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September 4, 2007

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

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

Attached is our report on the Department of Children and Family Services' (DCFS) compliance with County payroll and personnel policies and use of the Countywide Timekeeping and Payroll/Personnel System (CWTAPPS). Our review covered areas such as use of overtime, leave accounting, industrial accident payments, recording time and attendance, processing terminations, monitoring bonus eligibility, and data security.

Summary of Findings

DCFS needs to strengthen its controls over payroll/personnel operations and use of CWTAPPS. The following are examples of areas needing improvement.

- Overtime is not always approved by supervisors who can verify the employees actually worked the reported time. We also noted two employees who regularly signed each other's overtime forms and instances where the employees may have forged a supervisor's signature. We referred this matter to our Office of County Investigations.

- DCFS needs to ensure that employees on extended sick leave are accurately paid. We noted potential overpayments in excess of $54,000 resulting from inaccurate coding in CWTAPPS.

- DCFS needs to closely monitor Industrial Accident cases to ensure employees do not continue to receive temporary disability (TD) benefits after they return to work. We identified four employees who continued to receive TD payments after returning to work resulting in overpayments of approximately $18,000.

- DCFS should ensure that employees certify the accuracy of their reported time by completing and signing their time card. DCFS should also ensure that supervisors review and sign employee time cards and other related documents which require approval (e.g., Daily Absent Report, etc.).

- DCFS needs to ensure that employee time information is accurately recorded on employee time cards. We noted that the information on some sampled time cards did not always agree to supporting documents (i.e., the Daily Absent Report) and CWTAPPS. Also, time cards are not always prepared, signed by employees and approved by supervisors.

- DCFS needs to ensure that only eligible employees receive bonuses and that bilingual bonuses are suspended when employees are absent for more than 60 days. Non compliance with County policy in this area resulted in overpayments of approximately $15,000.

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

Review of Report

We discussed our report with DCFS representatives on August 20, 2007. The Department's attached response indicates agreement with our findings and recommendations. The Department will provide a detailed response to the Board of Supervisors on their progress in implementing the recommendations within 60 days.

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 Terri Kasman at (626) 293-1121.

JTM:MMO:JLS:TK:YK

Attachment

c: William T Fujioka, Chief Executive Officer
Patricia S. Ploehn, Director, Department of Children and Family Services
Susan Kerr, Chief Deputy Director, Department of Children and Family Services
Michael J. Henry, Director, Department of Human Resources
Sachi A. Hamai, Executive Officer
Public Information Office
Audit Committee

DEPARTMENT OF CHILDREN AND FAMILY SERVICES
PAYROLL/PERSONNEL REVIEW

Background

The Department of Children and Family Services (DCFS) employs approximately 7,000 employees in 31 locations. DCFS' Human Resources Division includes the Personnel and Payroll sections. The Personnel section has 17 employees and the Payroll section has 31. DCFS has timekeepers at its headquarters and at outlying locations to enter employee time information into the Countywide Timekeeping and Payroll/Personnel System (CWTAPPS).

DCFS uses CWTAPPS to process personnel actions such as hires and terminations, and maintain personnel data, including hire dates, social security numbers and County job history. CWTAPPS also maintains employees' leave balances and industrial accident information.

Scope

We reviewed DCFS' compliance with County payroll and personnel processing policies including compliance with the County Fiscal Manual (CFM). Our review included interviews with staff and tests of employee time records; overtime payments; processing industrial accident and termination payments; monitoring bonus eligibility; overpayment recovery; and data security.

COMMENTS AND RECOMMENDATIONS

Payroll Exceptions

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

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.**

Overtime

DCFS' guidelines require all overtime to be pre-approved by the Department Head or designee. DCFS supervisors use a "Request for Time Off" or "Overtime form" to

approve overtime. The Department's budgeted overtime for fiscal year 2006-07 was approximately $10.5 million and actual overtime was approximately $9.8 million.

Overtime Controls

We noted that many DCFS employees work overtime away from their regular pay location, either in the 24-hour Child Protection Hotline or the Emergency Response Command Post. We reviewed 30 employees who earned an average of $26,000 in overtime during 2005 and noted a number of deficiencies in the overtime approval process:

- **Overtime forms are not always signed by someone who can verify the overtime was worked.** The employees' supervisors, at the overtime work location, indicated that they often approve employees' overtime forms without knowing whether the employee actually worked the overtime. This was particularly true at the Hotline and Command Post because there are multiple supervisors and employees working various shifts.

- **Approved overtime forms are returned to employees.** After an employee works the overtime, the supervisor where the overtime is worked signs the overtime form and returns it to the employee. The employee then submits the approved overtime form to his/her regular pay location supervisor or secretary. In this case, the employee could alter the approved overtime form before turning it in.

- **Approved overtime forms are not submitted timely.** One employee who worked overtime regularly "collected" the approved overtime forms and held them for as long as four weeks to receive a large, lump-sum payment. Delaying the submission of approved overtime forms results in unnecessary adjustments in CWTAPPS.

- **Two employees signed each other's overtime forms, and it appears a supervisor's signature may have been forged.** Two employees, who are at the same level, regularly signed each other's overtime forms. It appears the employees also forged a supervisor's signature. We referred this matter to our Office of County Investigations (OCI). OCI will separately report to the Department Head.

Recommendations

DCFS management:

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

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

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.**

Overtime Approval

County and DCFS policy require that non-emergency overtime be approved in advance. We reviewed the overtime request forms for 30 DCFS employees and noted that the forms did not indicate when the overtime was approved.

Based on our review, it appears overtime is not generally approved in advance, but is approved a day after the employees work overtime. Due to the nature of the employees' duties (e.g., being called out at night to remove a child from an unsafe environment, etc.), it seems appropriate that some overtime would be approved after it is worked. However, DCFS should ensure that all non-emergency overtime is approved before it is worked. To ensure compliance with the policy, DCFS management should modify the Request for Overtime form to include an approval date and monitor for compliance.

Recommendations

DCFS management:

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

6. **Modify the Request for Overtime form to include the approval date.**

Leave Accounting

Employees who are out sick can use full or part-pay sick leave to get paid for their absence. Part-pay sick leave cannot be used until employees have been absent for five consecutive days and have used all their full-pay sick leave. When an employee's continuous sick leave extends into the following calendar year, the employee can only use full or part-pay sick leave that they had when their absence began. Once an employee begins using part-pay sick leave, the employee cannot use full-pay leave (e.g., vacation, holiday, full-pay sick leave, etc.), unless specifically authorized by the Department Head. In addition, employees do not accrue holiday time while on part-pay sick leave.

We reviewed CWTAPPS data for 20 employees on extended sick leave and noted 16 employees were incorrectly paid as noted below:

- Six employees used part-pay sick leave before using all of their full-pay sick leave. This resulted in underpayments of $970 and incorrect benefit balances.

- Four employees received part-pay sick leave before meeting the five-day waiting period. This resulted in incorrect payments to the employees and incorrect sick leave balances.

- Five employees received full-pay on holidays when they were on part-pay sick leave, resulting in overpayments of $1,488 and incorrect benefit balances.

- Nine employees went from using part-pay sick leave, or absent without pay, to full-pay sick leave or other full-pay leave (e.g., vacation, holiday earned, etc.), without Department Head approval. This resulted in overpayments of approximately $53,000 and incorrect leave benefit balances.

We also noted instances where employees on part-pay sick leave received full-pay on weekends, or where employees' time was inappropriately coded as regular earnings, even though the employees had not returned to work, resulting in overpayments. In addition, the inappropriate coding of regular earnings resulted in the employees using newly accumulated sick leave to which they were not entitled without returning to work. The Department should determine the amounts of over/underpayments made to these employees and adjust the employees' pay and benefit balances accordingly.

Recommendations

DCFS management:

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

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

9. **Ensure employees meet the five-day waiting period before allowing use of part-pay sick leave.**

10. **Ensure proper approvals are obtained before employees use full-pay leave (e.g., full-pay sick leave, vacation, holiday earned, etc.) when employees are on part-pay or absent-without-pay status.**

Industrial Accidents

When an employee has an Industrial Accident (IA), the supervisor completes an accident form and sends it to the Health and Safety Unit. Health and Safety notifies the County's Third Party Administrator (TPA), who sends a Notice of Benefits to the employee and Health and Safety. The Notice of Benefits indicates what temporary disability (TD) benefits (e.g., pay, medical care, etc.) the employee will receive. Health

and Safety sends the Notice of Benefits to Payroll, so they can enter the benefit information into CWTAPPS to ensure accurate payments to the employee.

Data Entry into CWTAPPS

We noted the following processing errors in 20 IA cases reviewed:

- Payroll did not update CWTAPPS when one employee was placed on IA. As a result, the employee continued to receive regular pay (using accumulated benefits such as vacation or sick leave), plus TD payments. This resulted in overpayments of $19,315, and appears to have been caused by a lack of communication between the Department's Health and Safety Unit and Payroll.

- Payroll staff incorrectly entered one employee's Maximum Benefit Date into CWTAPPS. The employee was paid for 32 excess days of TD benefits, resulting in an overpayment of $2,951.

- One employee continued to receive a bilingual bonus after being out for 60 calendar days on IA leave, resulting in overpayments of $1,020. According to the Pay and Benefit Interpretive Manual, employees who are absent more than 60 consecutive calendar days should not receive a bilingual bonus.

Recommendations

DCFS management:

11. **Ensure Payroll Section staff correctly enter all key Industrial Accident dates into CWTAPPS.**

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

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.**

Post Salary Continuation Period

The Post Salary Continuation Period (PSCP) begins one year after the date of the injury. During this period, an employee can elect to supplement TD payments by using earned benefits, up to 100% of the employee's regular pay. The Chief Executive Office's (CEO) Risk Management Branch maintains a schedule of all County employees receiving PSCP benefits.

We reviewed a sample of PSCP cases to determine if Payroll staff accurately calculated supplemental earnings, and if TD payments stopped when the employees returned to work.

We noted that, for six of seven employees (86%), Payroll did not properly compute the employees' supplemental earnings, resulting in over and underpayments of approximately $1,100 and $550, respectively.

In addition, we noted that four of ten employees (40%) continued to receive TD payments after they returned to work, resulting in overpayments totaling approximately $18,000. The overpayments occurred because DCFS did not immediately inform the TPA that the employees had returned to work.

DCFS Payroll staff indicated that the Department has approximately 900 open IA cases and does not have written desk procedures for processing IA claims/cases. Many of the errors noted during our review might have been avoided if written procedures had been available to Payroll and Health and Safety employees.

Recommendations

DCFS management:

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

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.**

Time and Attendance

Time Card Submission Controls

CFM Section 3.1.6 requires employees to certify their reported time by completing and signing monthly/daily time records. Supervisors must certify the accuracy of employee time. After approving time cards, supervisors should forward them directly to timekeepers.

Although DCFS employees complete time cards, DCFS uses Daily Absent Reports (DAR) to enter employee variances (e.g., overtime, absent, etc.) into CWTAPPS. DCFS uses DARs to minimize delays in processing time information. DARs are subject to the same requirements as time cards (e.g., they should not be returned to the employee after they have been approved).

We noted the Department does not have specific time card/DAR procedures. As a result, we noted the following internal control deficiencies at various pay locations:

- **Some employees do not sign their time cards and some supervisors do not approve employee time cards.** Supervisors and/or secretaries often complete and sign employee time cards instead of the employee. In some cases, secretaries complete and approve employee time cards without supervisory review.

- **Supervisors do not approve the DARs.** Secretaries often complete and sign DARs without supervisor or employee review. In some cases, a secretary prepares and approves the time card and the DAR, collects overtime approval forms (used to report overtime hours on the DAR), and subsequently reconciles the three documents.

- **Approved time cards are often returned to employees for correction, and not subsequently re-reviewed by the supervisor.**

We also noted one employee who consistently submitted blank time cards over a one year period (i.e., without variances such as overtime, vacation, sick time). Both the employee and the supervisor signed the blank time cards. As a result, the employee was paid for "default hours" (e.g., 10 hours per day, four days per week), regardless of whether the employee worked overtime or was absent. When the employee did work overtime or was absent, the employee had to submit a form so that adjustments could be recorded in CWTAPPS.

Further, we noted that some pay locations keep time cards, overtime approval forms, and DARs for six months, while other locations keep them for one to five years. DCFS should ensure all locations keep employee time records for at least five years as required by the County Fiscal Manual.

Recommendations

DCFS management:

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

17. **Ensure supervisors review and sign employee time cards/DARs.**

18. **Ensure that approved time cards/DARs are not returned to employees.**

19. **Ensure that adjustments to approved time cards/DARs are subsequently approved by a supervisor.**

20. **Develop and implement procedures for preparing and approving time cards/DARs to ensure consistency throughout the Department and monitor for compliance.**

21. **Reinforce the requirement that time records are to be maintained for at least five years.**

Time Card Processing

We compared a sample of DARs, time cards and CWTAPPS records and noted the following:

- **DARs to CWTAPPS** – 19 of 300 DARs (6%) did not agree with CWTAPPS. For example, one DAR showed eight hours of vacation, but CWTAPPS showed eight hours of regular time.

- **Time cards to CWTAPPS** – 37 of 123 time cards (30%) did not agree with CWTAPPS. For example, one time card showed ten hours of overtime, but CWTAPPS showed 16 hours of overtime.

- **DARs to Time cards** – 37 of 479 DARs (8%) variance postings did not agree with the time cards. For example, one DAR showed ten hours of sick leave, but the time card reported ten hours of regular time.

It appears that some of the discrepancies resulted in incorrect payments. However, because it is unclear which time records are correct, the DAR or the time card, we could not determine the under or over payments.

DCFS needs to implement controls to ensure time cards and DARS are complete and accurate and correctly entered into CWTAPPS. The time card, when appropriately completed and reviewed, is the one permanent document signed by both the employee and the supervisor, who attests to the reported time, and is used to support time charged to federal and State programs. In addition, DCFS should investigate and resolve all of the discrepancies identified in our review.

It should be noted that DCFS' current manual time card system will be transferred to the eCAPS Time Collection System by January 2008. The new system should address many of the deficiencies identified in this report by allowing employees/supervisors to submit/approve time cards online.

Recommendations

DCFS management:

22. **Implement controls to ensure time cards and DARs are complete and accurate, and that payroll information is entered correctly into CWTAPPS.**

23. **Investigate and resolve the discrepancies identified in our review.**

Payroll Distribution

DCFS' payroll distribution controls do not comply with the CFM:

- Unclaimed payroll warrants and notices of direct deposit are not secured in a locked safe inaccessible to Payroll/Personnel employees.

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

- Investigations and release of unclaimed warrants and notices of direct deposit are not completed within the 20-day guideline. Three warrants in the Payroll Section were issued 48, 125 and 204 days prior to our review. If warrants cannot be delivered, they should be voided and returned timely to the Auditor-Controller's Countywide Payroll Division.

- Payoffs are not conducted at least annually at all pay locations.

Recommendations

DCFS management:

24. **Ensure unclaimed payroll warrants and notices of direct deposit are kept in a locked cabinet/safe inaccessible to Payroll/Personnel employees.**

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

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

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

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

Supplemental Warrants

A supplemental payroll warrant is issued to correct an error in an employee's pay. CFM Section 3.2.3 requires an employee independent of payroll/personnel functions to verify written approval for each supplemental warrant on the Countywide Pay (CWPAY) Report of Supplemental Payroll Warrants issued. DCFS does not comply with this requirement.

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.

Bonuses

Employees can receive bonuses for special job skills (e.g., bilingual bonus, out-of-class assignments, etc.).

Timeliness of Payments

To ensure employees are paid properly, departments must enter bonus information into CWTAPPS within the Auditor-Controller deadlines each pay period.

We noted that 45 of 60 bonuses (75%) were not input timely due to delays at both the Personnel Section and the outlaying pay locations. On average, the bonuses were entered approximately 60 days late resulting in untimely payments.

Recommendation

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

Bonus Eligibility and Approval

CFM Section 3.1.7 requires personnel units to review work assignments, personnel files and eligibility documents annually to ensure employees still qualify for their bonuses.

DCFS does not consistently perform this review. As a result, six of 30 employees (20%) receiving bilingual bonuses did not have either the Language Proficiency Certificate (Certificate) or the bonus approval form, both of which are required to receive the

bonus. One of the six employees did not have either form but continued to receive the bonus of $85 per pay period since April 2001, totaling over $10,000.

We also noted three employees who received bonuses before they were eligible or after the bonus approval period expired, resulting in overpayments of approximately $3,700.

Finally, we noted six employees who continued to receive bilingual bonuses after being absent for more than 60 consecutive days, resulting in total overpayments of $1,100. As indicated in the Industrial Accidents Section of this report, management should ensure that bilingual bonuses are suspended when an employee is absent for more than 60 consecutive days.

Recommendations

DCFS management:

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.**

32. **Ensure Personnel completes and retains documentation of employee bonus eligibility.**

Standby Pay

Standby bonuses are paid to employees assigned to be available when they are not scheduled to be at work. Standby pay is based on the employee's personnel item and ranges from $.55 to $3.25 an hour for most DCFS employees, with a maximum of $100 to $900 a month. Certain standby rates (e.g., physician's standby rates, etc.) require annual authorization from the Chief Executive Officer.

We noted that three of the 24 employees (13%) who received standby pay during calendar year 2005 exceeded the limits by a total of $636. In addition, the Department did not obtain required CEO approval for one employee.

Recommendations

DCFS management:

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

34. **Ensure that annual authorization is obtained from the CEO for standby rates, when required.**

Employee Terminations

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

Timeliness of Terminations

Eight of 20 terminations (40%) tested were not processed within the Auditor-Controller's deadline. These terminations were entered into CWTAPPS an average of 13 days after the deadline, usually due to processing delays at the regional offices. Although we found no payment errors, the delays resulted in the employees being paid late, and DCFS incurred additional charges for CWTAPPS adjustment transactions.

Recommendation

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

Verification of Terminations on CWTAPPS

Personnel Section management (or someone independent of entering terminations on CWTAPPS) should keep a list of terminated employees and trace the terminated employees' names to the Payroll Sequence Register for at least three consecutive months to ensure that out-of-service employees are not receiving payroll warrants or direct deposits. DCFS does not perform this function.

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.

Data Access

Security Policy

CFM Section 7.6.3 requires all employees with access to County computer data sign an acknowledgement that they have read and understand the Department's security policy. DCFS did not have signed acknowledgements for four of 12 employees (33%) reviewed.

Recommendation

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

Profiles

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

We noted the following deviations from CWTAPPS access requirements:

- Eleven non-management level employees in the Personnel Section (e.g., Senior Departmental Personnel Assistant, Senior Typist Clerk, etc.) have access that allows them to view and perform all payroll and personnel functions in CWTAPPS.

- One employee has access to view and perform all personnel functions even though her responsibilities only require limited access to personnel screens.

- Seventeen employees have either never logged onto the system or have not logged on for periods of up to three years.

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.

Processing Centers

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

We noted 42 of 123 CWTAPPS users (34%) can change their own payroll/personnel information.

Recommendation

39. DCFS management use processing centers so that staff do not have access to their own personnel/payroll information on CWTAPPS.

Overpayment Recovery

CWPAY Manual Section 9.5.0 requires departments to notify employees in writing of overpayments. If the employee is still in service (or on an extended leave without pay), overpayments are automatically recovered as a deduction from subsequent salary payments. If the employee has terminated County service and will not be issued further salary payments, the overpayment must be recovered manually.

We reviewed 17 overpayments totaling $10,486 and noted that DCFS had only sent overpayment letters to five of the employees (29%), resulting in the recovery of three overpayments totaling $2,200. The Department also recovered four other overpayments, totaling approximately $1,600 through a payroll deduction or adjustments to the employees' termination pay.

At the time of our review, DCFS could not document that it had sent overpayment letters to the remaining eight employees.

Recommendation

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

CWTAPPS Reports

CWTAPPS automatically generates 21 reports to assist managers in monitoring payroll/personnel operations. Payroll staff is required to investigate exceptions on the reports each pay period and immediately process any necessary adjustments. Payroll staff should annotate the report to document the disposition of each entry and sign and date the report. The Payroll Supervisor should also review the reports each pay period to ensure that adjustments are made promptly and correctly. The Supervisor should also sign and date the reports.

DCFS Payroll management does not regularly review CWTAPPS reports to identify transactions requiring investigation/corrective action. The Department could not provide 13 of 44 reports requested during our review. Of the 31 reports the Department did provide, three reports contained illegible annotations and no supervisor signature. For the remaining 28 reports, there was no indication that the Department reviewed the reports. Many of the problems and discrepancies in this report might have been avoided or detected if the Department reviewed CWTAPPS reports on a regular basis.

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.**

Record Keeping

CFM Section 3.1.3 requires departments to retain supporting documents for at least five years for audit purposes. DCFS was unable to locate several requested payroll files, time cards and DARs that were within the five year period.

Recommendation

42. **DCFS management ensure that all supporting documents are retained for at least five years for audit purposes, except for non-critical CWTAPPS reports which should be retained for at least two years.**

Attachment

PATRICIA S. PLOEHN, LCSW
Director

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Board of Supervisors
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August 27, 2007

To: J. Tyler McCauley
Auditor-Controller

From: Patricia S. Ploehn, Director
Department of Children and Family Services

RESPONSE TO PAYROLL/PERSONNEL REVIEW

Thank you for the opportunity to review the draft report of the Auditor-Controller's review of the Department of Children and Family Services' (DCFS) Payroll/Personnel operations.

We agree with all of the recommendations contained in the report. In the near future, we will provide the Board a detailed report on our progress in implementing the recommendations identified in the report.

If funding for a staff position can be identified, a corrective action that we would like to implement is a quality assurance process that would consist of a random sample of 5%-10% of various transactions each month to determine if appropriate processes were followed and calculated salaries and benefits are accurate. We hope to obtain funding for one position to perform this type of function in our Human Resources, Accounting and Procurement operations.

I would like to thank you and your staff for helping DCFS to improve its operations. Your staff is already planning for providing training to our staff within the next month or two to address some of the areas of deficiency; this will be very helpful and very much appreciated.

If you have any questions, please let me know; or your staff may contact Claudine Crank, Deputy Director, Bureau of Finance and Administration, at (213) 351-5847.

PSP:SK
CC:cc