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Auditor-Controller

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**EXECUTIVE SUMMARY
OF
COUNTY-WIDE REVIEWS
FOR
*PAYROLL USER SECURITY ROLES AND OVERTIME***

June 14, 2015

Honorable Board of Supervisors
Napa County
Napa, CA

Scope

Two engagements were conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. We have performed county-wide reviews applicable to the payroll user security roles in PeopleSoft HR system and the overtime incurred by Napa County Departments. These reviews are solely to assist the Board and management with respect to payroll user security roles and overtime incurred by the Napa County Departments.

Objective

The objective of our two engagements was to review and evaluate for internal control weaknesses in the following areas as they apply to Napa County's activity¹ within the PeopleSoft HR system:

1. Security roles for Time Approvers and Time Keepers in place between September 2013 and November 2013; and
2. Overtime incurred between July 1, 2012 and March 31, 2014 with a scope expansion on selected budget units back to April 1, 2009².

Procedures

Our engagements included the following procedures:

1. Security Roles
 - Determine if proper segregation of duties of the payroll process existed;
 - Determine if the security roles were assigned to the appropriate employee; and
 - Determine if the security roles were updated or terminated based on employment status.

¹ During our review, internal control weaknesses were noted for governmental agencies outside the Board of Supervisor's sphere of responsibility. The weaknesses have been included in this report for informational purposes only and will be forwarded to the appropriate Boards.

² The scope expansion on overtime was performed on selected budget units for purposes of variance analysis.

2. Overtime

- Determine which budget units incur the highest percentage of overtime to salaries;
- For the top eight budget units:
 - Determine what staffing levels incur the majority of overtime;
 - Determine if overtime has any trends or peak times it is incurred; and
 - Determine how many consecutive days are worked for the top five employees within the selected budget units.

Summary of Results and Recommendations

Security Roles - Results

A. Eliminate Dual Roles for Time Keepers and Approvers

We noted 38 employees from 23 different budget units had at least one employee with both Time Keeper³ and Approver⁴ Roles in the PeopleSoft HR system. Of the 38 employees, five were also authorized to pick up pay checks. In addition, we noted 22 employees from four different governmental agencies had at least one employee with both Time Keeper and Approver Roles in the PeopleSoft HR system. Of the 22 employees, eight were also authorized to pick up pay checks.

B. Updating Time Keepers and Approvers Access Resulting from Changes Employment Status

Based on an analysis of employee promotions, transfers and terminations we noted one employee retained their roles from their previous department subsequent to their transfer, and two employees, no longer with the County, were still set up in PeopleSoft with their roles. However, Information Technology Services department had terminated their access to the PeopleSoft system at the time of their departure.

C. Other Unusual Payroll Role Accesses

Two employees had county-wide Time Keeper roles and four employees had county-wide Approver roles other than the Auditor-Controller's payroll staff; one employee had county-wide access for both roles; and seven employees had department-wide Approver access.

Security Roles - Recommended Solutions

- ✓ The Auditor-Controller's Office will work with the Departments identified as having employees with dual or inappropriate roles to determine which role the employee will retain, if any. Only roles necessary to perform the employee's job responsibilities should be retained.
- ✓ The Auditor-Controller's Office will continue to run queries and monitor the assignment of security roles.
- ✓ The Auditor-Controller's Office will assist the Information Technology Services department with their project of creating a work flow for computer access.
- ✓ The Auditor-Controller's Office will issue a written communication to the Departments establishing best practices for the entry and approval of time.

³ Time Keepers are assigned groups based on the department they work for and are able to modify an employee's time.

⁴ Approvers are assigned groups based on the department they work for and their approval allows the employee's time to enter into a payment process. Security exists within the system that prevents Approvers from approving their own time.

Overtime - Results

A. Highest Percentage of Overtime

The top eight budget units had overtime of 7%⁵ or higher. The remaining 41 budget units had overtime of 4.6% or less. The following are statistics for the top eight budget units for the 21 month period reviewed:

Number of employees incurring Overtime	416
Number of Overtime Hours	123,019
Cost of Overtime	\$6,647,066
Salary Expense	\$46,552,501

B. Staffing Levels incurring Overtime

The majority of the overtime was incurred by both mid-level to high-level hourly employees having position titles noted as "II" or higher and line staff, employees working directly with clients or the public versus clerical and administrative employees.

C. Trends

A review of the overtime for trends indicated that the top eight budget units had an escalation in overtime either during the quarter ending September 30th (Summer Quarter) or the quarter ending March 31st (Winter Quarter).

D. Consecutive Days Worked

Four of the eight budget units reviewed had employees working a range of 11 to 39 consecutive days without a day off.

Overtime – Recommended Solutions


- ✓ The Auditor-Controller's Office will provide the data gathered from the review to the County Executive Office and the Department Heads of the top eight budget units.
- ✓ The Auditor-Controller's Office will work with the Information Technology Services department to provide Departments with reports to monitor overtime.
- ✓ The Auditor-Controller's Office will communicate with Human Resources and the Risk Manager the information pertaining to employees working consecutive days.

Conclusion

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on specified elements, accounts or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Supervisors and the County Executive Office and the Napa County Department Heads and is not intended to be used by anyone other than these specified parties.

Thank you,



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⁵ Total overtime incurred divided by Total Salaries from July 1, 2012 to March 31, 2014