BERNALILLO COUNTY
NEW MEXICO

Human Resources

Internal Audit

August 2016

REDW LLC
CPAs | Business & Financial Advisors

Bernalillo County Internal Audit
Human Resources

Executive Summary

SUMMARY OF PROCEDURES

REDW performed internal audit procedures over the Human Resources (HR) department. Our internal audit focused on assessing the effectiveness and design of internal controls in place within the HR department. We assessed the various business processes within the HR department including: payroll, timekeeping, benefit administration, employment procedures, Workforce Management (WFM), and HR IT administration. Additionally, we assessed whether HR is in compliance with specific laws, rules and regulations, collective bargaining agreements, and HR best practices.

We performed the following procedures:

- Obtained an understanding of the processes performed by HR and determined whether policies and procedures addressing duties in the department were implemented and adhered to.

- Tested a sample of paid leave transactions to determine whether appropriate approval was obtained and the amounts paid were accurate.

- Tested a sample of employees on leave without pay to determine if benefit payback was accurately tracked and collected.

- Tested a sample of overtime transactions (excluding MDC) to determine whether overtime was approved prior to the employee working the additional time and the amount paid was accurate.

- Tested a sample of temporary pay/special project pay transactions to determine whether the employee was approved for special pay and the amounts were accurate.

- Evaluated the hiring and promotions process to determine whether departments were receiving resources on a timely basis.

- Evaluated a sample of employee files to determine whether the files contained the required information and were stored in a secure location with restricted access.

- Tested a sample of error reports generated during payroll processing to determine if the errors were evaluated by department timekeepers prior to payroll processing.

- Evaluated Workforce Management's processes including performance measurements and reporting.

- We tested a sample of monthly health insurance invoices to determine whether the payments were for enrolled individuals.

- Evaluated administrative access to the Empath system and determined whether access for adding and updating employee information is appropriate.

- Performed inquiries with key department personnel regarding reporting requirements and communication bottlenecks between HR and other County departments.

- Performed data analytical procedures over the following populations to identify trends, outliers, or any abnormalities that occurred in each of the processes:
  - FMLA Hours Spent
  - Overtime Hours by Department
  - Special Pay per Department
  - Payroll Recipient Verification

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

REDW observed areas during the course of the audit where controls were functioning properly and established procedures were followed. Our testing identified that procedures including payroll processing, the safekeeping of employment files, and the timely processing of employment requisitions requests appear to be functioning appropriately.

As a result of our testing, the following significant high and moderate risk observations were identified:

1) *Inaccurate Tracking of Leave Without Pay* – There was no policy or consistent process for determining the deduction amount from an employee's payroll once they have returned to work. Additionally, employee's repayment status was not accurately reported in the Benefit Tracking Spreadsheet and balances were not supported.

2) *Detail Self-Insurance Invoices Were Not Reviewed* – The County was not reviewing the invoice detail for reimbursement to the insurance administrators to ensure the invoice included only covered members. The tested sample of monthly invoices paid included claims for individuals who did not appear to be covered by the County.

3) *Lack of Workforce Management Policies* – There were no formal policies and procedures and no formal reporting requirements for the WFM group. Additionally, there were no performance measurements in place to determine whether WFM was assisting the County in accordance with the purpose of the group.

4) *General IT policies and procedures for adding and removing user access are not being followed* – The County's HR Department does not perform access reviews for user access to Empath. There were employees with administrative access within the system who were not reviewed and were determined to have inappropriate access. There are no controls in place to review for unauthorized changes.

5) ***Overtime approval processes are not being followed*** – The policies stated in Rules & Regulations requiring overtime to be approved prior to working was not being followed. Timecards did not agree to the amount recorded and approved.

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Further detail of our purpose, objectives, scope, and procedures are included in the internal audit report.

REDW LLC

Albuquerque, New Mexico
February 2, 2017

Bernalillo County Internal Audit
Human Resources

Table of Contents

Bernalillo County Internal Audit
Human Resources

Report

INTRODUCTION

We performed the internal audit services described below solely to assist Bernalillo County in evaluating selected Human Resources (HR) processes, including paid leave, leave without pay, overtime, temporary pay for temporary upgrade and special project pay, hiring and promotion procedures, employee records, payroll, Workforce Management (WFM), self-insurance, IT access and updates, and department communications.Our services were conducted in accordance with the Consulting Standards issued by the American Institute of Certified Public Accountants, Generally Accepted Government Auditing Standards, and the terms of our contract agreement for internal audit services. Since our procedures were applied to samples of transactions and processes, it is possible that significant issues related to the areas tested may not have been identified.

An entrance conference was held on August 17, 2016, and fieldwork began the week of August 15, 2016. An exit conference was held on November 18, 2016.

PURPOSE AND OBJECTIVES

The County's HR department is responsible for multiple key business processes including benefits administration, payroll processing, employment processes (hiring and promotions), oversight of the Workforce Management group, and IT administration of the HR systems. Since the previous internal audit performed in 2014, the HR department has expanded to include payroll and Workforce Management. Additionally, HR has implemented a new process for health insurance, as the County is now self-insured. We performed a risk assessment over the key processes within the HR department and identified risk areas for further testing.

SCOPE AND PROCEDURES PERFORMED

In order to gain an understanding of the processes and operations, we interviewed the following personnel:

- Renetta Torres, Director of Human Resources

- Dorothy Astorga, Human Resources Executive Assistant

- Geri Maestas, Payroll Administrator

- Karen Ziegler, Workforce Management Director

- Chuck Griffith, Self-Insurance – Benefits Manager

- Yolanda Ulibarri, Employment Manager

- Toby Trujillo, HR IT Administrator

In order to gain an understanding of the processes we read the relevant portions of:

- HR Rules and Regulations (Rules & Regs) for standard employees

- Collective Bargaining Agreements (CBA) for union employees

- Human Resources Information Systems policy, Effective January 26, 2016

- Employment policy

- Payroll policy

We performed the following testwork:

Paid Leave: Obtained a listing of all paid leave transactions in FY 2016. From a total population of approximately 44,000, we selected a sample of 60 leave transactions. For each sample selected, we tested to determine if:

- The Request for Leave form existed and was appropriately approved.

- The corresponding paystub indicated that the paid leave was appropriately recorded in the Payroll system.

- The employee's payroll accrual rate was set up in the system appropriately.

Leave Without Pay: Obtained a listing of employees who had unpaid leave in FY 2016. We then selected 25 employees from a total population of approximately 120 with unpaid leave and obtained the Benefit Tracking spreadsheet created by the HR Financial Services Administrator as of June 30, 2016. For each sample item we tested to determine if:

- The employee's leave was appropriately categorized in the system (FMLA, Military, Unauthorized leave, etc.).

- Employee's leave without pay was properly supported (leave requests, management approval, etc.).

- The amount reported in the Benefit Tracking spreadsheet was properly calculated.

- The Benefit Tracking Spreadsheet tied to the most recent invoice and payment deduction.

Overtime: We obtained the Empath Overtime Pay report for FY 2016 and selected 20 employees from a total population of approximately 1,093 (excluding MDC), who received overtime during a payroll period. For each sample item we tested to determine if:

- Overtime was properly approved.

- Hours worked were correctly coded to overtime.

- Overtime was accurately paid.

Temporary Pay for Temporary Upgrade and Special Projects Pay: We obtained the Empath Temporary Increase/ Special Projects Pay register for the FY 2016. We then selected a sample of 22 employees receiving temporary pay increases or special projects pay. For each sample item, we tested to determine if the:

- Additional pay was properly approved.

- Documentation clearly defined the purpose for the pay increase.

- Amount approved was reflected accurately in the system.

- Period of time for employee receiving special pay was in line with the policy.

Hiring and Promotion Procedures: We obtained a listing of all filled requisition requests for FY 2016 and selected a sample of 25 from a total population of approximately 516 positions filled. For each sample selected, we tested to determine if:

- A formal job description existed.

- The requisition request was appropriately approved and the position was eligible to fill.

- Minimum qualifications were included on the application.

- A minimum of 3 applicants were interviewed.

- All applicants who met the minimum requirements were documented as being provided to the department.

Additionally, we analyzed the total time from the departments original requisition request, the approval of the requisition request, and when position was filled to determine if there are any trends throughout the County or areas for process improvement opportunities.

Employee Records: We obtained a listing of all filled job positions for FY 2016 and selected a sample of 20 filled positions. We then obtained the personnel files to verify that the information in Rules and Regulations Section 102 was present. We then observed employee record storage to determine whether employee files were appropriately secure and only authorized personnel had access to the files.

Payroll Processing: We selected 5 pay periods in FY 2016 and obtained the error reports that were generated by the payroll administrator on Friday, Monday and Tuesday of the respective payroll periods. We tested to determine that the errors were communicated to the department timekeepers for resolution and that the errors were reasonably cleared prior to payroll processing. We selected a sample of 10 errors which remained on the final error report and performed inquires to determine if the errors were reasonably included on the report and did not require clearing prior to processing payroll.

Workforce Management: We performed inquiries with Workforce Management personnel regarding key business processes performed. Our inquiries included discussion over policies and procedures, formal reporting procedures, and performance measurement techniques in place to determine the effectiveness of Workforce Management.

Self-Insurance: We obtained a copy of the medical coverage contracts with Presbyterian Healthcare and Blue Cross Blue Shield to obtain an understanding on the agreement between the County and the insurance administrators. We then selected the weekly self-insurance invoices for the months of October 2015 and April 2016 which were paid by the County. For each sample selected, we tested to determine if:

- The invoice was sent to the County with appropriate documentation.

- The detailed invoice included only eligible enrolled individuals.

- The total amount of the invoice tied to the underlying data.

- The payment amount agreed to the total invoice amount.

IT Access and Updates: We obtained an understanding of the controls in place for adding employees, updating employee information, and reviewing changes made within the HR system, Empath. We obtained a listing of all users and their respective access within Empath to determine the users with administrative access to add and modify within Empath were appropriate. For each employee identified as having administrative access, we inquired with the HR IT Administrator to determine if administrative access was appropriate based on their job descriptions. Additionally, for those identified as having administrative access beyond what was necessary for their job duties we determined that the employee did not make any inappropriate changes in the system for the past 6 months.

Inter-Department Communications: We inquired with key personnel in HR to discuss inter-department communication and their concerns. Our inquiries included the following:

- Reporting requirements with other departments.

- Key deadlines that rely on information from other departments.

- Information that seems currently unavailable but would be useful to improving the department operations.

Data Analysis: For the FY 2016 data obtained for the testing above, we analyzed the FMLA hours, employees receiving special pay, and overtime hour populations for outliers, unusual trends, or anything out of the norm that occurred within departments at Bernalillo County. For each of the populations identified, we performed the following analyses.

FMLA by Department
We analyzed the total amount of FMLA hours by department to determine the departments with the highest amount of FMLA hours spent. We then determined the average per department employee and compared to the total County average. As pictured in the graph below, we identified the Assessor's Office, MDC, Parks and Recreation and Sheriff's Office as having the highest number of FMLA hours in FY 2016. The County average per employee was 27.55 hours of FMLA. Of the departments identified as having high hours of FMLA, the Assessor's Office and MDC were above the County average per employee.
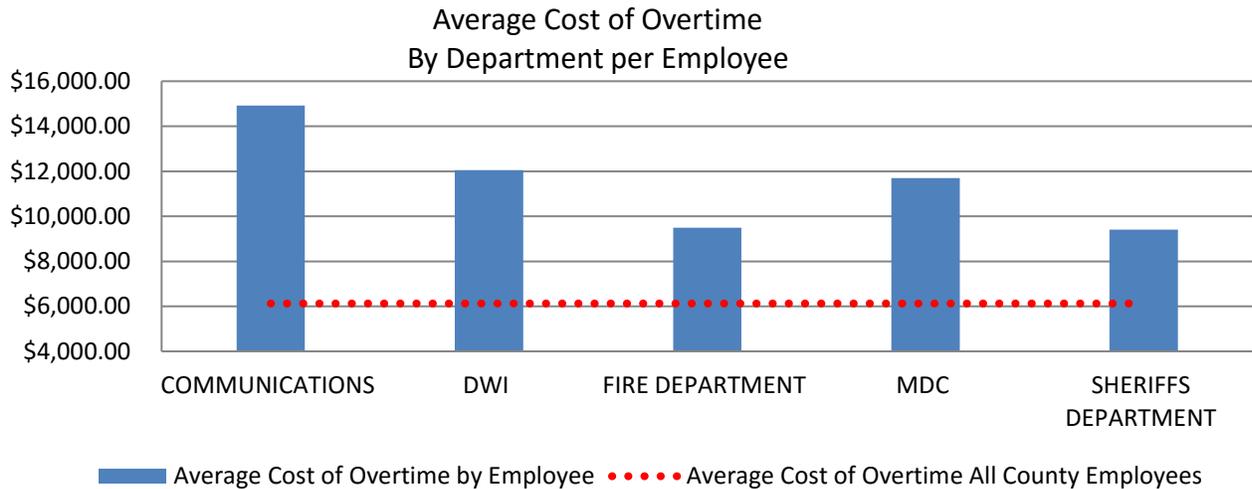
Average FMLA by Department
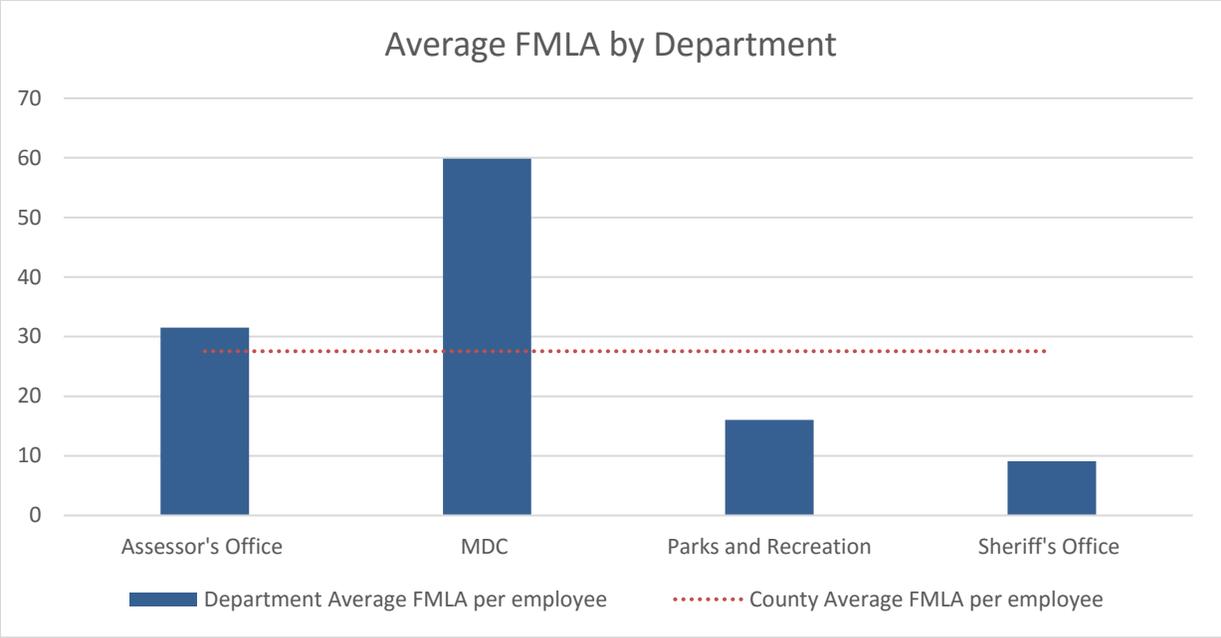
Special Pay per Employee

We analyzed the percent of employees receiving special pay by department to determine if there were departments with a high percentage of employees receiving special pay. The department average across the County was 10% of employees on special pay. The following graph depicts the percentage of employees on special pay in departments with 20% of employees on special pay compared to the County average.

Overtime Hours by Department
We analyzed the population of total cost of overtime hours for FY 2016 by department per employees to determine any departments incurring higher than average overtime per employee. The County average of overtime cost per employee was approximately $6,000. The following graph depicts the departments with average overtime cost per employee that was higher than $6,000 in FY 2016.

Average Cost of Overtime By Department per Employee

Department	Average Cost of Overtime by Employee
COMMUNICATIONS	~$14,900
DWI	~$12,000
FIRE DEPARTMENT	~$9,500
MDC	~$11,700
SHERIFFS DEPARTMENT	~$9,400

Legend: Average Cost of Overtime by Employee (bar) • • • • • Average Cost of Overtime All County Employees (dotted line at $6,000.00)

Additionally, we analyzed payroll disbursements by account destination to identify any instances where multiple payroll checks were disbursed to the same account. We analyzed the listing of employees with same accounts listed and selected 20 for testing. We determined that the tested selections were active employees and had filled out and verified that the signed the direct deposit forms included the correct account number.

OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

As a result of our testing, REDW identified the following observations:

1) *Inaccurate Tracking of Leave Without Pay*

Employees are required to pay back the County for any missed deductions while the employee was on leave without pay. These amounts are manually tracked on a spreadsheet including the benefit payments due and received from employees. Our testing identified that there was no policy or consistent process for determining the amount of deduction from an employee's payroll once they have returned to work. Additionally, we found:

- 5 of 25 employees tested were not accurately reported in the Benefit Tracking Spreadsheet.
  - o 2 employees tested incorrectly stated the total billed amount on the Benefit Tracking Spreadsheet which resulted in an understatement of the amount owed by approximately $329.

- o   1 employee tested included a recorded payment received in the Benefit Tracking Spreadsheet which was not intended for benefit repayment.

- o   1 employee tested did not have support for $492 that was written off.

- o   1 employee had an error in the invoice formula which resulted in the payment and credit amount in the Benefit Tracking Spreadsheet to be incorrectly recorded.

- 1 of 25 employees tested did not have supporting approval documentation for the amount of leave recorded.

- 2 of 25 employees tested were incorrectly coded and categorized on the Benefit Tracking Spreadsheet.

Potential Risk: High – Employees rely on accurate calculations, tracking, and invoicing to determine the amount owed to the County for the benefits received while they were on leave without pay. If the Benefit Tracking Spreadsheet and related invoices do not accurately calculate the benefits due, there is a risk that employees are being over or under charged for these benefit repayments.

Recommendation: The County should develop a policy for the repayment of benefits when an employee is on leave without pay to ensure the repayment plan is documented for each employee. The policy should include thresholds for the amount and frequency of repayment deductions. The policy should also require a review of the repayment calculations prior to the payroll deductions being processed in Empath and a subsequent review of the Benefit Tracking Spreadsheet to determine repayment amounts are being accurately captured. Additionally, the individual responsible for preparing the spreadsheet should have view only access to SAP to accurately capture payment detail in the Benefit Tracking Spreadsheet. The Spreadsheet should be periodically reviewed by someone other than the preparer for accuracy.

Management Response: HR will develop an administrative instruction (AI) for repayment of benefits when an employee is on leave without pay. A form will be developed documenting the repayment terms, which will be filled out for each person requiring benefits billing, reviewed and signed by both the Benefits Manager and the HR Director. Bills will be done on each payroll cycle and entered into SAP. The AI and form will be developed by May 31, 2017. The County has already implemented procedures to ensure accuracy. Billings have recently started being reviewed by a second employee of the department reviewing the accuracy of the receivable to the Benefit Tracking Spreadsheet.

2)   *Detail Self-Insurance Invoices Were Not Reviewed*

The contracts with the medical insurance providers indicate that the County is responsible for reviewing the detail of claims and ensuring the payment amounts are appropriate. Our testing determined that the County was not reviewing the invoice detail to ensure the invoice included only covered members. Additionally, one of the insurance providers did not include the claim detail with the invoice; therefore, there was no way to determine if the payments were for covered members only. 94 claims were identified during the 2 months tested that were paid for individuals who were not listed as covered members. Of the 94; 23 individuals were not covered members, and 71 individuals were not supported by evidence of eligibility.

Potential Risk: High – If a review is not performed over the invoice detail, there is a risk that the County is paying for individuals who are not enrolled in the County's health insurance plan.

Recommendation: The County should ensure the detailed invoice documentation for the weekly invoices is provided by the insurance providers. Additionally, the County should create a process to ensure that all people and claims listed on the detailed invoice are for covered members only for the date of service.

Management Response: HR is working with the benefits consultant to further address the finding. HR has requested detailed invoices from the insurance providers; however, the providers have indicated that the detail will consist of the patient, which may be a dependent of the employee, and date of service. HR does not currently have a way to match up dependents to medical records and the current Empath system does not have a place for dependents. HR Benefits will randomly audit 25 dependent claims bi-weekly and test dependents on the claims report to the dependents in the employee health insurance enrollment. Also, Human Resources will hire an external audit firm to conduct a claims audit, which should be complete by June 30, 2017. Human Resources will use the results of the audit to conduct additional risk assessments and to pinpoint areas that need improvement.

3) *Lack of Workforce Management Policies*

The Workforce Management (WFM) group was established to centralize public safety overtime requests. Since the group was established, the WFM group now consists of eight employees and has primarily focused on performing various monitoring procedures over MDC labor issues, as well as performing data analytics over labor statistics. There were no formal policies and procedures and no formal reporting requirements for the WFM group. Additionally, there were not any performance measurements in place to determine whether WFM was assisting the County in accordance with the purpose of the group.

Potential Risk: High – A lack of policies and procedures could result in the WFM group performing tasks which are inconsistent and do not meet the needs of the County. If there are no formal reporting process for data analytics and procedures performed over labor statistics, important information might not be communicated to the appropriate individuals.

Recommendation: The County should develop formal performance measures for the WFM group and, on a recurring basis, analyze the WFM group's progress in achieving these measures. The County should create formal policies and procedures over key business processes. A formal reporting process should be developed for the WFM group in order to ensure any analytic procedures performed are documented and reported to the appropriate individuals within the County. Formal documentation and reporting of the findings identified by WFM will allow the County to hold departments accountable for these issues.

Management Response: HR will create an AI establishing reporting requirements for the WFM, including documenting analytical procedures performed, documenting what data analysis will be included in written reports, making written recommendations based on the analysis, and determining the appropriate personnel to present the reports. The AI will include quarterly reporting and discussions with stakeholders. The AI will require that stakeholders give written responses of corrective actions for the recommendations. The WFM will follow up on the recommendations and corrective actions every quarter. Before the AI is adopted, it will be

reviewed with the County Manager, the Deputy County Manager over Health and Public Safety, and the MDC Jail Administer to ensure that it meets the needs of the stakeholders. Since this is a new AI requiring new processes and meetings of stakeholders, it is expected to take months of work with an expected implementation date of December 31, 2017.

In addition, HR and WFM will meet with Business Improvement and Performance Office to refine the performance measures that are in place to be more consistent with the purpose of the group, as established by the AI. These performance measures will be in place by the FY19 Budget.

4) *General IT policies and procedures for adding and removing user access are not being followed.*

The County's HR Department has elected to keep an in-house IT staff to perform administrative duties for the HR system, Empath. These responsibilities include granting user's access to Empath and monitoring changes to the Empath system. Our testing determined that:

- 3 employees with administrative access were payroll employees with access to update benefit information. There were no controls in place to monitor the activity of these employees with heightened access.

- 2 employees had inappropriate administrative access based on their job responsibilities.

- 1 employee with administrative access had been terminated but was still in the system.

Based on these observations and inquiries with the HR IT department, the general IT policies for the County are not being consistently followed.

Potential Risk: High – If users are granted inappropriate administrative access to the Empath system, there is a risk that unauthorized transactions and updates to employee account information could occur. Additionally, if users with administrative access are not reviewed or monitored, the County would not be able to identify these unauthorized transactions.

Recommendation: The County should consider restructuring the HR IT department with the centralized County IT department to ensure general IT policies are consistently applied and followed. User access reviews should be performed on at least an annual basis to determine users with administrative access to Empath are appropriate. For any users with the ability to update payroll and benefit information, the County should perform periodic reviews of the changes made by these employees to determine the change was appropriate.

Management Response: The County will restructure the HRIS department to report to the County IT department effective February 20, 2017. The IT Director will review the HRIS policies to be sure that they are consistently applied by December 31, 2017. The policies will be updated by December 31, 2017 to require regular periodic audits of relevant changes to employee data. The policy will establish what types of changes will be audited, how frequently, and by whom.

Empath accounts and roles will be administered using the standard IT Request Form process effective February 20, 2017. Additionally, Empath accounts and roles will be audited by June 30, 2017, and annually thereafter. A policy will be established by May 31, 2017.

Access will be changed so payroll employees will not have write access to employee benefit information. Employee benefit information will be entered by the HR Benefits Department. If there is an emergency benefit that needs to be entered into payroll and HR Benefits is unable to do so, the payroll deduction will be delayed until the next payroll. This will be effective February 28, 2017. The employees that had inappropriate administrative access based on their job duties have been reviewed and their access has been removed.

The last issue related to an employee with administrative access that was terminated and then was hired through Adecco, a temporary agency. Adecco temporary employees go through the purchase order process, and on their form have a period of time that their contracts terminate on. Each department's IT Liaison should be working with IT to terminate temporary employee's computer access. Additionally, when accounts for temporary employees are created their account will also be temporary with a 30, 60, or 90 day time limit. Their IT Liaison must renew their account periodically if the temporary employee will be working for the County longer than that predetermined time limit. This will ensure that accounts for temporary employees are automatically terminated periodically. This system will be in place by February 20, 2017, and the process codified as policy by March 31, 2017.

5) *Overtime approval processes are not being followed*

Rules & Regs require that when an employee is intending to work overtime, they must obtain written approval prior to performing the overtime duties. Our testing determined that:

- 4 of 20 overtime instances tested did not have evidence of prior approval from a supervisor for some or all the overtime.

- 2 of 20 employees' timecards reported overtime hours that did not agree to the overtime recorded.

- 3 of 20 employee records indicated variances in approved overtime versus paid overtime.

Potential Risk: Moderate – Overtime that is not approved prior to the employee working the overtime, could result in inappropriate overtime compensation. Additionally, overtime could be paid inaccurately due to manual processes in transferring hard copy time cards into Empath. The risk is determined to be moderate due to supervisors having the ability to approve the overtime after the employee has worked the overtime hours.

Recommendation: The County should communicate overtime approval requirements to all employees which could help in reducing the amount of approvals that are obtained after the overtime has already been worked. Timekeepers should ensure that the overtime worked is supported and coded properly in the system.

Management Response: The Rules & Regs Section 510 overtime pay requirements will be revised changing the requirement from written approval to verbal approval prior to performing the overtime duties. Also a revision will be made to the overtime pay section that the supervisor will approve overtime with each bi-weekly payroll by electronically approving the overtime on the timesheet. Currently some departments have multiple systems of recordkeeping for overtime and others are not doing the written approval in advance, but in all cases the electronic approval is the final overtime approval. Revising the policy with these slight wording changes will create a more efficient process and better align the policy with the current practice.

6) *Inconsistencies in Hiring and Promotion Procedures*

Departments seeking to promote individuals or hire individuals are required to submit a requisition request through NeoGov, which includes the length of time requested for posting. Rules & Regs states that the minimum amount of time required for a promotion or new hire position to be posted in NeoGov is 5 business days. Our testing found that on average, jobs were posted at 21 days for both new hires and promotions. Based on discussion with County departments, there did not seem to be a clear understanding of the posting requirements and responsibilities of the department in the hiring process. The lack of communication between HR and the County departments appeared to result in bottlenecks in the hiring and promotions process.

Potential Risk: Low – There could be a bottleneck in the hiring/promotion process which does not allow the department to receive appropriate resources in a timely manner. Additionally, if promotions take the same amount of time as an external hire, the County departments may risk losing high performing employees.

Recommendation: The County should consider updating the policy to separate internal promotions and transfers from outside hiring procedures and consider whether interviewing 3 applicants for a promotion is necessary. This will allow departments to promote individuals timely and without the risk of losing the resource in the hiring process. The policy should clarify that for internal promotions, a shorter posting period and preference to those already in the department are appropriate. HR should communicate the policy to the department hiring personnel on an annual basis to ensure departments are aware of the posting requirements and the department's responsibility in the hiring process.

Management Response: The HR Department will review and update AI No. HR 04, Filling Vacant Positions. The revised AI will give guidelines for internal promotions and transfers advertisement time period, as well as outside hiring procedures. Currently the AI is silent on advertising and length of time guidelines. The HR Department will also review and update AI No. 02, Interviews/Offers of Employment. The current AI does not address the requirement to interview 3 applicants; however, guidelines will be added to address suggested number of interviewees. AIs revisions require review by the County Manager, Deputy County Managers, County Attorney, and the Human Resources Director. This diverse group should be able to ensure that quality AIs are developed that meet the needs of the County. The revised AIs will be completed by July 31, 2017, and communicated to department heads in the bi-monthly director meeting and in an e-mail.

7) *Missing Approved Leave Requests*

Department timekeepers are responsible for ensuring leave sheets are submitted and maintained. Our testing determined that 2 of 60 timecards did not have supporting leave documentation and it was determined that these were both from the Sheriff's department who track leave manually.

Potential Risk: Low – By not maintaining appropriate documentation of employee's timesheet support it creates a risk that inaccurate time keeping could occur and not be validated.

Recommendation: The County should determine an appropriate plan and timeline for incorporating all departments into the electronic timekeeping process. Having all departments electronically maintain supporting documents will reduce the risk of timekeeping errors and ensure there proper documentation is maintained.

Management Response: There is currently a project team working on the implementation of the KRONOS/Telestaff system for the Public Safety Division. This project began in 2015 after a formal bid process had been completed. The new system will afford both electronic scheduling and timekeeping. Due to the nature of Public Safety, it is necessary to have a system that ties the scheduling to timekeeping in order to maximize accuracy. There is no set date for completion, but should be expected to be done by the end of 2017.

8) *Incorrect Special Project and Temporary Pay Calculations*

Employees who are assigned to work on a special project or perform work in addition to their standard job responsibilities obtain approval for these temporary pay increases. The pay increase is calculated off the employee's standard approved hourly rate. Our testing determined that 3 of 22 employees tested were paid an incorrect amount due to manual errors in the rate increase calculations. These errors resulted in minimal differences between the amount received versus the correct amount.

Potential Risk: Low – If temporary pay increase calculations are not recorded accurately, the County could be over or underpaying employees earning additional pay.

Recommendation: The County should create a review process to ensure the temporary pay increases are calculated appropriately and entered into the system accurately.

Management Response: The Human Resources Department has implemented a secondary review of temporary salary increase entries.

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This report is intended for the information and use of Bernalillo County management, the audit committee, members of the Board of Commissioners of Bernalillo County and others within the organization. However, this report is a matter of public record, and once accepted its distribution is not limited.

REDW LLC

Albuquerque, New Mexico
February 2, 2017