# COUNTY OF LOS ANGELES
# DEPARTMENT OF AUDITOR-CONTROLLER

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August 12, 2013

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

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **DISTRICT ATTORNEY'S OFFICE – PAYROLL/PERSONNEL REVIEW**

In 2007, your Board instructed the Auditor-Controller (A-C) to develop a risk-based plan to audit payroll/personnel operations in all County departments. In accordance with the developed plan, we completed a review of the District Attorney's Office's (DA or Department) compliance with County payroll and personnel policies and use of the County's electronic Human Resources (eHR) system. We conducted our testwork for areas such as overtime usage, industrial accident (IA) payments, leave accounting, monitoring bonus eligibility, student worker work limits, travel advance payments, employee termination processing, and data security from April 2011 to November 2011. We conducted additional testwork for time and attendance recording from December 2012 to February 2013.

## Summary of Findings

We noted that the DA adequately secures payroll and personnel files, and processes travel advances appropriately. However, the Department needs to strengthen its controls over other areas of their payroll/personnel operations, as we have concluded significant findings. The following are examples of areas for improvement:

- The DA needs to ensure that employee timecards are accurate, and stop allowing employees to work overtime without recording it on their timecards. We reviewed time records for 34 hourly employees from two divisions/bureaus, covering a 12-month period, and noted significant inconsistencies. For 30 (88%) employees, we noted 251 separate instances where the sign-in sheets and

timecards did not match, including 161 (64%) instances where the sign-in sheets indicated that employees were absent, but the employees' timecards indicated they were at work. In the other 90 (36%) instances, we noted the employees' timecards showed they did not work, even though the units' sign-in sheets showed the employees were at work.

In addition, several DA staff from two of the Department's divisions/bureaus told us that they have worked overtime that was not recorded on their timecards, and/or acknowledged that their units allowed them to work unrecorded overtime. Departmental management also confirmed that they have historically used this practice to stay within their overtime budget.

*DA's attached response indicates that they will remind managers and supervisors to ensure that employee timecards accurately reflect the actual number of hours worked, including daily variances, and that employees sign in and out on their sign-in sheets. In addition, the DA's response indicates that the unrecorded overtime issue has been rectified and all managers and supervisors have taken the required FLSA training to ensure that these past practices do not occur in the future.*

- The DA needs to ensure that overtime is properly documented and pre-approved. We sampled overtime shifts worked by high overtime-earners, and noted that the Department did not have overtime authorizations for 61 (35%) of 171 overtime shifts reviewed. In addition, the 110 overtime shifts that did have supporting authorization slips were approved an average of ten days after the overtime was worked.

  *DA's attached response indicates that they will continue requiring all non-emergency overtime to be pre-approved in writing. In addition, DA management advised us that they will remind staff of their overtime pre-approval documentation policy.*

- The DA needs to ensure that student workers comply with work-hour limits. All ten student workers reviewed exceeded the 30 hours per week maximum, for a total of 191 violations in one year, without the required approvals from the Department of Human Resources (DHR).

  *DA's attached response indicates that their Human Resources Division (HR) now monitors student worker hours on a monthly basis to ensure compliance. In addition, DA management has developed rules and procedures, and has communicated them to all parties involved.*

- The DA needs to ensure that employees on IA leave are paid properly. We reviewed ten IA cases, and noted the Department miscalculated seven (70%) of

the ten employees' leave benefits reviewed, resulting in overpayments totaling $1,700, and underpayments totaling $3,300. In addition, five (50%) employees' timecards were incorrectly coded, resulting in overpayments totaling $1,800, and misstated leave balances.

*DA's attached response indicates that the Department's HR has designated one payroll staff person with the training and skills necessary to accurately review and process the timesheets, timecard adjustments, and other payroll documents of employees on IA leave.*

- The DA needs to verify employee bonus eligibility annually. Nine (31%) of the 29 bonuses sampled were not reviewed annually to ensure the employees were still eligible.

  *DA's attached response indicates that they revised their Annual Bonus Verification Form to include all types of bonuses to ensure bonuses are reviewed annually.*

- The DA needs to ensure that background checks (Live Scans) are conducted for employees promoted to sensitive positions, and a Live Scan review log is maintained at the DA's Bureau of Investigations (BOI) Unit. The DA did not Live Scan three (30%) of the ten employees who were promoted to sensitive positions. In addition, the BOI does not maintain a Live Scan review log, as required by DHR.

  *DA's attached response indicates that they reminded BOI staff of the importance of completing promotional Live Scans timely, and subsequently Live Scanned and cleared the three employees identified in the audit. In addition, the DA states that the Live Scan review log has been added to the BOI Live Scan process.*

We also noted that the DA can improve its controls over leave accounting, employee terminations, supplemental warrants, payroll payoffs, exception reports, and data security.

As indicated, our review disclosed several possible overpayments, underpayments, and incorrect leave balances. County policies do not specify when employees are required to repay overpayments because each overpayment is unique. DA HR management should research the individual cases in this report, and work with DHR, A-C Countywide Payroll Division, and County Counsel to recover overpayments, issue supplemental warrants to correct underpayments, and/or adjust employee leave benefit balances.

Although this report is a review of the DA's payroll and 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 Attachment I.

## Review of Report

We discussed the results of our report with DA management. The Department's attached response (Attachment II) indicates general agreement with most of our findings and recommendations. In two cases the Department did not fully agree with our recommendations. These issues and our responses are discussed in the attached report.

We thank DA 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.

WLW:RS:MP

Attachments

c: William T Fujioka, Chief Executive Officer
Jackie Lacey, District Attorney
Lisa M. Garrett, Director of Personnel, Department of Human Resources
John F. Krattli, County Counsel
Department Heads
Public Information Office
Audit Committee

# DISTRICT ATTORNEY'S OFFICE
# PAYROLL/PERSONNEL REVIEW

## Background

The District Attorney's Office (DA or Department) has approximately 2,300 employees. The Department's Human Resources Division (HR) uses the County's electronic Human Resource System (eHR) (previously the Countywide Timekeeping and Payroll/Personnel System or CWTAPPS) to track employee leave balances and Industrial Accident (IA) information; process personnel actions, such as hires/terminations; and maintain personnel data, including hire dates, social security numbers, and County job history. DA employees enter their time information directly into the Employee Self Service application within eHR.

## Scope

We reviewed the DA's compliance with County payroll and personnel policies, and the County Fiscal Manual (CFM). Our review included interviews with DA staff and management, and tests of overtime usage and controls, employee time records, IA and termination payments, warrant distribution, the student worker program, travel advances, and data security.

## COMMENTS AND RECOMMENDATIONS

## Payroll Exceptions

Our review disclosed a number of errors, such as incorrect timecards, computation errors, and misapplication of County payroll rules and regulations. These errors have resulted in possible overpayments, underpayments, and incorrect leave balances. Some of the errors may be the result of documentation or procedural errors, and not overpayments that would require employees to repay the amounts.

County policies do not specify when employees are required to repay overpayments because each overpayment is unique. DA HR management should research the individual cases noted in this report, and work with DHR, Auditor-Controller (A-C) Countywide Payroll Division, and County Counsel to recover overpayments, issue supplemental warrants to correct underpayments, and adjust employee leave benefit balances and/or the official timekeeping records as required.

### Recommendation

1. **DA HR management research the exceptions identified throughout this report, and work with DHR, A-C Countywide Payroll Division, and County Counsel to recover overpayments, issue supplemental warrants to correct underpayments, and adjust employee leave benefit balances and/or the official timekeeping records as required.**

## Overtime

County employees who are paid on an hourly basis are generally classified as "covered" by the federal Fair Labor and Standards Act (FLSA). FLSA establishes timekeeping and pay requirements for covered employees. The DA has approximately 1,000 covered staff in the Department's various divisions/bureaus (e.g., Bureau of Investigations (BOI), Victim-Witness Assistance Program (VWAP), Administrative Services, etc.) who work as investigators, victim-witness services staff, paralegals, clerks, etc.

### Timekeeping

The FLSA requires employers to maintain accurate time records for all covered employees, and CFM Section 3.1.6 requires that timecards include the total hours worked each day, and any variances. In addition, BOI Internal Policies Section 200.6 requires that investigators sign in and out on their unit's sign-in sheet to indicate their time of arrival and departure from the office.

As part of our overtime audit procedures, we interviewed some FLSA-covered staff from various DA divisions and bureaus. Several covered staff in the BOI and VWAP told us that they have worked overtime that was not recorded on their timecards, and/or acknowledged that their units allowed them to work unrecorded ("off-the-books") overtime.

We reviewed employee timecards and unit sign-in sheets for a 12-month period, and noted significant inconsistencies. Specifically:

- Unrecorded Overtime – For 23 (72%) of the 32 BOI employees, we noted 77 instances where employees' timecards indicate the employees were absent (on a Regular Day Off), but the units' sign-in sheets indicate the employees worked a full overtime shift. We also reviewed two covered employees at VWAP, and noted 13 instances where the employees' timecards showed they did not work, even though the units' sign-in sheets showed the employees were at work.

- Unrecorded Leave Time – For 26 (81%) of the 32 employees reviewed, we noted 107 instances where the employees' timecards indicate they had worked a full shift, but the unit sign-in sheets indicate the employees took the day off. Many of the sign-in sheets indicate the employees had "adjusted" days off, suggesting that employees were taking time off using unrecorded overtime they had worked. In two instances, the sign-in sheets indicate the employees had taken a full week off, but their timecards recorded they had worked.

  In addition, we noted 54 instances where six employees recorded working a full shift on their timecards, but the sign-in sheets indicate they had only worked a partial shift.

We also noted 511 instances among 35 employees reviewed where employees' timecards indicate they worked, but they did not sign in or out on the sign-in sheet. Based on the documentation available, we could not determine the specific causes of these discrepancies.

BOI and VWAP management acknowledged that they have historically used off-the-books overtime in order to stay within their overtime budgets. However, this practice is prohibited by the FLSA and County rules, and results in inaccurate time reported in eHR, incorrect employee leave balances, and potentially incorrect employee compensation. To prevent potential liability for the County, DA management should discontinue the practice of allowing employees to work off-the-books overtime, ensure that employee timecards accurately reflect all hours worked and any variances, and ensure investigators sign in and out on their unit's sign-in sheets as required.

### Recommendations

**DA management:**

2. **Discontinue the practice of allowing employees to work off-the-books overtime.**

3. **Ensure that all employee timecards reflect the actual number of hours worked and/or daily variances, and ensure investigators sign in and out on their unit's sign-in sheets as required.**

## Timecard/Overtime Approvals

CFM Section 3.1.6 requires employees and supervisors to certify that timecards are complete and accurate. However, allowing employees to work and use off-the-books overtime means that employees and supervisors frequently signed and certified incorrect timecards.

### Recommendation

4. **DA management remind employees and supervisors that timecards must reflect all hours worked and leave time taken, and that signing or approving incorrect timecards may result in disciplinary action.**

## Overtime Compensation

FLSA requires that covered employees be compensated for time worked in excess of 40 hours per week, at a rate not less than one and one-half times their regular pay. However, DA employees who worked off-the-books overtime may not have been properly compensated. Specifically:

- BOI and VWAP management told us that they compensate staff for off-the-books overtime with off-the-books time off on an hour-for-hour basis, instead of one and one-half time.

  In addition, BOI supervisors do not formally track off-the-books overtime worked by their staff. As a result, they could not determine the amount of off-the-books time off given to their staff.

- Two employees interviewed told us that they occasionally have worked overtime, without being compensated, including not receiving off-the-books time off or wages.

- One employee's annual Performance Evaluation indicated that the employee frequently worked beyond normal hours and was rarely compensated for the additional time.

**Recommendation**

5. **DA management ensure covered employees are paid and/or accrue compensatory time off at the legally required rate, for all overtime.**

## Overtime Justification/Documentation

The DA's Personnel Policies Handbook Section 5.03.00 requires employees to obtain written approval (overtime slip) before working non-emergency overtime. The procedures require overtime slips to include justification for the overtime, and the number of hours approved. CFM Section 3.1.3 requires departments to maintain payroll documents for at least five years.

We reviewed 171 overtime shifts from 20 high-overtime earners, and noted 61 (36%) instances where the Department could not provide an overtime slip. In addition, all 110 (100%) of the overtime slips provided by the DA were approved an average of ten days after the overtime was worked.

DA management indicated that supervisors give oral approval for overtime. However, management should ensure that the pre-approvals are documented as required.

**Recommendation**

6. **DA management ensure all non-emergency overtime is pre-approved in writing.**

## Student Workers

The County's Student Worker Program allows departments to hire students, and provide them with temporary work experience while they obtain a degree or certification.

DHR rules limit student workers to 30 hours a week, for a maximum of six years, and require each student to maintain a minimum grade-point average, unless approved by DHR.

We reviewed the personnel and time records for ten student workers, and noted the following:

- All ten (100%) of the student workers reviewed exceeded the 30 hours per week maximum, for a total of 191 violations in one year, without DHR's approval. For example, one student worker averaged 38 hours per week for 50 weeks.

- One (10%) student worker worked in that capacity for 20 years, exceeding the six-year maximum, without DHR's approval.

- One (10%) student worker did not meet DHR's minimum grade-point average requirement for multiple semesters, but was allowed to remain in the program.

We also noted that for all ten (100%) student workers reviewed, DA HR did not sign the Student Worker Information and Status reports to verify student worker eligibility. DHR requires that departmental HR managers verify student worker eligibility by completing and signing both reports.

**Recommendations**

**DA Human Resources management:**

7. **Ensure student workers comply with work-hour and program time limits, and obtain approval from DHR for any exceptions.**

8. **Ensure student workers meet minimum academic requirements, and remove any ineligible student workers timely.**

9. **Sign the Student Worker Information and Status reports when verifying the student workers' eligibility.**

## Industrial Accidents

County employees who are unable to work because of work-related IAs may receive temporary disability (TD) benefits, which must be authorized by one of the County's Third Party Administrators. The first year of the injury is known as the salary continuation period. 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 their TD benefits up to 100% of their regular pay during the PSCP. The Department's Return to Work (RTW) and Payroll units are responsible for calculating employee supplemental TD benefits, and ensuring that the employees' timecards are correctly coded.

We reviewed ten PSCP cases, and noted that RTW staff miscalculated seven (70%) employees' supplemental earnings, resulting in overpayments totaling $1,700 and underpayments totaling $3,300. In addition, we noted that five (50%) employees' timecards were incorrectly coded (e.g., incorrect benefit percentages, inappropriate holiday accruals, etc.), resulting in overpayments totaling $1,800 and misstated leave balances.

**Recommendation**

**10. DA management retrain RTW and Payroll staff to ensure they properly calculate supplemental earnings for employees receiving TD payments, and correctly code timecards for employees on IA leave.**

## Leave Accounting

Employees who are eligible for sick leave, and are out sick, can use full-pay or part-pay sick leave to be paid during their absence. However, these employees cannot use part-pay sick leave until they have used all of their full-pay sick leave available at the time of the injury or illness. Once an employee begins using part-pay sick leave, County Code Section 6.20.050 prohibits the employee from using any type of full-pay leave (e.g., vacation, full-pay sick leave, etc.) they may have earned while on leave, unless specifically authorized by the department head. The Department's Payroll, RTW, and Employee Relations units are responsible for ensuring that the correct leave codes are used when employees are on extended sick leave.

We reviewed payroll data for 15 employees on extended sick leave, and noted three (20%) employees were paid incorrectly, with multiple errors for two employees:

- Two employees went from using part-pay sick leave to using other full-pay leave (e.g., vacation, holiday earned, etc.), without the required Department Head approval. This resulted in potential overpayments of $700.

- Three employees' part-pay sick leave hours were coded incorrectly, resulting in potential overpayments totaling $400, and incorrect sick leave balances.

**Recommendations**

**DA management:**

**11. Obtain Department Head approval before allowing employees to use full-pay leave when employees are on part-pay status.**

**12. Train and monitor Payroll, RTW, and Employee Relations staff to ensure the correct leave codes are used when employees are on extended sick leave.**

## Bonuses

### Bonus Documentation

Employees can receive bonuses for special job skills and taking on additional responsibilities or duties. CFM Section 3.1.8 requires departments to ensure all employees receiving bonuses are eligible by reviewing the employees' personnel file documentation annually. The annual bonus review report should be signed and dated by the person performing the review.

We reviewed 20 employees receiving a total of 29 bonuses and noted:

- Eighteen (62%) instances where the Department did not have documentation supporting the bonus in the employees' personnel files. While the Department provided documentation from their unit files supporting that all of the bonuses were appropriate, we believe it is important to maintain critical pay-related documentation in official employee personnel files as required by the CFM.

  The Department's attached response indicates that the CFM does not clearly require that bonus documentation be maintained in the employee personnel file. However, since the CFM requires departments to review the documentation in the personnel file to verify each employee's bonus eligibility, we believe that this requirement is clearly defined.

- Nine (31%) instances where the Department did not annually review the employees' eligibility for the bonuses. While we noted that the employees still qualified for the bonus, the Department should ensure that managers verify the employees' eligibility for all bonuses annually.

#### Recommendations

**DA management:**

13. **Maintain supporting documentation for all bonuses in the employee's personnel file as required by CFM Section 3.1.8.**

14. **Ensure that managers verify the employees' eligibility for all bonuses annually.**

### Bilingual Bonus Suspension

DHR Interpretive Manual Chapter 5, Section 4 (G) states that employees who are absent for more than 60 consecutive calendar days should not receive a bilingual bonus. During our leave testwork, we noted two employees who continued to receive their bilingual bonus even though they were absent for more than 60 consecutive days. This resulted in overpayments totaling $700.

**Recommendation**

**15. DA management ensure that bilingual bonuses are suspended when an employee is absent for more than 60 consecutive calendar days.**

## Bonus Timeliness

CFM Section 3.1.8 requires departments to enter bonus information into eHR within A-C deadlines each pay period. We noted that Personnel staff entered two (20%) of ten bonuses reviewed an average of 19 days late.

The DA's attached response indicates that the Department entered the bonuses by the A-C's set deadlines and that the CFM does not specify a specific timeframe or parameter for bonus entry into eHR. However, we noted the Department delayed the processing and approval of the bonuses, resulting in late eHR data entry and untimely payments to employees. This violates the CFM which requires that bonuses be entered by the A-C deadline to minimize post period adjustments and the likelihood of incorrect payments.

**Recommendation**

**16. Personnel management ensure bonuses are entered into eHR by the A-C deadlines and monitor for compliance.**

## Background Checks

DHR policy requires departments to perform background checks on all employees appointed to sensitive positions, to identify criminal convictions, and determine if there is a job nexus. Criminal history information is obtained from the California Department of Justice through an electronic fingerprinting process called "Live Scan". Departments are also required to maintain a Live Scan review log, to ensure that only individuals with a legitimate "need to know" can review employees' criminal history information. The DA has two separate Bureaus that perform employee background checks: BOI reviews sworn staff, and the Administrative Services Bureau reviews all other DA employees.

We reviewed ten employees who were appointed to sensitive positions over a 12-month period, and noted that BOI did not perform a Live Scan for three (30%) Investigator positions. In addition, BOI does not maintain a Live Scan review log.

**Recommendations**

**DA management:**

**17. Live Scan all employees appointed or promoted to sensitive positions.**

**18. Ensure BOI maintains a Live Scan review log.**

## Supplemental Warrants

Supplemental payroll warrants are issued to correct underpayments to employees. CFM Section 3.2.3 requires that an employee independent of the payroll/personnel function verify that there is written approval for each supplemental warrant on the Departmental Warrant Sequence Register.

The DA did not independently verify the written approval for any of the ten supplemental warrants reviewed.

### Recommendation

19. **DA management ensure staff independent of the payroll/personnel functions verifies written approval for each supplemental warrant on the Departmental Warrant Sequence Register.**

## Payroll Payoffs

CFM Section 3.1.12 requires departments to conduct periodic payroll payoffs, including obtaining proof of identity and signatures for all employees being paid to verify they are legitimate County employees. The CFM requires the payoffs be conducted by employees who have no other payroll/personnel responsibilities.

The DA's payoff controls do not comply with the CFM. Specifically:

- Unit timekeepers conducted the payoffs.
- Some pay locations gave out payroll warrants/notices of direct deposit without requiring the employees to sign for them.
- To verify the status of employees on long-term leave, some pay locations sent unclaimed warrants/notices of direct deposit to the employees by certified mail. However, this practice defeats the purpose of the payoffs since certified mail does not require a signature from the specific employee. The Department should use a method, such as Restricted Delivery mail service, that requires verification by the specific individual.

In addition, the Department could not provide documentation that they conducted payoffs for all pay locations.

In May 2012, the DA implemented Paystub Viewer, which eliminates hardcopy notices of direct deposit, and allows employees to view their pay information online. While the DA no longer distributes notices of direct deposit, CFM Section 3.1.12 requires departments to ensure employees receiving pay or benefits are bona fide by having employees show proper identification and signing the Department Direct Deposit/Zero Net Pay Distribution Register and/or Department Warrant Register.

**Recommendations**

**DA management:**

20. **Ensure payoffs are conducted by staff with no other payroll/personnel responsibilities.**

21. **Require all employees to sign the Department Direct Deposit/Zero Net Pay Distribution Register or Department Warrant Register, and immediately investigate and appropriately verify the identities of employees who do not sign the reports.**

22. **Conduct payoffs at all pay locations at least annually, and maintain payoff documentation.**

## Timeliness of Terminations

When an employee terminates County employment, Personnel staff enter the required information into eHR. It is important that staff enter terminations by the A-C deadlines. Terminations entered after the deadlines must be processed manually, and may result in incorrect payments.

Two (20%) of ten terminations tested were not processed within the A-C deadline. These terminations were entered an average of ten days late. Personnel management indicated that processing delays were generally due to the pay locations submitting documents late. Although we found no payment errors, the delays resulted in one employee being paid late.

**Recommendation**

23. **DA Personnel management monitor to ensure terminations are processed timely.**

## Payroll/Personnel Exception Reports

eHR automatically generates reports to assist managers in monitoring payroll/personnel operations. CFM Sections 3.1.0 and 3.1.7 require Payroll staff to investigate exceptions on the following reports and annotate the reports to document the disposition of each entry, and sign and date the reports.

- Overtime Activity Report
- Leave Benefit Negative Balance Report
- Change in Overtime History Exception Report
- Excessive Comp Earned/Regular Hours Exception Report
- Single Approver Report

- Audit Trail Report
- Missing Timesheet Report

We reviewed eleven reports, and noted that six (55%) were either partially or not annotated by staff to indicate that the exceptions were corrected. In addition, we noted that three (27%) were not signed and dated by staff.

**Recommendations**

**DA management:**

24. **Ensure staff annotate payroll exception reports as required by the CFM.**

25. **Ensure staff sign and date the payroll exception reports.**

## Data Security

CFM Section 8.6.3 requires employees with access to County computer data to sign an acknowledgement that they have read and understand the Department's security policy. The DA did not have signed acknowledgments for six (30%) of the 20 employees reviewed.

**Recommendation**

26. **DA management ensure that all employees with access to County computer data sign the data security policy.**

## Desk Procedures

In a December 16, 2009 memo, we recommended that all departments develop specific desk procedures to outline employees' duties and the steps required to complete assignments. Desk procedures can help employees maintain consistency, effectiveness, and compliance with County policies and procedures.

We noted that the DA has not developed specific desk procedures for some payroll and personnel assignments, such as verifying the accuracy of overtime compensation, reviewing bonuses annually, conducting payoffs, etc. Some of the issues we noted in the DA's payroll and personnel operations may have been minimized if the Department had developed and implemented desk procedures for these assignments.

**Recommendation**

27. **DA management develop and implement specific desk procedures for payroll and personnel assignments.**

JACKIE LACEY
LOS ANGELES COUNTY DISTRICT ATTORNEY

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July 15, 2013

TO: Wendy L. Watanabe
Auditor-Controller

FROM: Jackie Lacey
District Attorney

SUBJECT: **DISTRICT ATTORNEY'S RESPONSE TO THE AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL REVIEW**

Attached is my Department's response to the recommendations contained in your report on my Office's payroll/personnel operations. We have carefully considered the issues and recommendations outlined in the audit report and on those recommendations in which there is agreement, we have either implemented or initiated implementation of the recommendations.

We appreciate the opportunity to include our response with your report and the constructive spirit in which the recommendations were offered.

If your staff have any questions or require additional information, they may contact Alayna Elam, Chief, Human Resources Division, at (213) 202-7728 or aelam@da.lacounty.gov.

JL:ae

Attachment

# *DISTRICT ATTORNEY'S OFFICE RESPONSE TO THE AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL REVIEW*

## *PAYROLL EXCEPTIONS*

**RECOMMENDATION #1**

DA HR management research the exceptions identified throughout this report, and work with DHR, A-C Countywide Payroll, and County Counsel to recover overpayments, issue supplemental warrants to correct underpayments, and adjust employee leave benefit balances and/or the official timekeeping records as required.

**District Attorney Response:**

The Department agrees. Payroll staff is completing its research of identified exceptions and will work with DHR, A-C Countywide Payroll Division, and County Counsel as necessary to recover confirmed overpayments, correct underpayments, and/or adjust employee leave balances. By December 31, 2013, letters will be sent to identified employees to recover overpayments, issue supplemental checks, and adjust benefit balances as necessary.

## *OVERTIME*

**RECOMMENDATION #2**

DA management discontinue the practice of allowing employees to work off-the-books overtime.

**District Attorney Response:**

This situation has been rectified and all managers and supervisors have taken required FLSA training to ensure that these past practices do not occur in the future.

**RECOMMENDATION #3**

DA management ensure that all employee timecards reflect the actual number of hours worked and/or daily variances, and ensure investigators sign in and out on their unit's sign-in sheets as required.

**District Attorney Response:**

The Department will issue a reminder to managers and supervisors to ensure timecards accurately reflect the actual number of hours worked and daily variances. Managers and supervisors will also be reminded to ensure that employees sign in and out on their sign-in sheets. For situations where employees work in the field, they will continue their call-in practice to the office.

## *DISTRICT ATTORNEY'S OFFICE RESPONSE TO THE AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL REVIEW*

**RECOMMENDATION #4**

DA management remind employees and supervisors that timecards must reflect all hours worked and leave time taken, and that signing or approving incorrect timecards may result in disciplinary action.

**District Attorney Response:**

As indicated above, the Department will issue a reminder to managers and supervisors to ensure timecards accurately reflect the actual number of hours worked and daily variances.

**RECOMMENDATION #5**

DA management ensure covered employees are paid and/or accrue compensatory time off at the legally required rate, for all overtime.

**District Attorney Response:**

The Department has rectified this situation and all managers and supervisors have taken FLSA training. The Department will reinforce overtime policies with managers and supervisors and ensure that overtime worked is either paid or accrued at the legally required rate.

**RECOMMENDATION #6**

DA management ensure all non-emergency overtime is pre-approved in writing.

**District Attorney Response:**

The Department will continue its practice of requiring that all non-emergency overtime be pre-approved in writing. For situations where staff works in the field, we will continue our call-in practice to the office.

## ***STUDENT WORKERS***

**RECOMMENDATION #7**

DA Human Resource Management ensure student workers comply with work-hour and program time limits, and obtain approval from DHR for any exceptions.

## *DISTRICT ATTORNEY'S OFFICE RESPONSE TO THE AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL REVIEW*

**District Attorney Response:**

The Department agrees and has implemented this recommendation. The Human Resources Division's Operations Section monitors student worker hours on a monthly basis to ensure compliance. Rules and procedures have been developed and communicated to all parties involved.

**RECOMMENDATION #8**

DA Human Resource management ensure student workers meet minimum academic requirements, and remove any ineligible student workers timely.

**District Attorney Response:**

The Department agrees and has implemented this recommendation. The Operations Section verifies student worker grades on a quarterly basis and has released student workers who do not meet the program requirements.

**RECOMMENDATION #9**

DA Human Resource management sign the Student Worker Information and Status reports when verifying the student workers' eligibility.

**District Attorney Response:**

The Department agrees and has implemented this recommendation. The Operations Section ensures that all Student Verification forms and Status reports are reviewed, verified, and signed.

## *INDUSTRIAL ACCIDENTS*

**RECOMMENDATION #10**

DA management retrain RTW and Payroll staff to ensure they properly calculate supplemental earnings for employees receiving TD payments, and correctly code timecards for employees on IA leave.

**District Attorney Response:**

The Department agrees and has implemented this recommendation. The Human Resources Division has designated one payroll staff person with the training and skills necessary to accurately review and process the timesheets, timecard adjustments, and other payroll documents of employees on leave. This change has mitigated the occurrence of incorrect timesheet coding and incorrect usage of leave time.

# *DISTRICT ATTORNEY'S OFFICE RESPONSE TO THE AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL REVIEW*

## *LEAVE ACCOUNTING*

**RECOMMENDATION #11**

DA management obtain Department Head approval before allowing employees to use full-pay leave when employees are on part-pay status.

**District Attorney Response:**

The Department agrees and has implemented this recommendation. Payroll, Return-to-Work, and Employee Relations staff continue to require employees on part pay sick leave to provide documentation from the Department Head authorizing them to use full pay sick leave. As indicated above, the Department has designated one payroll staff person to review and process the timesheets, timecard adjustments, and other payroll documents of employees on leave. This change has mitigated the occurrence of incorrect timesheet coding and incorrect usage of leave time.

**RECOMMENDATION #12**

DA management train and monitor Payroll, RTW, and Employee Relations staff to ensure the correct leave codes are used when employees are on extended sick leave.

**District Attorney Response:**

The Department agrees and has implemented this recommendation. Again, as indicated above, the Department has designated one payroll staff person to process and review the timesheets, timecard adjustments, and other payroll documents of employees on leave. This change has mitigated the occurrence of incorrect timesheet coding and incorrect usage of leave time.

## *BONUSES*

**RECOMMENDATION #13**

DA management maintain supporting documentation for all bonuses in the employee's personnel file as required by County Fiscal Manual (CFM) Section 3.1.8.

**District Attorney Response:**

The Department disagrees with the audit findings and this recommendation. It is the Department's practice to maintain bonus documentation in unit files and not in employee personnel files. CFM Section 3.1.8, does not specifically state that

## *DISTRICT ATTORNEY'S OFFICE RESPONSE TO THE AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL REVIEW*

**District Attorney Response - Continued**

Bonus documentation must be placed in the employee's personnel file. The bullet pertaining to employee bonuses states that personnel management should review the work assignment of all employees receiving bonuses annually "to ensure that bonuses are still applicable, and that employees are still eligible by reviewing the employees' personnel file documentation, as well as their current work assignment. Therefore, the Department did not violate CFM Section 3.1.8. If it is the Auditor's intent that departments file bonus documentation in employee personnel files, they should revise the CFM to clearly state this requirement.

Please note that the Department does review personnel files when determining eligibility for bonuses; however, we believe that maintaining bonus information in centralized separate files for each employee is more efficient rather than co-mingling the documents with the myriad of other documents filed in employee personnel files.

**RECOMMENDATION #14**

DA management ensure that managers verify the employees' eligibility for all bonuses annually.

**District Attorney Response:**

The Department agrees and has implemented this recommendation. The Department's Annual Bonus Verification Form has been revised to include all types of bonuses.

**RECOMMENDATION #15**

DA management ensure that bilingual bonuses are suspended when an employee is absent for more than 60 consecutive calendar days.

**District Attorney Response:**

The Department agrees and has implemented this recommendation. The Human Resources Division's Quality Control and Classification/Compensation Units closely monitor employee monthly leave reports and provide timely cancellation notices to the Processing Unit to avoid overpayments.

**RECOMMENDATION #16**

Personnel management ensures bonuses are entered into eHR by the Auditor-Controller deadlines and monitor for compliance.

## *DISTRICT ATTORNEY'S OFFICE RESPONSE TO THE AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL REVIEW*

**District Attorney Response:**

The Department continues to utilize the Auditor-Controller's set deadlines and has informed Bureau secretaries of the importance of the timely submission of Personnel Action Authorization forms in the processing of bonuses. However; the Department did not violate CFM Section 3.1.8 because the bonuses identified in the audit were processed by the Auditor-Controller's set deadline. This section does not specifically state that bonuses must be entered within a specific timeframe or parameter. If this is the Auditor's intent, they should revise the CFM to clearly state this requirement.

### *BACKGROUND CHECKS*

**RECOMMENDATION #17**

DA management Live Scan all employees appointed or promoted to positions.

**District Attorney Response:**

The Department agrees and this recommendation has been implemented. Bureau of Investigation staff have been reminded of the importance of completing timely promotional Live Scans. The three employees identified in the audit have been Live Scanned and cleared after their promotions were processed.

**RECOMMENDATION #18**

DA management ensure the Bureau of Investigation maintains a Live Scan review log.

**District Attorney Response:**

The Department agrees and has implemented this recommendation. The Live Scan review log has been added to the Bureau of Investigation's Live Scan process.

### SUPPLEMENTAL WARRANTS

**RECOMMENDATION #19**

DA management ensure staff independent of the payroll/personnel functions verifies written approval for each supplemental warrant on the Departmental Warrant Sequence Register.

## *DISTRICT ATTORNEY'S OFFICE RESPONSE TO THE AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL REVIEW*

**District Attorney Response:**

The Department agrees with this recommendation and is developing a solution that will fully address this recommendation.

### *PAYROLL PAYOFFS*

**RECOMMENDATION #20**

DA management ensure payoffs are conducted by staff with no other payroll/ personnel responsibilities.

**District Attorney Response:**

The Department agrees with the recommendation and will ensure that future payoffs are conducted by staff with no other payroll/personnel responsibilities.

**RECOMMENDATION #21**

DA management require all employees to sign the Department Direct Deposit/Zero Net Pay Distribution Register or Department Warrant Register, and immediately investigate and appropriately verify the identities of employees who do not sign the reports.

**District Attorney Response:**

The Department agrees. Staff conducting payoffs will be required to ensure that all Departmental employees sign the Department Direct Deposit/Zero Net Pay Distribution Register when claiming their warrant. Payroll staff will immediately investigate employees who do not sign the Department Direct Deposit/Zero Net Pay Distribution Register. Additionally, when mailing unclaimed warrants to employees on a long-term leave of absence, staff will use the restricted delivery method, which allows only a specified recipient to sign the receipt card.

**RECOMMENDATION #22**

DA management conduct payoffs at all pay locations at least annually, and maintain payoff documentation.

**District Attorney's Response:**

The Department agrees and, as it is its practice, will continue to perform unannounced payroll payoffs on an annual basis and maintain payoff documentation in the Payroll Unit. Payroll staff have been reminded to review

## *DISTRICT ATTORNEY'S OFFICE RESPONSE TO THE AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL REVIEW*

**District Attorney Response - Continued**

payoff documentation for each pay location to ensure that all pay locations participated in the payoff.

### *TIMELINESS OF TERMINATIONS*

**RECOMMENDATION #23**

DA Personnel management monitor to ensure terminations are processed timely.

**District Attorney Response:**

The Department agrees and has implemented this recommendation. Human Resources staff have been informed of the importance of the timely submission and processing of termination transactions.

### *PAYROLL/PERSONNEL EXCEPTION REPORTS*

**RECOMMENDATION #24**

DA management ensure staff annotate payroll exception reports as required by the CFM.

**District Attorney's Response:**

The Department agrees and has implemented this recommendation. HR management ensures that payroll exception reports are reviewed, annotated, signed, and dated by the payroll supervisor as required by the CFM.

**RECOMMENDATION #25**

DA management ensure staff sign and date the payroll exception reports.

**District Attorney Response:**

The Department agrees and has implemented this recommendation. HR management ensures that payroll exception reports are reviewed, annotated, signed, and dated by the payroll supervisor as required by the CFM.

# *DISTRICT ATTORNEY'S OFFICE RESPONSE TO THE AUDITOR-CONTROLLER'S PAYROLL/PERSONNEL REVIEW*

## *DATA SECURITY*

**RECOMMENDATION #26**

DA management ensure that all employees with access to County computer data sign the data security policy.

**District Attorney Response:**

The Department agrees and has implemented this recommendation. The Department will ensure all users sign the data security policy.

## *DESK PROCEDURES*

**RECOMMENDATION #27**

DA management develop and implement specific desk procedures for payroll and personnel assignments.

**District Attorney Response:**

The Department agrees. The Human Resources Division had developed desk procedures and guidelines for various payroll/personnel processes prior to the audit. These procedures will be appended to include new processes/operations.