



Auditor-Controller

Internal Audit

Sheriff's Office: Audit of Overtime

IA2020-01

7/2/2020

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EXECUTIVE SUMMARY

The Internal Audit Division (IA) of the Auditor-Controller (A-C) department completed an audit of the Sheriff's Office (SO) processing of overtime. The objective of the audit was to determine whether overtime hours were authorized, earned and computed accurately. We reviewed overtime costs of several divisions within the SO such as Jail, Patrol, and Communications.

Sutter County spends most of its budget compensating its workforce in the form of salary, benefits and overtime. Accordingly, the County has the responsibility of accountability to ensure overtime hours claimed by employees are approved, worked, and processed through timekeeping procedures appropriately.

IA found the SO did not have written procedures for its timekeeping function. However, IA recognizes a lack of written procedures is pervasive in the County. The absence of written procedures likely contributed to timecards and supporting documentation not being completed correctly. Since backup documentation for timecards was incomplete, we could not verify the number of hours an employee worked on their shift.

In addition to the lack of written procedures, we found internal control deficiencies such as a lack of segregation of duties in the timekeeping process. At the beginning of the audit, there was a part-time employee assisting the timekeeper. During the County closure due to the 2020 pandemic, only the timekeeper was involved with the process. Going forward, the SO indicated the part-time helper will no longer be part of the process which heightened the lack of segregation of duties. However, IA believes that minor improvements in the timekeeping process would enable adequate segregation of duties and also could make the timekeeping process more efficient.

According to the American Payroll Association, the estimated human error rate in time card preparation is between 1 and 8 percent, with an average of 3 percent. However, it takes about 10.5 percent of payroll processing time to correct those errors. Thus, preventing errors by improving timecard accuracy and completion will save the County time and money.

In summary, our assessment of the risks associated with financial, operational, compliance and strategic objectives are high. However, by making some minor improvements as suggested by IA in the *Recommendation* section, management can significantly reduce these risks.

IA notes that the Sheriff inherited the current internal control structure from prior administrations and only assumed office less than a year from the commencement of our audit. With such large and varied operations, it is therefore understandable that there has been insufficient time for the Sheriff to perform a comprehensive review of all departmental processes.

This report includes six findings, seven associated recommendations, and one Other Audit Consideration. The details of these findings, recommendations, and audit consideration can be found in the section titled *Objective, Scope and Methodology*.

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Finding A: No written procedures for the timekeeping function.

There are no written procedures in place for the timekeeping function.

Finding B1: Lack of segregation of duties in the timekeeping function.

IA discovered that a single person was performing all aspects of the timekeeping function. This issue was heightened since the County closure because the part-time timekeeper was no longer part of the timekeeping function.

Finding B2: Lack of required signatures on timecards.

During the audit, we found employees' signatures and supervisors' approval were omitted on some timecards.

Finding B3: Lack of independent cross-checking of timecard hours.

IA noted there was no independent cross-checking of timecard hours back to the Timecard Online Certification Report.

Finding B4: Lack of appropriate authority of approver for Timecard Online Certification Report.

The department Timecard Online Certification Report is signed by the timekeeper.

Finding C: Overtime hours worked on Jail Shift Inspection Reports did not match overtime hours reported on employee timecards.

IA found missing signatures on both the employee and supervisor levels. Additionally, there were variances of overtime hours on Jail Inspection Reports and timecards.

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INTRODUCTION

Internal Audit is a division of the office of the Auditor-Controller. This division was reestablished in 2016 because of renewed focus on internal audit by the newly elected Auditor-Controller. The role of IA is to provide independent assurance that an organization's risk management, governance and policies/procedures are operating effectively. We must be independent from the operations we evaluate and report to the Board of Supervisors. IA enhances governance through the implementation of our recommendations and promotes accountability by identifying department management responsible for areas of concern, issues or findings.

IA helps Sutter County to succeed by dealing with issues that are fundamentally important to the survival and prosperity of our organization. We look beyond financial risks and statements to consider wider issues such as the County's reputation, growth, its impact on the environment and the use of taxpayer dollars.

The mission of IA is to independently assess and report on Sutter County operations and services. The audit function is an essential element of the County's public accountability. Our audits provide the Board of Supervisors, Grand Jury, County management, and the general public with independent and objective information regarding compliance, operational efficiency, and the adequacy and effectiveness of controls used in operations and reporting.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We limited our work to those areas specified in the *Objective, Scope, and Methodology* section of this report.

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BACKGROUND

General

Overview

Sutter County relies on the Sheriff's department to serve and protect neighborhoods from crime, keep our community safe and oversee operations of the County jail. For fiscal year 2018-19, the combined expenditure budget for Public Safety represented about 10% of all County expenditures. The department had 146 full-time equivalent positions (FTEs) which is about 15% of total FTEs for the County; making it the second largest department. Overtime paid was 51% of total County overtime; even though the department had 15% of the County's FTEs. Overtime increases the need for timecards to be checked and double checked for accuracy.

Fiscal Year 2018-19 Overtime & FTEs

Departments	O/T Costs	% of O/T Costs	FTEs	% of FTEs
Sheriff's Office	\$ 1,191,642	51%	146	15%
All Other Departments	1,134,313	49%	857	85%
Countywide	<u>\$ 2,325,955</u>	<u>100%</u>	<u>1,003</u>	<u>100%</u>

For timecard processing and reporting purposes, the department is set up into eight categories:

- 1) Communications includes Dispatch, Records, Civil, and Training Lieutenant
- 2) Live Oak
- 3) Main Patrol
- 4) Narcotic Enforcement Team
- 5) Jail
- 6) Bailiff
- 7) Sheriff Boat Patrol
- 8) Inmate Welfare

Employee timecards are approved by the immediate supervisor such as the officer-in-charge (OIC), a lieutenant, or the division commander. The Sheriff's Office had two personnel involved with the timekeeping process. The timekeeper adds up the hours on timecards and totals hours by category, week and pay period. There was a part-time extra help employee who performed data entry into the financial system. However, the extra help employee was not part of the process starting mid-March 2020 during the County closure due to the COVID-19 pandemic.

The timekeeper enters the hours into the County's financial system. Next, the Timecard Online Certification Report is generated to summarize the hours and is used for approval/certification of timecard data. The timekeeper approves this report and submits to the Payroll Division in the Auditor-Controller's office which is used as the basis to compensate employees. The report is accompanied by

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a facsimile form cover sheet that is sent every pay period. On this form are two signature lines, for the data entry clerk and approver, of which both are signed and approved by the same timekeeper. Refer to the *Scope* section for more detail.

Audit Specific

With the expectation of significant ongoing overtime needs along with the department not in a position to hire more law enforcement personnel, IA performed an audit on the approval, recording and documentation of the overtime process of the Sheriff's Office.

According to GAGAS, performance audits "provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things, improving program performance and operations, reducing costs, facilitating decision making by parties responsible for overseeing or initiating corrective action, and contributing to public accountability."

The following are areas of risks that were analyzed in this audit:

- Was the accuracy of timecards verified by supervisors and timekeepers?
- Did supervisors accurately complete timecards on behalf of an employee who was absent from work?
- Was proper approval obtained prior to any overtime earned where overtime was worked?
- Did employees sign their own timecards?
- Did an appropriate supervisor approve the employees' timecards?
- Did an appropriate manager certify time?
- Are there written procedures that employees and timekeepers can use to accomplish the timecard process and reporting?
- Are the aforementioned procedures consistent, monitored and improved as needed?

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OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The audit objective was to determine whether salaries and overtime paid by the Sheriff's Office (SO) was authorized, earned, and correctly processed by the department. In order to audit overtime worked, we reviewed all paid hours which included, but was not limited to regular hours, vacation hours, sick leave, shift differential, and unpaid leave.

According to the Memorandum of Understanding for Law Enforcement (MOU), authorized overtime shall be compensated at one and one-half times regular pay. All paid time off shall be considered hours worked for purposes of calculating overtime except for sick time. Overtime could either be accrued or paid out at the preference of the employee.

To comply with the MOU, the financial system uses different codes for different types of paid and unpaid time. These are termed Contributions, Deductions, and Hours (CDH) codes. Since we focused our audit on overtime earned, the pay code that we looked at was CDH code 3059. This code pays out hourly salary at one and one-half times the hourly wage. An employee who earned overtime may choose to be paid out or accrue the hours as compensated time off to be used in a future period. Any unused balances of accrued overtime will be paid as a lumpsum payout upon separation from County employment.

To accomplish our objective, IA conducted interviews with management and staff and examined relevant documentation such as timecards, forms for the request of overtime, emails, and Jail shift inspection reports.

Scope

The period covered by the audit was 2.5 years from July 2017 through December 2019. The test population data was obtained from the County's financial system within the SO budget units such as the Jail Division, Patrol Section, Administration, and Dispatch.

Due to inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of a system into future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with procedures may deteriorate.

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Methodology

The purpose of the audit report is to furnish management with independent and objective analyses, recommendations, and information concerning activities reviewed. The audit report is a tool to help management discern and implement specific improvements. The audit report is not an appraisal or rating of management.

We reviewed relevant documentation by referring to the Law Enforcement Unit Memorandum of Understanding 2018-2021 on the treatment of overtime hours. The definition of overtime is stated in *Article XIII Overtime Section 8.2 A¹* of the MOU. Sick leave shall not be considered as hours worked in the calculation of overtime and authorized overtime paid out shall be compensated at one and one-half times. In order to perform this audit, we had to examine all compensated hours.

We noted that all timecards were found to be filed in an orderly manner. We used Jail Shift Inspection Reports to verify and cross check the accuracy of timecards. Although timecards and Shift Inspection Reports were provided promptly, we noted some timecards had missing signatures and incomplete Shift Inspection Reports. Additionally, we could not tie reported hours on timecards to Shift Inspection Reports. The department maintains an easy to follow filing system. The timecards are filed each pay period by division and sorted by last names in alphabetical order.

Although due professional care in the performance of the audit was exercised, this should not be construed to mean that all errors, irregularities or noncompliance were found. The deterrence of fraud is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud will be detected. Specific areas for improvement are addressed in the following section.

1

“Overtime work” for non-exempt employees shall be defined as all authorized work by an eligible employee in excess of forty (40) hours in a seven (7) day work period or on the employee’s scheduled day off.

Authorized overtime shall be compensated for at a rate of one and one-half (1-1/2) hours for each overtime hour worked.

All paid leave time, with the exception of sick leave, shall be considered hours worked for purposes for calculating overtime.

AUDIT RESULTS, RECOMMENDATIONS and MANANAGEMENT RESPONSES

Introduction to Findings

Finding A: No written procedures for the timekeeping function.

Background

Timecards are approved by an employee's immediate supervisor. If the immediate supervisor is unavailable, the sergeant, Officer-in-Charge, another shift supervisor or lieutenant can approve timecards. The Administrative Assistant to the Sheriff performs the function of department timekeeper who verifies the total weekly hours by adding hours worked per day by week. Each pay period consists of two weeks. The total for the two-week period is added at the bottom left of the timesheet and is broken down by regular hours, sick, vacation, training, K9 handling, overtime, comp time, shift differential hours worked and unpaid leave. If overtime was earned in a prior pay period but not paid, a red pen is used along with "R" noted which indicates retro overtime earned in a prior pay period to be paid in the current pay period.

The department had a part-time extra help employee, the Criminal Records Technician, who assisted the department timekeeper. Her responsibility was to perform data entry of hours worked into the financial system. However, since she was determined to be a nonessential employee by the SO, she did not work during the five-week County closure due to a pandemic in mid-March 2020. Although she has returned to the SO since the closure, she is no longer involved with the timekeeping function.

The timekeeper generates a report from the financial system called an Over/Under Report which is used to verify hours worked over 80 in a pay period, identify timecards with less than 80 hours, verify call-back hours, identify employees with no hours and verify that there are sufficient hours available if comp time is used. Comp time is hours worked that had exceeded the regular hours per MOU. It is accrued at one and one-half times of regular time.

Condition

We noted that the Sheriff's Office does not have written procedures in place for the timekeeping function. Written procedures can help guide personnel to perform tasks in a consistent manner.

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Effect

Without written procedures, timecards are more likely to be inaccurate and could cause personnel to be paid incorrectly. Further, staff involved in the timekeeping process can lack clarity on their specific roles in the process. Financial risk is elevated when no written procedures exist. Examples are disruption in the timely processing of timecards if current timekeepers are absent and inaccuracy in compensation to employees for hours worked. Other risks such as human error and omissions are also heightened.

Without written procedures, a new employee asked to perform timekeeping functions without prior training could be easily overwhelmed by the time constraints of getting the job done accurately and on time. Staff should be able to review the procedures and perform the timekeeping process.

The lack of procedures could also cause a delay in timecard reporting to Payroll. The risk is the possibility that personnel would not be paid timely in accordance to *Section 4.2 Sutter County Rules Governing Employee Compensation, Benefits and Working Conditions*.² If there is noncompliance, the bargaining units could file grievances.

Written procedures could reduce the possibility of errors and fraud and ensure consistency for time reporting. Written procedures help ensure that management directives are carried out. Management can more readily hold staff accountable to formal written procedures.

According to the American Data Processing (ADP³) company:

Organizations leave themselves vulnerable to missed opportunities and significant risk without tools and processes to help ensure the tracking of time and attendance activity, and the collection of compliance and absence information.

Without formal written procedures there may be inconsistency in the processes resulting in potential under/over payments to employees.

Cause

Written procedures for the timekeeping function had not been established by prior sheriff administrations. The current sheriff was only in his first year in office during the course of the audit.

²

Except as otherwise provided in this section, the Auditor-Controller shall pay the salaries of the officers, deputies, clerks, and employees of the several departments of the County on the Friday following the completion of each regular biweekly pay period prior to 12:00 noon. In the event said Friday falls on a holiday, then payment shall be made on the last preceding workday.

³ ADP is an American service consulting company specializing in providing payroll and human capital management services.

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Criteria

According to the Government Finance Officers Association's best practices on procedures documentation, communication is an essential component of a comprehensive framework of internal controls. One method of communication is the formal written documentation of procedures.

Recommendation

Recommendation 1. We recommend the department prepare written desk procedures for the timekeeping and payroll function. Personnel should utilize written desk procedures as a roadmap to perform responsibilities.

Management Response

Response: The Sutter County Sheriff's Office agrees with this finding. We have fixed this issue and have attached a current Time Sheet / Payroll Process and Procedures.

(See Sheriff Brandon Barnes' Executive Order #02-2020 at the end of audit report)

Responsible Manager: Undersheriff Scott Smallwood
Implementation Date: 8-1-20

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Finding B1: Lack of segregation of duties in the timekeeping function.

Background

IA learned there were two personnel involved with the process: a timekeeper and a data entry person. The timekeeper totals the timecard by category and calculates the grand total by employee. On the bottom left of the timecard, there is an area boxed off that reads "for department payroll clerk use only." The data entry to the online time reporting system was performed by the part-time Criminal Records Technician.

After the hours are entered into the financial system, a report titled Timecard Online Certification Report is generated. The timekeeper signs this report and attaches it to a fax transmittal form. The timekeeper also signs and approves the transmittal form, then forwards it to the Auditor-Controller department.

During the County closure due to a pandemic, IA discovered that the part-time person was no longer involved with the timekeeping process. As a result, the timekeeper is now the only person performing all the functions from beginning to end. The part-time employee did not work during the closure because the position was considered non-essential. During June 2020, the part-time Criminal Records Technician came back to work but not to assist with the timekeeping process.

Condition

There is lack of segregation of duties in the timekeeping process. Currently, the timekeeper inputs hours, signs the Timecard Online Certification Report and submits to the Auditor-Controller's office resulting in a single employee performing the entire timekeeping function.

Effect

Lack of segregation of duties increases the risk of inappropriate or unauthorized transactions to occur since one individual performs all aspects of the process. In addition, errors may not be detected since independent reviews are not performed. There is a risk of underpaying or overpaying personnel if only one person is responsible for calculating hours on timecards. Lack of segregation of duties could increase staff time performing research and resolving incorrect transactions that were not prevented or detected timely. The loss of the criminal records technician put all the duties onto the timekeeper. This could overburden the timekeeper taking time away from the important job of ensuring that all timecards are correct.

Cause

The current internal control structure was inherited from prior sheriff administrations. It is unclear why a different internal control structure was not conceived. IA also notes the Sheriff was only in his first year of his elected term during the course of the audit.

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Criteria

The lack of segregation of duties indicate that internal controls are not adequate. According to the Institute of Internal Auditors, internal control⁴ is a process that involves people and procedures. Everyone involved is expected to follow procedures. This is to provide reasonable assurance that transactions are valid, reports are accurate, and department objectives are met. Management should continually monitor the effectiveness of internal control and consider the cost versus benefits of implementing controls.

Recommendations

Recommendation 2: The department should assign and train at least one person who can act as a backup if needed for each individual involved in the timekeeping function.

Recommendation 3: The department should have someone who has fiscal responsibility perform mitigating procedures such as comparing the hours entered into the system back to the timecards for accuracy and completeness.

Management Response

Response: The Sutter County Sheriff's Office agrees with this finding. We have fixed this issue as mentioned in the attached Time Sheet/Card & Payroll Process and Procedures Executive Order 2-2020. The newly developed Timecard/Payroll Process Procedures General Order section 4 outlines the department timekeeper duties and including entering/verifying/cross checking of payroll hours and signing the payroll coversheet as the individual who entered payroll into the One Solution Payroll System. Thereafter, Timecard/Payroll Process Procedures General Order section 5 outlines the duties of Undersheriff/Delegated financial manager/employee who will receive payroll packet from the timekeeper and perform another layer of verification and approve the payroll. The separation of entering payroll data and approving payroll data by two separate individuals will segregate the timekeeping function duties. We have put more responsibilities on the command staff to perform checks and balances on time cards turned in. We have added the Undersheriff or whom he/she delegates to perform spot audits on Time Sheets/Cards prior to them be submitted to the Auditors Office.

Responsible Manager: Undersheriff Scott Smallwood
Implementation Date: 8-1-20

⁴ The definition of internal control per The Institute of Internal Auditors: A process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives.

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Finding B2: Lack of required signatures on timecards.

Background

IA interviewed staff in order to understand the department timecard and approval process. In addition, we inspected the most recent pay period which was Pay Period 1 from 12/21/2019 through 1/3/2020. This was at the start of the audit.

We randomly sampled prior pay periods from fiscal years 2018, 2019, and July through December 2019. Some of the timecards sampled were missing the required signatures of either employee or supervisor approval.

If an employee is out on leave or vacation, the notation of "Unable to sign" is written on the signature line.

We reviewed all the timecards in the Jail Division for signature of employees and approval by supervisors. The total timecards for the Jail Division was 51. We sampled and reviewed all 51 and noted three timecards not signed by employees and two not signed by supervisors. The five missing signatures and approvals were for employees and supervisors who were not on leave of absence or vacation. This equates to about 10% of timecards not properly signed and approved.

A total of 82 timecards were randomly sampled during the audit period from July 2017 through December 2019. These timecards were in addition to the 51 we previously reviewed. IA looked for signatures of employee and supervisor on the front and at the back of timecards. Four did not have supervisor approval, one was not signed by the employee on the front, and four were not signed by employees on the back. The deviation rates are 5%, 1% and 5% for non-approval, missing employee signatures on front, and missing employee signatures at the back of timecards, respectively.

The following is an illustration of what IA found:

An employee signed the front of the timecard but did not sign the back of it. If there is overtime reported on the timecard, there is a second signature to be signed by the employee on the back of the timecard. We noted that the signature line on the back of the timecard was not signed even though there was overtime. Instead, "Unable to Sign" was printed on the signature line. This indicated to IA that the employee did not completely fill out the timecard. After the oversight of the employee in this sample, neither the approver of the timecard or the timekeeper routed it back for the employee to fully complete the document.

IA notes that earned overtime is not always planned in advance. For example, when a Call-Out occurs requiring emergency response from deputies, prior approval is not necessary.

By signing a timecard, the employee is certifying that he/she had indeed worked the hours indicated on the timecard. When the immediate supervisor is approving timecard, he/she should be comparing

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overtime worked with the request for overtime form and/or Shift Inspection Report. The approval is verification the hours reported were compared with some other record.

Condition

Not all timecards were filled out completely; some were missing signatures or supervisor approval. Some timecards were missing the employee signature on the front. Yet others were signed on the front, but the back of the form did not have signature(s).

In the illustration above, the employee could have signed the back of the timecard when the front of it was signed. The next opportunity would have been the supervisor bringing it to the employee's attention. Finally, the timekeeper could have routed it back for signature at a more convenient time to obtain employee signature. In this case, "Unable to sign" was printed on that signature space.

Effect

By having an employee sign their timecard they are attesting to the services rendered in a given pay period for which they are to be compensated. The County has a duty to ensure that taxpayer dollars are spent wisely and free from waste, fraud and abuse. The employee signature also provides a basis to hold the employee accountable for their time earned.

If the supervisor did not sign the timecard, then the supervisor has not verified the hours for the employee.

If the department was eligible for Federal Emergency Management Agency funding of personnel costs for the pandemic of 2020, the discrepancy of hours and incomplete documents could reduce the reimbursement amount awarded to Sutter County.

Cause

Through our review and discussions with the SO, it is unclear as to why signatures are missing from the timecards. IA notes that logistical challenges can contribute to missing signatures. A deputy could be called out to the field and be unable to sign their timecard.

Criteria

The timecard is a document that must be completed and signed by an employee to claim that he/she worked the hours and must be approved by authorized personnel that can verify the reported hours.

An employee timecard is a method for recording and tracking the amount of time he/she spent on the job. The County expects the document to be correct and time representative of hours worked.

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Recommendation

Recommendation 4: Timekeepers should ensure the front and back of timecards are signed by employees and approved by a supervisor.

Management Response

Response: The Sutter County Sheriff's Office agrees with this finding. We have fixed this issue as mentioned in the attached Time Sheet/Card & Payroll Process and Procedures General Order section 2 outlines steps to be taken by a supervisor to ensure all timecards are signed or utilize the "Unavailable to Sign" stamp. We have put more responsibilities on the command staff to perform checks and balances on time cards turned in. We have added the Undersheriff or whom he/she delegates to confirm all proper signatures are on the Time Sheets/Cards prior to being scanned and sent to the division commanders file.

Responsible Manager: Undersheriff Scott Smallwood
Implementation Date: 8-1-20

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Finding B3: Lack of independent cross-checking of timecard hours.

Background

At the start of the audit, there was a full-time department timekeeper and a part-time extra help employee involved with the timecard process. The timekeeper was responsible for adding up hours on the timecards i.e. regular, sick, vacation, shift differential; then the timecards were passed on to the part-time person for data entry into the financial system.

Starting mid-March 2020 during the pandemic, the department timekeeper was the only person performing the timekeeping functions.

Condition

There is no cross-checking of totals on timecards.

Effect

If an independent verification of total hours is not being performed, there is an increased potential for errors to occur. Moreover, employees could be under- or overpaid and the financial records of the County could be under- or overstated.

There is a domino effect when inaccurate personnel costs are recorded. The future budget takes current year personnel costs into consideration. If there is inaccuracy reported in the compensation to employees worked for the current year, then the estimate for the following year will be inaccurate as well.

Without accurate, reliable and transparent financial reports, stakeholders would not be able to make sound decisions. Moreover, the County would not be able to achieve its reporting objectives.

Cause

There is no cross-checking because of a weak internal control framework that was inherited from prior sheriff administrations.

Criteria

Independent verifications are basic building blocks of sustainable risk management and internal controls. There are several bodies that have published control frameworks to provide guidance to an organization that is considering the relevant aspects of internal control. One of the better-known frameworks adopted

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by many organizations in the United States is Committee of Sponsoring Organizations (COSO) of the Treadway Commission⁵.

Recommendation

Recommendation 5: Someone besides the timekeeper who performed data entry should use the Timecard Online Certification Report to vouch back the hours recorded on timecards. This way, at least two people are involved with the verification of hours.

Management Response

Response: The Sutter County Sheriff's Office agrees with this finding. We have fixed this issue as mentioned in the attached Time Sheet/Card & Payroll Process and Procedures General Order section 4 outlines the department timekeeper duties including verifying and cross checking of payroll hours totals on employee timesheet that have been added already by the Supervisors or OICs on employee timesheet. We have put more responsibilities on the command staff to perform checks and balances on time cards turned in. We have added a spreadsheet that each supervisor inputs hours worked and time off from the Time Sheet/Card that was submitted by the employee. The Division Lieutenant or Commander uses this spreadsheet to confirm the Time Sheet/Card that has been turned in is accurate to the hours on the spreadsheet. We have added the Undersheriff or whom he/she delegates to perform spot audits on Time Sheets/Cards prior to them be submitted to the Auditors Office. The Undersheriff or person delegated will use the spreadsheet to assist with the Spot Audit.

Responsible Manager: Undersheriff Scott Smallwood
Implementation Date: 8-1-20

⁵ Definition of Internal Control per COSO: Internal Control is a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

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Finding B4: Timecard Online Certification Report should be approved by a person who has fiscal responsibility.

Background

Once hours are entered into the financial system, a Timecard Online Certification Report is generated. The timekeeper signs this report and attaches it to a facsimile transmittal form. The timekeeper also signs and approves the transmittal form, then scans and emails it to the A-C department.

In fiscal year 2020-21, the Auditor-Controller will inform and remind departments on the need to have a proper approver of the Timecard Online Certification Report. Since most County departments scan and e-mail the reports to Payroll already, the facsimile form will be omitted in the future. This change will be communicated to County departments.

Condition

The timekeeper signs a report that should instead be reviewed and signed by management.

Effect

There is a lack of independent and management level approval.

Cause

The timekeeper does not have the appropriate authority to sign the Timecard Online Certification Report.

Criteria

Best practices should be incorporated by having an approver of the report be an individual in management who has fiscal or fiduciary duty.

Recommendation

Recommendation 6:

The Timecard Online Certification Report should be approved by an individual in management who has fiscal responsibility. In addition, the facsimile transmittal form that accompanies the report will no longer be used.

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Management Response

Response: The Sutter County Sheriff's Office agrees with this finding. We have fixed this issue as mentioned in the attached Time Sheet/Card & Payroll Process and Procedures General Order section 5. The Undersheriff or whom he/she has delegated will sign and approve the Payroll Reports and hours an before it is sent to the Auditors Office. The delegated employee will be a financial manager or financial employee.

Responsible Manager: Undersheriff Scott Smallwood
Implementation Date: 8-1-20

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Finding C: Overtime hours worked on Jail Shift Inspection Reports did not match overtime hours reported on employee timecards.

Background

During our audit, we found that certain employees were more meticulous in filling out their timecards than others. For example, on the back of the timecard is the request to work overtime. Some employees were noting the "Rpt#" and "Activity" by writing "Coverage" and name of employee that he/she was covering for or noted the purpose (e.g. transporting inmate who needed medical attention). Whereas others only noted vaguely by writing A-Nights, A-Days, B-Nights or B-Days.

The Day Shift is from 6 a.m. through 6 p.m.; the corresponding Night Shift is 6 p.m. through 6 a.m. "A" designates Wednesday through Saturday, and "B" is the remainder of the week.

For employees who were thorough when filling out the back of timecards, IA was able to verify that the employee covered was absent from the said period for the stated reason. This level of detail should be followed by all personnel.

For other employees who only noted they worked the A/B Day/Night shifts, IA reached out to the Jail Division lieutenant to verify hours reported on timecards. IA was provided the Jail Shift Inspection Report which is utilized by the Jail Division which holds important information of key operations of a particular shift for the Jail Division. It has the names of officers present at the shift, hours worked, coverage information of officers who were absent, number of inmates in jail cells, inmates' needs and key observations for the facility.

We noted inconsistencies between hours on timecards and Jail Shift Inspection Reports. Of the 82 sample timecards, 12 had discrepancies ranging from 30 minutes to 12 hours (entire shift); with an error rate of 15%. The total overtime hours sampled from timecards were 233 hours compared to 187 total hours on the Jail Shift Inspection Report resulting in a variance of 46 overtime hours. In every case, the deviation was to the benefit of the employee.

By combining the sample timecards with missing front and back signatures along with hours that do not match, the combined error rate is 22%.

Condition

IA noted discrepancies between reported hours on timecards and Jail Shift Inspection Reports ranging from 30 minutes to a 12-hour shift.

Effect

Since some of the Shift Inspection Reports were not completely filled out, we could not verify as to how many hours the employee actually worked during the shift. The County could have under- or overpaid personnel due to inaccurate recordkeeping.

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The attribute sampling produced a variance of 46 overtime hours. Accordingly, overtime expenditures could be over expended. Ultimately, the County is held accountable for being transparent in the spending of public funds.

Additionally, if the department was eligible for Federal Emergency Management Agency funding of personnel costs for the pandemic of 2020, the discrepancy of hours and incomplete documents could reduce the reimbursement amount awarded to Sutter County.

Cause

Too often timecards are not filled out fully by employees. IA is concerned that supervisors are not using supporting documentation to substantiate hours worked during the review and approval of timecards.

Criteria

The County's labor force is its biggest asset- and the County's largest expenditure. Important documents such as timecards and backup documentation such as Shift Inspection Reports should tie out. Accountability is crucial in the expending of taxpayers' money.

Recommendation

Recommendation 7: Timecards and Shift Inspection Reports should be filled out completely. When the immediate supervisor is reviewing and approving a timecard, he/she should be comparing hours worked with the request for overtime form and/or other backup documentation such as Jail Shift Inspection Report.

Management Response

Response: The Sutter County Sheriff's Office agrees with this finding. After further investigation on this Finding, it was determined that Correctional Sergeants would fail to document the Overtime worked by an employee on the inspection log, but it was confirmed that the employee did work the Overtime. We have fixed this issue by the new Time Card / Payroll Process and Procedures. This includes more checks and balances from the Command Staff when receiving the time cards to be approved. We have added an additional check in the Jail Division which will now include the jail inspection reports being consistent with Overtime documentation and the time cards that are turned into the Correctional Lieutenant or Captain.

Responsible Manager: Undersheriff Scott Smallwood
Implementation Date: 8-1-20

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ACKNOWLEDGEMENTS

Internal Audit would like to thank the Sheriff's Office management and staff for their cooperation and time throughout this audit.



Nathan M. Black, CPA
Auditor-Controller



Jackie Kong
Senior Internal Auditor



SUTTER COUNTY SHERIFF'S OFFICE
BRANDON BARNES
SHERIFF – CORONER

August 05, 2020

Nathan Black, Auditor-Controller

463 Second St #124

Yuba City, CA 95991

I want to express my appreciation to you and your staff for completing an internal audit of the Sheriff's Office. As you are aware, I took office a little over a year and a half ago. I firmly believe in transparency and I am working to ensure my office is not only following best practices but is meeting all legal and ethical requirements. The time and effort you and your staff put into this audit is helping me to attain that goal.

The audit produced six areas that could be modified for improved operations. Undersheriff Smallwood and our Finance Manager, Kim Randhawa, have prepared responses to each of the proposed areas and their responses are included in the body of the audit report. While some would resist having their deficiencies pointed out and captured in a document, we welcome the opportunity to improve our organization. Knowing where our "blind spots" are allows us to adjust and insulate the organization from unnecessary embarrassment or potential litigation. Hopefully, you find our responses satisfactory, but we will continue to welcome any feedback you may have.

I would like to say that I fully support systems designed for "checks and balances" of our work product. However, the modifications that will be made also take additional time, which may create deficiencies in other areas. I have found the current electronic time system has limitations and does not meet the needs of our organization. Having a more efficient time management system would help resolve some of these issues and create more time to focus on other areas. I would suggest the county research potential options and work towards implementing a timecard system that serves the needs of an organization that works 24/7 and has complex coding for a variety of funding sources.

Again, I greatly appreciate the effort that went into this internal audit and I look forward to continuing our working relationship into the future.

Respectfully,

A handwritten signature in blue ink, appearing to read "Brandon Barnes", is written over a horizontal line.

Sheriff Brandon Barnes



SUTTER COUNTY SHERIFF'S OFFICE
BRANDON BARNES
SHERIFF – CORONER

EXECUTIVE ORDER #02-2020

August 5, 2020

To: All Personnel

From: Brandon Barnes, Sheriff-Coroner

Subject: Time Sheet/Payroll Process & Procedures

TIME SHEET / PAYROLL PROCESS & PROCEDURES

1. Employee completes a Sutter County Sheriff's Office approved Time Sheet.
 - a. Two Week Pay Period
 - b. All Time Off / Overtime / Comp Time shall be approved by a supervisor and have a supervisor signature approval on the approved Timesheet.
 - c. Employee is to sign the Time Sheet on the front and initial each section on the back regarding Time Off/ Overtime/ Comp Time.
 - d. Time Sheets are to be turned into the employee's supervisor or delegated supervisor.
 - e. Time Sheets shall be submitted at the time directed by the employee's supervisor.
 - f. All Overtime/Comp Time requires an approved reason with specific details and hours worked on the back section of the time card.
2. Supervisors receive Time Sheets from employees assigned to them. They are to do the following:
 - a. Verify Hours Worked, Time Off, Overtime/Comp Time Worked
 - b. Sign each Time Off/Overtime/Comp Time on the back of the time card
 - c. Verify accuracy for Time Off
 - d. Verify reasoning for Overtime/Comp Time and confirm it is properly documented on the back of the time card.
 - e. Total the hours of each week of the pay period and document the total on the far-right side of the Time Sheet.
 - f. Supervisor to sign on the front and back of the Time Sheet after all above has been completed.
 - g. Supervisors are to verify employee signature or utilize the "Unavailable to Sign" Stamp when an employee is not available to sign for approved reason. Stamp shall go on signature line.
 - h. Supervisor is to enter all hours worked and/or Time Off into the Division Spreadsheet located on the P Drive assigned to each division.
 - i. Turn in all timesheets Division Lieutenant, Commander or Communication Manager.
3. Lieutenant / Commander / Communication Manager receive Time Sheet from their division. They are to do the following:

- a. Verify Time Sheets hours worked and/or Time Off are consistent with the Spreadsheet located on the P Drive. Additionally, the Jail Division will verify the OT hours worked on the timesheet and spreadsheet with the daily Jail Inspection Sheet OT hours.
 - b. Verify all Overtime/Comp Time/ Time Off has approved signatures and approved reasoning on the back of the time card.
 - c. Verify the supervisor's signatures and
 - d. Initial on the front bottom right corner after all items above have been verified.
 - e. Time Sheets are turned into Sheriff's Administrative Secretary/Department Timekeeper on the Thursday prior to pay period ending or the date assigned by the Sheriff's Administrative Secretary.
2. Sheriff's Administrative Secretary/department timekeeper receives Time Sheets. They are to do the following:
- a. Verify and cross check each week's totals on employee Time Sheet that have been added already by the Supervisors or OICs.
 - b. Total both weeks' hours and put the grand total in the payroll clerk box at the bottom left corner of timesheet.
 - c. Enter in One Solution computer program by daily hour totals for each employee hours into the system
 - d. Verify grand total hours entered in One Solution computer program match the grand total on the timesheets.
 - e. Run the below Payroll Reports and verify reports are correct
 - Run Over/Under Report
 - To look for more than 80 hours
 - To look for less than 80 hours
 - Run Employees with no Time Entry
 - No time entry
 - Run Leave Bank Report
 - Comp time pay – verify employee has enough hours in all leave banks
 - Run Certification Report
 - f. Scan Time Sheets both front and back and save them to each division assigned in the P Drive
 - g. Timekeeper to prepare the payroll submittal cover sheet with Timekeeper's name on the line "Payroll Entered By" line of the coversheet and will put their initials next to the Timekeeper's name.
 - h. Turn time cards, all payroll reports and payroll submittal cover sheet into the Undersheriff or delegated financial manager/employee.
3. Undersheriff/Delegated financial manager/employee receives Payroll Reports and Time Sheets. They are to do the following:
- a. Spot Audit Payroll Certification Report hours with Timesheet Hours

- b. Verify all signatures are on all Time Sheets/Cards both front and back.
- c. Approve Payroll Reports and hours by signing on the "Payroll Approved By" line of the Payroll Coversheet and signing the last page of the Time Card Online Certification Report.
- d. Undersheriff//Delegated financial manager/employee is to provide the approved payroll packet back to timekeeper in order to scan and email it to the Auditor's Office before Monday 10:00AM of payroll week.

Responsible Manager: Undersheriff Smallwood
Implementation Date: 8/1/2020

By Order Of,



BRANDON BARNES
SHERIFF-CORONER