

**SCHOOL OF MEDICINE OFFICE OF ADMISSIONS
PAYROLL CONCERNS**

UNIVERSITY OF NEW MEXICO

**Report 2004-18
July 19, 2004**

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ABBREVIATIONS

Director.....	Director of the Freshman Interest Groups Living & Learning Communities Experiential Learning Program
Supervisor.....	Assistant Dean of Admissions
Employee.....	Supervisor of Student Admissions
Admissions.....	The University of New Mexico School of Medicine Office of Admissions
UBPPM.....	University Business Policy and Procedures Manual
FLSA.....	Fair Labor Standards Act

EXECUTIVE SUMMARY

We received a specific concern that an hourly, non-exempt employee was being paid to teach a course during her regular work hours in the School Of Medicine Office of Admissions.

The employee and supervisor both stated that the employee taught the course during her regular work hours and did not make up the time. In our opinion, this is a potential violation of University policies and state laws. In addition, we found three internal control weaknesses.

The following summary provides management with an overview of conditions requiring attention. Numbers in brackets[] refer to page numbers in the report.

PAYMENT FOR HOURS NOT WORKED [3]

The employee taught a course during her regular work hours and did not make up the time. Therefore, she was paid for time that she did not work. Corrective disciplinary action has been taken for both the supervisor and the employee. The employee is making up the hours she is teaching for the Spring semester and she is reimbursing the monies she was paid to teach during the Fall of 2003 semester.

INTERNAL TIME SLIPS [4]

The employee did not use internal time slips to record the time she worked. Now, all hourly employees are completing internal time slips and they are being reviewed by the supervisors.

APPROVAL FOR COMPENSATORY TIME [5]

The supervisor was not signing the compensatory time log to approve the overtime as it was worked and accrued. The compensatory log is now being reviewed and signed by the supervisor for the time worked.

OVERTIME PAYMENT [5]

The employee was given compensatory time for overtime she worked instead of being allowed to choose between overtime pay and compensatory time. They are now giving the employee the choice to receive compensatory time off later or be paid for any overtime worked.

INTRODUCTION

BACKGROUND

We received a specific concern that the Supervisor of Student Admissions (employee) was being paid to teach a course during her regular work hours. The employee is an hourly, non-exempt employee who is being paid to work a regularly scheduled eight-hour day. The employee reports programmatically to the Assistant Dean of Admissions (supervisor).

The University of New Mexico School of Medicine was established in 1961 and admitted its first class in 1964. Currently 75 students are admitted yearly to the first year class including 3 MD/PhD students. In the U.S. News & World Report Best Graduate Schools Edition for 2002, The University of New Mexico School of Medicine was ranked very highly: #2 in Rural Medicine, #4 in Primary Care, and #5 in Family Medicine.

The course that the employee co-taught in the Fall of 2003 was “Exploring Health Fields” and was offered on Mondays from 10 – 10:50am. The course was part of the Freshman Interest Groups courses offered. For the Spring of 2004, the employee is co-teaching “Exploring Health Sciences Issues in New Mexico.” The course is offered on Thursdays from 9:00am – 11:30 am. The course is “designed to introduce students to the unique health care needs of New Mexico and provide students the opportunity to participate in a health-related service-learning project. Students will gain experience and familiarity with Health Sciences Center research and outreach programs focusing on New Mexico’s rural and underserved communities.”

For the Fall of 2003 course, the Director of the Freshman Interest Groups Living & Learning Communities Experiential Learning program (Director) notified the supervisor, and the supervisor signed and returned a letter that stated that he was aware that the employee was teaching the course during her regular working hours and that she would make up the time. For the Spring of 2004 course, the Director had a letter addressed to the Faculty Contracts Office that was signed by both the supervisor and the employee. The letter states that the employee “agrees to make-up any of her regularly scheduled [hours] that she may miss due to teaching this course.”

PURPOSE

The purpose of our review was to investigate if the Supervisor of Student Admissions (employee) was being paid to teach during the employee’s regular work hours in The University of New Mexico School of Medicine Office of Admissions (Admissions).

SCOPE

Our procedures included meeting with University employees and reviewing various types of University documents and internal controls in regards to the specific allegation. The fieldwork was completed by April 13, 2004.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

PAYMENT FOR HOURS NOT WORKED

In the Fall of 2003 and Spring of 2004, the employee taught a course during her regular work hours. Both courses are directly related to her job; however, both the employee and the supervisor had been made aware that the employee was to make up the time she was being paid to teach. Both the employee and supervisor stated that she did not make up the hours or take annual leave for this time.

University Counsel stated that, in this situation, the employee may have violated statute 30-23-2 for being paid for services not rendered, and/or statute 30-23-3 for submitting a false public voucher (the timesheet indicating that she was working for the Office of Admissions when she was teaching).

Recommendation 1

We recommend that you work with Human Resources to take appropriate disciplinary action for both the supervisor and employee. In addition, we recommend the employee reimburse the University the money she was paid for teaching the course during her regular work hours.

Response from the School of Medicine Associate Dean of Students

1. *The School of Medicine Associate Dean of Students, Roberto Gomez, MD, concurs with the findings and recommendations.*
2. *Corrective disciplinary action has been taken for both the supervisor and employee. The Assistant Dean for Admissions, the employee's immediate supervisor, has received a letter of censure, which has been placed in his personnel file. Similarly the employee has received a written warning, which has been placed in her personnel file.*

Additionally the employee will reimburse the University of New Mexico, Freshman Interest Groups & Living and Learning Communities Experiential Learning Program all the money she has received the course she taught in the fall of 2003. The employee will have taught 28.5 hours this current spring semester. Her immediate supervisor and the Associate Dean of Students have accommodated her weekly schedule to assure that she is not being compensated twice for the same hour of work. The employee is working through her lunch hour three times a week.

3. *Implementation Dates*
The letter of censure and the written verbal warning placed in respective personnel files the supervisor and employee on 5.4.04 and 4.8.04.

The Associate Dean of Students and the employee's supervisor are working with UNM Payroll dept. to assure that the \$850. are reimbursed to University College, Freshman Interest Group as soon as possible.

INTERNAL TIME SLIPS

The employee should complete time slips to document the actual hours that she works. The information from the internal time slips should be used to complete the timesheets that are given to the Payroll Department to generate the employee's paycheck. The internal time slip needs to be recorded accurately, so that the Payroll timesheet is correct and the employee will be paid for the time she worked. The supervisor should occasionally check the time slip to verify that the employee is completing it on a daily basis and that the information is correct.

The employee did not record the time she worked on time slips. Therefore, there was no detailed record of when the employee worked. Both the employee and the supervisor stated that the employee worked from 8am to 5pm, Monday through Friday with one hour off for lunch.

Recommendation 2

We recommend the supervisor require the time slips be completed daily and turned in with the timesheets at the end of the pay period. We also recommend that the supervisor occasionally check the time slips to verify that the employee has completed it daily and recorded the time accurately.

Response from the School of Medicine Associate Dean of Students

- 1. The School of Medicine Associate Dean of Students concurs with the use of timesheet slips and with the findings that the employee did not record her time and that her supervisor did not require the implementation of an oversight policy.*
- 2. We will be implementing the use of the internal timesheet so that the hourly employees are recording the actual time that they work each day. At the end of the pay period, the internal timesheets will be turned in with the Payroll timesheets to the department administrators. In addition, I have requested that the supervisors periodically verify that hourly employees are completing the internal timesheets daily and that the information is correct.*
- 3. Implementation dates: immediately for all hourly (nonexempt) employees.*

APPROVAL FOR COMPENSATORY TIME

University Business Policy and Procedures Manual (UBPPM) 3310 states that, “Compensatory time refers to compensation, taken as time off with pay, for hours an employee works in addition to his or her normal work schedule. Nonexempt employees earn compensatory time at the same rate as overtime, normally 1-1/2 times the number of overtime hours worked.” UBPPM has a sample compensatory time log, which the employee was using to record the overtime hours that she was working.

The majority of the overtime entries on the compensatory time log were not approved and signed by a supervisor. The supervisor should approve the overtime to support that the employee worked the overtime and to assure that the hours are reasonable and legitimate.

Recommendation 3

We recommend that the supervisor sign and approve the overtime on the compensatory log as it is worked.

Response from the School of Medicine Associate Dean of Students

1. *The School of Medicine Associate Dean of Students concurs with the findings and recommendation.*
2. *Corrective Action: The School of Medicine Office of Student Services will immediately implement the use of the Compensatory Time Log as cited in the University Business Policy and Procedures Manual 3310 and in compliance with UNM policy; all overtime will be approved by the supervisor, prior to the work being performed.*
3. *Implementation of Compensatory Time Log: immediate.*

OVERTIME PAYMENT

University Business Policy and Procedures Manual (UBPPM) 3310 states that, “Supervisors are responsible for ensuring compliance with mandated provisions of the FLSA [Fair Labor Standards Act] and should ensure an employee is compensated for overtime hours. Nonexempt employees may be granted compensatory time if there is a written agreement, in advance, between the supervisor and the employee to use compensatory time in lieu of overtime pay. If an employee does not want compensatory time in lieu of overtime pay, the employee must be paid overtime.”

In our interview, the employee stated that she was not given the option to be paid for the overtime that she was being asked to work. She stated that she would rather be paid than take compensatory time off later.

Recommendation 4

We recommend that the employee be given the choice of either payment or compensatory time for any overtime that she is asked to work.

Response from the School of Medicine Associate Dean of Students

1. *The School of Medicine Associate Dean of Students concurs with the findings that the employee must be given a choice between of either payment or compensatory time for any overtime worked and that supervisors are responsible for ensuring compliance with the mandated provisions of the Fair Labor Standards Act and should ensure that employees are compensated for overtime hours.*
2. *Corrective Action: The School of Medicine Office of Student Services will comply with all University Business Policy and Procedures as outlined in the UBPPM on overtime and compensatory time.*

<http://www.unm.edu/~ubppm/ubppmanual/3310.htm>

<http://www.unm.edu/~ubppm/ubppmanual/3305.htm>

3. *Implementation of UBPPM on overtime and compensatory time: immediate*

GENERAL COMMENTS FROM AUDITEE

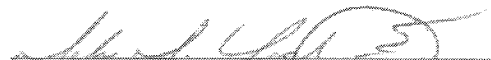
Comments from the School of Medicine Associate Dean of Students

This document will address the four recommendations raised in the Preliminary Report/Office of Admissions Payroll Concerns, Report 2004-18 dated 4.23.04. This document will address each of the recommendations assuring that three elements for each recommendation is present: whether the School of Medicine is in agreement with the recommendation, the corrective action to be taken and the proposed implementation date(s).

CONCLUSION

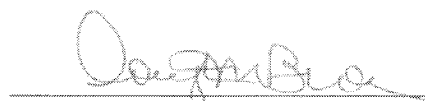
The employee and supervisor both stated that the employee taught the course during her regular work hours and did not make up the time. In our opinion, this is a potential violation of University policies and state laws. In addition, we found three internal control weaknesses.

APPROVALS



Debra Yoshimura, CRA, CIA, CGAP
Director, Internal Audit Department

Approved for Publication



Chair, Audit Committee