



Item: AF: I-1a

AUDIT AND FINANCE COMMITTEE

Wednesday, April 21, 2010

SUBJECT: FAU 09/10-2 AUDIT OF EMPLOYEE TIME CARDS FOR THE PERIOD JUNE 27 THROUGH DECEMBER 11, 2009.

PROPOSED COMMITTEE ACTION

Information Only.

BACKGROUND INFORMATION

The objectives of this audit were to determine: 1) whether employee time cards were being properly completed by non-exempt employees and their supervisors in order to comply with the Fair Labor Standards Act (FLSA) and established University policies and procedures; and, 2) the propriety of overtime pay or overtime compensatory leave accruals for applicable employees.

Overall, the results of our audit lead us to conclude that the University generally had effective controls in place to ensure compliance with FSLA requirements and established policies and procedures. Two recommendations were made to address our findings; one recommendation related to improving documentation for hours worked by non-exempt employees at the Harbor Branch Oceanographic Institute, and another pertained to the need for closer monitoring of allowed limits on overtime compensatory leave with the Police Department.

IMPLEMENTATION PLAN/DATE

Management has agreed to implement the audit recommendations no later than December 31, 2010.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: Audit Report FAU 09/10-2.

Presented by: Mr. Morley Barnett, Inspector General

Phone: 561-297-3682

Report No. FAU 09/10-2
Report Issue Date: March 15, 2010

FLORIDA ATLANTIC UNIVERSITY™

Office of Inspector General

Audit Report: *Employee Time Cards*
For the Period June 27 through December 11, 2009

Use of Report

We are employed by Florida Atlantic University. This report is intended solely for the internal use of the State University System and is not intended to be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

BOCA RATON • DANIA BEACH • DAVIE • FORT LAUDERDALE • JUPITER • PORT ST. LUCIE

REPORT ON THE AUDIT OF EMPLOYEE TIME CARDS

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FLORIDA ATLANTIC UNIVERSITY
NON-EXEMPT Employee Time Record

ID# 200002028 TITLE Program Assistant SATURDAY 4/21/2007

WEEK 1:

IN	
OUT	
IN	
OUT	
IN	
OUT	
TOTAL WORKED	
ANNUAL LEAVE	
SICK LEAVE	
HOLIDAY	
OTHER*	
DAILY TOTAL	

WEEK 2: SATURDAY 4/28/07

IN	
OUT	
IN	
OUT	
IN	
OUT	
TOTAL WORKED	
ANNUAL LEAVE	
SICK LEAVE	
HOLIDAY	
OTHER*	
DAILY TOTAL	

Regular (000) _____
Holidays (100) _____
SP Comp Eam (000) _____
OT Comp Eam (000) _____
OT Paid (000) _____

I affirm that the hours reported further understand that false

EMPLOYEE SIGNATURE _____
SUPERVISOR SIGNATURE _____
SUPERVISOR NAME _____

FLORIDA ATLANTIC UNIVERSITY
Temp Time R

ID# 200009 TITLE Coord SATURDAY 4/21/07

WEEK 1: SATURDAY 4/21/07

IN	
OUT	
IN	
OUT	
IN	
OUT	
TOTAL WORKED	
ANNUAL LEAVE	
SICK LEAVE	
HOLIDAY	
OTHER*	
DAILY TOTAL	

WEEK 2: SATURDAY 4/28/07

IN	
OUT	
IN	
OUT	
IN	
OUT	
TOTAL WORKED	
ANNUAL LEAVE	
SICK LEAVE	
HOLIDAY	
OTHER*	
DAILY TOTAL	

Regular (000) _____
Holidays (100) _____
SP Comp Eam (000) _____
OT Comp Eam (000) _____
OT Paid (000) _____

I affirm that the hours reported further understand that false

EMPLOYEE SIGNATURE _____
SUPERVISOR SIGNATURE _____
SUPERVISOR NAME _____

FLORIDA ATLANTIC UNIVERSITY
NON-EXEMPT Employee Time Record

ID# _____ NAME _____ PAY PERIOD# 23 PAY DATE 11/6/2006

FROM 10/17/2006 TO 10/30/2006

WEEK 1:

SATURDAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	WEEKLY TOTAL
IN							
OUT							
IN							
OUT							
IN							
OUT							
TOTAL WORKED							
ANNUAL LEAVE							
SICK LEAVE							
HOLIDAY							
OTHER*							
DAILY TOTAL							

WEEK 2:

SATURDAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	WEEKLY TOTAL
IN							
OUT							
IN							
OUT							
IN							
OUT							
TOTAL WORKED							
ANNUAL LEAVE							
SICK LEAVE							
HOLIDAY							
OTHER*							
DAILY TOTAL							

Regular (000) _____ Annual Leave (170) _____ Sick Leave (100) _____
Holidays (100) _____ Personal Holiday (100) _____ SP Comp Eam (000) _____
SP Comp Eam (000) _____ SP Comp Eam (000) _____ OT Comp Eam (000) _____
OT Comp Eam (000) _____ OT Comp Eam (000) _____ OT Paid (000) _____

I affirm that the hours reported above are accurate and complete
I further understand that falsification of the reported time worked may result in disciplinary action.

EMPLOYEE SIGNATURE _____ DATE _____
SUPERVISOR SIGNATURE _____ DATE _____
SUPERVISOR NAME _____ (Please Print)

FAU
OFFICE OF INSPECTOR GENERAL
Florida Atlantic University

MEMORANDUM

TO: Dr. John Pritchett
Interim President

FROM: Morley Barnett 
Inspector General

DATE: March 15, 2010

SUBJ: AUDIT OF EMPLOYEE TIME CARDS

In accordance with the University's Internal Audit Plan for fiscal year 2009-10, we have conducted an audit of the employee time card function at Florida Atlantic University. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

We have made two recommendations to address our findings. We concur with the responses of the auditees which have been incorporated into the report. In accordance with our established procedures, follow-up will be performed subsequent to the issuance of this report to determine effective implementation of our recommendations by management.

Please call me if you have any questions.

cc: University Provost
Senior Vice Presidents
Vice Presidents
Auditees
FAU BOT Audit and Finance Committee
Inspector General, Florida Board of Governors
Florida Auditor General

EXECUTIVE SUMMARY

In accordance with the University's Internal Audit Plan for fiscal year 2009-10, we have conducted an audit of employee time cards at Florida Atlantic University for the period June 27 through December 11, 2009, i.e., calendar year 2009 pay period #s 15 - 26.

The audit identified the population of university departments with non-exempt support personnel (SP) and temporary employees who had active assignments at any time during the audit period. From the aforementioned population, we judgmentally selected a sample of 16 departments from which to select a total sample of 114 applicable employees for timekeeping records testing for one pay period during the audit period.

The objectives of this audit were to determine whether:

- Employee time cards were properly completed and signed-off by the employee and supervisor;
- Employee time card hours reconciled to the corresponding departmental Banner HR (Human Resources) Report of Hours/Payroll Certification List;
- Overtime pay or overtime compensatory leave accruals for applicable employees were accurate, and properly approved and supported;
- Non-exempt student temporary (OPS) employees did not exceed a 20-hour work week during the fall semester; and,
- Applicable Banner HR Payroll Certification Lists were signed-off by the departmental timekeepers and authorized approvers.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing on samples of time input transactions for selected departmental employees in order to determine whether control procedures were operating effectively.

Based on the audit work performed for the sampled departments and selected employees thereof, it is our conclusion that the university generally had adequate and effective internal controls in place to provide reasonable assurance that employee time cards were properly completed and signed-off, and accurately and timely input to the Banner HR system on a biweekly basis, as applicable. We did, however, identify two findings relating to completeness of employee time records, and monitoring of employee overtime compensatory leave accrual limits, which involved three time sheet departments. The details of these findings, as well as the suggestions for corrective action, can be found in the Comments and Recommendations section of this report.

FAU
OFFICE OF INSPECTOR GENERAL
Florida Atlantic University

March 15, 2010

Dr. John Pritchett
Interim President
Florida Atlantic University
Boca Raton, Florida

Dear President Pritchett:

SCOPE AND OBJECTIVES

In accordance with the University's Internal Audit Plan for fiscal year 2009-10, we have conducted an audit of employee time cards at Florida Atlantic University for the period June 27 through December 11, 2009, i.e., calendar year 2009 pay period #s 15 - 26.

The audit identified the population of university departments with non-exempt support personnel (SP) and temporary employees who had active assignments at any time during the audit period. From the aforementioned population, we judgmentally selected a sample of 16 departments from which to select a total sample of 114 applicable employees for timekeeping records testing for one pay period during the audit period. The relevant information for the selected departments is as follows:

<u>Time Sheet Dept.</u>	<u>Time Sheet Dept. #</u>	<u># of Employees</u>	<u>Biweekly Pay Period</u>	<u>Biweekly Payroll #</u>
		<u>Selected for Testing</u>	<u>Selected for Testing</u>	
Registrar	A30001	10	6/27 – 7/10/09	15
CSI Network	A70003	5	7/11 – 7/24/09	16
Undergraduate Programs	B06003	5	7/25 – 8/7/09	17
Psychology	B15000	5	8/8 – 8/21/09	18
Civil Engineering	B65000	8	8/22 – 9/4/09	19
COS – Dean – Davie	D01000	6	9/5 – 9/18/09	20
Davie Maintenance	D71500	4	9/19 – 10/2/09	21
Human Resources	F11500	10	10/3 – 10/16/09	22
Purchasing	F12500	4	10/17 – 10/30/09	23
Grounds Department	G73000	10	10/31 – 11/13/09	24
Harbor Branch Ocean. Inst.	H00000	10	11/14 – 11/27/09	25
V.P. Jupiter Enroll. Growth	J07007	4	11/28 – 12/11/09	26
T.C. Enrollment Growth	K05302	10	6/27 – 7/10/09	15
Student Counseling Center	S05000	5	7/11 – 7/24/09	16
Multicultural Affairs	S20002	10	7/25 – 8/7/09	17
Tower Budget Office	T10500	8	8/8 – 8/21/09	18

Total

114

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The scope of the audit did not involve, among other things, the verification and recalculation of employee leave or gross pay, as these areas are addressed during other audits and/or special reviews conducted by the Office of Inspector General (OIG) and/or the Auditor General's Office.

The objectives of this audit were to determine whether:

- Employee time cards were properly completed and signed-off by the employee and supervisor;
- Employee time card hours reconciled to the corresponding departmental Banner HR Report of Hours/Payroll Certification List;
- Overtime pay or overtime compensatory leave accruals for applicable employees were accurate, and properly approved and supported;
- Non-exempt student temporary (OPS) employees did not exceed a 20-hour work week during the fall semester; and,
- Applicable Banner HR Payroll Certification Lists were signed-off by the departmental timekeepers and authorized approvers.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing on samples of time input transactions for selected departmental employees in order to determine whether control procedures were operating effectively.

We obtained an understanding of the employee timekeeping operations of the selected departments by reviewing written policies and procedures, interviewing key departmental personnel, performing analytical reviews, and evaluating key internal controls.

Our assessment of compliance with applicable laws, rules and regulations, and established policies and procedures was based on reviews of pertinent supporting documentation for judgmentally selected samples of employee time input transactions. Populations, sample sizes, and selection methods were determined based on our evaluation of internal controls, our assessment of audit risk, the availability of pertinent University records, and other factors, including auditor judgement.

We conducted our audit in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

BACKGROUND

In accordance with the Fair Labor Standards Act (FLSA), and applicable university regulations, policies, and procedures, non-exempt support personnel (SP) and temporary (OPS) employees are required to complete biweekly time records. Departmental supervisors are responsible for reviewing and approving these time cards/sheets to ensure their propriety and accuracy. Using the Banner HR system, departmental timekeeping administrators are required to enter time (i.e., hours worked) for all hourly-paid employees, and exception time (i.e., annual leave, sick leave, etc.) for all salaried employees.

SP employees whose actual hours of work in the established work week exceed 40 hours will earn either overtime pay or overtime compensatory leave. Unless otherwise specified by a collective bargaining agreement, holiday pay and paid leave are not considered work hours and are not counted towards overtime calculations. Overtime is required to be calculated at the rate of one and one-half times the total hours worked beyond 40 hours. Non-exempt temporary employees also earn overtime pay when their actual hours of work in the established work week exceed 40 hours.

Current Payroll Department procedures require departmental timekeepers to print the biweekly Banner HR Payroll Certification Lists for their respective departments. The lists must be reviewed and signed-off by the timekeepers and authorized departmental approvers to ensure the accuracy of each department's payroll. The signed-off lists are required to be submitted to the Payroll Department by the biweekly deadline, i.e., the Wednesday before payday. Payroll will perform follow-up to obtain signed-off lists from departments that do not submit them by the deadline, and is responsible for authenticating the approving signatures on the lists it receives for each biweekly pay period.

COMMENTS AND RECOMMENDATIONS

Current Findings and Recommendations

Improvement Needed in Completeness of Documentation of Hours Worked – Harbor Branch Oceanographic Institute

Established university procedures require time records for non-exempt employees to accurately reflect all hours actually worked, including the employee's *time in* and *time out* during each work day. In addition, any overtime hours worked by non-exempt employees must be authorized in advance by a supervisor, and supported by a properly completed *Overtime Form* signed by the supervisor and an authorized departmental manager.

Compliance testing of the pertinent timekeeping records for one biweekly pay period (during the audit period) for a judgmentally selected sample of 114 non-exempt SP and student/non-student temporary employees from 16 sampled university departments indicated the following exceptions:

- The (electronic) timesheets for pay period #25 (11/14 – 11/27/09) for *five of the ten* employees of the Harbor Branch Oceanographic Institute (HBOI) selected for testwork, did

not indicate the time in/out for the days worked. As such, we were unable to determine if the total hours worked by these employees were correct; and,

- A properly completed *Overtime Form* signed by the employee's supervisor and a departmental manager was not completed for *six* HBOI employees tested who worked overtime hours during pay period #25. Although the overtime hours were reflected on the employees' timesheets which had been signed-off by a supervisor, current procedures dictate that the overtime forms should have been completed.

Recommendation No. 1

We recommend management ensure all employee timesheets accurately reflect all hours worked, including the employee's *time in* and *time out* during each work day; and, *Overtime Forms* signed by the employee's supervisor and an authorized departmental manager are completed for any overtime recorded on the timesheets.

Management's Response

Action Plan:

The HBOI Timekeeper will make a new entry field on the timesheet to more easily view the time in/out by 1) the employee for entry, 2) the supervisor for monitoring and approval, and 3) the timekeeper for review and entry into Banner. This new field will also enable a printing capability not currently possible with the time in/out clock feature.

The implementation of this feature will be the start of the next pay period, March 20th. The current time clock feature will be used until then. In addition, an email went out to HBOI employees on February 15th to remind employees and supervisors to record and monitor the time in/out clock. A second reminder was included in another email sent to all HBOI FAU employees on February 25th. A reminder will be included in future emails regarding completion of timesheets.

Employees will complete the Overtime Form per procedure. An email was sent to all HBOI FAU employees on February 25th advising them of the required use of this form. A reminder will be included in future emails regarding completion of timesheets.

Implementation Date:

March 20, 2010

Responsible Auditee:

Julie Pettingill, Director, HBOI Operations and Services

Employees with Excessive Overtime Compensatory Leave Balances – University Police & V.P. Jupiter Reserve

Under current university policies and procedures, SP employees whose actual hours of work in the

established work week exceed 40 hours will earn either overtime pay or overtime compensatory leave. The maximum amount of overtime compensatory leave that may be accrued is 120 hours. All overtime earned in excess of that amount must be overtime pay, until the overtime compensatory leave balance is reduced.

Based on our review of current Banner HR reports indicating the available balances of overtime compensatory leave for all SP employees of the university, we noted that *five* non-exempt SP employees of the Police Department had available overtime compensatory leave balances in excess of the maximum allowable limit of 120 hours.

Subsequent to our notifying the timekeeping administrators of the pertinent time sheet departments – S18000 (University Police) and J07005 (V.P. Jupiter Reserve) – of this issue, the available overtime compensatory leave balances for two of the aforementioned employees was reduced to 0.90 hour and 112.90 hours respectively (as of 2/24/10).

Recommendation No. 2

We recommend the available balance of overtime compensatory leave be reduced to no more than 120 hours for the remaining three of the five employees cited above. In the future, the responsible departmental timekeepers should closely monitor the overtime compensatory leave balances of their SP employees to ensure the limit of 120 hours is not exceeded.

Management's Response

Action Plan:

The department began an effort to reduce special compensatory leave liabilities in June 2008. This effort was expanded to include overtime leave balances in January 2010. To date, two of the five individuals with excess OT compensatory leave balances have taken the leave and are within university guidelines.

The three remaining individuals are in positions with current staffing issues. The Jupiter university police operation is currently operating with two openings, creating the need for a temporary transfer from HBOI and overtime to cover shift shortages. Another is assigned to the dispatch office which also has a current opening. The third is an officer at the Boca Raton Campus in the patrol division. The patrol division has three individuals on extended medical leave and a fourth officer in the academy. As soon as staffing permits, the individuals will be given a deadline to take the excess leave. If funds can be identified prior to the end of the current fiscal year, the excess leave will be paid out as overtime.

The department will monitor all overtime compensatory leave balances for all department employees, regardless of campus assignment, to ensure that no other employee exceeds the 120 hour limit. Those individuals with leave balances in excess or near the 120 hour limit will be compelled to receive overtime pay in lieu of OT compensatory leave.

The directive has been issued to department employees. The individual responsible for payroll entry has also begun reviewing all requests for the award of overtime compensatory leave against the

leave liability report. The three remaining employees with excess balances will be required to take excess leave as soon as staffing is addressed. The expectation is that the balances on these individuals will be reduced to below 120 hours by December 31, 2010.

Implementation Date:

December 31, 2010

Responsible Auditee:

Charles Lowe, Chief of Police

Prior Audit Recommendations

Our examination generally includes a follow-up on findings and recommendations of prior internal audits, where the subjects of such findings are applicable to the scope of the current audit being performed.

Within the past three fiscal years, our office has not conducted any audits related to the employee time card function. Accordingly, a follow-up on prior audit findings is not applicable.

CONCLUSION

Based on the audit work performed on time records of employees in select departments, it is our conclusion that the university generally had adequate and effective internal controls in place to provide reasonable assurance that employee time cards were properly completed and signed-off, and accurately and timely input to the Banner HR system on a biweekly basis, as applicable. Notwithstanding this assessment, we have made two recommendations which we believe can be readily implemented, and will serve to improve the internal controls over the timekeeping operations of the affected departments.

We wish to take this opportunity to thank the timekeeping administrators and management of the applicable departments for their kind cooperation and assistance which contributed to the successful completion of this audit.



Morley Barnett, CPA, CFE
Inspector General

Audit Performed By: Mike Hewett, CIA, CBA, CFSA, CGAP
Allaire Vroman