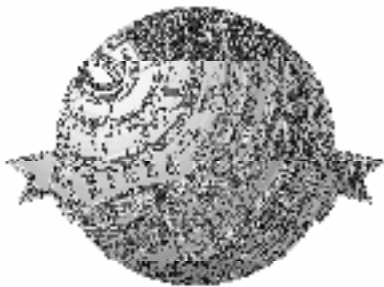


FOLLOW-UP OF
ABQ RIDE DEPARTMENT PAYROLL
REPORT NO. 07-03-126F



City of Albuquerque
Office of Internal Audit and Investigations



City of Albuquerque
Office of Internal Audit and Investigations
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January 30, 2008

Accountability in Government Oversight Committee
City of Albuquerque
Albuquerque, New Mexico

Follow-Up: ABQ Ride Department
Payroll
07-03-126F

FINAL

INTRODUCTION

The Office of Internal Audit and Investigations performed a Follow-up of Audit No. 03-126, ABQ Ride Department (ABQ Ride) Payroll, issued October 7, 2003. The purpose of our follow-up is to report on the progress made by ABQ Ride management in addressing our findings and recommendations.

ABQ Ride has a payroll supervisor and two timekeepers who are responsible for payroll entry. ABQ Ride's total budgeted expenditures for fiscal year (FY) 2007 were approximately \$38 million. Approximately 65 percent of this amount, \$24.7 million, was for personnel costs. ABQ Ride had 567 approved full time positions in FY07.

SCOPE, OBJECTIVES, AND METHODOLOGY

Our follow-up procedures consist of inquires of City personnel and review and verification of applicable documentation to assess the status of our audit recommendations. Our follow-up is substantially less in scope than an audit. Our objective is to ensure management has taken meaningful and effective corrective action in regards to our findings and recommendations. The audit was conducted in accordance with Government Auditing Standards.

The scope of the follow-up did not include an examination of all the functions and activities related to ABQ Ride payroll. We limited our scope to actions taken to address our audit recommendations from the period of October 7, 2003, to December 14, 2007.

RECOMMENDATION NO. 1:

ABQ Ride employees worked shifts for each other and punched each other's timecard instead of their own. The employees who exchanged shifts signed a written agreement that was then authorized by the supervisor. The supervisor stated that when his employees worked for each other, he would ask them to sign a written agreement and then write in their time on the other person's timecard indicating that they were working for the other person.

If an employee did not punch his own timecard, it is unknown if the employee was paid for the correct number of hours. When employees punched each other's timecards, employee pay history was incorrect. If employees are not on payroll records as working a day that they are injured, they may not be eligible to receive on-the-job injury benefits. All time recorded should reflect the actual hours worked by employees.

The audit recommended ABQ Ride:

- Ensure that employees punch only their own timecards.
- Remind employees and supervisors that when they sign timecards and timesheets, they are attesting to the accuracy of those records.
- Ensure that timecards and timesheets reflect actual hours worked by the employee.

ABQ Ride concurred and stated they had procedures against an employee punching in for another employee. Employees were notified that punching in for another employee was not acceptable. ABQ Ride would also remind employees that they are attesting to the timecard's accuracy when they sign it, and that the timecard/timesheet must accurately reflect hours actually worked.

ACTION TAKEN

The audit recommendations have been fully implemented. The ABQ Ride personnel officer held training meetings with all supervisors. These meetings reviewed the requirements of the City's Personnel Rules and Regulations and the importance of the supervisory review of employees' payroll documentation. Supervisors were instructed that employees were prohibited from clocking in for another employee.

OIAI tested a judgmental sample of 14 employees' timecards from the pay period ending November 9, 2007, to determine if ABQ Ride employees were writing in their time on another person's timecard indicating they were working for another person. No exceptions were found in the sample.

RECOMMENDATION NO. 2:

The City Clerk's Office, Records Center, stores specific City records and documents in order to comply with state rules and regulations. During 2002, the Records Center began scanning payroll documents instead of microfilming these documents. As of August 2003, the Records Center was still scanning documents from October 2002.

Once a batch of timecards and timesheets was scanned, a Records Center employee went through each timecard and timesheet and input the related employee's name and social security number. Because ABQ Ride only required that its employees put the last four digits of their social security number on the timecard, all ABQ Ride timecards were rejected by the Records Center for scanning because they did not have a complete social security number. The Public Works and Aviation Departments also submitted timecards or timesheets for scanning which did not have the employee's full social security numbers on them.

The audit recommended the Chief Administrative Officer (CAO):

- Ensure that payroll documents are scanned in a timely manner.
- Meet with the vendor of the scanner to explore solutions to alleviate the delay of scanning payroll documents.

The audit also recommended that ABQ Ride, the Public Works and Aviation Departments establish procedures to ensure that employees' social security numbers were on all timesheets and timecards prior to sending them to the Records Center for scanning.

The CAO responded that it concurred that payroll documents were not being scanned in a timely manner and would consider meeting with the vendor to explore the adequacy of the scanning equipment. An administrative instruction was being developed to help streamline the needs of both the Record Center and the departments, and to ensure that complete information was included on all payroll documents.

ABQ Ride, Public Works and the Aviation Departments responded that their employees' timecards and timesheets would contain the full social security number of each of their employees.

ACTION TAKEN

The audit recommendations have been partially implemented. OIAI reviewed the status of the scanning of all City departments' payroll documentation. As of July 31, 2007, the

following departments were more than three months behind in submitting payroll documentation to the Records Center for scanning:

Department	Last Pay Period Submitted
Albuquerque Police	February 16, 2007
Council Services	February 17, 2006
Family and Community Services	April 13, 2007
Albuquerque Fire	March 30, 2007

The Records Center has developed written requirements that departments must comply with when submitting documents to be scanned. These requirements state that each department is responsible for submitting all payroll documents to the Records Center in a timely manner.

Subsequent to this audit, the City assigned nine digit employee identification numbers to replace the use of social security numbers on employee payroll documentation. Records Center personnel informed OIAI that departments are complying with the requirements for submitting complete documentation for scanning, including employee identification numbers. This resolves the audit recommendation that the ABQ Ride, Public Works (a portion of which is now part of the Department of Municipal Development) and Aviation Department's employees' timecards and timesheets should contain the full social security number of each of their employees.

RECOMMENDATION

The CAO should ensure that departments submit payroll documentation to the Records Center for scanning on a timely basis.

The Council Services Department should submit payroll documentation to the Records Center for scanning on a timely basis.

RESPONSE FROM CAO

“The City Clerk has been directed to prepare a monthly report to identify departments that have not submitted their payroll documentation to the Records Center for scanning. That report will be monitored by the DFAS Director who will report any problems at the weekly Director's meetings and report the deficiency to any other departments (such as City Council and Internal Audit) directly.”

RESPONSE FROM COUNCIL SERVICES

“Council Services agrees and is working to bring its payroll submissions current and will ensure that future submissions are timely.

“An audit of payroll records for Council Services was begun some years ago and Council Services was instructed not to submit payroll records to the Records Center until that audit was completed. Those records were stored in Council Services. Recently, Council Services was allowed to forward its records. Unfortunately, when those past records were submitted they were rejected based on a misunderstanding as to what was to be submitted and what needed to be retained by Council Services. The additional work required for those records is being completed.

“All issues have been resolved with the Records Center. It is anticipated that all past records will be submitted to the Records Center by mid-January and no later than February. With the issues resolved with respect to the proper form for submissions there will be no problem with keeping current with future submissions.”

RECOMMENDATION NO. 3:

ABQ Ride had a managerial leave policy, dated July 1999, which was approved by the previous CAO. This ABQ Ride policy stated that leave would be granted on an hour-for-hour basis as appropriate.

A memorandum dated October 2002 identified thirteen ABQ Ride supervisors who were given managerial leave. The managerial leave was given for extra hours worked ranging from 25 to 42 hours. The employees were given managerial leave on an hour for hour basis. This was in violation of the City’s Personnel Rules and Regulations which states managerial leave is not intended to compensate salaried employees on an hour-for-hour basis for work performed in addition to and/or outside of their regular work schedules.

The audit recommended ABQ Ride:

- Comply with City Personnel Rules and Regulations for granting managerial leave.
- Submit a revised managerial leave policy that does not conflict with City Personnel Rules and Regulations to the current CAO for approval.

ABQ Ride responded that it acknowledged that the policy was not in accordance with the City Personnel Rules and Regulations and would work with the current CAO to develop a new policy that was in compliance.

ACTION TAKEN

The audit recommendations have been partially implemented. ABQ Ride does not have a revised CAO-approved managerial leave policy.

OIAI examined the Employee Leave Balance Report as of December 28, 2006, for ABQ Ride's employees. This report indicated that no ABQ Ride employees had managerial leave balances.

RECOMMENDATION

ABQ Ride should submit a revised managerial leave policy that does not conflict with City Personnel Rules and Regulations to the current CAO for approval.

RESPONSE FROM ABQ RIDE

“ABQ RIDE concurs with the recommendation. ABQ RIDE is in the process of developing a Managerial Leave Policy that will not conflict with City Personnel Rules and Regulations for CAO approval. The policy should be completed by January 31, 2008. At this time ABQ RIDE is not granting Managerial Leave.”

RECOMMENDATION NO. 4:

ABQ Ride did not have adequate supervisory review of its payroll function. Some timesheets, Request for Leave of Absence Forms (P-30s), and the Record of Leave Balance Forms (P-29s) did not meet the requirements as defined by Fair Labor Standards Act (FLSA) Regulations, City Personnel Rules and Regulations, and City Administrative Instructions.

A review of P-30s for a 12-month time period was performed for 18 employees. Only 3 of the 18 employees completed P-30s correctly. Additionally, payroll files for nine of the 18 employees selected for review were missing forms including P-30s, Vacation Donation Forms, Upgrade Forms, memorandums authorizing managerial leave and memorandums authorizing holiday work.

Neither the fiscal officer nor the fiscal manager dated their signatures when approving P-30s, Manual Check Requests, Pay Adjustment Request Forms or Hours Adjustment Request Forms. Without a clear date of approval, it was unclear when the action was approved. Some employees consistently turned in P-30s for multiple days and hours, weeks after vacation time was taken. P-30s and payroll history reports were not in agreement because supervisors did not compare the P-30s to the timesheets.

The audit recommended ABQ Ride:

- Develop procedures to ensure that P-30s were accurate and complete.
- Develop procedures to ensure that payroll documentation is properly maintained.
- Ensure that supervisors record the date of their approval on all payroll forms.
- Develop procedures to ensure P-30s are turned in on a timely basis for payroll processing during the time period taken.
- Ensure that the data input into the payroll system is reviewed to ensure the accuracy of the data.

ABQ Ride concurred and stated it would write a complete payroll policy and procedures draft by November 1, 2003. After it was finalized, all supervisors would be properly trained on the policy and procedures.

ACTION TAKEN

The audit recommendations have not been implemented. ABQ Ride has not developed departmental payroll policy and procedures.

OIAI tested a sample of 15 ABQ Ride employees for the pay period ending December 22, 2006, to determine if:

- P-30s were accurate and complete;
- Payroll documentation was properly maintained;
- Supervisors record the date of their approval on all payroll forms;
- P-30s were turned in on a timely basis for payroll processing during the time period taken; and
- Data input into the payroll system was reviewed to ensure the accuracy of the data.

The following exceptions were noted:

- Four (27%) out of the fifteen employees tested did not submit a P-30 for leave taken.
- Nine (60%) out of the fifteen employees tested did not submit a P-30 for leave taken until after the payroll had been processed. In three of these cases, the ABQ Ride Payroll Section had to issue manual checks. Two cases resulted in payroll adjustments to correct for the late P-30s. In the other four cases, the payroll was processed and the employees were paid without the ABQ Ride Payroll Section having the required P-30s.
- One employee received 30 hours of paid suspension during this pay period. The City's Personnel Rules and Regulations require CAO or department director approval for paid suspension. OIAI asked ABQ Ride personnel to provide documentation that the paid suspension had been properly approved. The documentation was not provided.

OIAI interviewed the ABQ Ride timekeeper regarding the missing and late P30s that were identified in the audit sample. This interview determined that there is a department-wide problem of missing and late P-30s. The ABQ Ride timekeeper maintains a spreadsheet which includes the of the name of the employee, date the leave was taken, hours of leave taken and type of leave taken. As of November 2006, there were 1,510 unresolved cases where ABQ Ride employees had not turned in P-30s for leave taken. OIAI examined this list and noted the dates of the missing P-30s ranged from October 2005 to November 2006.

As of July 18, 2007, ABQ Ride had made some progress in addressing the missing P-30s. There were still 843 unresolved cases where ABQ Ride employees had not turned in P-30s for leave taken. Two hundred three were for 2007.

RECOMMENDATION

ABQ Ride should:

- Develop departmental payroll policy and procedures.
- Ensure that P-30s are turned in on during the time period that the leave was taken.
- Ensure that the data input into the payroll system is reviewed to ensure the accuracy of the data.

RESPONSE FROM ABQ RIDE

“ABQ RIDE concurs with the recommendation. ABQ RIDE is currently in the process of developing payroll policies and procedures. The policies should be completed and ready for review and approval by February 29, 2008.

“All Transit managers have been advised that they must ensure all P-30’s are completed properly and submitted in a timely manner.

“ABQ RIDE payroll division and the individual Transit programs are working together to improve the timeliness of the P-30’s. At the last count, there are currently less than 200 P-30’s outstanding, down from 843 in July.

“The current Payroll supervisor reviews the data entry input to the information provided to Payroll such as the P29’s and time sheets to ensure that the input is correct.”

RECOMMENDATION NO. 5:

ABQ Ride needed to improve its supervisory review of employee’s timesheets and payroll processing. An example of lack of supervisory review of timesheets was seen in a timesheet that showed an employee driving two different SunVan routes at the same time. The responsibility for ensuring that the time reported by employees is accurate and prepared correctly lies with the employees’ supervisors.

The audit recommended that ABQ Ride ensure that supervisors verify the time that employees work, prior to reporting the time to timekeepers.

ABQ Ride concurred and stated its new payroll policy and procedures will address this issue.

ACTION TAKEN

The audit recommendation has been partially implemented. ABQ Ride has not developed departmental payroll policy and procedures. However, the ABQ Ride Personnel Officer has held training meetings with all supervisors. These meetings reviewed with supervisors the requirements of the City’s Personnel Rules and Regulations and the importance of the supervisory review of employee’s payroll documentation.

When OIAI tested the audit sample of 15 ABQ Ride employees for the pay period ending December 22, 2006, the testwork determined that incorrect information is still being provided to the ABQ Ride Payroll Section by supervisors. For example, after the payroll was processed for the pay period ending December 22, 2006, the Operations Division notified the ABQ Ride Payroll Section that it had reported incorrect information for one employee. The employee reported 30 hours of Absent Without Leave. After the payroll was processed, the Operations Division notified the ABQ Ride Payroll Section that the employee actually had 30 hours of sick leave. In another instance, an employee reported 8 hours Absent Without Leave. After the payroll was processed, the Operations Division notified the ABQ Ride Payroll Section that the employee actually had 8 hours of sick leave.

ABQ Ride supervisors are not ensured that P-30s are turned in on a timely basis for payroll processing, during the time period that the leave was taken. As a result, the ABQ Ride Payroll Section cannot determine if supervisors are accurately verifying the time that employees work. Payroll is being processed without the ABQ Ride Payroll Section having the required P-30s for all employees.

RECOMMENDATION

ABQ Ride should:

- Develop departmental payroll policy and procedures.
- Ensure that P-30s are turned in on a timely basis for payroll processing, during the time period that the leave was taken.
- Ensure that supervisors verify the time that employees work, and provide this information to timekeepers promptly.

RESPONSE FROM ABQ RIDE

***“ABQ RIDE concurs with the recommendation. ABQ RIDE is in the process of developing payroll polices and procedures. The policies should be completed and ready for review and approval by February 29, 2008.*”**

***“ABQ RIDE payroll division and the individual Transit programs are working together to improve the timeliness of the P-30’s. At the last count, there are currently less than 200 P-30’s outstanding, down from 843 in July.*”**

ABQ RIDE payroll will continue to monitor the missing P-30's and to work with the supervisors on reporting employee time correctly and in a timely manner.

"Payroll is working with the supervisors to ensure correctness of time sheets/boards. The payroll supervisor notifies Transit Department supervisors of any errors or outstanding items that need to be corrected."

RECOMMENDATION NO. 6:

Most of the ABQ Ride administrative employees who performed payroll duties for their division only received an initial explanation of their job duties from the ABQ Ride Payroll Section. Updated training or written procedures had not been provided to these employees. Providing training and written procedures to administrative personnel could have alleviated some of the problems in processing payroll forms.

The ABQ Ride timekeepers should have been recording timesheet, timecard, and exception data into the payroll system directly from the source documents. However, the timekeepers were posting time on a manual P-29 and then entering the time into the payroll system. This increased the potential for errors.

The audit recommended ABQ Ride:

- Develop training specifically for administrative personnel who are responsible for their division's timekeeping, completion of P-29s and other payroll forms.
- Review its current payroll process that uses the manually posted P-29s to enter time into the payroll system and consider revising the process.
- Develop written procedures that outline ABQ Ride's specific payroll processes for use as a timekeeper reference tool.
- Develop procedures that ensure all timekeepers are properly supervised.

ABQ Ride responded P-29s would be discontinued January 2004. All administrative personnel who were responsible for their division's timekeeping would be retrained. The department's new payroll policy and procedures would be drafted by November 1, 2003.

ACTION TAKEN

The audit recommendations have been partially implemented. ABQ Ride has not developed departmental payroll policy and procedures. The ABQ Ride personnel officer has held training meetings with all supervisors. These meetings reviewed the requirements of the City's Personnel Rules and Regulations and the importance of the supervisory review of employee's payroll documentation.

ABQ Ride still maintains P-29s, a detailed manual payroll time record, for each of its employees. The ABQ Ride timekeepers use employee timecards and other source documents to enter each employee's hours onto a manual P-29 log for each employee. This manual P-29 log shows hours worked or leave taken for each day, in each pay period, for each employee. It is manually posted by the timekeeper to keep track of accumulated employee leave balances. After the timekeepers post to the manual P-29 logs, the ABQ Ride Payroll Section then enters this data into the payroll system. It is a time-consuming and cumbersome practice to utilize a manual P-29 log to record work time and leave taken, and then enter the information into the City's payroll system.

RECOMMENDATION

ABQ Ride should:

- Develop departmental payroll policy and procedures.
- Determine if there is a more effective method of ensuring that payroll data is entered correctly into the payroll system than utilizing manual P-29 logs.

RESPONSE FROM ABQ RIDE

***“ABQ RIDE concurs with the recommendation. ABQ RIDE is in the process of developing payroll policies and procedures. The policies should be completed and ready for review and approval by February 29, 2008.*”**

***“Payroll holds bi-weekly meetings with timekeepers, payroll clerks and HR to make sure that everyone is updated on any changes. At this time ABQ RIDE will continue to use the P-29 logs. Payroll is using the P-29 logs due to the numerous schedules and pay rates for the majority of our employees.”*”**

RECOMMENDATION NO.7:

Good internal controls require a separation of duties for the processing and review of data entered. Two timekeepers and the payroll supervisor had the capability to enter data into the payroll system.

The supervisor also reviewed and approved the data entry. Because the supervisor had the capability to enter data into the payroll system, she could make changes to the timekeepers' entries without anyone else reviewing the changes. An employee who did not have data entry capabilities on the payroll system should have performed the review and approval of payroll entries.

The audit recommended ABQ Ride rescind the data entry capabilities of the supervisor who reviewed and approved payroll, or assign another employee who did not have data entry capabilities to perform this review and approval function.

ABQ Ride concurred and responded it would rescind the data entry capabilities of the supervisor who reviewed and approved payroll as soon as resources became available.

ACTION TAKEN

The audit recommendation has been partially implemented. The payroll supervisor's access to the City's payroll system has been changed to inquiry only. However, OIAI noted another ABQ Ride fiscal employee has data entry capabilities. This employee has no payroll-related responsibilities.

RECOMMENDATION

ABQ Ride should rescind the data entry capabilities of the ABQ Ride fiscal employee who has no payroll-related responsibilities.

RESPONSE FROM ABQ RIDE

“ABQ RIDE concurs with the recommendation. The access for the fiscal employee has been changed to inquiry only.”

RECOMMENDATION NO. 8:

One employee in the random sample of 18 employees reviewed, who was an M-14 and exempt, did not turn in an exception report. The City requires that its exempt employees below grade M15

prepare exception reports each biweekly pay period. Exempt employees do not record their hours worked on the exception reports, because they are not paid on an hourly basis. They only record exceptions to their regular work schedule, such as vacation leave, sick leave and other paid and unpaid absences.

The audit recommended ABQ Ride ensure that employees submit exception reports as required.

ABQ Ride responded that it concurred that employees below grade M-15 should submit exception reports, and this was implemented.

ACTION TAKEN

The audit recommendation has been partially implemented. ABQ Ride has a designated time card reviewer in each division, who has been made responsible for ensuring that all employees below grade M-15 submit exception reports.

OIAI selected a sample of 11 ABQ Ride exempt M-14/E-14 and below employees for the pay period ending November 9, 2007, to determine if these employees submitted the required exception reports. All of the 11 employees sampled submitted exception reports.

While conducting this testwork, OIAI noted a non-exempt (hourly) employee that had completed an exempt employee timesheet. This timesheet is set up as an exception report to only record exceptions to an employee's regular work schedule, such as vacation leave, sick leave and other paid and unpaid absences. This timesheet was not approved by the employee's supervisor.

RECOMMENDATION

ABQ Ride should ensure that non-exempt employees complete the proper timesheet. All timesheets should be approved by the employee's supervisor.

RESPONSE FROM ABQ RIDE

“ABQ RIDE concurs with the recommendation. The employee in question is now completing a time card, which will be reviewed and approved by the employee's supervisor.”

RECOMMENDATION NO. 9:

ABQ Ride employees who were late for their scheduled work time or who failed to submit leave requests on a timely basis were charged with personal leave without pay (PLWP) for the time. ABQ Ride did not have department-wide policies that specified disciplinary actions to be taken for frequent late arrival and failure to submit leave requests. It appeared ABQ Ride was using PLWP to penalize these employees.

The City's Personnel Rules and Regulations, Section 402.5.B. stated that employees must exhaust all accrued vacation and other paid leave, with the exception of sick leave, prior to receiving approval for leave without pay. PLWP was not designed to be used as a punitive measure.

When ABQ Ride timekeepers coded employees' time to PLWP to discipline employees, the timekeepers usually adjusted the time to sick or vacation leave in subsequent pay periods. This caused timekeepers unnecessary work to find out the reason for the lack of leave authorizations and then again when they adjusted the time.

The audit recommended that ABQ Ride develop procedures that specified disciplinary actions to be taken for frequent late arrival and failure to submit leave requests timely, to reduce timekeeper entries to PLWP.

ABQ Ride concurred and stated the department's new payroll policy and procedures would address this issue.

ACTION TAKEN

The audit recommendation has not been implemented. ABQ Ride has not developed departmental payroll policy and procedures. ABQ Ride personnel informed OIAI that the Absence Without Authorized Leave (AW) code is being used instead of PLWP, and the use of proper payroll codes was covered in training with supervisors.

OIAI judgmentally selected an audit sample of 15 ABQ Ride employees for the pay period ending December 22, 2006. Two cases (13%) were noted where employees had time charged to PLWP, even though the employees had accrued vacation time.

RECOMMENDATION

ABQ Ride should develop procedures that specified disciplinary actions to be taken for frequent late arrival and failure to submit leave requests timely, to reduce timekeeper entries to PLWP and AW.

ABQ Ride should comply with the City's Personnel Rules and Regulations requirement that employees must exhaust all accrued vacation leave, prior to receiving approval for personal leave without pay.

RESPONSE FROM ABQ RIDE

“ABQ RIDE concurs with the recommendation. ABQ RIDE is now in compliance with the City's Personnel Rules regarding PLWP. The employee must use all vacation and sick leave prior to talking PLWP. All PLWP requests have to be signed by the Director prior to input by payroll.”

RECOMMENDATION NO. 10:

City departments complete forms that are filed with the Department of Finance and Administrative Services (DFAS) - Treasury Division (Treasury) that give authorization to individuals to pick up payroll checks for their departments. Treasury's list of employees authorized to pick up ABQ Ride paychecks was outdated. One employee on the list worked in another department and another employee no longer worked for the City.

The audit recommended ABQ Ride:

- Ensure that authorizations to pick up payroll checks on file with Treasury are kept up to date.
- Perform a periodic review of authorizations to ensure that information is current and that outdated authorizations are rescinded.

ABQ Ride concurred and stated it had updated the payroll pick up authorizations.

ACTION TAKEN

The audit recommendations have not been implemented. The August 2, 2007, Treasury listing of ABQ Ride employees who are authorized to pick up payroll checks included two

employees. As of July 7, 2007, one of these individuals was no longer an ABQ Ride employee.

RECOMMENDATION

ABQ Ride should ensure that authorizations to pick up payroll checks on file with Treasury are kept up to date by performing a periodic review of authorizations to ensure that information is current and that outdated authorizations are rescinded.

RESPONSE FROM ABQ RIDE

“ABQ RIDE concurs with the recommendation. ABQ RIDE has revised the authorizations with Treasury to ensure that the information is complete and correct.”

RECOMMENDATION NO. 11:

Three ABQ Ride employees in the audit sample received a special pay (SP). In the City’s payroll system, SP is used to code special pays that are not addressed by any other pay codes. An entry to SP is normally a one-time payment. SPs are generated two ways: by DFAS as a mass change or by the respective department initiating an SP.

The ABQ Ride Payroll Section was unable to provide documentation for the special payments to these three employees. The respective employees’ payroll personnel files in ABQ Ride did not have documentation explaining why the employees received SP payments. ABQ Ride’s Payroll Section did not have information available to verify the special pay amounts.

There were no guidelines, procedures, or controls for entries made to SP within the payroll system. Nor was there a central location for supporting documentation for special pays, such as in the affected employees’ payroll files. If the SP entry is part of a mass change, DFAS should have the supporting documents. If the department generates the SP entry, the department and the Payroll Section should have the supporting documentation. DFAS stated that there was not a screen or report produced by the payroll system that would provide information on these entries. If the departments do not have the documentation for a special pay, the department does not know if the payment is made to the correct person for the correct amount.

The audit recommended ABQ Ride ensure that timekeepers review the payroll reports for unusual items including special pays and verify the amounts and the explanation for such payments.

ABQ Ride concurred and responded this was a training issue; the special checks were checked manually for verification.

The audit recommended DFAS:

- Develop a procedure for documenting and distributing special pay information to department timekeepers.
- Develop a report for timekeepers to generate in order to verify special pay amounts coded to SP as well as other codes.

DFAS concurred and stated all information regarding payments to employees was provided in standard payroll reports that were available on-line to all departments. DFAS would remind timekeepers at a user group meeting that this information was available. All individual one-time payments entered by central payroll were documented by a request from the department. Across-the-board one-time payments were documented by either a bargaining agreement, a memorandum of understanding between the City and the bargaining unit, or memo from the Chief Administrative Officer. As a courtesy, departments were generally reminded of across-the-board payments through user group meetings and/or e-mail.

ACTION TAKEN

The audit recommendations have been fully implemented. The City's payroll system generates reports which provide information to departments regarding payments made to employees using the SP code. SP payments must be submitted to the DFAS Payroll Section for entry into the payroll system. These forms are maintained by the DFAS Payroll Section. For the pay period ending April 13, 2007, ten ABQ Ride employees received SP totaling \$92,600 as a result of a settlement of a union contract issue. The DFAS Payroll Section provided supporting documentation for the SP that was paid to these employees.

RECOMMENDATION NO. 12:

Instances when a manual check was needed included an employee who didn't get a paycheck because the employee didn't turn in a timesheet and the timekeeper did not check the list of employees who should be getting a check, or the paycheck amount was wrong. The department must request a check from the DFAS Payroll Section with a check request form that must be signed by a division manager and the timekeeper.

The DFAS Payroll Section received a computer-generated list that was printed along with the manual checks. Department timekeepers could also access manual checks issued to employees on the Payroll Register Detail for the payroll period in which the check was issued. The ABQ Ride payroll supervisor did not know how to access manual check information. Good internal controls dictated that all information should have been available to individuals responsible for functions such as payroll.

The audit recommended that DFAS provide information to timekeepers on how to access manual check information.

DFAS responded that all manual check information was included on the payroll proof and payroll register reports that are available to all departments. DFAS would remind timekeepers that this information was available.

ACTION TAKEN

The audit recommendation has been fully implemented. DFAS informed timekeepers in the Payroll Users Group meetings how to access manual check information. DFAS developed a timekeeper guide, which was provided to all City timekeepers and payroll officers; it is also available online. This timekeeper guide provides information on how to run the various reports that can be provided by the City's payroll system.

RECOMMENDATION NO. 13:

ABQ Ride did not have completed forms to support all temporary upgrades. Temporary upgrades placed employees in a position higher than the one they were currently occupying. Upgraded employees' salaries were increased to compensate for the upgraded duties. Without the properly authorized temporary upgrade forms, the department could not be certain that employees were working in an approved upgrade status. The unsupported upgrades were not identified by the ABQ Ride supervisory review of payroll.

The audit recommended:

- ABQ Ride supervisors review payroll to ensure that temporary upgrades were properly completed, justified, documented and approved.
- ABQ Ride ensure that all payroll forms are maintained.

ABQ Ride concurred and stated that all payroll upgrades would comply with City policy, and all related documentation would be maintained.

ACTION TAKEN

The audit recommendations have not been implemented. The City's Personnel Rules and Regulations regarding temporary upgrades were revised in January 2006. Requests for temporary upgrades must be submitted in writing to the Human Resources Department (HRD) identifying the circumstances and why the request is being submitted. During the period December 2006 through June 2007, ABQ Ride temporarily upgraded 23 employees. ABQ Ride provided documentation to OIAI that the requests had been submitted to HRD in 11 (49%) of the 23 cases. In five of the 11, the request for approval for the temporary upgrade had not been made to HRD by ABQ Ride until March 2007, although the upgrade started in December 2006.

ABQ Ride could not provide documentation to OIAI that the remaining 12 upgrades had been submitted to HRD.

RECOMMENDATION

ABQ Ride should request approval from HRD for all temporary upgrades. This documentation should be maintained by ABQ Ride.

RESPONSE FROM ABQ RIDE

“ABQ RIDE concurs with the recommendation. ABQ RIDE currently maintains documentation on all upgrades. This information is forwarded to HR.”

CONCLUSION

Three of the 13 recommendations noted in the initial audit report have been fully implemented. Six recommendations have been partially implemented. Four recommendations have not been implemented. As noted in our follow-up recommendations, ABQ Ride needs to further strengthen its internal policies and procedures relating to payroll.

We appreciate the assistance and cooperation of ABQ Ride personnel during the audit.

Principal Auditor

REVIEWED:

Internal Auditor

APPROVED:

APPROVED FOR PUBLICATION:

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Director
Office of Internal Audit & Investigations

Chairperson, Accountability in Government
Oversight Committee