

PAYROLL AUDIT REPORT

OF

PARKS AND RECREATION DEPARTMENT

00-124



**CITY OF ALBUQUERQUE
OFFICE OF INTERNAL AUDIT**

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Internal Audit Committee
City of Albuquerque
Albuquerque, New Mexico

Audit: Payroll Audit
Parks and Recreation Department
00-124

FINAL

INTRODUCTION

The Office of Internal Audit performed a payroll audit of the Parks and Recreation Department (PRD) Administration Division for the pay period ended January 28, 2000. This audit was on the FY00 Audit Plan. It was also requested by the Department Director to confirm problems with payroll. A review of internal controls was made to determine if they were adequate. Good controls are necessary to assure management that payroll regulations and procedures are being properly administered.

The PRD has six timekeepers; one at the administrative office and five at remote locations. Each remote timekeeper is assigned one or more PRD divisions. Each division submits its payroll documentation to its timekeeper. The division timekeeper is responsible for reviewing that payroll documentation, and entering it into the City's automated payroll system, prior to sending it to the department timekeeper. The department timekeeper is responsible for reviewing each division's payroll documentation and the accuracy of the entries into the City's automated payroll system, as well as entering the payroll for the Administration Division. During this process, the department timekeeper informs the division timekeepers of any problems with the payroll documentation.

The department timekeeper was transferred to another department, this was the last payroll that was entered by that timekeeper. A new department timekeeper was transferred to PRD from a different department. In addition to reviewing the PRD Administration Division payroll, we reviewed certain payroll issues relating to other PRD divisions.

PRD's approved budget for fiscal year 2000 (FY00) is \$21,504,000. Sixty-nine percent of the budget (\$14,700,000) is for salary and benefit costs. For FY00, PRD has 326 approved permanent positions.

SCOPE

- Review time cards, time sheets, P-30s and approvals.
- Review leave taken to determine if documentation is in order.
- Test approvals for salary changes and other compensation.
- Check compliance with applicable laws, policies and regulations.

FINDINGS

The purpose of an internal audit is to identify changes in the auditee's activities which would improve its effectiveness, efficiency, and compliance with administrative policies and applicable rules and regulations. Therefore, the auditee's activities which appear to be functioning well are not usually commented on in audit reports. The following findings concern areas which we believe would be improved by the implementation of the related recommendations.

1. THE PRD SHOULD COMPLY WITH THE CITY'S PERSONNEL RULES AND REGULATIONS REGARDING THE MAXIMUM LENGTH OF SERVICE FOR TEMPORARY EMPLOYEES.

The City's Personnel Rules and Regulations, Section 302.9, states, "A temporary employee is one who is given a termination date at the time of appointment and whose length of service may not exceed two (2) years. Temporary employees shall be terminated two (2) years from date of hire." Eleven PRD employees listed on the City's automated payroll system Position Control Report of Temporary Employees/Positions show a hire date in the 1980s. Three PRD employees listed on the City's automated payroll system Position Control Report of Temporary Employees/Positions show a hire date in the early 1990s.

The long-term employment of temporary employees was previously identified as a problem in three prior audits of the PRD, Audit Report Nos. 88-129, 89-131 and 92-109. It was also identified in Audit Report No. 96-108, Payroll Audit Report of the Open Space Division, Parks and General Services Department (PGSD), issued February 14, 1996. That report stated, "PGSD should comply with the City's Personnel Rules and Regulations regarding the maximum length of service for temporary employees." The PGSD response to the audit finding stated, "The Parks and General Services Department (PGSD) is in full agreement with this finding and recommendation. . . . The PGSD Personnel Manager . . . will routinely review all temporary employees for compliance with the two-year limitation."

However, the department is still not in compliance with the City's Personnel Rules and Regulations. The auditor discussed this problem with the PRD Personnel Manager. He indicated that he was aware of the non-compliance with the City's Personnel Rules and Regulations, and that he had discussed it with the City's Human Resources Department. He further stated that he had taken no action regarding the long-term temporary employees identified during the current audit, but that he would again discuss the situation with the City's Human Resources Department.

Long-term temporary employees could claim that they are permanent and entitled to benefits if allowed to remain on the payroll beyond the two-year limit.

RECOMMENDATION

The PRD should comply with the City's Personnel Rules and Regulations regarding the maximum length of service for temporary employees.

Temporary employees should either be terminated after two years, or their positions should be reclassified as permanent.

EXECUTIVE RESPONSE FROM PRD

"In the future, PRD will comply with the City's Personnel Rules and Regulations regarding the maximum length of service for temporary employees. Currently, temporary employees are allowed to work only two years. After two years, a two week termination/interruption period is to occur before being rehired."

"Our Human Resources Analyst is currently in the process of notifying all temporary employees with tenure longer than two years of their termination. These positions are not currently being reviewed for reclassification."

2. THE PRD SHOULD ENSURE THAT TEMPORARY UPGRADES ARE PROPERLY JUSTIFIED.

We noted a situation where an employee was upgraded for a total of 960 hours during the period from July 1, 1999, through January 14, 2000. This upgrading was done all on one date, January 26, 2000. Upgrades should be approved prior to or during the pay period when they are worked. The City's Personnel Rules and Regulations, Section 702.6, limits the length of time for upgrades to 160 hours per position, per fiscal year. The Employee Relations Director must approve extended hours for union employees. The Human Resources Director must approve extended hours for non-union employees.

Also, there were temporary upgrade forms for other PRD divisions which were not signed by the department head, or the division head; and some were for less than eight hour periods. The City's Personnel Rules and Regulations, Section 702, states, "Payroll upgrading should not be used for periods of less than eight (8) hours or where personnel of equal or higher grade in the organization are available to provide adequate coverage."

An Administration Division employee received a temporary upgrade for eight hours on December 20, 1999. The "Report of Payroll Upgrading" stated that the reason for upgrading this employee was because of the absence of the timekeeper. However, on that same date, the timekeeper's time sheet indicated that she was at work for six hours, and was only absent for two hours. Upgrades are not allowable for periods of less than eight hours. Additionally, the upgrade was approved at the end of the pay period involved, and was not signed by the Department Director.

Upgrades which were not in compliance with the City's Personnel Rules and Regulations were previously identified as a problem in two prior audits of the PGSD, Audit Report Nos. 95-126 and 96-108. Audit Report No. 96-108 stated, "Employee upgrades should be in compliance with Personnel Rules and Regulations." The PGSD response to the audit finding stated, "In the future, PGSD will limit employee upgrades to temporary situations in which there is a vacant authorized position or in which the employee assigned to a position is absent from regular duty." However, the department has not followed through with these actions.