



Internal Audit Department

Audit Report 2018-4

Payroll Audit Pelican Bay Services Division

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TABLE OF CONTENTS

OBJECTIVE	2
SUMMARY	2
MANAGEMENT RESPONSE.....	2
SCOPE	4
BACKGROUND	5
OBSERVATIONS	7
CONCLUSION.....	33

The files and draft versions of audit reports are confidential and exempt from public records requests during an active audit under *Nicolai v. Baldwin* (Aug. 28, 1998 DCA of FL, 5th District) and Section 119.0713, Florida Statutes. Workpapers supporting the observations in this report become public record and will be made available upon request once the final audit report has been issued.

Internal Audit provided a draft of this report to the Pelican Bay Services Division for management response on June 5, 2018. County management provided that response on June 19, 2018.

Objective

The objectives of this engagement were to evaluate Pelican Bay Services Division's (PBSD) internal controls over the payroll process, timekeeping practices, and the Division's compliance with Florida Statutes, County Ordinances and CMAs (County Practices and Procedures) associated with payroll processes.

Summary

The following audit observations were generated during the review:

1. Failure to report leave hours by County staff within Systems, Applications & Products in Data Processing ("SAP" or "financial system") payroll financial system (SAP) may indicate potential fraudulent activities;
2. Lack of PBSD Management oversight regarding payroll time entries and the payroll/time and attendance approval process;
3. Failure to implement internal control *segregation of duties* ("SoD") for payroll/time and attendance ("T&A") reporting entries and the management approval process of these T&A systems;
4. Lack of clearly defined supervisory roles, responsibilities, and processes may provide the basis for illicit practices and structural conflicts of interest;
5. Employee earned and used compensatory time was not consistently approved by PBSD Management and/or recorded in SAP;
6. Original T&A entry documents were altered and changes were not properly approved by employees, thereby decreasing the likelihood that accurate T&A information is recorded and reported in SAP for the purposes of computing pay and leave time;
7. Employees failed to consistently complete and/or sign timecards, requests for leave and/or overtime pay requests;
8. T&A Data are Not Complete and Accurate: employee time entries on payroll forms do not reconcile to SAP for multiple payroll periods;
9. The timekeeper provided altered payroll records to Internal Audit in response to a request for supporting documentation; and
10. County staff did not complete Performance Evaluations for PBSD assigned staff for calendar years 2015 and 2016.

PBSD Management Response Summary: Internal Audit 2018-4 correctly identifies numerous deficiencies in the processing and validation of timesheets, leave requests and comp time logs. Key staff was either unaware or did not understand the importance of adhering to proper procedures and took unacceptable shortcuts in support of day-to-day operations. Obviously, training is desperately needed and roles and responsibilities of staff must be clearly delineated and understood by all concerned. Any improperly validated comp time or accumulation of leave will be zeroed out.

Corporate Compliance and Internal Review has already been engaged, as has Human Resources, to assist in addressing the aforementioned deficiencies and in implementing best practices. Follow-up for

compliance will occur at 30, 60 and 90-day intervals. The PBSB Administrator will create and enforce BAPs (Behavior Action Plans) for the Operations Manager and the Operations Analyst, at a minimum.

The Office of Corporate Compliance and Internal Review recommendations:

In response to those deficiencies noted/acknowledged, PBSB Management met with the County Manager's Office of Corporate Compliance to identify and implement the following payroll process improvements and its status as of June 15, 2018.

<p>1. Develop and implement a formal written payroll practice and procedure within 14 days.</p>	<p>STATUS -Done</p>
<p>2. Formalize the hours of operations for all employees of the Pelican Bay Services Division. The Director issue a procedure memorandum in this regard (CMA 5345 Work Hours)</p>	<p>STATUS - Done</p>
<p>3. Conduct a staff meeting to review the practice and procedure and CMA 5360 Leave of Absence. All staff must acknowledge their responsibilities by signing the attendance log within 30 days of the issuance of this recommendation.</p>	<p>STATUS - Done</p>
<p>4. Require staff to badge in/out of the Pelican Bay Services Division workshop daily. The Director will request a badge access report from Facilities Management Division on a bi-weekly basis. The Operations Manager will confirm the accuracy of the leave requests and timecards with the Badge Access Report to confirm staff</p>	<p>STATUS- Done</p>
<p>5. Ensure managerial oversight and segregation of duties of the payroll, leave request, pre-approval of Overtime and Compensatory Leave process by requiring the employee, supervisor, manager, and Director signatures on all payroll forms on a bi-weekly basis.</p>	<p>STATUS- Done</p>
<p>6. Require staff to completely fill out required information in their individual timesheets, sign and submit to the manager by the end of business each Friday.</p>	<p>STATUS- Done</p>

7. Create a Pelican Bay Services Division payroll folder on the shared drive. Scan all applicable time cards and leave documentation from each pay period into the individual weekly folders for tracking and accountability purposes.	STATUS- Done
8. Install a security camera and badge access at the Pelican Bay Services Division Main Office.	STATUS-Requested
9. Add Neil Dorrill, Pelican Bay Services Director, to the SAP payroll approval workflow.	STATUS- Done
10. Schedule supplemental SAP payroll entry training with Tracey Payne, SAP Trainer with the Clerk of Courts.	STATUS-Requested

Scope

This engagement consisted of, but was not limited to, the following:

- Fair Labor Standards Act (“FLSA”);
- Florida Statute 119 and Florida Statute 286; Florida Statute 125; Florida Omnibus Theft Statute;
- Review of Collier County Ordinances 2002-27, 2006-05, 2009-05, 2013-19, and 2013-61 as amended;
- Review of applicable Board of County Commissioners (BCC) agenda items and meeting minutes;
- Review of applicable Collier County CMA’s;
- Review of applicable County Agreements;
- Visiting PBSD and interviewing its staff and management;
- Observing and documenting the timekeeping and payroll process;
- Examining payroll and personnel records of PBSD assigned staff;
- Review of Timecards, Overtime and Request for Leave Forms for Fiscal Years 2015 through 2018;
- Validation and tracing of timecard, overtime and request for leave information;
- Comparison of hours worked (from payroll documents) with entries in the Payroll System (SAP records);
- Interviews with Clerk’s Payroll staff; and
- Interviews with County’s Human Resources (HR) and Operations staff.

Scope Limitations:

The scope of the audit was limited to all payroll documentation **with dates** corresponding to payroll periods from Fiscal Year 2015 through Fiscal Year (FY) 2018 (3/30/18), which consisted of 1,400 records. Testing for purposes of the audit relied on timecards, overtime and request for leave forms that should have been attested by the employee and supervisor.

Background

Pursuant to Chapter 125, Florida Statutes, and Collier County Ordinance No. 88-23, the Pelican Bay Municipal Service Taxing and Benefit Unit (MSTBU) was created to provide the community of Pelican Bay (Community) services directly from the County. The County services include, but are not limited to: street lighting, water management, law enforcement, streetscape beautification and mangrove maintenance. A comprehensive list of services is described in County Ordinance 2002-27. The purpose of the PBSB, along with the Pelican Bay MSTBU is to advise the Board of County Commissioners (BCC) on issues that pertain to Pelican Bay residents. Pelican Bay property owners (both residential and commercial) tax and assess themselves each year to pay for the services and amenities provided by the PBSB. The County collects the funds, and the PBSB's manager oversees the administration of the funds within the MSTBU.

The BCC approved the hiring of a contract professional manager for the PBSB to manage funds, services, programs and the day-to-day operational activities of the MSTBU. At the recommendation of the PBSB Board, the BCC awarded the current contract to Dorrill Management Group, LLC ("Consultant") through Agreement #14-6230 "Management Services for Pelican Bay Services Division" ("Agreement"), which was executed on 5/13/14, effective 7/1/14. The Agreement was for a one (1) year period, and by mutual agreement of the parties may be renewed for three (3) additional one year periods. The final renewal term is in effect from 7/1/17 to 6/30/18.

The Agreement's scope of services includes, but is not limited to, the supervision of BCC staff assigned to PBSB, coordination of activities and implementation of policies. The payroll process and related activities are an integral part of the day-to-day operations, therefore an understanding and review of these activities are an essential aspect of the audit of PBSB.

See partial first page (1 of 13) and partial "Exhibit A-Scope of Services" of the Agreement for "Management Services for Pelican Services Division" **below and on the next page:**

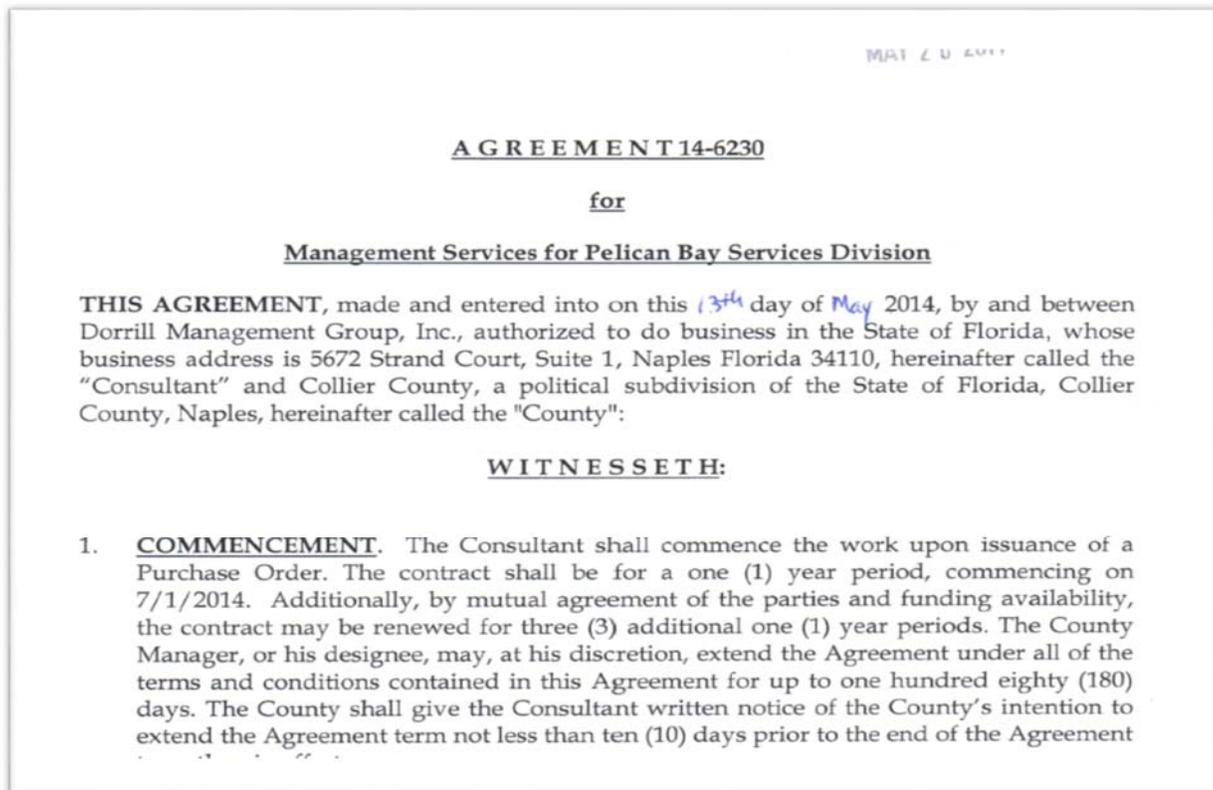


Exhibit A
Scope of Services
Management Services for Pelican Bay Services Division

The Consultant will be responsible for the oversight and the day-to-day management services for the Pelican Bay Services Division. This Scope of Services addresses the duties and responsibilities of the Administrator of the Pelican Bay Services Division, hereinafter called the "Administrator".

The Consultant will identify an Administrator, whose duties and responsibilities include the following:

1. It will be the Administrator's main responsibility to implement the policies of the PBSB, as directed by the Pelican Bay Services Division Board.
2. The Administrator shall prepare the necessary organizational structure and interview and recommend personnel to be hired and employed by the County for the PBSB. The Administrator shall supervise the personnel employed by the PBSB in accordance with all Federal, State and County laws, rules and regulations where applicable. The Administrator shall request approval of the PBSB Board for any significant changes in size or makeup of the organization. Currently, the Administrator has the following people reporting: one (1) Superintendent; one (1) Operations Analyst, one (1) Administrative Assistant and sixteen (16) field employees.

Timekeeping and Payroll Process Observations:

Internal Audit met with the Operations Analyst assigned to PBSB to discuss and observe the payroll process for payroll period ending 11/10/17. The payroll period is bi-weekly and starts on a Saturday and ends on a Friday, with payment made on Friday two weeks from the end of the pay period. As of 11/06/17, Pelican Bay Services Division has 16 hourly employees (non-exempt) and 3 salary (exempt) employees. Hourly employees submit Timecards, Overtime Forms and Request for Leave Forms. Salary employees submit Request for Leave Forms and compensatory time logs.

The payroll process begins at PBSB. The hourly employees complete a "Weekly Time Card" ("timecard") for the time worked and an "Overtime Approval Form," if the hourly employee has worked more than 40 hours per week. All employees are required to complete a "Request for Leave" form ("RFLF"), if applicable for the pay period. The timecard and other payroll forms are to be signed by the employee to certify hours worked and leave requested. Two employees are responsible for the payroll process: (1) Operations Analyst, as **SAP timekeeper**, enters information in the payroll system, and (2) Operations Manager, as **SAP approver**, reviews and approves time entries in the SAP payroll system. Procedurally, the Operations Manager collects, reviews and signs timecards and payroll forms for all employees with the exception of the Administrative Assistant (subordinate to the Operations Analyst). Additionally the Operations Analyst, who is a subordinate to the Operations Manager collects, reviews and approves the Operations Manager's requests for leave.

Upon the approval of the timecards and payroll forms by the direct supervisor, they are turned over to the timekeeper (Operations Analyst). The timecards and payroll forms are to be reviewed by the timekeeper for accuracy, and subsequently, entered in the SAP payroll system.

After the timecard information is entered into SAP, the timekeeper sends an email to the Operations Manager (authorized approver in SAP) to review and approve information entered in the payroll system, after review time entries are approved in SAP. If there are any timecard issues, the authorized approver must resolve them with the employee prior to resubmission in SAP. Timecards and all supporting documentation are then stored at the PBSO Office.

Once time entries are approved by the PBSO approver, the Clerk’s Finance Department (Payroll) conducts a time entry audit by cost center (location), utilizing the information provided by PBSO assigned staff. Finance completes a time entry audit for all adjustments to prior period entries. If irregularities are noted, Payroll notifies the County’s Human Resources Department (“HR”) of issues and/or concerns. The County’s Human Resources will contact the PBSO to review and/or correct entries. Payroll completes the time entry audit after Payroll has received a notification—typically by email, from Human Resources noting that corrections have been made to SAP entries. Payroll initiates the “Time Transfer” process in SAP workflow to complete the payroll process for the period.

The County’s Human Resources Department and Clerk’s payroll staff do not receive timecards and/or other payroll forms. It is the responsibility of PBSO payroll assigned staff to review data input, reconcile physical payroll forms to SAP entries, and ensure the accuracy of time entered into SAP. Finally, the physical documents are stored at the PBSO Office and are to be retained according to State of Florida general records schedules.

Observations

1) Failure to report leave hours by County staff within Systems, Applications & Products in Data Processing (“SAP” or “financial system”) payroll financial system (SAP) may indicate potential fraudulent activities.

Several County ordinances and procedures outline the code of ethics and standard of conduct to ensure employees conduct their “employment duties in a manner that is free from conflicts of interest.” CMA #5311 Code of Ethics and Anti-Fraud defines one category of fraud as, “(i) the intentional misstatement of financial information...” and defines the term fraud as, “(h) Misrepresentation of information on documents (employment history, timesheets, **leave records**, travel reimbursement requests, financial records, etc.) **to cover missed time**, or attain unearned income...”

According to County policies and procedures, the misrepresentation of time on leave records, which includes but is not limited to sick, vacation and personal time, fits into the definition of fraud. Internal Audit inspected PBSO payroll forms for FY15 through FY18 and found that the Operations Analyst (timekeeper for PBSO) failed to record a combined 208 hours of sick, vacation and personal time in the payroll system (SAP). A comparison of “Request for Leave” forms to records entered in SAP demonstrate the Operations Analyst (timekeeper) misrepresented information on leave records (which were *not* approved by a supervisor), and subsequently recorded different hourly amounts in the payroll system, potentially to cover missed time. For a time span of 3 ½ years the failure to record leave hours occurred in 14 different instances with the majority happening in FY17 (10 times)—this occurred in 8 pay periods out of 26 pay periods or 31% for FY17.

The following chart summarizes a count of sick, vacation and personal leave hours self-reported and self-recorded by the timekeeper for payroll periods from FY16 through FY18. As a result of the Operations Analyst’s actions, the potential financial impact to the County and PBSO is **\$6,036** (see data on next page):

Employee SAP #	Fiscal Year	Payroll Period Start	Payroll Period End	Type of Leave	Payroll Forms (Hours)	SAP(Hours)	Unrecorded Hours in SAP Payroll System	Value of Leave (\$)	Annual Salary (\$)	Hourly Rate (\$)
6455	18	12/23/2017	1/5/2018	Sick	8	0	(8)	\$ 239.02	\$ 62,144	\$ 29.88
6455	18	11/11/2017	11/24/2017	Sick	24	0	(24)	\$ 717.05	\$ 62,144	\$ 29.88
6455	18	9/30/2017	10/13/2017	Sick	20	16	(4)	\$ 119.51	\$ 62,144	\$ 29.88
6455	17	2/4/2017	2/17/2017	Sick	24	0	(24)	\$ 696.84	\$ 60,393	\$ 29.04
6455	17	3/4/2017	3/17/2017	Sick	8	0	(8)	\$ 232.28	\$ 60,393	\$ 29.04
6455	17	3/18/2017	3/31/2017	Personal	8	0	(8)	\$ 232.28	\$ 60,393	\$ 29.04
6455	17	4/1/2017	4/14/2017	Sick	28	8	(20)	\$ 580.70	\$ 60,393	\$ 29.04
6455	17	4/29/2017	5/12/2017	Sick	8	0	(8)	\$ 232.28	\$ 60,393	\$ 29.04
6455	17	5/27/2017	6/9/2017	Sick	8	0	(8)	\$ 232.28	\$ 60,393	\$ 29.04
6455	17	6/10/2017	6/23/2017	Sick	8	0	(8)	\$ 232.28	\$ 60,393	\$ 29.04
6455	17	6/24/2017	7/7/2017	Sick	24	16	(8)	\$ 232.28	\$ 60,393	\$ 29.04
6455	17	2/4/2017	2/17/2017	Vacation	40	16	(24)	\$ 696.84	\$ 60,393	\$ 29.04
6455	17	6/10/2017	6/23/2017	Vacation	40	24	(16)	\$ 464.56	\$ 60,393	\$ 29.04
6455	16	8/6/2016	8/19/2016	Vacation	40	0	(40)	\$ 1,127.58	\$ 58,634	\$ 28.19
					288	80	(208)	\$ 6,036		

The payroll records below pertain to pay period ending on 2/17/2017, highlighted in yellow (schedule in previous page), for Operations Analyst (SAP#6455) in FY17:

Collier County
Board of County Commissioners
Request for Leave

1. Employee Name: Mary McCaughy Request Date: 2/3/2017
 Division: P880 Pay Period: _____
 Position: Operations Analyst SAP #: 6455

2. TYPE OF LEAVE REQUESTED:
 (Complete separate form for leave requested over multiple pay periods)

Paid Leaves of Absence:

Bereavement Military Service Award
 Compensatory Other (List _____) Sick
 Jury Duty Personal **Vacation**

3. LEAVE INFORMATION:

Leave to Begin at: 8 AM PM On: 2/6/17
 Leave to End at: 5 AM PM On: 2/10/17

Total Hours Requested: 40

Employee Signature: [Signature] Date: 2/3/17

*A physician's statement is required for sick leave of more than five (5) days.

4. EMERGENCY LOCATION:
 Please furnish a telephone number and address where you can be reached in case of emergency.
 Phone: _____ Address: _____

Is this leave request for FMLA leave? Yes No
 (If yes, please review the instructions on Page 2)

5. AUTHORIZATION:
 Supervisor: _____ **Not Approved by Management** Date: _____
 Division Director: _____ Date: _____
 Department Head: _____ Date: _____
 Human Resources Director: _____ Date: _____

6. APPROVAL: (If leave without pay is for more than one month)
 County Manager: _____ Date: _____

Revised: January 2016

Pay Period 02/04/2017 to 02/17/2017.

Operations Analyst's Request for Leave: Employee/Timekeeper requested 40 hours of vacation. Time requested was not approved by PBSO

Timekeeper recorded **only 16 hours** (2 days) of Vacation in SAP Payroll System, but the Request for Leave (previous page) reports a total of **40 hours** vacation for pay period ending 2/17/2017. “Overview of Absences” below does not show requested dates (2/6/17-2/10/17) as “Paid Vacation.”

Remuneration statement

EMPLOYEE STATEMENT OF EARNINGS AND DEDUCTIONS

Mary C McCaughtry 06455 182900 COLLIER COUNTY GOVERNMENT
3303 Tamiami Trl E
Naples, Florida 34112-4961

1905 Creatview Way
Naples FL 34119

Service Date: 01/14/2008 Check Date: 03/03/2017
Pay Period: 02/04/2017 to 02/17/2017

EARNINGS					DEDUCTIONS		
Description	Hours	Current \$	PayPD Ending	YTD \$	Description	Current \$	YTD \$
Curr Per Work Hrs	64.00				B-Medical EE	181.99	909.95
Salary		1,858.25	02/17/2017	10,220.37	B-Dental EE	18.54	92.70
Paid-Vacation	16.00	464.56	02/17/2017	464.56	B-FRS Member Contr	69.68	348.40
Holiday Pay				929.12	TX Withholding Tax	205.85	1,029.25
					TX EE Social Secur	134.20	670.99
					TX EE Medicare Tax	31.38	156.82
Earnings:				2,322.81	11,614.05	Deductions: 641.64 Net: 1,681.17	

TAXABLE BENEFITS				DIRECT DEPOSITS	
Description	Current	PayPd Ending	YTD \$		
EE GILI Taxable	42.20	02/17/2017	211.00	1,681.17	FIRST FLORIDA INTEGRITY B

Description	EMPLOYER PAID CONTRIBUTIONS	YTD	LEAVE BALANCES	REMAINING	YTD-TAKEN
B-Medical ER		4,244.75	Vacation	427.08	V-TAKEN 16.00
B-Dental ER		104.55	Sick	664.20	S-TAKEN 0.00
B-Basic Life ER		28.40	Sick from Vacation	37.46	
B-Basic AD&D ER		7.65	Personal	16.00	
B-Std ER		21.50	Comp	0.00	
B-LTD ER		15.60	Service Award	0.00	
B-FRS Regular Class		873.40	Vacation Sell Back	0.00	

EMPLOYEE STATEMENT OF EARNINGS AND DEDUCTIONS

Mary C McCaughtry 06455

Check Date: 03/03/2017
Pay Period: 02/04/2017 to 02/17/2017

EARNINGS				
Description	Hours	Current \$	PayPD Ending	YTD \$
Curr Per Work Hrs	64.00			
Salary		1,858.25	02/17/2017	10,220.37
Paid-Vacation	16.00	464.56	02/17/2017	464.56
Holiday Pay				929.12

Overview Absences

Choose

Personnel No: 6455 Name: Mary C McCaughtry Status: Active
EE group: 1 Regular Personnel ar: B116 Pelican Bay Services
WS rule: NORM 5 Days x 8 Hrs
Choose: 01/01/1800 To: 12/31/9999 STY: []

Start Date	End Date	Ab...	Att./abs. type...	From	To	P	Abs.days	Hours
06/05/2017	06/05/2017	4310	Paid - Vacation				1.00	8.00
05/29/2017	05/29/2017	4556	Holiday Pay				1.00	8.00
04/07/2017	04/07/2017	4330	Paid-Sick				1.00	8.00
03/17/2017	03/17/2017	4340	Paid-Bereaveme...				1.00	8.00
02/14/2017	02/14/2017	4310	Paid - Vacation				1.00	8.00
02/13/2017	02/13/2017	4310	Paid - Vacation				1.00	8.00
01/16/2017	01/16/2017	4556	Holiday Pay				1.00	8.00
01/02/2017	01/02/2017	4556	Holiday Pay				1.00	8.00
12/26/2016	12/26/2016	4556	Holiday Pay				1.00	8.00

Dates not recorded, as "Paid Vacation" in SAP, 2/6/17 to 2/10/17 (40hrs).

The timekeeper—as will be described further in Observation #2 and #3 of this report—has the opportunity to enter her own time information in SAP, without prior inspection and/or approval from management. This lack of oversight is exacerbated by the absence of proper review from the authorized approver (Operations Manager). The timekeeper is in a position of trust, which requires the ability to safeguard the financial interests of the County and not to use them for personal gain. Failure to record leave hours in SAP results in leave balances not being reduced. The County pays out to the employee the remaining vacation balance upon retirement or termination. Internal Audit noted that on 4/26/18, the timekeeper’s vacation balance was 438 hours. The County allows employees to accrue and potentially cash out up to 440 hours of vacation. Every hour over 440 hours is converted to sick leave, which does not have a cash value. Consequently, there is a potential incentive for any employee to keep the vacation balance as close to 440 hours as possible to avoid losing cash out value.

Lack of management oversight and the failure to follow established segregation of duties may create the opportunity for waste, fraud and/or abuse. This oversight was not provided by PBSB management staff. When management and/or supervisors do not properly comply with policies and procedures, it creates internal control weaknesses that may lead to concealing potential fraud. Furthermore, inaccurate leave records may impact the integrity of the financial records reported by the County to external entities.

Recommendations:

- The County Manager should review audit findings and take corrective action.
- Approval of leave time should be made by the employee's supervisor before the leave is taken. If leave is not approved in advance, it should be reviewed for approval or disapproval as soon as reasonably possible after leave is taken.
- The misstated time should be corrected by BCC staff and rejected in SAP to ensure proper T&A balances/records.
- Management should complete a review of internal controls at PBSD.
- Management should implement and adhere to strong internal controls with routine ongoing monitoring to avoid any future misstatements and to detect fraudulent activities.
- Management should review and approve payroll time records prior to entering data into the SAP payroll system and validate time after information has been entered.

PBSD Management Response: Number 1) Failure to report leave hours

The County will investigate the failure to report leave hours by the PBSD timekeeper, and take corrective action if there is evidence of intentional misrepresentation of leave hours. The FY 2018 county payroll of PBSD is \$1,483,000 for the 18 full-time employees. In addition, the Division coordinates payroll submitted for 17 contracted day- labor positions totaling \$552,150 or a combined payroll of \$2,035,150.

Lack of necessary management oversight and consistency in the review and approval of biweekly payroll and leave forms required immediate corrections. Misstated sick/annual leave has been corrected within the SAP system to reflect actual balances.

2) Lack of PBSD Management oversight regarding payroll time entries and the payroll/time and attendance approval process.

The Agreement between Dorrill Management Group, LLC, and the County identifies an "Administrator" whose duties and responsibilities include supervising "the personnel employed by the PBSD in accordance with all Federal, State and County laws, rules and regulations where applicable." Additionally, the Agreement, also requires the Administrator to "have an understanding of Florida County Government operations, good management principles and skills..."

Internal Audit obtained document, "PBSD Organizational Chart FY 2016 (provided 4/11/18)", from PBSD Administrative Assistant that shows Neil Dorrill as the PBSD Administrator; below the Administrator's line of authority is the Operations Manager, who has a supervisory role over all employees at PBSD according to the Organizational Chart and the County's Human Resources Job Description.

Currently, PBSD does not have detailed written procedures, policy is dictated by the CMAs, regarding the T&A entry and approval of the payroll process and payroll forms. Payroll forms (timecards, overtime and request for leave forms) issued by the County have a signature block designated for the supervisor's approval. Time entry guidelines found in the County's Human Resources SharePoint site instruct employees to [s]ubmit [payroll documents] to their supervisor for review and approval." Internal Audit interviewed the Human Resources Director and verified that there is an expectation from County Management that all payroll documents require review and approval by the employee's supervisor in the corresponding signature block.

Internal Audit inspected and analyzed payroll the documents provided to verify review and approval by BCC management of T&A entry records, overtime and request for leave forms of PBSD assigned employees. The payroll documents consisted of all pay periods in Fiscal Years 2015 to 2017 and 14 payroll periods in 2018; representing a total of 1,400 documents (payroll population).

Of the 1,400 documents (payroll population) completed by employees over a 3 ½ year period, 77% were not approved by a supervisor. In addition, the data revealed that out of the payroll population, 43% had not been properly signed or attested to by the employee, and that 34% were not dated by the employee. Internal Audit analyzed the payroll population data, in more detail. First by segregating the documents by fiscal year (FY), and then by whether the records were completed prior to or after the start of this announced audit.

The following payroll records are demonstrative of the deficiencies discovered by Internal Audit for 99.7% of records inspected for FY17:

WEEKLY TIME CARD PAY PERIOD: PERIOD ENDING: *8/19 - 8/11/17*

(Notice - This card must be turned in to the proper authority before payment can be made)

Employee Name: *SEVANY CARABALLO* Cost Center: _____
 Department: _____ Division: _____
 Last four of SS #: *1570* SAP ID #: *13147*

WEEK #	IN	OUT	IN	OUT	IN	OUT	TOTAL HOURS
SATURDAY							
SUNDAY							
MONDAY	<i>7:00</i>	<i>12:00</i>	<i>12:30</i>	<i>5:30</i>			
TUESDAY	<i>7:00</i>	<i>12:00</i>	<i>12:30</i>	<i>5:30</i>			
WEDNESDAY	<i>7:00</i>	<i>12:00</i>	<i>12:30</i>	<i>4:30</i>			
THURSDAY	<i>7:00</i>	<i>12:00</i>	<i>12:30</i>	<i>8:30</i>			
FRIDAY	<i>7:00</i>	<i>12:00</i>	<i>12:30</i>	<i>3:30</i>			
WEEKLY TOTAL:							

EMPLOYEE SIGNATURE: *Caraballo*

SUPERVISORY SIGNATURE: _____

1 UT

PBSD Timecard does not have approval on "Supervisory signature" block and is **missing** the following:

- Cost Center
- Division
- Department

Overtime Approval Form

Name: JEOVANY Caraballo

Pay Period _____

SAP ID #: 13147

Week #1	Date	Hours	Reason
Saturday			
Sunday			
Monday			
Tuesday			
Wednesday			
Thursday			
Friday	8/25/17	8	
Total Overtime Hours		8	

Week #2	Date	Hours	Reason
Saturday			
Sunday			
Monday			
Tuesday			
Wednesday			
Thursday			
Friday	9/1/17	8	
Total Overtime Hours		8	

Total for Both Weeks

1

Approved By: _____

PBSD Overtime Approval Form: Pay period incomplete.

PBSD Overtime Approval Form does not have approval on "Approved by:" signature block. The Pay Period is also incomplete.

COLLIER COUNTY, FLORIDA
REQUEST FOR LEAVE

1. Employee's Name: SENIOR CARABALLO Request Date: _____
Department: _____ Pay Period: _____
Position: _____ SAP ID #: 13147

2. TYPE OF LEAVE REQUESTED:
(Complete separate form for leave requested over multiple pay periods)

Paid Leaves of Absence:

- | | | |
|---------------------------------------|---|--|
| <input type="checkbox"/> Bereavement | <input type="checkbox"/> Military | <input type="checkbox"/> Service Award |
| <input type="checkbox"/> Compensatory | <input type="checkbox"/> Other (List _____) | <input type="checkbox"/> Sick |
| <input type="checkbox"/> Jury Duty | <input type="checkbox"/> Personal | <input checked="" type="checkbox"/> Vacation |

Unpaid Leave of Absence: Reason _____

3. LEAVE INFORMATION:

Leave to Begin at: 4:30 AM PM on: 8/23/17
Leave to End at: 5:30 AM PM on: _____

Total Hours Requested: 1 hr

Employee's Signature: _____ Date: 9/1/17

*A physician's statement is required for sick leave of more than five (5) days.

4. EMERGENCY LOCATION:

Please furnish a telephone number and address where you can be reached in case of emergency

Phone: _____ Address: _____

Is this leave request for FMLA leave? Yes No

(If yes, please review FMLA policy)

5. AUTHORIZATION:

Supervisor: _____	Date: _____
Department Director: _____	Date: _____
Division Administrator: _____	Date: _____
Human Resources Director: _____	Date: _____

6. APPROVAL: (IF LEAVE WITHOUT PAY IS FOR MORE THAN ONE MONTH)

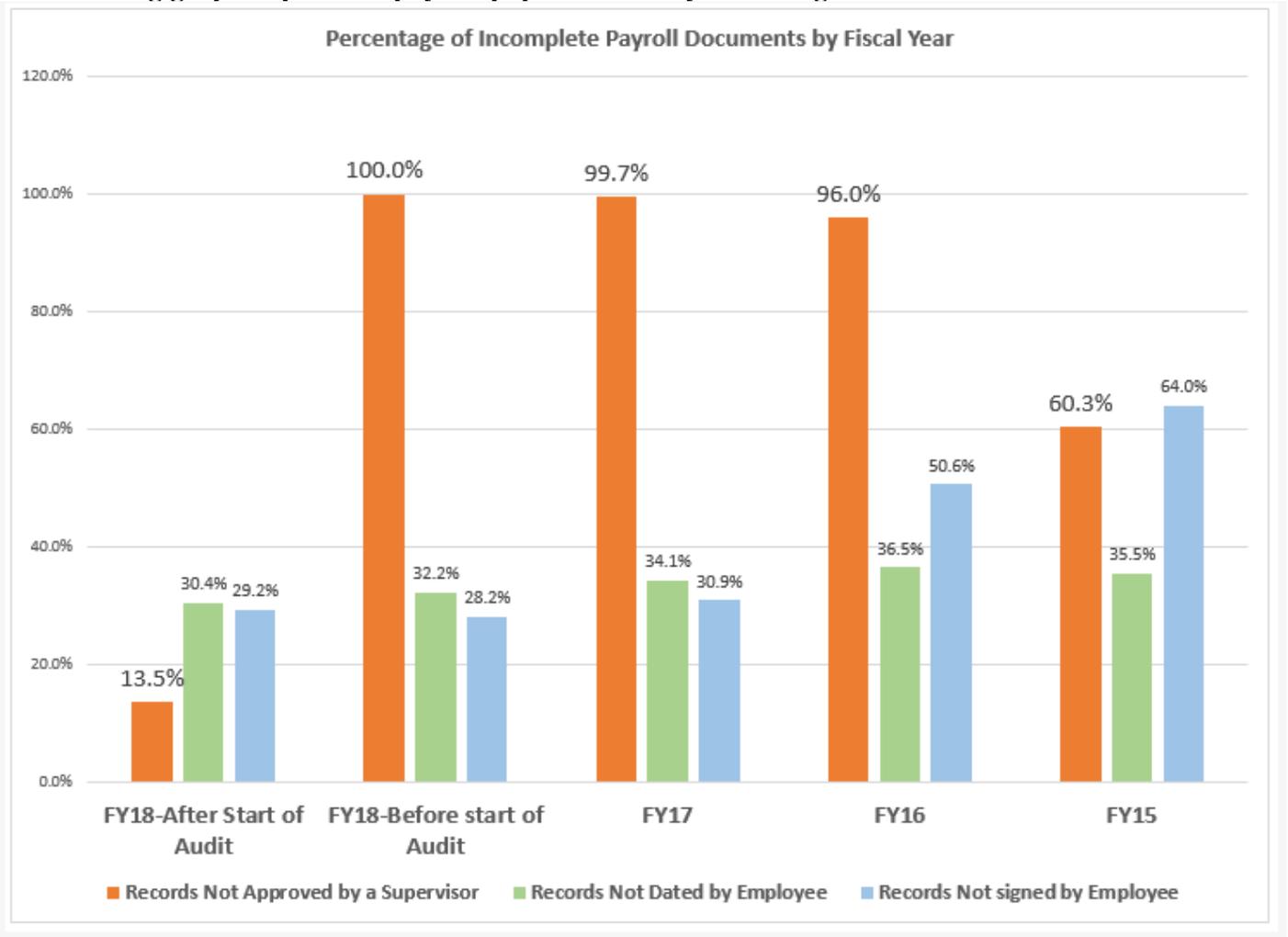
County Manager: _____ Date: _____

Revised: August 2011

PBSD Request for Leave form is **missing** the following:

- Request Date
- Department
- Position
- Employee signature
- Approval on "Authorization" signature blocks.

The following graph depicts the payroll population analysis findings:



It is relevant to point out that the percentage of unapproved payroll documents was 60.3% in FY 2015. At this time both the Operations Manager and Division Director had been in supervisory roles at PBSD for over a year. The percentage of unapproved records sharply increased to 100% by November of 2017(FY18), just prior to the start of this announced audit. However, once PBSD assigned staff were notified that Internal Audit would be performing an observation and documentation of their payroll process, the percentage of records without signatures decreased sharply (86.5%). In fact, only 13.5% of records did not have evidence of approval in the subsequent pay periods. None of the records inspected had the required Administrator’s signature, not even the Operations Manager’s payroll documents, despite the fact the Division Administrator is their direct supervisor, according to the PBSD organizational chart.

Additionally, the Clerk of the Circuit Court and Comptroller’s (“Clerk”) analysis identified two additional deficiencies depicted in the graph above. A large percentage of documents were neither 1) signed; nor 2) dated by PBSD employees. The percentage of unsigned and undated documents by the employees remained greater than 28% for the entire review period. Since the percentage of unapproved payroll documents decreased sharply after the audit started, the expectation by Internal Audit was that the incidence of these two issues (unsigned and undated documents) would also decline, however this was not what the data showed. The percentage of unsigned and undated documents remained at about 30% after the audit began, and it's indicative that the supervisor may be approving the payroll forms more frequently, but not necessarily reviewing the information.

Documentation contained in the Operations Manager personnel file indicates that he completed the “SAP Time-Keeper/Approver Training Request Form” on 9/5/14. The Human Resources Director (HR Director) explained

to Internal Audit that the training involves an instruction on procedures and responsibilities involved in the review and approval of time in the payroll system (SAP), which includes reconciling information between physical payroll forms and time entered by the timekeeper (Operations Analyst).

During interviews with PBSO assigned personnel, Internal Audit inquired how often the Administrator comes to the office, where payroll records are stored. County staff indicated that they “rarely ever see the Administrator in the office.” There is specific language in the Agreement that compels the Administrator to “supervise the personnel [PBSO assigned staff]...according to County laws, rules [CMAs] and regulations.” Given that the documentation to supervise personnel—related to payroll—is stored at PBSO’s Administrative Office (Office) the Administrator’s failure to routinely be present in the Office hinders his ability to review and approve payroll documents. Additionally, the Administrator’s lack of presence, in the Office, has other potential negative repercussions to the Division, which may include not detecting conflicting information, inaccurate entries, or fraud.

Recommendations:

- County management should establish policies and procedures necessary to appropriately review and approve the T&A entry process; and create a policy and procedure for signing, reviewing, and assigning accountability for recording and maintaining T&A data. Moreover, the person recording the T&A data should be required to acknowledge responsibility for the accuracy of the recorded data.
- If the Administrator cannot or will not allot time to review and approve payroll forms the County Manager should establish a designee that will fulfill this role.
- PBSO Management should ensure the person recording the T&A data be required to acknowledge responsibility for the accuracy of the recorded data.

PBSO Management Response: Number 2-5) Lack of Consistency in Management oversight regarding payroll entries and leave approval.

As previously noted PBSO has developed a formal payroll practices procedure which outlines all required employee, supervisor and manager required signatures. Since 1988 PBSO has had 3 part- time contract Administrators who oversee the Division within the County Managers Department. Historically, the Administrator has not reviewed or approved biweekly payroll as part of the scope of services. Effective June 2018 the current Administrator, Neil Dorrill will now review and approve final payroll as an additional safeguard.

Additionally, one deficiency noted on page 17 that Lisa Jacob was not the appropriate supervisor who authorized a Request for Leave form is incorrect. On July 16, 2014, Ms. Jacob was the "Acting Operations Manager" upon the retirement of the former employee and was the appropriate Supervisor. Upon a request senior staff met on approximately Aug. 1, 2017 to review and outline the eligibility and accounting of compensatory time. Compensatory logs of accrual and usage were kept electronically but not with the SAP payroll module and approved. Changes as previously noted have been incorporated within the SAP system.

Internal Audit Response to PBSO Management Response:

The payroll documents should have been reviewed and approved by a Supervisor or their designee, however the majority of payroll documents inspected by Internal Audit showed no evidence of approval by a Supervisor nor their designee.

Additionally, the County’s Contracted Administrator is responsible for supervision of employees, pursuant to Agreement #14-6230 “Management Services for Pelican Bay Services Division-Exhibit A Scope of Services.”

Internal Audit requested evidence of approval of earned compensatory time from the Operations Manager e.g. email, meeting request or any other evidence that the compensatory time was approved prior to employees using compensatory time instead of other types of leave. The Operations Manager did not provide any such evidence, but reiterated several times that the compensatory time was approved verbally by the Division Administrator.

3) Failure to implement internal control *segregation of duties* (“SoD”) for payroll/time and attendance (“T&A”) reporting entries and the management approval process of these T&A systems.

Organizations should strive to have effective internal controls, a key aspect is the proper segregation of duties (“SoD”). Segregation of duties commonly means that a process (e.g. payroll process) is divided among several people in order to reduce the risk of errors and inappropriate or fraudulent actions, i.e. to prevent any one person from using the organization’s resources for their own personal gain. SoD is a basic building block of sustainable risk management and internal controls for a business unit.

It appears PBSD is not following proper segregation of duties to prevent, detect, and control errors and inappropriate or fraudulent actions. According to actions observed by Internal Audit during the documentation of the payroll process, the timekeeper (PBSD Operation Analyst) reviews “completed” employee payroll forms and enters the requisite data into SAP. Subsequently, the authorized approver in SAP (PBSD Operations Manager) receives an email from the timekeeper that “payroll is ready for approval.” In discussions between Internal Audit, the timekeeper and approver it appears that the authorized approver (Operations Manager) does not observe and validate the physical payroll forms when reviewing, approving, and releasing the time entered in SAP, therefore he does not have the information required to test and/or corroborate information entered by the timekeeper (see also Observation #2 for lack of evidence of approval).

When proper SoD are not followed, a single individual has the opportunity to execute end-to-end processing of a transaction—payroll and T&A, this indicates complete control over the multiple steps within a single business process. As a result, the timekeeper can complete the whole process – from initiation and authorization to approval and execution – without any checks or balances. This type of systemic problem can occur in lean workforces or departments where job responsibilities are shared (i.e., anyone can serve as a backup for anyone else). Consequently, it appears the only person in actual control of the PBSD payroll process is the timekeeper. Internal Audit determined that in FY 2107, 99.7% of the payroll population lacked evidence of supervisor approval. When compounded with the lack of proper review of physical payroll forms, which may that there are no actual segregation of duties being implemented within the Division’s payroll process. Additionally, discussions with the backup/alternate payroll staff (Administrative Assistant) revealed that during the time she has been the payroll backup person (about 2 ½ years), she has “only entered payroll twice even when [the timekeeper] is on vacation.” The Administrative Assistant has extensive experience with payroll; having worked with the County since 2005 and completed timekeeper training procedures.

The internal controls relating to the segregation of duties, with regards to the timekeeping and payroll process, are not being followed by PBSD assigned staff. This is potentially due to lack of oversight by PBSD Management and failure to document and enforce proper procedures. The current approach to the time entry and approval process may lead to errors and may prevent detection of fraudulent activity.

Recommendations:

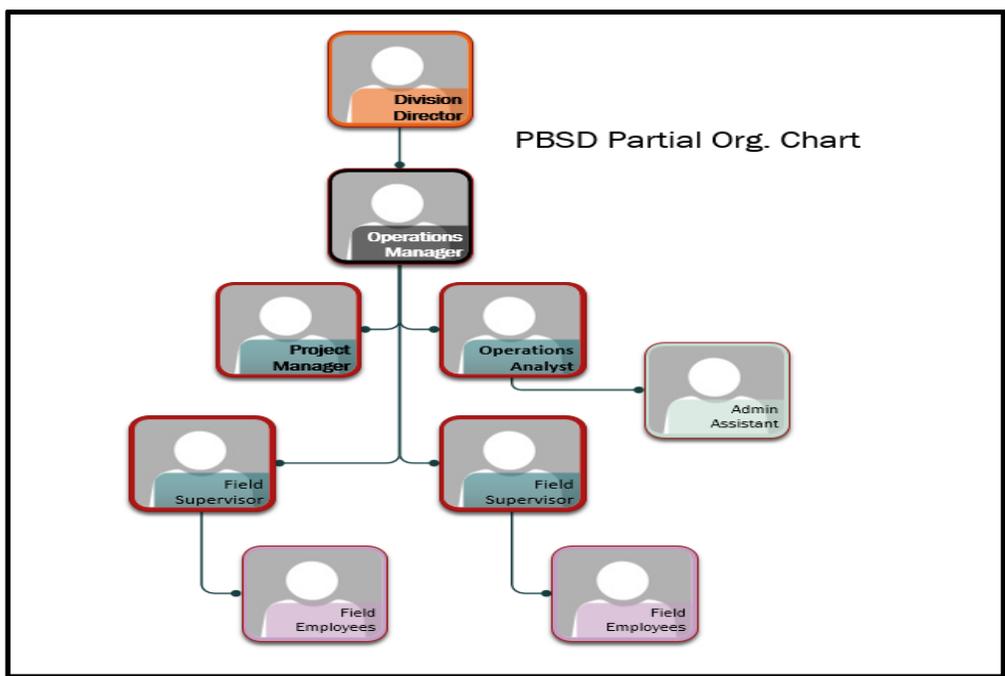
- The Division should adhere to a policy of segregation of duties for the T&A entries, review and approval processes.
- The payroll alternate/ backup timekeeper (PBSD assigned staff member) could be routinely included in the T&A process, to strengthen control activities, therefore enhancing the segregation of duties for the payroll process.

4) Lack of clearly defined supervisory roles, responsibilities, and processes may provide the basis for illicit practices and structural conflicts of interest.

Pursuant to the Agreement, and as described in Observation #2 of this report, the Administrator is the supervisor of PBSD assigned staff. Accordingly he may delegate responsibilities to the PBSD assigned staff if appropriate. According to the PBSD Operations Manager’s written position description maintained by the County, the essential functions of this position include: “[s]upervises, directs, and evaluates assigned staff...,” therefore the Administrator may delegate the responsibility to supervise assigned employees to this job classification. On the other hand, the Operation Analyst’s position is described as a “supporting role in the management of a division...but without supervisory or managerial roles.”

The 2016 PBSD Organizational Chart (“org chart”) illustrates the internal structure of the PBSD organization. The org chart depicts the BCC oversight of the PBSD Board and the County Manager, who is the direct supervisor of Neil Dorrill-PBSD’s Division Administrator. Following the organizational structure, below the Division Administrator is the Operations Manager and the employees he oversees. Moreover, PBSD’s org chart identifies the Operations Manager as the supervisor of the Project Manager Associate “Project Manager”, Operations Analyst, and Field Supervisors. The Operations Analyst is identified only as a supervisor of the Administrative Assistant.

During Internal Audit’s interview with PBSD assigned staff the Operations Analyst and Operations Manager described their roles in the payroll process. Operations Analyst stated, “I review and approve Barbara’s [Administrative Assistant] timecards and requests for leave, and Marion [Operations Manager] reviews and approves the rest of the employees.” Internal Audit specifically inquired about who approves requests for leave for the Operations Manager and she answered, “I approve Marion’s request for leave and he approves mine”. A subordinate approving a supervisor’s payroll forms prompted internal Audit to inspect other payroll documents for evidence of lack of clearly defined supervisory roles.



Internal Audit obtained an understanding of the PBSD staff roles (org chart above) and inspected payroll documents to verify payroll information is reviewed and approved by the County's designated supervisors. Internal Audit noted the following inconsistencies:

- Operations Analyst **approved** Project Manager's **request for leave** (they are both at the same level in the org chart);
- Operations Analyst **approved** Administrative Assistant's timecard and **request for leave** (Operations Analyst job description does not specify supervisory roles);
- Project Manager **approved** Field Employee's **request for leave** (Project Manager is not a supervisor according to the Org. Chart);
- Operations Manager **did not** approve Project Manager's and/or Operations Analyst's **request for leave or compensatory time** (Operations Manager is the direct supervisor according to the Org. Chart);
- Division Director **did not approve** Operations Manager's **request for leave and/or compensatory time** (Division Director is the direct supervisor according to the Org. Chart);
- Division Director **did not approve** any PBSD employee **request for leave and/or compensatory time** (Division Director supervises all employees according to Org. Chart and Agreement).

Based on the documents inspected and statements obtained from PBSD, the Division is not following supervision guidelines per the Agreement or their own Organizational Chart. This is evident by the statements by both Operations Analyst and Operations Manager that they review and approve each other's leave requests. In addition, Internal Audit inspected documents showing both the Operations Analyst and Project Manager approving leave requests for employees not under their supervision. Finally, the Operations Analyst is authorized to approve payroll documents for the Operations Manager even though she is his subordinate. The payroll records below pertain to pay period ending on 11/10/2017 (FY18-Before Audit started):

PBSD Request for Leave: Operations Analyst approving request slip for

PBSD Administrative Assistant

Employee Name: Barbara Shea
 Department: Pelican Bay Services
 Last four of SS #: 7574

Cost Center: 4893
 Division: 4893
 SAP ID #: 4893

WEEK #1	IN	OUT	IN	OUT	IN	OUT	TOTAL HOURS
SATURDAY							
SUNDAY							
MONDAY	8:00	12:00	1:00	5:00			8.00
TUESDAY	8:00	12:00	1:00	5:00			8.00
WEDNESDAY	8:00	12:00	1:00	5:00			8.00
THURSDAY	8:00	12:00	1:00	5:00			8.00
FRIDAY	8:00	12:00	1:00	5:00			8.00
WEEKLY TOTAL:							40.0

EMPLOYEE SIGNATURE: _____
 SUPERVISORY SIGNATURE: _____

WEEKLY TIME CARD PAY PERIOD: _____ PERIOD ENDING: _____

Employee Name: Barbara Shea
 Department: Pelican Bay Services
 Last four of SS #: 7574

Cost Center: 4893
 Division: 4893
 SAP ID #: 4893

WEEK #2	IN	OUT	IN	OUT	IN	OUT	TOTAL HOURS
SATURDAY							
SUNDAY							
MONDAY	8:00	12:00	1:00	5:00			8.00
TUESDAY	8:00	12:00	1:00	5:00			8.00
WEDNESDAY	8:00	12:00	1:00	5:00			8.00
THURSDAY	8:00	12:00	1:00	5:00			8.00
FRIDAY	8:00	12:00	1:00	5:00			8.00
WEEKLY TOTAL:							40.00

EMPLOYEE SIGNATURE: *Barbara Shea*
 SUPERVISORY SIGNATURE: *M.A.P.*

PBSD Operations Analyst

PBSD Request for Leave: Operations Analyst approving request slip for Project Manager

BOARD OF COUNTY COMMISSIONERS
 COLLIER COUNTY, FLORIDA
 REQUEST FOR LEAVE

1. Employee's Name: Lisa Jacob
 Department: **PBSD Project Manager**
 Position: _____

Request Date: **11/3/17**
 Pay Period: _____
 SAP ID #: 5581

2. TYPE OF LEAVE REQUESTED:
 (Complete separate form for leave requested over multiple pay periods)

Paid Leaves of Absence:

Bereavement
 Compensatory
 Jury Duty

Military
 Other (List _____)
 Personal

Service Award
 Sick
 Vacation

Unpaid Leave of Absence: Reason _____

3. LEAVE INFORMATION:

Leave to Begin at: **11 AM** on: **11/3/17**
 Leave to End at: **12 AM** on: **11/3/17**

Total Hours Requested: **1 Hour**

Employee's Signature: *[Signature]* Date: **11/3/17**

*A physician's statement is required for sick leave of more than five (5) days.

4. EMERGENCY LOCATION:

Please furnish a telephone number and address where you can be reached in case of emergency.

Phone: _____ Address: _____

Is this leave request for FMLA leave? Yes No
 (If yes, please review FMLA policy)

5. AUTHORIZATION: **PBSD Operations Analyst**

Supervisor: *[Signature]* Date: **11/3/17**
 Department Director: _____ Date: _____
 Division Administrator: _____ Date: _____
 Human Resources Director: _____ Date: _____

6. APPROVAL: (IF LEAVE WITHOUT PAY IS FOR MORE THAN ONE MONTH)

County Manager: _____ Date: _____

PBSD Request for Leave Forms: **Document A** shows Operations Manager approving request slip for Field employee, demonstrating an appropriate supervisory role for his position. However, **Document B** shows Project Manager approving a request slip for a Field employee demonstrating a supervisory role that is not represented in the PBSD org chart. Additionally, the forms are missing the following items: **Request Date, Pay Period, employee signature, Date, Authorization Date.**

Document A

BOARD OF COUNTY COMMISSIONERS
COLLIER COUNTY, FLORIDA
REQUEST FOR LEAVE

1. Employee's Name: Leonel Ramirez Request Date: _____
 Department: _____ Pay Period: _____
 Position: _____ SAP ID #: 1520

2. TYPE OF LEAVE REQUESTED:
 (Complete separate form for leave requested over multiple pay periods)

Paid Leaves of Absence:

Bereavement Military Service Award
 Compensatory Other (List _____) Sick
 Jury Duty Personal Vacation

Unpaid Leave of Absence: Reason _____

3. LEAVE INFORMATION:

Leave to Begin at: 7:00 AM PM on: 10-23-14
 Leave to End at: 5:30 AM PM on: _____

Total Hours Requested: 10

Employee's Signature: Yonel Ramez Date: 10-20-14

*A physician's statement is required for sick leave of more than five (5) days.

4. EMERGENCY LOCATION:

Please furnish a telephone number and address where you can be reached in case of emergency.

Phone: _____ Address: _____

Is this leave request for FMLA leave? Yes No
(Yes, please review the instructions on Page 2)

5. AUTHORIZATION:

Supervisor: _____ Date: _____
 Department Director: _____ Date: _____
 Division Administrator: _____ Date: _____
 Human Resources Director: _____ Date: _____

6. APPROVAL: (IF LEAVE WITHOUT PAY IS FOR MORE THAN ONE MONTH)

County Manager: _____ Date: _____

Revised: Sept 2006

PBSD Operations Manager's signature

Document B

BOARD OF COUNTY COMMISSIONERS
COLLIER COUNTY, FLORIDA
REQUEST FOR LEAVE

1. Employee's Name: Leonel Ramirez Request Date: _____
 Department: PROJECT MGR Pay Period: _____
 Position: _____ SAP ID #: 1520

2. TYPE OF LEAVE REQUESTED:
 (Complete separate form for leave requested over multiple pay periods)

Paid Leaves of Absence:

Bereavement Military Service Award
 Compensatory Other (List _____) Sick
 Jury Duty Personal Vacation

Unpaid Leave of Absence: Reason _____

3. LEAVE INFORMATION:

Leave to Begin at: 7:00 AM PM on: 10-23-14 to
 Leave to End at: 5:30 AM PM on: 11-07-14

Total Hours Requested: 90

Employee's Signature: Yonel Ramez Date: 07-14-14

*A physician's statement is required for sick leave of more than five (5) days.

4. EMERGENCY LOCATION:

Please furnish a telephone number and address where you can be reached in case of emergency.

Phone: _____ Address: _____

Is this leave request for FMLA leave? Yes No
(Yes, please review the instructions on Page 2)

5. AUTHORIZATION:

Supervisor: _____ Date: 7/16/14
 Department Director: _____ Date: _____
 Division Administrator: _____ Date: _____
 Human Resources Director: _____ Date: _____

6. APPROVAL: (IF LEAVE WITHOUT PAY IS FOR MORE THAN ONE MONTH)

County Manager: _____ Date: _____

Revised: August 2011

PBSD Project Manager's signature

The official public records above show PBSD management is not clearly defining roles and responsibilities. Lack of clearly defined roles may provide the basis for illicit practices and structural conflicts of interest e.g. performing the duties of a “supervisor” (Operations Analyst) for a supervisor (Operations Manager). This lapse in following the organizational structure of PBSD Division may further result in situations where individuals are not held accountable, if it is unclear who is mandated to evaluate and/or impose sanctions.

Recommendations:

- Management should define supervisory roles according to County classifications and functions.
- PBSD and the County Manager director should provide oversight and guidance to employees regarding County practices and procedures.

5) Employee earned and used compensatory time was not consistently approved by PBSD Management and/or recorded in SAP.

County policies and procedures (CMA #5360-Leaves of Absence and CMA #5341-Compensation Administration) provide that for exempt employees (non-hourly), compensatory time may be given in place of overtime “with the approval [in advance] of the Department Director and the Division Administrator.” Although, County guidance does not specify any particular method for tracking compensatory time “comp time” balances for exempt employees, the payroll system is able to track earned and used compensatory time, and there is a “Board of County Commissioners Compensatory Record” form in the Human Resources intranet available for employees to download.

Internal Audit inquired about the procedure at PBSD for granting, approving and tracking comp time. The two County PBSD assigned staff that regularly accumulate comp time are the Operations Manager and the Project Manager. The Project Manager completed the “Board of County Commissioners Compensatory Time Record” form to record time comp earned and used in FY16 and FY17, this information was entered in SAP payroll system by the timekeeper. In contrast, the Operations Manager self-tracked comp time in an Excel spreadsheet, and **it was not recorded** in SAP payroll system by the timekeeper. Regarding the approval process, the Operations Manager disclosed to Internal Audit that he had received a verbal approval by the PBSD Administrator on the 179 hours (approx. 22 days) of comp time recorded in his Excel spreadsheet for FY17; there was no evidence of this approval (e.g. signature, emails) in the documentation provided to Internal Audit. Likewise, for the Project Manager, the approval on the comp time record form was noticeably absent.

Project Manager Page 1 of FY17 comp time record. The record shows employee tracking “Comp Hours Used” and “Comp Time Balance”. However, the record was not approved by a Supervisor.

BOARD OF COUNTY COMMISSIONERS
COMPENSATORY TIME RECORD

FY 17

Approval Noticeably absent

EMPLOYEE'S NAME: Lisa Jacob

DEPARTMENT: Project Manager, Pelican Bay Services Division

SAP ID #: 5581

Purpose of compensatory time requested.

Date	Actual Comp Hours Worked	Recorded Comp Hours Worked (calculate for hourly employees)	Comp Hours Used	Comp Time Balance	Remarks	Approval
7/20	0.5		/	0.5	bring equip on beach	
7/21	0.5		/	1.0	meet contractors all clear	
7/22	5.0		/	6.0	Fencing, security, etc + bring SA turtles all clear	
7/23	3.75		/	9.75	Fencing, security, etc	
7/24	0.75		/	10.5	meet contractors + equipment	
7/25	1.25		/	11.75	phone calls w/ Mohamed, Maana	
7/26	4.0		/	15.75	escort equip on beach, security	
7/28	1.25		/	17	SA turtles, Mohamed	
7/31	3.0		/	20	security	
8/3	0		4.0	16		
8/4	1.0		/	17	check contractors	
8/4	0		4.0	13		
8/5	2.0		/	15	Parking for contractors at	
8/6	2.0		/	17	physically Mohamed security	

Operations Manager comp time spreadsheet (partial view of page 1 out of 5 pages). The spreadsheet does not identify the purpose of the hours worked, and there is no evidence of supervisor approval.

Marion Bolick					
Date	In	Out	Time	Regular	Extra
11/5/2016	6:30	12:00	5.5	0	5.5
11/9/2016	6:00	5:30	11	8	3
11/10/2016	6:00	5:30	11	8	3
11/14/2016	6:00	5:15	10.75	8	2.75
11/15/2016	6:00	5:30	11	8	3
11/16/2016	6:00	4:30	10	8	2
11/17/2016	6:00	5:30	11	8	3
11/18/2016	6:00	3:30	9	8	1
11/21/2016	6:00	5:30	11	8	3
11/22/2016	6:00	5:30	11	8	3
11/23/2016	6:00	3:30	9	8	1
11/28/2016	6:00	5:30	11	8	3
11/29/2016	6:00	4:00	9.5	8	1.5
11/30/2016	6:00	5:00	10.5	8	2.5
12/1/2016	6:00	5:30	11	8	3
12/2/2016	6:00	3:45	9.25	8	1.25

Internal Audit requested an updated comp time tracking tool from PBSO Operations Manager to verify and recalculate the comp time earned and used as of 5/16/18. The Operations Manager provided a spreadsheet with a comp time balance of **113 hours**. CMA 5360, clearly states that “[a]ny unused compensatory time balances will not be carried forward if not used by the end of the calendar year.” Recalculation by Internal Audit of the comp time hours earned and used, using the County’s guidelines and procedures, yielded a balance of **2 hours** as of 5/16/18. Therefore, failure to reset the balance to zero hours at the beginning of calendar years 2017 and 2018 results in an overstatement of the Operations Manager comp time earned/used balance (see results below).

Per CMA 5360 compensatory time balance is not carried forward into the next calendar year.

Calendar Year	Beginning Balance January 1st (Hours) (*1)	Compensatory Time Earned (Hours)	Compensatory Time Used (Hours)	Balance at December 31st (Hours) (*2)	Balance at 5/16/18 (*3)
2016	0	82	16	66	N/A
2017	0	97.5	70	28	N/A
2018	0	59	57	N/A	2

Legend:

- *1 Beginning Balance is 0 each year, unused compensatory time balance is not carried forward to the next calendar year.
- *2 Ending Balance on December 31st of each year before the account resets to zero balance
- *3 Balance as of 5/16/18 last Operations Manager comp time earned/used log received by Internal Audit.

Additionally, CMA 5360 states that “[r]equests for compensatory time must be submitted in writing on the request for leave form and must be approved by the Department Director and/or Division Administrator.” The fact that neither the compensatory time earned and/or used is approved shows a failure of oversight by PBSD Division Director. This lack of management oversight, which is discussed in Observation #2, compounded with the failure to record comp time creates inconsistent and even more problematic inaccurate tracking of eligible comp time among County staff. This practice may lead to unapproved leave and comp time taken in lieu of vacation, which results in vacation balances not being appropriately reduced. Vacation time balances are owed as a financial payout to employees upon retirement or termination of employment, therefore it is an expense that should be accurately tracked and maintained by the County.

Recommendations:

- Employees should accurately record compensatory time and follow County practices.
- Management should use and approve compensatory time forms.
- County Management should provide oversight to ensure uniform recording of compensatory time.
- PBSD should record balances and track compensatory time in the SAP payroll system.

6) Original T&A entry documents were altered and changes were not properly approved by employees, thereby decreasing the likelihood that accurate T&A information is recorded and reported in SAP for the purposes of computing pay and leave time.

County’s Human Resources Department (“HR”) timekeeping instructions state that “[a]ll hourly (non-exempt) employees need to complete a timecard and leave slips on their own every pay period and submit to their supervisor for review and approval.” Furthermore, under the Fair Labor Standards Act (FLSA) covered employers must keep certain records for nonexempt employees, including hours worked each day and total hours worked each workweek. Under the FLSA, however, employers—not the employees—have the ultimate responsibility to maintain these records. For this reason, employers have the ability to change employee time records but must ensure that the records accurately reflect time actually worked.

Records inspected, as part of the payroll population analysis described in Observation #2, indicate that PBSD assigned staff routinely modify documentation for PBSD field employees. The modifications include, but are not limited to, modifying hours worked, crossing out information and adding dates to payroll documents (timecards, RFLF etc.). There is no evidence in the payroll documents of employees’ review or approval.

Internal Audit discussions with the Operations Analyst (timekeeper and reviewer) confirmed that she added dates/pay periods and made modifications to original employee payroll documents. The modifications were not initialed by the employee to accept any changes made to their payroll forms. Furthermore, for other payroll documents it could not be determined who altered the documents or the reason for the alteration because the employee and/or the supervisor did not initial the changes.

When timecards are altered without proper approval or authority, the integrity of the timecard/payroll forms and its information is compromised. Unauthorized alterations circumvent the controls in place that ensure the accuracy and legitimacy of reported time. This may cause misrepresented time within the payroll system, the under/over payment to an employee, and/or discrepancies in the submitted timecards and payroll forms.

Payroll records were altered and not initialed by an employee and/or supervisor:

PBSD Timecard **missing** the following: Cost Center, Division, Department, Employee signature sand Supervisor signature.

PBSD Overtime Approval is **missing** the following: Pay Period, Employee signature sand Supervisor signature.

WEEKLY TIME CARD PAY PERIOD: _____ PERIOD ENDING: 10/14/16 to 10/27/17

(Notice - This card must be turned in to the proper authority before payment can be made)

Employee Name: Erwin Garcia Cost Center: _____
 Department: _____ Division: _____
 Last four of SS #: _____ SAP ID #: 7705

WEEK #1	IN	OUT	IN	OUT	IN	OUT	TOTAL HOURS
SATURDAY							
SUNDAY							
MONDAY	7:00	12:00	12:30	5:30			10 RT
TUESDAY	7:00	12:00	12:30	5:30			10 RT
WEDNESDAY	7:00	12:00	12:30	5:30			10 RT
THURSDAY	7:00	12:00	12:30	5:30			10 RT
FRIDAY	7:00	12:00	12:30	3:30			8 RT
WEEKLY TOTAL:							

EMPLOYEE SIGNATURE: _____
 SUPERVISORY SIGNATURE: _____

WEEKLY TIME CARD PAY PERIOD: _____ PERIOD ENDING: _____

(Notice - This card must be turned in to the proper authority before payment can be made)

Employee Name: _____ Cost Center: _____
 Department: _____ Division: _____
 Last four of SS #: _____ SAP ID #: _____

WEEK #2	IN	OUT	IN	OUT	IN	OUT	TOTAL HOURS
SATURDAY							
SUNDAY							
MONDAY	7:00	12:00	12:30	5:30			10 RT
TUESDAY	7:00	12:00	12:30	5:30			10 RT
WEDNESDAY	7:00	12:00	12:30	5:30			10 RT
THURSDAY	7:00	12:00	12:30	5:30			10 RT
FRIDAY	7:00	12:00	12:30	3:30			8 RT
WEEKLY TOTAL:							

EMPLOYEE SIGNATURE: _____
 SUPERVISORY SIGNATURE: _____

Overtime Approval Form

Name: Jorge Luis Quintana Pay Period: _____
 SAP ID #: 10260

Week #1	Date	Hours	Reason
Saturday			
Sunday			
Monday			
Tuesday			
Wednesday		.50	
Thursday		.50	
Friday	10/2/16	8.95	
Total Overtime Hours		10.5	

Week #2

Week #2	Date	Hours	Reason
Saturday			
Sunday			
Monday			
Tuesday			
Wednesday		.30	
Thursday		.30	
Friday	10/20/16	8.30	
Total Overtime Hours		1.90	
Total for Both Weeks		12.40	

Approved By: _____

The red ink handwriting is not the same as the blue ink used by the employee in the payroll documents

Recommendations:

- Policies and procedures must be consistently followed by supervisor and employees.
- Supervisors should review all timecard changes with the employee and the employee should initial all changes.
- When changes are made to a T&A record, PBSD Management must keep the original record, line through the error on the original time record, make the correction, and have both BCC management and county staff sign and date. Documentation should be established to note the reason for any changes.
- Timecards with changes and without the employee's initials should not be entered in the payroll system until employee has reviewed/initialed the changes.
- To minimize liability, T&A records should be maintained in such a way that a third party, such as an auditor from the Department of Labor, can tell that the records, including any changes, are genuine and reflect the time actually worked.

PBSD Management Response: Numbers 6-9) Time sheet notations or corrections by the Operations Analyst to clarify daily time or dates to minimize delays in payroll processing have been changed as recommended by the Office of Corporate Compliance and Internal Review. Additional training and consistency in daily accounting and employee signatures by Groundskeepers will be implemented. The Operations Analyst will initial any changes or corrections to identify the source of the change.

7) Employees failed to consistently complete and/or sign timecards, requests for leave and/or overtime pay requests.

As discussed in Observation #6, timekeeping instructions provide that employees should complete a timecard and leave slips (if requesting leave for the period), and submit to management for review and approval.

Internal Audit inspected payroll documents (timecards, request for leave and overtime forms) to assess whether employees follow timekeeping instructions and procedures. The payroll documents inspected contained the following omitted/incomplete information on PBSD employee payroll documents:

1. Missing date or date without a corresponding year;
2. Missing pay period information;
3. Cost center and/or Division;
4. Missing employee signature or name;
5. Missing approval by supervisor and/or other authorizers;
6. Missing employee SAP ID/Last SSN;
7. Pay period or date information completed by someone other than the employee;
8. Missing signature or initials acknowledging changes in the documents; and
9. Request for leave hours that do not match timesheet information.

The following examples represent observations mentioned above and numbered accordingly:

Overtime Approval Form

Name: _____ (4) Pay Period (2)

SAP ID #: _____ (6)

Week #1	Date	Hours	Reason
Saturday			
Sunday			
Monday			
Tuesday			
Wednesday			
Thursday			
Friday	11/17/17	6	
Total Overtime Hours			

Week #2	Date	Hours	Reason
Saturday			
Sunday			
Monday			
Tuesday			
Wednesday			
Thursday			
Friday			
Total Overtime Hours			
Total for Both Weeks			

Approved By: _____

Overtime Approval Form

Name: Henson Pelijver Pay Period (2)

SAP ID #: 12524

Week #1	Date	Hours	Reason
Saturday			
Sunday			
Monday			
Tuesday			
Wednesday			
Thursday			
Friday		8	
Total Overtime Hours		8	

Week #2	Date	Hours	Reason
Saturday			
Sunday			
Monday			
Tuesday			
Wednesday			
Thursday			
Friday		8	
Total Overtime Hours			
Total for Both Weeks		16	

Approved By: _____ (5)

An employee recorded 10 hours of work on their timecard but requested 2 ½ hours of Personal Time (See #9 below), therefore he only worked 7 ½ hours. The timekeeper corrected the hours without the employee acknowledging the change (see #8 below).

WEEKLY TIME CARD PAY PERIOD: PERIOD ENDING: 10/1 - 10/14 (7)

(Notice - This card must be turned in to the proper authority before payment can be made)

Employee Name: Anderson Zunbwa Cost Center: (3)
 Department: (6) Division: (3)
 Last four of SS #: (6) SAP ID #:

WEEK #1	IN	OUT	IN	OUT	IN	OUT	TOTAL HOURS
SATURDAY							
SUNDAY							
MONDAY	7:00 AM	12:00 PM	12:30 PM	5:30 PM			10 RT
TUESDAY	7:00 AM	12:00 PM	12:30 PM	5:30 PM			10 RT
WEDNESDAY	7:00 AM	12:00 PM	12:30 PM	5:30 PM			10 RT
THURSDAY	7:00 AM	12:00 PM	12:30 PM	5:30 PM			10 RT
FRIDAY	7:00 AM	12:00 PM	12:30 PM	3:30 PM			8 OT
WEEKLY TOTAL:							48 Hrs

EMPLOYEE SIGNATURE: [Signature] SUPERVISORY SIGNATURE: (5)

WEEKLY TIME CARD PAY PERIOD: PERIOD ENDING:

(Notice - This card must be turned in to the proper authority before payment can be made)

Employee Name: Cost Center:
 Department: Division:
 Last four of SS #: SAP ID #:

WEEK #1	IN	OUT	IN	OUT	IN	OUT	TOTAL HOURS
SUNDAY							
MONDAY	7:00 AM	12:00 PM	12:30 PM	5:30 PM			10 RT (9) 2 1/2 RT (8)
TUESDAY	7:00 AM	12:00 PM	12:30 PM	5:30 PM			10 RT
WEDNESDAY	7:00 AM	12:00 PM	12:30 PM	5:30 PM			10 RT
THURSDAY	7:00 AM	12:00 PM	12:30 PM	5:30 PM			10 RT
FRIDAY	7:00 AM	12:00 PM	12:30 PM	3:30 PM			8 OT
WEEKLY TOTAL:							48 Hrs

EMPLOYEE SIGNATURE: [Signature] SUPERVISOR SIGNATURE: (5)

BOARD OF COUNTY COMMISSIONERS
 COLLIER COUNTY, FLORIDA
 REQUEST FOR LEAVE

1. Employee's Name: Anderson Zunbwa Request Date: 10/11/2016
 Department: P85 Division: (2)
 Position: SAP ID #: 12044

2. TYPE OF LEAVE REQUESTED:
 (Complete separate form for leave requested over multiple pay periods)

Paid Leaves of Absence:

Bereavement Military Service Award
 Compensatory Other (List) Sick
 Jury Duty Personal Vacation

Unpaid Leave of Absence: Reason

3. LEAVE INFORMATION:
 Leave to Begin at: 8:30 AM on: OCT. 10-2016
 Leave to End at: 10:00 AM on: (9)
 Total Hours Requested: 2 1/2 hours
 Employee's Signature: [Signature] Date: 10/10/2016

*A physician's statement is required for sick leave of more than five (5) days.

4. EMERGENCY LOCATION:
 Please furnish a telephone number and address where you can be reached in case of emergency.

Phone: Address:

5. AUTHORIZATION:
 Supervisor: (5) Date: (1)
 Department Director: Date:
 Division Administrator: Date:
 Human Resources Director: Date:

6. APPROVAL: (IF LEAVE WITHOUT PAY IS FOR MORE THAN ONE MONTH)
 County Manager: Date:

Revised: August 2011

As documented in Observation #2, lack of management review and approval may be a contributing factor to omitted/incomplete information. When management does not review information, it's not able to issue corrective actions to employees upon submittal of their payroll documents. Proper training on how to properly complete payroll forms is crucial for accurate and complete payroll records that reflect employee time worked and leave requested. Best practices dictate that employees should declare, through an attestation statement, that they have accurately recorded hours worked, meals and rest periods taken and that corrections are made before the employee signs the attestation.

Additionally, omitted and/or incomplete information submitted to the timekeeper may create discrepancies between payroll records and SAP payroll system resulting in under or overpayment of hours, leave not entered on the dates requested and unattested information entered into the SAP payroll system. Furthermore, accurate and complete payroll records are essential for reporting information to taxing authorities and demonstrating statutory and regulatory compliance.

Recommendations:

- All non-exempt employees should timely and accurately complete timesheets and payroll records in their entirety.
- Training should be provided to all employees on how to properly complete payroll and T&A documents.
- Corrective action, including progressive discipline and/or termination should be considered for

employees that do not adhere to time recording procedures.

- Mandate that all PBSD assigned staff complete a T&A attestation. This attestation should include language that the employee affirms that the T&A data is true, correct and accurate. This attestation should be verified by the timekeeper or supervisor, that the recorded information is true, correct, and accurate to the best of her knowledge. Final approval should be noted by PBSD Management ratifying, or concurrence to actual T&D data. This approving official will acknowledge awareness and understanding of his/her responsibility when approving T&A data.

8) T&A Data are Not Complete and Accurate: employee time entries on payroll forms do not reconcile to SAP payroll for multiple payroll periods.

The County provides training to staff that participate in the payroll process and enter information in SAP Payroll System. Training materials are located in the County’s intranet and specify the responsibilities and tasks to be performed by SAP timekeepers, SAP approvers, managers/supervisors and HR Department staff. The timekeeping and approval guidelines have segregated the “tasks” of the timekeeper and managers/supervisors (approver) in order to minimize error and ensure that time entered is representative of the work performed by County employees.

Internal Audit requested documentation from the HR Director to ensure that the PBSD timekeepers and approvers had completed SAP Time-Keeper/Approver training. According to the documentation obtained, the Operations Manager completed the SAP approver training on 9/5/14. On the other hand, the Operations Analyst did not have such documentation in her personnel file. The Operations Analyst assured Internal Audit that she has been trained by the previous PBSD Operations Manager, in addition there was an email from an HR representative on 10/10/14 stating that the Operations Analyst is “the primary approver” at PBSD. Internal Audit was not able to corroborate if the timekeeper had completed the SAP Time-Keeper training.

Internal Audit examined and compared 1,400 payroll documents, provided to us by PBSD assigned staff, to time entered in the payroll system by PBSD assigned staff to verify the consistency and accuracy between the information on payroll documents and information recorded in the SAP payroll system. Internal Audit found numerous inconsistencies across multiple payroll periods. The analysis identified 37 inconsistencies between payroll records and SAP payroll entries. The percentage of discrepancies per employee are shown below:

PBSD Discrepancy Percentages between Payroll Documents and SAP Payroll System

PBSD Assigned Staff	Discrepancy number	Overall Discrepancy Rate
Operations		
Analyst/Timekeeper-6455	15	41%
Sr. Field Supervisor-1525	7	19%
Field worker-12036	2	5%
Field worker-1517	2	5%
Field worker-5898	2	5%
Field worker-13147	1	3%
Field worker-9409	1	3%
Field worker-1516	1	3%
Field worker-1518	1	3%
Field worker-1514	1	3%
Field worker-1524	1	3%
Field worker-4739	1	3%
Field worker-1520	1	3%
Field worker-12044	1	3%

The analysis shows that the Operations Analyst's payroll discrepancies account for 41% of all discrepancies found, and that the Sr. Field Supervisor is second with 19%. Inconsistencies involved 27 instances of request for leave hours that were not entered into SAP. The other 10 inconsistencies involved Request for Leave forms and timecards with hours that did not reconcile to entries in SAP, e.g. documents that appeared altered, missing payroll forms, discrepancy between request for leave and timecards hours etc. The risks to the County are that leave hours taken and not recorded in SAP results in the overstatement of leave balances. Additionally, non-reconciling documentation affects the completeness and accuracy of the financial records.

Internal Audit notes that the rate of inconsistencies overall was only 3% (out of 1,400 documents), so it is significant that one employee (Operation Analyst/timekeeper), who has the ability to enter and record her own time, had discrepancies 41% of the time (out of 37 discrepancies). Based on the proportion of errors with regard to the Operations Analyst's time and the findings in Observation #1, there is a high probability that the discrepancies are indicative of potential fraud and not simple keying errors. The vacation balance is accrued and paid to the employee upon retirement or termination.

Recommendations:

- Review and correct leave balances for all employees affected by the errors.
- Strengthen internal controls and procedures regarding payroll process.

9) The timekeeper provided altered payroll records to Internal Audit in response to a request for supporting documentation.

During fieldwork visits to the PBSO Office, Internal Audit scanned all payroll documents present at the Office in two separate occasions, 12/8/17 and 4/5/18. However, during the data analysis of these records, which were discussed in Observation 8, Internal Audit noted hours recorded in SAP payroll system, for some PBSO assigned staff, did not have corresponding physical payroll records. On 4/19/18 Internal Audit requested these missing payroll records from the Operations Analyst (PBSO timekeeper). Internal Audit received a response, on 4/23/18, from the Operations Analyst regarding the missing records, which included three different attachments for three different PBSO assigned staff. Upon Internal review of the documents, Internal Audit noted inconsistencies (e.g. different handwriting on documents, typed documents without signatures) on the physical payroll records. Consequently, Internal Audit requested a meeting with the Operations Analyst to clarify these inconsistencies.

The following describes the various inconsistencies identified on the physical payroll documents and the responses provided by the Operations Analyst (**responses highlighted in blue**).

- Employee #4739: Name, leave dates, hours requested and notes on Request for Leave form (RFLF) exhibited a different handwriting and color ink than the employee's signature and date. **Operations Analyst admitted to adding notes and hours requested, but did not know who wrote the employee name and/or leave dates on the form. See Documents 1 and 2 on the next page.**
- Employee SAP#1518: Timecard, Overtime Approval Form and RFLF were typed except for employee signature and pay period information. **Operations Analyst admitted to adding pay period information, but did not know why the forms were typed instead of handwritten. See Documents 3 and 4 on the next page.**
- Employee SAP#1518: RFLF had format inconsistencies, and did not appear to be an approved RFLF from the Human Resources intranet site. **Operations Analyst stated that the employees provide her with the forms already completed because "employees have access to two computers in the Field**

Office so the origin of the request for leave form is unknown [Operations Analyst].” See Documents 5 and 6 on the next page.

A more detailed description of the discrepancies encountered in the physical payroll documents provided by PBSO Operations Analyst follows:

Document 1 and **2** were received by Internal Audit on 4/19/18. Operations Analyst stated that she had filled in notes and hours requested (purple boxes). Moreover, Operations Analyst recognized the PBSO assigned staff handwriting on **Document 1** and **2** (red boxes). However, on **Document 2** only the signature and date was filled by this employee (red boxes). The other areas in the form were filled by the Operations Analyst (timekeeper) and someone else that could not be identified. Additionally, **Document 1** and **2** have missing items including the supervisor approval and requested date, pay period etc., blue boxes below.

Document 1

BOARD OF COUNTY COMMISSIONERS
COLLIER COUNTY, FLORIDA
REQUEST FOR LEAVE

1. Employee's Name: Ramiro Suarez Request Date: _____
 Department: PBSO Pay Period: _____
 Position: 8913 SAP ID #: _____

2. TYPE OF LEAVE REQUESTED:
(Complete separate form for leave requested over multiple pay periods)

Paid Leaves of Absence:

Bereavement Military Service Award
 Compensatory Other (List _____) Sick
 Jury Duty Personal Vacation

Unpaid Leave of Absence: Reason **PBSO staff handwriting, as validated**

3. LEAVE INFORMATION: **by PBSO Operations Analyst**

Leave to Begin at: 7 AM PM on: 12/15/16
 Leave to End at: 3:30 AM PM on: _____
 Total Hours Requested: 10
 Employee's Signature: Ramiro Suarez Date: 12/15/16

*A physician's statement is required for sick leave of more than five (5) days.

4. EMERGENCY LOCATION:
Please furnish a telephone number and address where you can be reached in case of emergency.
 Phone: _____ Address: _____
 Is this leave request for FMLA leave? Yes No
 (If yes, please review FMLA policy)

5. AUTHORIZATION:

Supervisor: _____ Date: _____
 Department Director: _____ Date: _____
 Division Administrator: _____ Date: _____
 Human Resources Director: _____ Date: _____

6. APPROVAL: (IF LEAVE WITHOUT PAY IS FOR MORE THAN ONE MONTH)
 County Manager: _____ Date: _____

Revised: August 2011

Document 2

BOARD OF COUNTY COMMISSIONERS
COLLIER COUNTY, FLORIDA
REQUEST FOR LEAVE

1. Employee's Name: Ramiro Suarez Request Date: _____
 Department: _____ Pay Period: _____
 Position: **Unidentified staff handwriting** SAP ID #: _____

2. TYPE OF LEAVE REQUESTED:
(Complete separate form for leave requested over multiple pay periods)

Paid Leaves of Absence:

Bereavement Military Service Award
 Compensatory Other (List _____) Sick
 Jury Duty Personal Vacation

Unpaid Leave of Absence: Reason _____

3. LEAVE INFORMATION: **Unidentified staff handwriting**

Leave to Begin at: _____ AM PM on: 12/19/16
 Leave to End at: _____ AM PM on: 12/22/16
 Total Hours Requested: 40
 Employee's Signature: Ramiro Suarez Date: 1/16/17

*A physician's statement is required for sick leave of more than five (5) days. **off all wk 12/19 thru 12/22**

4. EMERGENCY LOCATION:
Please furnish a telephone number and address where you can be reached in case of emergency.
 Phone: _____ Address: _____
Operations Analyst handwriting, as validated by PBSO Operations Analyst

Is this leave request for FMLA leave? Yes No
 (If yes, please review FMLA policy)

5. AUTHORIZATION:

Supervisor: _____ Date: _____
 Department Director: _____ Date: _____
 Division Administrator: _____ Date: _____
 Human Resources Director: _____ Date: _____

6. APPROVAL: (IF LEAVE WITHOUT PAY IS FOR MORE THAN ONE MONTH)
 County Manager: _____ Date: _____

Revised: August 2011

Document 3 and **4** were received by Internal Audit on 4/19/18. On **Document 3**, Operations Analyst filled in “Period Ending” information for PBSB Field employee, and other than the employee signature the timecard was typed and not filled in by hand as has been more commonly observed in the majority of payroll documents. **Document 4** is completely typed and without an employee signature, therefore it’s not possible to discern whether the documents were completed and attested by Mr. Montero or another staff member. Like previous documents, **Document 3 and 4** have missing items including the supervisor approval and other items e.g. requested date, pay period red boxes below.

Document 3

WEEKLY TIME CARD PAY PERIOD _____ PERIOD ENDING 8-20/9-2/16

Employee Name: Pedro Montero
 Department: Pelican Bay Services
 Social Security# 5561 Sap# 1518

WEEK #1	IN	OUT	IN	OUT	IN	OUT	TOTAL HOURS
SATURDAY							
SUNDAY							
MONDAY	VT	VT	VT	VT			10 VT
TUESDAY	7:00	12:00	12:30	5:30			10 RT
WEDNESDAY	7:00	12:00	12:30	5:30			10 RT
THURSDAY	7:00	12:00	12:30	5:30			10 RT
FRIDAY	7:00	12:00	12:30	4:30			9 OT
WEEKLY TOTAL:							48

WEEK #2	IN	OUT	IN	OUT	IN	OUT	TOTAL HOURS
SATURDAY							
SUNDAY							
MONDAY	7:00	12:00	12:30	5:30			10 RT
TUESDAY	7:00	12:00	12:30	5:30			10 RT
WEDNESDAY	7:00	12:00	12:30	5:30			10 RT
THURSDAY	7:00	12:00	12:30	5:30			10 RT
FRIDAY	7:00	12:00	12:30	3:30			8 OT
WEEKLY TOTAL:							48

EMPLOYEE SIGNATURE Pedro Montero

SUPERVISOR SIGNATURE _____

Document 4

Overtime Approval Form

Name: _____ Pedro Montero Pay Period _____

Week #1	Date	Hours	Reason
Saturday			
Sunday			
Monday			
Tuesday			
Wednesday			
Thursday			
Friday	08/26/16	9.00	
Total Overtime Hours		9.00	

Week #2	Date	Hours	Reason
Saturday			
Sunday			
Monday			
Tuesday			
Wednesday			
Thursday			
Friday	09/02/16	8.00	
Total Overtime Hours		8.00	
Total for Both Weeks		17.00	

Approved By: _____

No employee or supervisor signature.

Document 5 (Request for Leave Form “RFLF”) received by Internal Audit on 4/19/18 did not conform to the same format as the majority of the RFLFs inspected by Internal Audit during this pay period (Pay Period Ending “PPE” 9/2/16). In order to have a larger sample group to compare the RFLF received (Document 5) to other RFLFs, Internal Audit inspected RFLFs from the prior and subsequent pay periods. In PPE 8/19/16, sixteen (16) RFLFs had an approved format revised by the County (**Document 6**) and one (1) did not. In the subsequent pay period (PPE 9/16/16) all RFLFs (15) had the format approved and revised by the County. Operations Analyst stated that PBSB field staff have access to two computers and turn in RFLF themselves. Operations Analyst (timekeeper) does not verify that they are the County approved and revised RFLFs. Additionally, Document 5 and 6 have missing items including the supervisor approval and other items e.g. requested date, pay period (see red boxes below).

Document 5

BOARD OF COUNTY COMMISSIONERS
COLLIER COUNTY, FLORIDA
REQUEST FOR LEAVE

1. Employee's Name: Pedro Montero
Department: Pelican Bay Services
Position: _____
Date: _____
Pay Period: _____
SAP# 1518

2. TYPE OF LEAVE REQUESTED:
(Complete separate form for each leave requested.)

Paid Leaves of Absence:

Vacation
 Bereavement
 Compensatory

Sick Leave
 Military
 Jury Duty

Personal
 Other

3. LEAVE INFORMATION:

Leave to Begin at: 7:00 AM PM on: 8/22/2016
Leave to End at: 5:30 AM PM on: 8/22/2016

Total Hours Requested: 10

Employee's Signature: Pedro Montero Date: _____

*A physician's statement is required for sick leave of more than five (5) days.

4. EMERGENCY LOCATION:

Please furnish a telephone number and address where you can be reached in case of emergency.

Phone: _____ Address: _____

Is this leave request for FMLA leave? Yes No
(Please review the instructions on Page 2)

5. AUTHORIZATION:

Supervisor: _____ Date: _____
Department Director: _____ Date: _____
Division Administrator: _____ Date: _____
Human Resources Director: _____ Date: _____

6. APPROVAL: (IF LEAVE WITHOUT PAY IS FOR MORE THAN ONE MONTH)

County Administrator: _____ Date: _____

Document 6

BOARD OF COUNTY COMMISSIONERS
COLLIER COUNTY, FLORIDA
REQUEST FOR LEAVE

1. Employee's Name: Pedro Montero
Department: Pelican Bay SCW
Position: M.S.
Request Date: _____
Pay Period: _____
SAP ID #: 1518

2. TYPE OF LEAVE REQUESTED:
(Complete separate form for leave requested over multiple pay periods)

Paid Leaves of Absence:

Bereavement
 Compensatory
 Jury Duty

Military
 Other (List _____)
 Personal

Service Award
 Sick
 Vacation

3. LEAVE INFORMATION:

Leave to Begin at: 1:30 AM PM on: 08-09-16
Leave to End at: 5:30 AM PM on: 08-09-16

Total Hours Requested: 4 HOURS

Employee's Signature: Pedro Montero Date: 08-09-16

*A physician's statement is required for sick leave of more than five (5) days.

4. EMERGENCY LOCATION:

Please furnish a telephone number and address where you can be reached in case of emergency.

Phone: _____ Address: _____

Is this leave request for FMLA leave? Yes No
(If yes, please review FMLA policy)

5. AUTHORIZATION:

Supervisor: _____ Date: _____
Department Director: _____ Date: _____
Division Administrator: _____ Date: _____
Human Resources Director: _____ Date: _____

6. APPROVAL: (IF LEAVE WITHOUT PAY IS FOR MORE THAN ONE MONTH)

County Manager: _____ Date: _____

Revised: August 2011

Internal Audit observed that documentation that is required to maintain accurate and complete payroll records is not consistent and may indicate that the records received on 4/19/18 were not appropriately and/or timely filled by the employees and/or even filled by the employees themselves. Internal Audit cannot determine the authenticity of records provided by PBSO assigned staff. The County designs payroll forms in order to obtain relevant information required to fulfill County policies and procedures and State and Federal laws and regulations.

Consequently, failure to provide the most current payroll forms and to review that the employees complete them may lead to incomplete information, and in the worst case to fabrication of documents by County staff. Furthermore, the responsibility to ensure that employees are provided with the training necessary to follow County policies and procedures rests on PBSO management.

Recommendation:

- PBSO Management should ensure that PBSO assigned staff utilize the County's Human Resources approved and revised payroll forms as they should contain the required information, vetted by Human Resources, to ensure completeness according to county policies and procedures.
- PBSO assigned staff should complete their own payroll forms and approve changes to the information provided to the timekeeper.
- PBSO Management should provide training to employees that underscore the importance of filling out payroll documents accurately, and require attestation statements for the hours worked and hours requested for leave.

10) County staff did not complete Performance Evaluations for PBSD assigned staff for calendar years 2015 and 2016.

According to CMA 5319, it is the policy of the County to regularly assess and monitor employee performance. Moreover, annual evaluations (12 months from a review date) are the primary basis for merit increases for all employees in the County.

There are several “activities” involved in the County’s performance evaluation process. First, the HR Department is responsible for initiating the notification process for all annual performance evaluations. Second, the Supervisor is in charge of implementing the action plan and monitoring and assessing each employee’s performance. Third, “[t]he Division Administrator’s office is responsible for forwarding the completed performance evaluations to the HR Department.” Finally, upon receipt of the completed evaluations the Human Resources representative signs the performance evaluation, and incorporates it in the employee personnel file.

During the performance of the scope of our audit it came to Internal Audit’s attention that PBSD assigned staff was not completing performance evaluations (PEs) in a timely manner. The HR Department provided Internal Audit with all PBSD assigned personnel files for inspection. Internal Audit noticed that the majority of PBSD assigned staff personnel files did not have performance evaluations for worked performed in 2015, 2016 and 2017. Contrary to guidance established in CMA 5319, the HR Director and HR Employment Operations Manager stated that “the evaluations could be at the Division’s Office, and that there isn’t a requirement that they turn in the completed PEs to the HR Department to incorporate in the employees’ personnel files.”

Thus, Internal Audit contacted PBSD Operations Manager and Operations Analyst to request all PBSD assigned staff PEs for 2015, 2016 and 2017. Internal Audit received zero (0) evaluations for 2015 and 2016. However, the Operations Manager provided thirteen (13) 2017 PEs in various stages of completion, and stated “that the other evaluations are still being completed by the employees and reviewed by Neil [PBSD’s Division Administrator]” as of 5/10/18.

Internal Audit inspected the PEs documentation (provided by HR and PBSD) and employee start and termination records in SAP. The analysis indicates that for 2015 only one (1) or 7% of PBSD assigned had completed a PE—completed by the County’s Public Services Department, the department from which the PBSD assigned staff had transferred from in late 2015. In 2016, 0% of PBSD assigned staff completed PEs. Lastly, in 2017 thirteen (13) PEs had been completed by PBSD assigned staff and the remaining PEs were in various stages of completion e.g. to be completed by employee, reviewed by supervisor and/or Division Administrator. See results of PEs analysis below:

	Calendar Year		
	2015	2016	2017*
Number of employees who should have received an annual performance evaluation	14	17	17
Number of annual performance evaluations completed	1	0	13
Percent of employees who received an annual performance evaluation	7%	0%	76%

*** Performance evaluations for worked performed in 2017 are in various stages of completion as of 5/10/18.**

This information taken together with the documentation obtained during our HR fieldwork demonstrates that in 2015 and 2016 PBSB management did not properly monitor and assess employee performance. Furthermore, for PEs related to calendar year 2017, the HR Department had sent a notification to the PBSB Operations Manager with the following message (supervisor according to Org chart): “Completed TDPR [Talent Development Plan Review] documents are due to HR (hard copy and e-mail) no later than September 1, 2017.” Consequently, Supervisors and the Division Administrator did not follow proper procedures to ensure evaluations were completed on time, and routed through the chain of command to be incorporated in employees’ personnel files.

Internal Audit noted that the new “performance evaluation” format for 2017 is called Talent Development Plan Review Form or TDPR. This term, TDPR, does not appear in CMA 5319 “Performance Evaluations”. This discrepancy regarding terminology used to describe performance evaluations may lead to departments, in the County, not understanding that the completion of TDPRs follow the guidelines specified in CMA 5319.

Performance evaluations are an important component of the County’s commitment to regularly assess and communicate performance expectations to County employees. Furthermore, without employee performance feedback, the County may be exposed to potential legal liability from employee termination.

Recommendations:

- PBSB management should follow County policies and procedures related to PEs completion for each calendar year.
- Include completion of performance in the supervisors’ performance expectations and/or Division Director’s scope of work in future County agreements.
- Ensure there is consistent language used to describe performance evaluation throughout county policies, procedures and/or other documentation.
- Specify in County policies and procedures a reasonable time period for PEs to be completed and define what constitutes a reasonable time period.
- The County’s HR Department should periodically review department statistics to identify departments that have a low completion rate of PEs and recommend corrective actions.

PBSB Management Response: Number 10)

The County revised its merit based pay system in 2015 to reflect general cost-of-living adjustments. In 2017, the County conducted a major overhaul of its evaluation process to a new computerized platform. All staff evaluations are now complete.

Internal Audit Response to PBSB Management Response:

Internal Audit agrees that all 2017 performance evaluations should be completed for all PBSB assigned staff, however the 2015 and 2016 performance evaluations were not completed by PBSB management, according to policy. The County revised pay in 2015 is not relevant to the finding regarding failure to complete performance evaluations for 2015 and 2016.

Addendum: Failure to change leave hours within SAP, according to recommendations made by the County’s Corporate Compliance & Internal Review staff, may lead to errors and/or misstatements presently and in the future.

On June 15, 2018 W. Neil Dorrill, PBSB Administrator issued a “Memorandum”, to the County Manager, in response to the observations and findings in Draft Report 2018-4 Payroll Audit Pelican Bay Services Division to be issued on 7/10/18 (“Audit Report”).

The response stated that “Internal Audit 2018-4 correctly identifies numerous deficiencies in the processing and validation of timesheets, leave requests...” and that “[m]isstated sick/annual leave has been corrected within SAP system to reflect actual balances.” Additionally the response asserts that the County’s Corporate Compliance & Internal Review and HR had been engaged “to assist in addressing the aforementioned deficiencies.”

Internal Audit inspected the changes made in SAP payroll system by the PBSD timekeeper (Operations Analyst), and subsequently approved by the Operations Manager on 6/18/18. The changes appeared to have been made to remedy the deficiencies identified in the Audit Report. As of 6/25/18, there were several changed SAP entries with an inappropriate code (Holiday code instead of Sick/Vacation code) and two SAP entries were not changed and/or “corrected”.

The following dates had an inappropriate code or were not “corrected” in SAP. SAP #6455 is assigned to the Operations Analyst.

Employee SAP #	Fiscal Year	Date to change	Type of Leave before the audit started	Payroll Forms (Hours)	SAP(Hours)	Change on 6/18/18	Comments	Changed by	Approved by
6455	17	6/9/2017	Sick	8	8	Holiday	Not a County approved Holiday	Operations Analyst	Operations Manager
6455	18	11/15/2017	Sick	8	8	Holiday	Not a County approved Holiday	Operations Analyst	Operations Manager
6455	18	11/16/2017	Sick	8	8	Holiday	Not a County approved Holiday	Operations Analyst	Operations Manager
6455	18	11/17/2017	Sick	8	8	Holiday	Not a County approved Holiday	Operations Analyst	Operations Manager
6455	17	3/31/2017	Personal	8	0	No change	Entry not corrected	N/A	N/A
6455	17	5/10/2017	Sick	8	0	No change	Entry not corrected	N/A	N/A
				48	32				

Internal Audit noted that according to the PBSD management response, “Behavior Action Plans” have been created for the Operations Analyst and the Operations Manager, and that there is an ongoing investigation as to the intentionality of the “misstated sick/annual leave” entries within SAP. Therefore, the Operations Analyst and Operations Manager changing and approving their “misstated” SAP entries without the completion of “supplemental training” or approval in SAP from the PBSD Administrator may lead to more errors and/or misstatements within SAP payroll system, presently and in the future.

Addendum Response from Management:

Management has been made aware of the above-described discrepancies and will take appropriate action.

Conclusion

Observations and the review of PBSD payroll documentation indicate a systematic lack of supervisory and management oversight over the payroll process and related documentation. Without review of T&A documents, the County is exposed to potential errors, fraud, abuse, loss, liability and possible wage and hour lawsuits. Immediate action is needed to protect County resources and correct the time entry and submission process.

An Audit does not relieve management of their responsibilities. It is the ultimate responsibility of County Management to understand and implement the proper processes and proper controls to comply with County Florida Statutes, County CMAs, and Division Policies to limit the risk of fraud, error and misappropriation of

County assets. The Clerk may suggest recommendations in audit reports, but it is the responsibility of management to formulate and implement sufficient internal controls.