notice of Benefits.*

Current Status: NOT IMPLEMENTED

When an employee is placed on IA leave, the County's Third Party Administrator (TPA) sends a Notice of Benefits (NOB) to the employee and the Department's Health and Safety Unit. The NOB is the TPA's official IA notice, which includes the IA information (e.g., the date of injury, payment start/end dates, TD compensation amounts, return to work dates, etc.). The Health and Safety Unit then sends the NOB to Payroll, so Payroll staff can enter the IA information into eHR to ensure accurate IA payments.

We noted that the Health and Safety Unit does not always notify Payroll within 24 hours when employees are placed on IA leave. We reviewed 15 IA cases, and noted that for two (13%) cases, Payroll was notified 5 and 32 days late. In addition, Payroll staff do not confirm with the Health and Safety Unit when they receive the NOBs, as recommended. Although these cases did not result in over/underpayments, the Department should implement the recommendation to ensure accurate IA payments.

#### **Recommendation #14**

*Provide training to Payroll staff to ensure staff correctly calculate supplemental payments for employees receiving TD payments during the Post Salary Continuation Period (PSCP).*

Current Status: NOT IMPLEMENTED

The PSCP for IA cases begins one year after the date of injury. During this period, employees can elect to supplement TD payments by using accrued benefits up to 100% of their regular pay. We noted that Payroll staff have not received training to ensure they correctly calculate supplemental payments. We reviewed five employees receiving TD payments, and noted that four (80%) received inaccurate supplemental payments, resulting in overpayments totaling \$16,365. In one instance, an employee received overpayments totaling \$13,845. In this case, Payroll staff did not calculate the supplemental payment, and the employee received 100% leave benefits (i.e., vacation and sick), in addition to her TD payments, which exceeded the employee's regular pay.

#### **Recommendation #15**

*Develop and implement written desk procedures for processing and monitoring Industrial Accident cases, including a requirement to notify the TPA within 24 hours of employees returning to work.*

Current Status: PARTIALLY IMPLEMENTED

Although DCFS developed some desk procedures/guidelines for processing IA cases after our initial review, the Department does not have any written procedures for monitoring them, including a requirement to notify the TPA within 24 hours of employees returning to work. In our initial review, we noted that DCFS did not inform the TPA within 24 hours of employees returning to work. This resulted in four (40%) of the ten employees reviewed receiving TD payments after they returned to work, resulting in overpayments totaling approximately \$18,000.

During our current review, we continued to find overpayment issues because DCFS did not notify the TPA timely when employees returned to work. Specifically, we reviewed three employees who returned to work from IA leave, and noted that two (67%) employees continued to receive TD payments for 14 and 20 days, resulting in overpayments totaling \$4,652.

**Recommendation #16**

*Ensure that employees certify the accuracy of their reported time by completing and signing timecards.*

**Current Status:** NOT IMPLEMENTED

With TIMEI, employees must electronically sign and submit their timecards for supervisory approval. If an employee is unavailable, a designated proxy may enter the employee's timecard information. We noted that approximately 13% of DCFS employee timecards (or an average of 905 timecards per pay period) were completed by proxies during March and April 2013.

The CFM and DCFS policy require employees to review and sign a hard copy timecard if their timecard was completed by a proxy. We reviewed 81 timecards completed by proxies and noted that none of the timecards were signed by the employees.

**Recommendation #17**

*Ensure supervisors review and sign employee timecards/DARs (Daily Absent Report).*

**Current Status:** NOT IMPLEMENTED

We noted that 26 (27%) of the 96 timecards reviewed were not approved by the employees' supervisor/manager, but approved by clerks and secretaries without supervisory review. This practice is consistent with our prior findings. It should be noted that DCFS no longer uses DARs to track employee variances (e.g., overtime, absent, etc.).

**Recommendation #28**

*Ensure payoffs are conducted at all pay locations at least annually.*

**Current Status:** PARTIALLY IMPLEMENTED

Departments are required to complete payoffs at least annually to ensure that all employees receiving pay or benefits are bona fide. During the payoffs, employees are required to sign the payoff register, after they present their identification (e.g., driver license). DCFS conducts payoffs at all pay locations, but does not ensure that each employee signs the payoff register, as required. For example, we noted that 147 (38%) of the 392 employee signatures were missing for one pay location's payoffs. With incomplete payoffs, the Department could not ensure that all employees receiving pay or benefits are bona fide.

**Recommendation #29**

*DCFS management ensure that staff independent of personnel/payroll functions verifies written approval for each supplemental warrant on the CWPAY Report of Supplemental Payroll Warrants Issued.*

Current Status: NOT IMPLEMENTED

A supplemental payroll warrant is issued to correct an error in an employee's pay. Someone independent of the personnel and payroll functions should verify that a written approval exists for each supplemental warrant. After our initial review, DCFS assigned an employee independent of personnel/payroll functions to verify written approval for supplemental warrants issued. However, the employee does not complete this verification for all supplemental warrants issued, as recommended. Instead, the employee indicated that she randomly selects employee payroll files to determine if they received supplemental warrants. However, supplemental warrants are not regularly issued, and therefore, reviewing random employee payroll files for supplemental warrants does not ensure that written approval exists for each supplemental warrant issued. In addition, we noted that the employee does not document her review.

**Recommendation #30**

*DCFS management establish procedures and monitor to ensure bonus transactions are entered into CWTAPPS by the Auditor-Controller (A-C) deadline.*

Current Status: PARTIALLY IMPLEMENTED

To ensure employees are paid properly, DCFS staff must enter bonus information into eHR (previously CWTAPPS) within the A-C deadlines each pay period. We noted that DCFS established procedures for some units, and the percentage of bonuses processed late decreased from 75% of bonuses processed in our initial review to 33%. However, we continued to find bonuses that are not entered in eHR by the deadline. Our follow-up review identified 13 (33%) of the 39 bonuses that were entered in eHR an average of 28 days late, resulting in untimely payments. The delays occurred at both the Personnel Section and outlying pay locations.

**Recommendation #31**

*Ensure someone who does not enter data on CWTAPPS annually reviews the work assignments of employees receiving a bonus to verify they continue to be eligible for the bonus.*

Current Status: PARTIALLY IMPLEMENTED

DCFS does not annually review the work assignments of all employees receiving a bonus. We noted that four (10%) of the 40 employees receiving a bonus were not

entitled to their bonus, causing overpayments totaling approximately \$10,000. For example, one employee has been receiving a retention pay-period bonus for working evening and night shifts since May 2006, but the employee has not worked the evening/night shifts since at least July 2009. This resulted in overpayments totaling \$6,900. In addition, the Department did not maintain bonus approval documents for this employee, and therefore, we were unable to determine if this employee's bonus was approved. These overpayments could have been prevented if DCFS conducted their annual bonus review, as required.

**Recommendation #33**

*Monitor standby earnings to ensure employees do not earn more than the hourly rate allowed and the monthly maximum.*

Current Status: NOT IMPLEMENTED

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 \$0.55 to \$3.25 an hour for most DCFS employees, with a maximum of \$100 to \$900 a month.

We reviewed 15 employees who received standby pay, and noted that three (20%) exceeded the limits by a total of \$4,762. Based on our discussions with DCFS staff, DCFS does not monitor standby earnings to ensure employees do not earn more than the limits.

**Recommendation #35**

*DCFS management monitor to ensure terminations are processed timely.*

Current Status: PARTIALLY IMPLEMENTED

It is important that departments enter terminations into eHR before the A-C's deadlines to minimize incorrect final payments. We noted that after our 2007 review, DCFS started to sample termination transactions to ensure they are processed timely. We also noted that the percentage of terminations processed late decreased compared to our previous review. However, the Department continues to process 21% of terminations untimely, mostly due to delays at the regional offices. Regardless of where the delays occur, DCFS needs to ensure that terminations are processed by the A-C deadlines.

**Recommendation #36**

*DCFS management ensure someone with no payroll responsibilities traces terminated employees' names to the Payroll Sequence Register for at least three consecutive months after an employee terminates.*

Current Status: NOT IMPLEMENTED

After our initial review, DCFS designated an employee with no payroll responsibilities to trace terminated employees' names to the Payroll Sequence Register. However, we noted that the employee does not do this review for all terminated employees, as required. Instead, the employee only traces terminated employees who receive vacation and sick leave payouts. This does not ensure that all out-of-service employees are not receiving payroll warrants or direct deposits.

**Recommendation #38**

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

Current Status: NOT IMPLEMENTED

We reviewed DCFS employees' eHR access to ensure their access is restricted based on their job duties. We found that 13 (21%) of the 63 employees did not need their eHR access. The Department's Security Coordinator indicated that DCFS has not completed a security profile review since eHR was implemented in April 2012. CFM Section 3.1.5 requires a quarterly security profile review.

**Recommendation #40**

*DCFS management ensure the Payroll Unit staff notify employees of overpayments and follow up to ensure overpayments are collected.*

Current Status: PARTIALLY IMPLEMENTED

DCFS Payroll staff now notify employees of overpayments by sending overpayment letters. However, once the letters are sent, they do not follow-up to ensure that overpayments are collected. We reviewed eight overpayments from 2012 and noted that DCFS did not collect three (38%) overpayments totaling \$5,726, as of May 2013.

**Recommendation #41**

*DCFS management use CWTAPPS reports to monitor the Department's payroll operations and ensure the Payroll Supervisor reviews the reports as required by the County Fiscal Manual.*

Current Status: PARTIALLY IMPLEMENTED

The CFM requires departments to review several eHR reports (previously CWTAPPS reports) related to payroll operations, and investigate and process necessary adjustments. We noted that DCFS reviews other required reports, but does not review

the Overtime Activity Report to ensure that the overtime reported is accurate and appropriately approved.

**Additional Findings**

During the course of our follow-up review, we identified additional payroll/personnel related deficiencies, which were not in the 2007 audit, as discussed below.

**Unrecorded Overtime**

We interviewed 43 employees at various DCFS regional offices to determine if the Department complies with County overtime policy. Each of these 43 employees are covered by the federal Fair Labor Standards Act (FLSA). Nineteen (44%) employees indicated that they work overtime, but do not always record overtime hours on their timecards. To verify their claims, we reviewed four of these employees' network usage for three months, and noted that all four logged onto their computers a total of 66 times outside of their regular work hours (e.g., after their shift, Regular Days Off, weekends, etc.). We noted that the four employees did not claim overtime on their timecards.

Not reporting overtime hours worked violates the FLSA, State Labor Code Section 510, and County Code 6.15, and could result in potential liability to the County. DCFS management needs to ensure that employees immediately discontinue the practice of off-the-books overtime, ensure employee timecards reflect actual hours worked, and that any variances, including overtime, are accurately reported and paid or accrued.

**New Recommendation**

- 1. Department of Children and Family Services management ensure that employees immediately discontinue the practice of off-the-books overtime, ensure employee timecards reflect actual hours worked, and that any variances, including overtime, are accurately reported and paid or accrued.**

**Overtime Limits**

DCFS policy limits employees to 24 hours of overtime per week or 96 hours per month. We reviewed 20 employees' overtime over two months and noted that five (25%) employees exceeded the weekly and/or monthly overtime limits at least once. For example, one employee worked 35 hours of overtime in one week. DCFS management needs to ensure employees do not exceed the overtime limits.

**New Recommendation**

- 2. Department of Children and Family Services management ensure employees do not exceed the overtime limits.**

**Attaching Overtime Pre-approval Documentation**

CFM Section 3.1.9 requires employees to attach overtime pre-approval documentation to their TIMEI. We reviewed 20 employees' TIMEIs, and noted that none of the TIMEIs had overtime pre-approval documents attached.

**New Recommendation**

- 3. Department of Children and Family Services management ensure overtime pre-approval documentation is attached to employees' TIMEIs.**

**Industrial Accident Notice of Benefits**

The County's guidelines for processing IA claims (i.e., eHR guidelines) require departments to maintain in employees' IA files all NOBs received from the TPA. The Department is responsible for reviewing departmental records and ensuring that information included on the NOBs (e.g., injury date, return to work date, etc.) is accurate. However, we noted that DCFS did not maintain NOBs for six (32%) of the 19 employees reviewed.

**New Recommendation**

- 4. Department of Children and Family management ensure that Health and Safety Unit staff maintain Notice of Benefits in employees' Industrial Accident files.**

**eHR Time Collection Exception Reports**

With the implementation of TIMEI, CFM Section 3.1.7 requires departments to review specific eHR Time Collection exception reports, document the disposition of each entry, and sign and date the reports to indicate their review.

DCFS Payroll staff do not review these required reports, and this resulted in some overpayments. For example, we reviewed a sample of six employees on a Missing Timesheet Report, and noted that two (33%) employees were overpaid approximately \$3,880. It appears these employees were out on leave, but the Department did not have proxies complete their timecards, resulting in the employees receiving their regular earnings. We noted that one Missing Timesheet Report we reviewed had over 100 exceptions, and therefore, it is likely other employees on this report and prior reports were also overpaid or their leave balances are incorrect. The Department should ensure that they conduct documented reviews of these critical reports. The Department should also review prior Missing Timesheet Reports, recover overpayments, and correct leave balances, as needed.

**New Recommendations****Department of Children and Family Services management:**

- 5. Ensure Payroll staff review the eHR Time Collection exception reports, document the disposition of each entry, and sign and date the reports.**
- 6. Ensure Payroll staff review prior Missing Timesheet Reports, recover overpayments, and correct employee leave balances, as needed.**

**Inaccurate Bonus Start/Stop Dates**

We noted that bonus start/stop dates for two (5%) of the 39 bonuses reviewed were entered incorrectly in the system, causing overpayments of \$1,500. Specifically, one employee was approved to receive an Additional Responsibilities bonus from May 2011 to October 2011, but the start date was entered as October 2011, and it did not include a bonus stop date. The employee continued to receive the bonus until August 2012. The second employee's bonus start date was entered 28 days prior to the correct bonus start date. DCFS needs to ensure the bonus start and stop dates are entered correctly in eHR.

**New Recommendation**

- 7. Department of Children and Family Services management ensure the bonus start and stop dates are entered correctly in eHR.**



County of Los Angeles  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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March 26, 2014

To: Wendy L. Watanabe  
Auditor-Controller

From: Philip L. Browning  
Director

**RESPONSE TO THE AUDITOR-CONTROLLER'S DEPARTMENT OF CHILDREN AND FAMILY SERVICES – PAYROLL/PERSONNEL FOLLOW-UP REVIEW**

Attached is the Department of Children and Family Services' (DCFS) response to the Auditor-Controller's (A-C) report, which details the A-C's findings of DCFS Payroll/Personnel Follow-Up Review. We have thoroughly reviewed the report and carefully taken into consideration the issues and recommendations outlined. And for those recommendations in which there is agreement, we have either implemented or initiated implementation of the recommendations.

The following information highlights the Department's procedural enhancements and corrective measures implemented both prior (2007-2011) and subsequent (2013-2014) to the A-C's review; and is an illustration of the Department's response to the A-C's recommendations detailed in the report.

- In February 2007, the Department implemented training for new users of the eCAPS (e-Time Collection) system.
- In December 2007, the Department began the process of collecting overpayments and making appropriate time and attendance adjustments identified in the 2007 Payroll/Personnel Follow-Up Review.
- In October 2008, DCFS implemented and conducted monthly periodic random sample (5%) quality assurance reviews to ensure overtime is approved by the managers who can verify the overtime hours worked.
- In February 2010, to assure continued compliance with current payroll policies and procedures, the Payroll staff received training from the A-C on new payroll guidelines.
- In February 2011, the Department issued to all DCFS employees Overtime Guideline FYI 11-02, which includes, but is not limited to, new State and County policies pertaining to recording and reporting overtime. Employees were required to sign a form acknowledging review and receipt of FYI 11-02.

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- In April 2011, DCFS managers and supervisors were required to enroll and attend the Fair Labor Standards Act/Overtime training, which includes, but is not limited to, modules designed to ensure overtime is approved by manager who can verify overtime hours worked.
- Effective July 16, 2011, the Department fully implemented the eCAPS Time Collection System to ensure that proper approvals are obtained before employees use full-pay leave. The employee's supervisors have been trained and the Payroll Manager has provided on-site training to remind supervisors of the importance of proper approvals before using full-pay leave.
- In November 2013, DCFS initiated collection of overpayments identified in the 2013 Follow-Up Payroll/Personnel Review.
- On December 2, 2013, DCFS implemented Internal Policy, Procedures, and Guidelines (IPPG) to facilitate ensuring the control of security roles in eHR.
- On January 7, 2014, DCFS re-distributed the comprehensive Time Reporting and Attendance Controls Guide to all employees.
- On January 10, 2014, DCFS implemented IPPG to facilitate ensuring the control, timely processing, tracking, monitoring, and recovery of overpayments.
- On January 10, 2014, a spreadsheet containing information on the negotiated Standby pay limits for each DCFS Memoranda of Understanding was created for Payroll staff to utilize as a tool for monitoring and ensuring that employees do not exceed standby limits.
- On January 13, 2014, DCFS modified its Supplemental Warrant Review process to include a daily review of the Register Report to identify all supplemental warrant requests.
- On January 15, 2014, DCFS implemented IPPG to facilitate ensuring appropriate controls of all Payroll and Personnel reports.
- On January 16, 2014, key DCFS staff received training provided by the A-C.
- On January 22, 2014, the Payroll Manager met with DCFS Bureau Liaisons and provided instructions for proper leave coding.
- On January 29, 2014, DCFS assembled an Overtime Management Focus Group to develop an overtime training plan.
- On February 3, 2014, an Administrative Services Manager I was hired as the HR Quality Assurance Manager responsible for the management of the Payroll and Personnel internal controls.
- In February, 2014, DCFS' Internal Control Section (ICS) began restructuring the Quality Assurance process on conducting monthly random sample reviews of payroll/personnel records to monitor compliance in the areas listed in this review. ICS will track Quality Assurance reviews for trend analysis to evaluate and report, on a semi-annual basis, the effectiveness of compliance of the implemented Corrective Action Plans.
- On February 6, 2014, DCFS' ICS met with the A-C to discuss eHR data extracts for departmental use to create customized ad-hoc reports as part of revamping its Quality Assurance reporting tools.
- On February 12, 2014, the A-C provided follow-up training.

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- By April 2014, leave coding instructions will be provided to office heads and the eCAPS Liaisons.
- By May 30, 2014, DCFS will commence overtime awareness training within regional offices.

We appreciate the opportunity to have DCFS' responses directly included with your final report to the Board of Supervisors. My Department is committed to improving internal practices to ensure compliance with County Fiscal Policies and we would appreciate any recommendations the A-C may provide in doing so.

If you have any questions or require additional information, please have your staff contact Cynthia McCoy-Miller, Senior Deputy Director, at (213) 351-5847.

Thank you.

PLB:CMM  
KLW:ow

Attachment

c: Fesia A. Davenport, Chief Deputy  
Cynthia McCoy-Miller, Senior Deputy Director  
Keisha Lakey-Wright, Departmental Human Resources Manager III

**AUDIT RESPONSE  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
PAYROLL/PERSONNEL FOLLOW-UP REVIEW**

**Recommendation #1**

DCFS management correct the exceptions identified in this report by recovering overpayments, issuing supplemental warrants and adjusting employee leave benefit balances as necessary.

**DCFS Response:** The DCFS has completed its research and put in place a structured process of recovering confirmed overpayments, issuing supplemental warrants for correcting underpayments, and adjusting employee leave benefit balances as necessary.

Of the 54 exceptions noted by the Auditor-Controller (A-C):

- Twenty-two (22) overpayments have been fully recovered (\$13,521.37);
- Six (6) underpayment adjustments have been completed (\$1,117.00);
- Two (2) overpayments issued by the Third Party Administrator (TPA) will be recovered by the TPA; and
- Twenty-four (24) overpayment letters were issued to employees; of the 24 overpayments:
  - Four (4) employees are on leave of absence (LOA); as per policy recovery will commence upon employees' return to work;
  - Eighteen (18) recoveries are being processed by the (A-C); and
  - Two (2) recoveries are being processed by the Treasurer and Tax Collector.

**Recommendation #2**

Ensure overtime is approved by managers who can verify the overtime hours worked.

**DCFS Response:** On January 7, 2014, DCFS re-distributed the latest update of the comprehensive May 2013 Time Reporting and Attendance Controls Guide to all employees. This memorandum emphasized the necessity of overtime being approved by managers at the appropriate level and who have first-hand knowledge of the work to be performed. The Department put in place a structured process to distribute the guidelines on a quarterly basis and our Internal Controls Section (ICS) will continue to conduct Quality Assurance monitoring of overtime authorization signature compliance with overtime policies and procedures by regularly reviewing a sample of departmental timekeeping documents. To further enhance compliance, the Department is developing and implementing timekeeping and time collection training to line operations and program staff and supervisors. DCFS has also begun discussions with the Department of Human Resources (DHR) to explore

options for the development of e-Forms as well as utilization of the Manager Self-Service Module of e-HR to electronically record overtime approvals and track/monitor overtime usage. This module is projected to be piloted in August 2014.

**Recommendation #3**

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

**DCFS Response:** On January 7, 2014, DCFS re-distributed the latest update of the comprehensive May 2013 Time Reporting and Attendance Controls Guide to all employees.

DCFS' transition to the use of the eCAPS Time Collection System for time entry and approval did not include, as originally anticipated, the elimination of hard copy document. Further, the subsequent expanded countywide implementation of the eCAPS ESS (Employee Self Service) did not include online entry of time off and overtime requests. The A-C's presentation indicated that the handling of hard copy documents in relation to overtime and all time reporting would be eliminated. However, this was not the case, as ESS did not eliminate the use of hard copy overtime requests and approvals. Information in the DCFS' 2011 update, therefore, incorrectly predicted this anticipated outcome.

Given the above, all DCFS managers/supervisors were reminded through a written memorandum that hard copies of overtime forms must not be returned or accessible to employees. The Department put in place a structured process to distribute the guidelines on a quarterly basis and our ICS will continue to conduct Quality Assurance monitoring of overtime policies and procedures by regularly reviewing a sample of departmental timekeeping documents. To further enhance compliance, the Department is developing and implementing timekeeping and time collection training at regional offices and programs. DCFS has begun discussions with DHR to explore options for the development of e-Forms as well as utilization of the Manager Self-Service Module of e-HR to electronically record overtime approvals and track/monitor overtime usage. This module is projected to be piloted in August 2014.

A review of the personnel files for the six (6) employees cited in the A-C's findings as noncompliant, revealed that all six (6) reviewed and acknowledged receipt of Department's Overtime Guideline, FYI 11-02. Departmental managers are in discussion regarding appropriate follow-up personnel action.

**Recommendation #4**

For employees working overtime while not at their regular pay location, ensure approved overtime forms are submitted timely and directly to the employees' pay location supervisor.

**DCFS Response:** On January 7, 2014, DCFS re-distributed the latest update of the comprehensive May 2013 Time Reporting and Attendance Controls Guide to all employees. This memorandum emphasized the necessity of overtime being approved by managers at the appropriate level and who have first-hand knowledge of the work to be performed. The Department put in place a structured process to distribute the guidelines on a quarterly basis and our ICS will continue to conduct quality assurance monitoring of overtime policies and procedures by regularly reviewing a sample of departmental timekeeping documents. To further enhance compliance, the Department is developing and implementing timekeeping and time collection training at regional offices and programs. DCFS has begun discussions with DHR to explore options for the development of e-Forms as well as utilization of the Manager Self-Service Module of e-HR to electronically record overtime approvals and track/monitor overtime usage. This module is projected to be piloted in August 2014.

A review of the personnel files for the 20 employees cited in the A-C's findings as noncompliant, revealed that all 20 reviewed and acknowledged receipt of the Department's Overtime Guideline, FYI 11-02. Departmental managers are in discussion regarding appropriate follow-up personnel action.

**Recommendation #5**

Ensure all non-emergency overtime is approved before it is worked.

**DCFS Response:** To ensure all non-emergency overtime is approved before it is worked, as indicated in this recommendation and in compliance with the County Fiscal Manual (CFM), on January 7, 2014, DCFS re-distributed the latest update of the comprehensive May 2013 Time Reporting and Attendance Controls Guide to all employees. The memorandum emphasized the importance of overtime being approved by managers at the appropriate level and who have first-hand knowledge of the work to be performed. The Department put in place a structured process to distribute the guidelines on a quarterly basis and our ICS will continue to conduct Quality Assurance monitoring of overtime policies and procedures by regularly reviewing a sample of departmental timekeeping documents. To further enhance compliance, the Department is developing and implementing timekeeping and time collection training at regional offices and programs. DCFS has begun discussions with DHR to explore options for the development of e-Forms as well as utilization of the Manager Self-Service Module of e-HR to electronically record overtime approvals and track/monitor overtime usage. This module is projected to be piloted in August 2014.

**Recommendation #7**

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

**DCFS Response:** In 2007, DCFS Payroll Managers, supervisors, and staff attended training provided by the A-C. Since that time, the Department has provided additional training to DCFS staff and we will continue to reinforce the training with staff.

Post audit training include the January 16, 2014 training in which DCFS payroll supervisory staff received training on the rules and coding for part-pay sick, provided by the A-C. In order to efficiently reinforce and utilize the training, supervisors will subsequently train subordinate staff. On February 12, 2014, the A-C provided follow-up training. Since the control involves coding entered into e-HR by non-Payroll staff (regional offices/programs), DCFS will be conducting a Department-wide training that will include accurately completing timecards. On January 22, 2014, the Payroll Manager met with DCFS Bureau Liaisons and provided instructions for proper leave coding. As a follow-up to the January 22, 2014 meeting, the Payroll Manager requested and received the list of Department eCAPS Liaisons. By March 2014, leave coding instructions will be provided to Office Heads and the eCAPS Liaisons.

For the two (2) overpayments noted in A-C's findings, DCFS has fully recovered one (1) overpayment and on February 10, 2014, the overpayment letter for the other employee was forwarded to the A-C for collection.

**Recommendation #8**

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

**DCFS Response:** To facilitate the efficient and accurate Payroll and Personnel processes, including leave coding, DCFS subsequent to the conclusion of the audit studied the existing Payroll and Personnel Sections workflow and business processes. As a result, we restructured these sections by grouping them based upon functional areas in order for staff to develop specialized expertise for greater accountability and to better comply with this recommendation and others in this audit review. The new restructured Units were implemented effective January 2, 2014.

Additionally, on February 3, 2014, a highly experienced Administrative Services Manager I was hired as the HR Quality Assurance Manager and given direct responsibility for the management and compliance of the Payroll and Personnel internal controls.

**Recommendation #11**

Ensure Payroll Section staff correctly enters all key Industrial Accident (IA) dates into the Countywide Timekeeping and Payroll and Personnel System (CWTAPPS).

**DCFS Response:** As indicated in the response for Recommendation #8, the Payroll and Personnel Sections have been restructured to ensure efficient and accurate Payroll and Personnel processes, including the accurate processing of IA referrals. Additionally, on January 16, 2014, DCFS payroll supervisory staff received training provided by the A-C. In order to efficiently reinforce and utilize the training, supervisors will subsequently train subordinate staff. On February 12, 2014, the A-C provided follow-up training.

A review of payroll records by DCFS Payroll staff revealed that the employee identified in the A-C's report as being overpaid \$1,790 was, in fact, not an overpayment. Due to the retroactive correction of the employees' IA dates, the potential overpayment was self correcting. Therefore, Payroll did not discover any overpayment from this recommendation.

**Recommendation #12**

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

**DCFS Response:** As indicated in the response for Recommendation #8, the Payroll and Personnel Sections have been restructured to ensure efficient and accurate Payroll and Personnel processes, including the accurate processing of bilingual bonuses. Additionally, on February 3, 2014, a highly experienced Administrative Services Manager I was hired as the HR Quality Assurance Manager and given direct responsibility for the management and compliance of the Payroll and Personnel internal controls.

All 17 overpayments noted by the A-C have been fully recovered (\$3,960).

**Recommendation #13**

Ensure the Health and Safety Unit notifies Payroll within 24 hours when employees are placed on IA leave. Payroll staff should confirm, in writing, with the Health and Safety Unit that they have received the Notice of Benefits.

**DCFS Response:** In 2007, DCFS developed and distributed to Health and Safety and Payroll staff a Desk Guide for the Processing of Notification to Payroll and TPA for Employees on IA Leave Status. The step-by-step instructions regarding *timely* notifications of IA and confirmation of receipt of benefits was updated and redistributed on March 11, 2012, and January 6, 2014. In addition, on January 14, 2014, a Payroll Mailbox was established that allows for Benefit Notices to be sent

directly from the TPA to Payroll and Health and Safety at the same time. The addition of the Payroll Mailbox will eliminate Health and Safety having to provide notification to Payroll regarding Benefit Notices since notification will be provided directly from the TPA.

**Recommendation #14**

Provide training to Payroll staff to ensure staff correctly calculate supplemental payments for employees receiving TD payments during the PSCP.

**DCFS Response:** As indicated in the response for Recommendation #7, in 2007, DCFS Payroll managers, supervisors and staff attended training provided by the A-C. Additionally, on January 16, 2014, DCFS payroll supervisory staff received training provided by the A-C. In order to efficiently reinforce and utilize the training, supervisors will subsequently train subordinate staff. On February 12, 2014, the A-C provided follow-up training.

Of the four (4) overpayments identified, DCFS has fully recovered one (1) overpayment; one (1) adjustment of benefits was processed in lieu of recovery; and two (2) employees are still on LOA. Overpayment letters will be sent to the employees upon their return to work.

**Recommendation #15**

Develop and implement written desk procedures for processing and monitoring Industrial Accident cases, including a requirement to notify the TPA within 24 hours of employees returning to work.

**DCFS Response:** In 2007, DCFS developed and distributed to Health and Safety IA staff a Desk Guide for the Processing of Notification to Payroll and TPA for employees on IA Leave Status. The guide includes step by step instructions regarding the requirement to notify TPA of employees returning to work. The guide was updated and redistributed in March 2012 and January 2014 to include the additional information regarding the Payroll Mailbox. Health and Safety upon notification from the regional office staff (via a telephone call followed by the medical note and a DCFS 68) are required to immediately notify the TPA and Payroll that an employee has returned from leave.

The two (2) identified overpayments indicated in the audit finding were paid to the employees by the TPA rather than the Department. As such, the TPA is recovering the overpayments (\$4,652) pursuant to the Department's request of November 21, 2013.

**Recommendation #16**

Ensure that employees certify the accuracy of their reported time by completing and signing timecards.

**DCFS Response:** On January 7, 2014, DCFS re-distributed the latest update of the comprehensive May 2013 Time Reporting and Attendance Controls Guide to all employees, which includes instructions regarding the accurate completion and signing of hard copy time cards. The Department put in place a structured process to distribute the guidelines on a quarterly basis and our ICS will continue to conduct Quality Assurance monitoring of timecard signature compliance with CFM and DCFS policies and procedures by regularly reviewing a sample of departmental timekeeping documents.

Additionally, employees electronically certify the accuracy of their timecard via TIMEI.

**Recommendation #17**

Ensure supervisors review and sign employee timecards/DARs (Daily Absent Report).

**DCFS Response:** On January 7, 2014, DCFS re-distributed the latest update of the comprehensive May 2013 Time Reporting and Attendance Controls Guide to all employees. The Department put in place a structured process to distribute the guidelines on a quarterly basis and our ICS will continue to conduct Quality Assurance monitoring of timecard signature compliance with CFM and DCFS policies and procedures by regularly reviewing a sample of departmental timekeeping documents. Additionally, DCFS will be conducting a Department-wide training that will include instruction for completing, certifying, and signing timecards.

Note: TIMEI requires electronic signing, submitting, and approving timecards. The Department completed the Time Collection roll-out in 2010 to use the web-based TIMEI. Since that time, it has not been necessary to utilize DARS.

**Recommendation #28**

Ensure payoffs are conducted at all pay locations at least annually.

**DCFS Response:** DCFS began conducting annual Verification Reviews in 2009; and have consistently conducted them each year thereafter. However, the Employee Verification Procedures have been modified to ensure full compliance. As of 2014, participation in the review is now mandatory. The only employees exempted from the process are those employees on leave, vacation, or unavailable due to full-day training or court.

**Recommendation #29**

DCFS management ensure that staff independent of personnel/payroll functions verifies written approval for each supplemental warrant on the CWPAY Report of Supplemental Payroll Warrants Issued.

**DCFS Response:** On January 13, 2014, DCFS modified its Supplemental Warrant Review process to include a daily review of the Register Report to identify all supplemental warrant requests. Corresponding Payroll files are then reviewed to ensure written supervisory approval (signature) appears on the supplemental warrant request. The daily Register Report and a copy of the supplemental warrant requests are then maintained in a monthly binder.

**Recommendation #30**

DCFS management establishes procedures and monitor to ensure bonus transactions are entered into CWTAPPS by the Auditor-Controller (A-C) deadline.

**DCFS Response:** As indicated in the response for Recommendation #8, the Payroll and Personnel Sections have been restructured to ensure efficient and accurate Payroll and Personnel processes, including the accurate processing of bonuses transactions.

Additionally, in order to enhance accuracy, DCFS has developed and implemented the use a Bonus Review Checklist and a Bonus Review Master Calendar as part of the internal procedures for bonus transactions.

The effects of these positive changes have been recognized and the Department was complimented by the Chief Executive Office's (CEO) Classification and Compensation in their recent review of the Department's open Additional Responsibility Bonuses and timely discontinuance of bonuses scheduled to expire on December 31, 2013.

**Recommendation #31**

Ensure someone that does not enter data on CWTAPPS annually reviews the work assignments of employees receiving a bonus to verify they continue to be eligible for the bonus.

**DCFS Response:** As of February 3, 2014, DCFS has ensured the employee who annually reviews the work assignments of employees receiving a bonus to verify they continue to be eligible for a bonus is not an employee who enters data into eHR. As indicated in the response for Recommendation #8, the Payroll and Personnel Sections have been restructured to ensure efficient and accurate Payroll and Personnel processes, including the accurate processing of bonuses. As previously mentioned, DCFS has developed and implemented the use of a Bonus

Review Checklist and a Bonus Review Master Calendar as part of the internal procedures for bonus transactions. Additionally, on February 3, 2014, a highly experienced Administrative Services Manager I was hired as the HR Quality Assurance Manager and given direct responsibility for the management and compliance of the Payroll and Personnel internal controls. The Administrative Services Manager I will be responsible for reviewing the bonuses and determining eligibility of employees receiving a bonus and making timely notification to impacting and affecting office(s) to terminate the bonus.

For the three (3) overpayments that were identified in the A-C's audit report, all three (3) bonuses were terminated. Overpayment letters were mailed to the employees and recoveries are being processed by the A-C (\$3,960).

**Recommendation #33**

Monitor standby earnings to ensure employees do not earn more than the hourly rate allowed and the monthly maximum.

**DCFS Response:** In January, 2014, DCFS developed, approved, and implemented the Standby Earnings Review Procedure to ensure monthly monitoring. On January 10, 2014, a spreadsheet containing information regarding the negotiated standby limits for each DCFS Memoranda of Understanding was created to ensure universal application of the negotiated limits. Payroll staff also utilizes this tool for monitoring and ensuring that employees do not exceed standby limits.

**Recommendation #35**

DCFS management monitor to ensure terminations are processed timely.

**DCFS Response:** As indicated in the response for Recommendation #8, the Payroll and Personnel Sections have been restructured to ensure efficient and accurate Payroll and Personnel processes, including terminations. Additionally, on February 3, 2014, a highly experienced Administrative Services Manager I was hired as the HR Quality Assurance Manager and given direct responsibility for the management and compliance of the Payroll and Personnel internal controls.

**Recommendation #36**

DCFS management ensure someone with no payroll responsibilities traces terminated employees' names to the Payroll Sequence Register for at least three consecutive months after an employee terminates.

**DCFS Response:** On January 13, 2014, DCFS implemented the modified Employee Sequence Register Review process. The current process consists of reviewing the Employee Turnover Report and generating an eHR Employee Sequence Register, every month, for three consecutive months, for each employee

listed on the Turnover Report. These Registers are reviewed to determine if an employee received payment after termination. Additionally, direct responsibility for the management and compliance of the Payroll and Personnel internal controls has been assigned to the highly experienced Administrative Services Manager I hired in February 2014.

**Recommendation #38**

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

**DCFS Response:** On December 2, 2013, DCFS implemented IPPG to ensure control of security roles in eHR. The IPPG provides for consistent, accurate, and timely processing in a manner consistent with the CFM, and also includes a quarterly review of the process. The review is in place to facilitate restriction of access based on the employee job duties and remove employees who no longer require access. The first quarterly review was completed in December 2013, and is scheduled again for March 2014.

**Recommendation #40**

DCFS management ensures the Payroll Unit staff notifies employees of overpayments and follows up to ensure overpayments are collected.

**DCFS Response:** The Department created the "Special Processing Unit" within the Payroll Section which will be responsible for processing overpayments. The Department's Payroll Section Manager has been designated to review and sign all overpayment letters to ensure that they are processed consistent to the CFM and to review the overpayment log on a weekly basis to track that the overpayments are processed in a timely manner.

On January 10, 2014, DCFS implemented IPPG to ensure control, timely processing, tracking, monitoring, and recovery of overpayments. The Overpayment Processing IPPG provides a procedural step by step process to ensure consistency, accuracy, and timely processing in a manner consistent with the CFM.

Of the three (3) overpayments totaling \$5,726 identified in the A-C's audit report; two (2) are being processed by the A-C, and one (1) has been referred to TTC for collection.

**Recommendation #41**

DCFS management use CWTAPPS reports to monitor the Department's payroll operations and ensure the Payroll Supervisor reviews the reports as required by the County Fiscal Manual.

**DCFS Response:** The Pay Period Exceptions Investigation and Adjustment Processing IPPG were developed to ensure Payroll Supervisors review and use the following reports: Single Approver, Audit Trail, Missing Timesheet, Change in History Exception, and Excessive Compensation Earned/Regular Hours Exception. All reports will be reviewed by the Payroll Manager on a semi-monthly basis.

On January 15, 2014, DCFS implemented IPPG to ensure appropriate controls of all Payroll and Personnel reports. The IPPG provides a procedural step-by-step process to ensure consistency, accuracy, and timely processing in a manner consistent with the CFM. DCFS is developing a similar IPPG for the control of overtime reports.

**New Recommendation #1**

DCFS management ensure that employees immediately discontinue the practice of off-the-books overtime, and ensure employee timecards reflect actual hours worked, and that any variances, including overtime, are accurately reported and paid or accrued.

**DCFS Response:** On January 7, 2014, DCFS re-distributed the comprehensive May 2013 Time Reporting and Attendance Controls Guide to all employees; and will continue to distribute the guide on a quarterly basis. DCFS' ICS has been instructed to incorporate into their standing Quality Assurance monitoring rotation process the review of compliance with these policies and procedures, which includes reviewing timekeeping documents. Additionally, by May 30, 2014, DCFS will be conducting a Department-wide training that will include off-the-books overtime and accurately completing timecards.

**New Recommendation #2**

DCFS management ensures employees do not exceed the overtime limits.

**DCFS Response:** On January 7, 2014, DCFS re-distributed the latest update of the comprehensive May 2013 Time Reporting and Attendance Controls Guide to all employees. The Department put in place a structured process to distribute the guidelines on a quarterly basis and our ICS has been instructed to incorporate into their standing Quality Assurance monitoring rotation process the review of overtime authorization signature compliance with overtime policies and procedures, which includes reviewing a sample of departmental timekeeping documents. Additionally, DCFS will be conducting a Department-wide training that will include overtime limits.

**New Recommendation #3**

DCFS management ensures overtime pre-approval documentation is attached to employees' TIMEIs.

**DCFS Response:** On January 7, 2014, DCFS re-distributed the latest update of the comprehensive May 2013 Time Reporting and Attendance Controls Guide to all employees. The Department put in place a structured process to distribute the guidelines on a quarterly basis and our ICS has been instructed to incorporate into their standing Quality Assurance monitoring rotation process the review of overtime authorization signature compliance with overtime policies and procedures, which includes reviewing a sample of departmental timekeeping documents.

**New Recommendation #4**

DCFS management ensures that Health and Safety Unit staff maintains Notice of Benefits in employees' Industrial Accident files.

**DCFS Response:** In 2007, DCFS developed a Desk Guide for the Processing of Notification to Payroll and TPA for employees on IA Leave Status. The guide was subsequently updated in March 2012 and again on January 14, 2014, to ensure availability of step-by-step instructions for IA leave processing and timely notifications, including appropriate filing of forms. A Health and Safety CSA I has been identified to monitor files on a monthly basis for compliance.

**New Recommendation #5**

DCFS Management ensures Payroll staff review the eHR Time Collection exception reports, document the disposition of each entry, and sign and date the reports.

**DCFS Response:** On January 15, 2014, DCFS implemented IPPG to ensure appropriate controls of all payroll/personnel reports. The Pay Period Exceptions Investigation and Adjustment Processing IPPG was developed to provide a reliable reference source to support Payroll Supervisors review and use of the following reports: Single Approver, Audit Trail, Missing Timesheet, Change in History Exception, and Excessive Compensation Earned/Regular Hours Exception. The document also provides a procedural step by step process to facilitate consistency, accuracy, and timely processing in a manner consistent with the CFM. DCFS is developing a similar IPPG for the control of overtime reports. All reports will be reviewed by the Payroll Manager on every pay period.

**New Recommendation #6**

DCFS Management ensure Payroll staff review prior Missing Timesheet Reports, recover overpayments, and correct employee leave balances, as needed.

**DCFS Response:** In January 2014, DCFS developed internal policy, procedures, and guidelines on the Missing Timesheet report to ensure leave balances are corrected and overpayments are collected in a manner consistent with the CFM. In November 2013, DCFS initiated collection of identified overpayments; letters were mailed and recovery is being tracked. In December 2013, the Payroll Section developed and implemented an overpayment tracking log, which is monitored and reviewed by the Administrative Services Managers on a monthly basis.

Of the two (2) overpayments totaling \$3,966.18 identified in the A-C's audit report, DCFS has initiated recovery of one (1) overpayment (\$750.27). The other employee is on LOA; recovery will commence upon employee's return to work.

**New Recommendation #7**

DCFS management ensures the bonus start and stop dates are entered correctly in eHR.

**DCFS Response:** DCFS has developed a Bonus Review Master Calendar which is utilized as a monitoring tool to accomplish this recommendation. Also, as indicated in prior responses, the Payroll and Personnel Sections have been restructured to facilitate the efficient and accurate Payroll and Personnel processes, including the accurate processing of bonuses and other Payroll and Personnel processes. Additionally, on February 3, 2014, a highly experienced Administrative Services Manager I was hired as the HR Quality Assurance Manager and given direct responsibility for the management and compliance of the Payroll and Personnel internal controls.

As indicated in our response to Recommendation #30, the effects of these positive changes have been recognized and complimented by the CEO Classification and Compensation in their recent review and audit of the Department's open Additional Responsibility Bonuses and timely discontinuance of those bonuses that were scheduled to end on December 31, 2013.

Overpayment letters have been submitted for collection to the A-C for the two (2) overpayments totaling \$1,500, identified in the A-C's audit report.