

**UNIVERSITY-WIDE  
PAYROLL OVERTIME ISSUES**

**UNIVERSITY OF NEW MEXICO**

**Report 2004-26  
June 20, 2005**

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# CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>4</b>
BACKGROUND .....	4
PURPOSE.....	4
SCOPE .....	4
<b>OBSERVATIONS, RECOMMENDATIONS AND RESPONSES .....</b>	<b>5</b>
COMPENSATORY TIME.....	5
OVERTIME.....	6
Housing and Dining Services.....	6
Physicians Access Line (PAL).....	6
Parking and Transportation Services .....	8
Johnson Center.....	9
Manufacturing Engineering .....	9
Physical Plant.....	11
OVERTIME USAGE REPORTS .....	12
DOCUMENTATION FOR TIME REPORTS .....	13
University-wide.....	13
Manufacturing Engineering .....	13
ON-CALL PAY .....	15
Physicians Access Line.....	15
Housing and Dining Services.....	16
ALLOCATING OVERTIME TO EMPLOYEES .....	16
University-Wide.....	16
Parking and Transportation Services .....	17
Physical Plant.....	18
GENERAL COMMENTS FROM THE DEAN OF THE COLLEGE OF EDUCATION ....	19
GENERAL COMMENTS FROM THE ASSOC. DEAN, HSC, CLINICAL AFFAIRS .....	19

**CONCLUSION** ..... 22

**APPROVALS** ..... 22

## **ABBREVIATIONS**

PAL	Physicians Access Line
FLSA	Fair Labor Standards Act
FTE	Full Time Equivalent
University	The University of New Mexico
UBP	University Business Policies and Procedures Manual
HSC	Health Science Center
HR	Human Resources
Assoc	Associate
VP	Vice President
Union Contract	Agreement Between the Communications Workers Of America and the University of New Mexico Maintenance & Operations and Clerical/Technical Units. Effective July 1, 2004 through June 30, 2005.

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## **EXECUTIVE SUMMARY**

Reporting and paying for hours worked has been a concern at the University. In the last several years, the Internal Audit Department has received complaints regarding payroll payments such as allegations that supervisors were paying overtime for hours not worked, and in other cases, employees were reporting hours not worked. Internal Audit has found in some instances that the allegations were accurate and that work hours were improperly reported and paid.

Recently, the Manager of the Payroll Department asked us to perform a review of the number of overtime hours charged and paid to University employees.

Based on our work, the University should develop standard reports that will allow management to analyze overtime quarterly. The recommendation can be included in the SCT Banner Payroll implementation. If a department has employees who continually work excessive amounts of overtime then this should be tracked and managed.

The following summary provides management with an overview of conditions requiring attention.

### **COMPENSATORY TIME**

Housing and Dining Services should follow University policies and procedures regarding compensatory time and pay any excess compensatory time still owed. The Director of Housing and Dining Services stated that housing staff dealing with payroll issues will be attending University Payroll classes and that compensatory time in excess of 120 hours has been settled through payment and/or time off.

### **OVERTIME**

Departments should determine whether they are adequately staffed so that employees are not required to work excessive amounts of overtime.

- The Director of Housing and Dining Services stated that they will be directly recruiting and hiring a locksmith position.
- The Associate Dean, HSC, Clinical Affairs stated that they acknowledge that their overtime for the period in question was excessive. Corrective action preceded the findings of this report and they believe their current statistics are greatly improved. They are also currently working with their HR Consultant to hire the one FTE they are lacking. HSC also offered an alternative solution; closing the PAL between 12:00 a.m. and 6:00 a.m. to reduce the need for overtime.
- The Director of Parking and Transportations Services stated that they have set up systems to better track the need for overtime which will enable them to better analyze their work requirement and determine the needs with regard to staffing levels. In addition, they are taking steps to restructure one of their key positions so that this position will not be required to work overtime on a regular basis.

- The Dean of the College of Education Administration stated that they will train additional staff to help run special events.
- The Director of Manufacturing Engineering stated that they have hired additional staff, which has reduced the amount of overtime required.
- The Director of Physical Plant stated that they have begun a new overtime tracking procedure and report that will analyze overtime by work group and will provide a tool for determining adequate staffing levels.

## **OVERTIME USAGE REPORTS**

The University should task the Link Human Resource/Payroll Project team with developing a standard overtime report for management's use. The Executive VP for Administration stated that the LINK Human Resource/Payroll Project team has been directed, through the University Controller and Payroll Business Process Owner, to develop a standard overtime report from the Banner System for management's use.

## **DOCUMENTATION FOR TIME REPORTS**

### **University-wide**

The University should develop a payroll policy requiring hourly employees, who don't use time clocks, to fill out internal time sheets that support the hours reported on their Payroll Time Reports. The Executive VP for Administration stated that the University Policy Office will develop a payroll policy to require hourly employees, not using time clocks, to complete internal time sheets to support the hours reported on the Payroll Time Reports.

### **Manufacturing Engineering**

Manufacturing Engineering should maintain proper documentation for hours worked, leave hours used, or other information submitted on the Payroll Time Reports as required by University policy. The Director of Manufacturing Engineering stated that the department has instituted a form to be uniformly applied to and filed by all of its hourly staff and student employees as supporting data for their bi-weekly timesheets.

## **ON-CALL PAY**

Departments should meet with Human Resources to determine if their on-call and standby time meets the conditions for payment as required by the Fair Labor Standards Act and University Policy. The Associate Dean, HSC, Clinical Affairs stated that they are currently awaiting an answer from their HR Consultant, concerning FLSA rules on the payment of on-call pay. The Director of Housing and Dining Services stated that they will meet with Human Resources to determine whether the employees are eligible for standby pay.

## **ALLOCATING OVERTIME TO EMPLOYEES**

Departments should document the allocation of overtime hours to employees to ensure that the hours are offered in a manner consistent with their union contracts.

- The Associate VP Human Resources stated that they will develop and provide training and written procedures to all affected departments.
- The Director of Parking and Transportation stated that a tracking sheet has been developed and is being implemented that will show that overtime is offered in a manner consistent with all negotiated contracts.
- The Director of Physical Plant Department stated that the Physical Plant will begin an additional overtime tracking procedure and report that will be in alignment with the new Union Contracts.

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## **INTRODUCTION**

### **BACKGROUND**

The Manager of the Payroll Department asked us to perform a review of the number of overtime hours charged and paid to non-exempt University employees who are subject to overtime compensation. For calendar year 2004, the number of overtime hours charged for nonexempt employees was approximately 114,940 hours, which resulted in approximately \$2,102,639 paid out in overtime. The total pay for nonexempt employees for calendar year 2004 was \$93,604,185.

### **PURPOSE**

The purpose of our review was to determine whether departments are following: University policies and procedures, the Fair Labor Standards Act (FLSA), and any labor contracts specific to the handling of overtime hours. The purpose of this review was also to determine that hours reported as overtime were for actual overtime hours worked, and that these hours were properly reported and documented.

### **SCOPE**

The Payroll Department provided us with a special report showing overtime hours worked by individual employees for the time period July 1, 2003 through April 29, 2004 for non-exempt employees. The run was sorted by number of hours worked. From this report, we selected a sample of fifteen employees, which represented various University departments with the highest number of overtime hours.

Our review procedures included meeting with University Payroll employees, and employees selected for our review and their management to discuss procedures followed for documenting and reporting overtime hours. Of the fifteen employees selected for our review, their accumulated overtime hours was approximately 9,091 and the overtime pay was approximately \$221,023 during the ten-month sample period. The fieldwork was completed on April 21, 2005.

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## **OBSERVATIONS, RECOMMENDATIONS AND RESPONSES**

### **COMPENSATORY TIME**

“Compensatory Time” Policy 3310, University Business Policies and Procedures Manual (UBP) 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. Nonexempt employees may accrue a maximum of 120 hours of compensatory time. Compensatory time must be used within ninety (90) days from the date it is earned. Compensatory time earned, but not used within ninety (90) days must be converted to overtime pay.”

A non-union Housing and Dining Services employee was allowed to accrue compensatory time in excess of the maximum 120 hours, and compensatory time was allowed to accumulate for more than 90 days. The Administrative Assistant II who was assigned to look into the overtime issue of this employee found that this employee’s prior supervisor, who has since retired, apparently approved exceeding the maximum compensatory time, and also had the misimpression that only 24 hours of compensatory time could be submitted for payment at one time. Once the excessive compensatory time was discovered, they stopped accruing compensatory time and paid the employee overtime. However, instead of paying the excessive compensatory time as a one-time payment, they paid his compensatory time down at approximately 30 hours per pay period.

It appears that the prior supervisor either chose not to follow policy or did not understand University policy regarding compensatory time.

#### **Recommendation 1**

We recommend that Housing and Dining Services assure that their staff is trained regarding University policies and procedures for Payroll. We also recommend that they pay any remaining compensatory time in excess of the allowable 120 hours and any compensatory time accumulated for more than 90 days.

#### **Response from the Director of Housing and Dining Services**

*The housing staff that deals with payroll issues is getting additional training. They are attending the University’ payroll class on June 7, 2005.*

*All Compensatory time in excess of 120 hours has been settled through payment and /or time off and I will insure that this does not build up again.*

## **OVERTIME**

Section 1. "Overtime" Policy 3305, UBP states that, "Normally, supervisors arrange workloads and work schedules so that an employee can complete his or her duties and responsibilities in a forty (40) hour workweek. However, supervisors may require employees to work overtime." Some University departments are requiring their employees to work excessive amounts of overtime. The University departments requiring excessive amounts of overtime may not be using University resources effectively or efficiently.

### **Housing and Dining Services**

A Housing and Dining Services' employee is on average working an additional 20 hours of overtime per week, or 40 hours in a two-week pay period. This employee is the only locksmith for Housing and Dining Services and as a result must be available for all repair calls outside his regular work schedule.

It appears that, since this employee consistently works overtime, one locksmith position may not be adequate to respond to all repair calls.

### **Recommendation 2**

We recommend that Housing and Dining Services evaluate the work required to provide adequate locksmith coverage and determine if an additional full or half-time position is necessary so overtime is not consistently required.

### **Response from the Director of Housing and Dining Services**

*We will be directly recruiting and hiring a locksmith position in the summer of 2005.*

### **Physicians Access Line (PAL)**

PAL requires 24 hour a day coverage 365 days a year. Currently the department is understaffed, which has resulted in excessive amounts of overtime. It may be difficult to keep employees if the amount of overtime is excessive.

### **Recommendation 3**

We recommend that PAL work with the Human Resources Department to aggressively implement hiring procedures so that the department is adequately staffed to provide the required coverage.

### **Response from the Associate Dean, HSC, Clinical Affairs**

*This is intended as a response to the issues concerning PALS raised by the internal audit dated May 12, 2005. We agree with the findings in regards to overtime for the specified time frame (July 1, 2003 through April 29, 2004). We disagree with the findings regarding on-call pay for the specified time frame (July 1, 2003 through April 29, 2004).*

*PALS employees are considered critical staff operating 24 hours a day, 7 days a week, 365 days a year. Between July 1, 2003 and April 29, 2004, our FTE Referral Service Coordinator position was understaffed as follows:*

*July - understaffed by 2  
August - understaffed by 2  
September - understaffed by 3  
October - understaffed by 2  
November - understaffed by 2  
December - understaffed by 2  
January - understaffed by 2  
February - understaffed by 2  
March - understaffed by 2  
April - understaffed by 3*

*It is unrealistic to expect that there will never be a need for employees to work overtime since we are a 24/7/365 operation. Between our hiring freeze and the consistent lack of qualified applicants, it has not always been possible for PALS to remain adequately staffed. As our employees are hired knowing they may need to work overtime, many volunteer for it.*

*During this time frame the two employees (A and B) who were randomly selected for this audit were the two employees volunteering for the majority of overtime needed to keep the operation adequately staffed. Employee A resigned on July 23, 2004 to accept a higher paying job with Sandia National Laboratories. Therefore, the overtime this employee was accruing is no longer amassed. We are currently understaffed by 1 FTE Referral Service Coordinator position. Employee B continues to willingly volunteer for the majority of overtime available, otherwise this employee would have to work an additional part-time job for financial stability. We urge the internal audit department to view our payroll records for the past ten months and compare them with the figures they acquired in the course of the audit. We acknowledge that our overtime for the period in question was excessive. Corrective action preceded the findings of this report and we believe our current statistics are greatly improved. We are also currently working with our HR Consultant to hire the one FTE we are lacking.*

*Apart from the improvement that has already been shown, if PALS were not a 24/7 operation, overtime would be dramatically decreased. If PALS were to close between 12:00 a.m. - 6:00 a.m., we would never have to worry about graveyard coverage. PALS graveyard staff average*

*5-10 calls per night. Most of these calls are wrong number or information calls. The average calls requiring patient transfer per night average between 1 and 3. PALS can generate a pre-recorded message asking callers to contact the Nursing Supervisor, ER, L&D or NBICU directly between 12:00 a.m. and 6:00 a.m. Transfers that occur during the graveyard shift will almost always come to the University Hospital because they are usually trauma, high-risk maternal or high-risk newborn patients. This change would not only reduce overtime, but would allow us to eliminate our on-call system, saving UNM a considerable expense. This suggestion has not been adopted previously, perhaps due to PALS status as a critical operation, but it would certainly solve both issues brought up in the internal audit. We can implement this change by July 1, 2005.*

### **Parking and Transportation Services**

Employees at Parking and Transportation Services may be required to work overtime to cover special events at the University, but the coverage required for the new parking structure caused two employees to work excessive amounts of overtime. The additional overtime was required because Parking and Transportation Services management wanted to monitor how the new parking structure was working.

#### **Recommendation 4**

We recommend that the Director of Parking and Transportation Services assure that the overtime of the Parking employees is properly tracked to determine if excessive amounts of overtime are still required as a result of the new parking structure. We recommend that Parking and Transportation Services determine if additional employees may need to be hired to provide adequate coverage for ongoing operations.

#### **Response from the Director of Parking and Transportation Services**

*The department is in agreement with the above recommendation. The Director of Parking and Transportation Services has assigned the department Business Manager the task of setting up a bi-weekly tracking spreadsheet for all hourly Business Division staff which will show how much overtime was used/needed for each given week. This information will be taken directly off of internal time sheets. The Business Manager will review this tracking sheet with the Director of Parking and Transportation Services on a bi-weekly basis. This tracking sheet will better enable us to analyze our work requirements and determine our needs with regard to staffing levels. This will be fully implemented by June 30, 2005.*

*Additionally, in light of this recent audit, we have reviewed our use of overtime in the department and are taking steps to restructure one of our key positions (Supervisor) so that this employee will not be required to work overtime on a regular basis in order to address our special events needs. We are working with Human Resources to look at reclassifying this position, as well as future staffing needs. Estimated completion date is August 1.*

### **Johnson Center**

There is only one employee who, in addition to his regular workweek, is responsible for the special events at Johnson Center. This employee must meet with the customers requesting use of Johnson Center, coordinate the events and be present at the events. The extra hours that this employee works for the special events is billed to the customers as either part of the contractual amount or for actual hours worked. Because there is only one employee for special events, this employee is required to work excessive amounts of overtime. In addition, the department feels this position has become increasingly complex and the level of the job needs to be re-evaluated.

### **Recommendation 5**

We recommend that the Dean of the College of Education Administration meet with the department's Human Resources consultant to discuss whether an additional employee should be hired to help with the special events and also to determine if this particular position should be upgraded.

### **Response from the Dean of the College of Education Administration**

*The College of Education agrees that one employee is responsible for the special events at Johnson Center. A large number of these hours appear to be attributable to the shift of special events to Johnson Center during the closure and refurbishing of the Student Union Building. The overtime hours worked by this employee have decreased in the last year. Even so, the management of Johnson Center is training other non-exempt staff in the area to be available and able to handle special events at the Center. The employee in question will assist the other staff at the beginning of events but then will leave the university for the day.*

*The College of Education administration and Johnson Center management met with Human Resources concerning this position. It was determined that the employee was correctly titled and graded.*

### **Manufacturing Engineering**

There appear to be several factors that have caused substantial amounts of overtime. In addition to his 40-hour workweek, a Manufacturing Engineering employee is required to carry a pager and respond to all alarm calls that occur outside of his regular work schedule. This position has daily demands that must be met and requires that the employee be physically present to perform the specific duties for the "clean room." This employee also participated in the UNM Management Academy, which is 16 hours of paid time per month, and this employee was allowed to take courses at UNM as allowed by "Tuition Remission Program" Policy 3700, UBP. These are hours for which he was not physically at Manufacturing Engineering, but were part of

his 40-hour workweek. Although Manufacturing Engineering budgets for overtime for this position at 25% full time equivalent (FTE), the overtime budget was exceeded.

Section 5. "Tuition Remission" Policy 3700, UBP allows employees to take courses with paid time off if the course is related to the employee's work and the course is not available outside the employee's work hours. However, the decision to grant paid time is left to the employee's supervisor because, "[i]t may not be practical to grant time off to all employees who request it for classes because of pressing workloads or other legitimate business reasons. In these cases, the needs of the business shall prevail."

### **Recommendation 6**

We recommend that Manufacturing Engineering take into consideration the needs of the business when granting approval for employees to use paid time for classes and other University sponsored activities.

### **Response from the Director of Manufacturing Engineering**

*The UNM Manufacturing Engineering Program (MEP) receives funding from federal, state and private sources. The MEP has 45 persons on its FY-05 payroll, consisting of faculty, staff, a post-doc, students and consultants. Of these, only one person, technician #1, generates overtime hours. This person, from 2001 to 2004, was responsible for the general operation and maintenance of the MTTC Cleanroom. During that period (denoted as Phase I operations), the MEP had a very limited budget for running the MTTC Cleanroom, sufficient to hire only one full-time technician (non-exempt). The ideal personnel loading for the Phase I operations of the cleanroom would have included at least two full-time persons. Despite efforts to get an increase in the MEP budget, via the annual legislative process, the MEP budget, and hence the MTTC Cleanroom budget, actually went down from FY-02 to FY-04. By contrast, the FY-05 legislative process yielded an increase in the MEP budget and hence the MTTC Cleanroom budget. This increase enabled the MTTC Cleanroom to hire a building systems engineer #1 (starting 12/04). The consequence of this new hire, plus a couple of student aides, has been a reduction in the need for overtime by technician #1. Despite a drop in state funding for the MEP for the upcoming year (FY-06), the MEP is preparing to hire a technician #2, which should further ameliorate overtime issues for technician #1. This staffing increase is essential in the wake of the \$2.8M Phase II expansion of the cleanroom presently underway, which will render larger operational requirements once complete. These new operations should be manageable with only occasional overtime demands.*

*The overtime for technician #1 was expressly budgeted at 25% (10 hrs/wk) in FY-04 and FY-05. During the period of this audit (July 2003 to April 2004), technician #1 recorded 33% overtime. As noted in the audit report, the overtime generated by technician #1 was exacerbated by their participation in the UNM Management Academy (which incurred 16 hours per month of time-off with pay, or 9% overtime, from August 2003 to April 2004). Moreover, technician #1 signed up*

*for UNM classes for which they were also given either time-off without pay (for general classes) or time-off with pay (when classes supported job skills), with the expectation that this time in classes would be made up on the job. In particular, technician #1 signed up for classes during Summer 2003, Fall 2003, Spring 2004, and Summer 2004. In addition, the MEP, about once per semester, would send technician #1 to out-of-state trade shows, to learn the latest technologies pertaining to cleanroom design and operations. The MEP certainly encourages professional development of its personnel. However, in this critical case, there were no other staff members to which to shift the demands of the cleanroom. As also noted in the audit report, this person was responsible for responding to alarm conditions within the cleanroom (these conditions are documented by the cleanroom systems computer), whether due to emergency situations or to operating conditions getting out of spec (such as thermostats that report that the air entering the cleanroom is too cold). These responses, which occurred several times per week “after hours”, also exacerbated the overtime of technician #1. Again, this was not an ideal situation, however, due to budget constraints, it was the only practical option. Engineer #1 (hired 12/04) is now responsible for alarm conditions. In addition to the above overtime drivers, the cleanroom was occasionally shut down for construction modifications, as new equipment was acquired. In order to minimize the impact of these shutdowns on cleanroom customers, these modifications, requiring the presence of MTTC cleanroom personnel, were performed on weekends or over holidays. Although these circumstances also exacerbated the overtime of technician #1, these operations were done with the express consent of technician #1.*

*As the cleanroom construction and clientele continues to grow, the need for full-time staff engineers and technicians will continue to grow. It is anticipated that the cleanroom will need, at the end of Phase III construction, at least two engineers, three technicians, and four student aides, for safe and responsive operations. If the cleanroom demand grows to two shifts per day, or to include weekend operations (which is occasionally requested by users), then these staffing demands would need to be increased (maybe doubled). Presently, the cleanroom is run on a very austere budget, well below the budgets of other major universities around the country that run cleanrooms for microelectronics and microsystems training, research, and prototype production.*

*Corrective Action: With the hire of engineer #1 within the past six months, and the pending hire of technician #2, and the continued summer support of student aides for the MTTC Cleanroom, the overtime needs of technician #1 have been markedly reduced, if not eliminated. Engineer #1, instead of technician #1, now carries the alarm pager.*

### **Physical Plant**

Currently the Physical Plant Department is understaffed and, because a licensed trade professional is required for specific jobs, overtime is required. In addition, for the past four years the Physical Plant has been involved in a large utility infrastructure upgrade which has also generated overtime.

### **Recommendation 7**

We recommend that the Director of Physical Plant evaluate the amount of overtime required once the utility upgrade has been completed. If excessive amounts of overtime are still required, we recommend that you determine if additional employees should be hired.

### **Response from the Director of Physical Plant**

*Due to pending personnel issues and the \$60 million Utilities Upgrade Project, the Physical Plant Utilities Division generated significant overtime. The personnel issues have been resolved and the utility project will conclude during the final quarter of 2005.*

*Staffing that is adequate to reduce or eliminate overtime is difficult to achieve given the complexities of maintaining the built environment, infrastructure, grounds and environmental services while maintaining safety and comfort to the University community. Beginning on July 1, 2005, the Physical Plant will begin a new overtime tracking procedure and report that will analyze overtime by work group and will provide a tool for determining adequate staffing levels.*

## **OVERTIME USAGE REPORTS**

In order to address budgeting issues and efficient use of University resources, the University should be monitoring the amount of overtime worked and paid. Some type of tracking/monitoring system should be developed to track excessive amounts of overtime, looking for signs of abuse, fraud or inefficient use of University resources. Currently the University does not have a mechanism in place to track/monitor overtime hours. As a result, the amount of monies that the University pays for overtime hours may be higher than necessary. One solution to better track overtime could be that, when the new Payroll Banner System is brought up, a standard overtime report be developed for management's use.

### **Recommendation 8**

We recommend that the Executive Vice President for Administration task the Link Human Resource/Payroll Project team with developing a standard overtime report for management's use.

### **Response from the Executive VP for Administration**

*Concur. The LINK Human Resource/Payroll Project team has been directed, through the University Controller and Payroll Business Process Owner, to develop a standard overtime report from the Banner System for management's use.*

## **DOCUMENTATION FOR TIME REPORTS**

Section 3. “Time Reporting for Biweekly Payrolls” Policy 2610, UBP states that, “It is the responsibility of the department to maintain documentation for each employee of hours worked, leave hours taken, and other information submitted on Time Reports.” In addition, the University needs to be in compliance with the FLSA regarding record keeping requirements.

### **University-wide**

In general, we found that University departments are not requiring employees to fill out internal time sheets as backup to document the hours worked by hourly employees who do not use time clocks. As a result, there is no documentation to support the hours reported on the Payroll Time Reports. It appears that this has occurred because the University does not have a policy requiring employees to fill out internal time sheets.

### **Recommendation 9**

We recommend that the Executive Vice President for Administration request that the University Policy Office develop a payroll policy. The policy should require hourly employees, who don't use time clocks, to fill out internal time sheets that support the hours reported on the Payroll Time Reports so that the University is in compliance with the FLSA. These internal time sheets should be reviewed by the employee's supervisor, signed by the supervisor, and should be maintained in the department as backup for hours worked.

### **Response from the Executive VP for Administration**

*Concur. The University Policy Office will develop a payroll policy to require hourly employees, not using time clocks, to complete internal time sheets to support the hours reported on the Payroll Time Reports. This policy will require the internal time sheets be reviewed and signed by the employee's supervisor, and be maintained in the department as backup for hours worked.*

### **Manufacturing Engineering**

From our review of the employees' Payroll Time Reports, we found that Manufacturing Engineering did not have documentation to support the hours reported by the employee we reviewed. As a result, there is no documentation available to support the time worked or taken off if there should ever be any questions regarding Payroll Time Reports. During the course of our review, the employee began to track his time.

## **Recommendation 10**

We recommend that Manufacturing Engineering follow Section 3. “Time Reporting for Biweekly Payrolls” Policy 2610, UBP and assure that there is proper documentation for hours worked, leave hours used, or other information submitted on the Payroll Time Reports for all employees. This should include recording hours worked on internal time sheets that are reviewed and signed by the employee’s supervisor. Manufacturing Engineering should use a consistent reporting format for all employees who are not exempt from the FLSA. It is advisable, although not required by FLSA, to include the times in and out of work for each employee to facilitate the calculation of the actual number of hours worked each day and week.

## **Response from the Director of Manufacturing Engineering**

*The Manufacturing Engineering Program, prior to this audit, used a variety of instruments to document the work of its hourly employees (including student assistants) and consultants. Technician #1, to whom this audit report specifically pertains, would enter their hours worked directly onto the UNM timesheets, at the end of each day. These hours, including overtime hours, were reviewed with the Director of the MEP every two weeks. The timesheet was in effect their record or documentation, and hence the MEP’s documentation.*

*The U.S. Department of Labor, Fact Sheet #21, Recordkeeping Requirements Under the Fair Labor Standards Act (FLSA), notes that “Employers may use any timekeeping method they choose, ... or tell their workers to write their own times on the records.” Since technician #1 did not keep a fixed schedule, they entered the number of hours worked each day, consistent with the FLSA requirements (Fact Sheet #21, “When a worker is on a job for a longer or shorter period of time than the schedule shows, the employer must record the number of hours the worker actually worked, on an exception basis.”). Furthermore, UNM Policy #2610 notes, under Record Keeping, “It is the responsibility of the department to maintain documentation for each employee of hours worked, leave hours taken, and other information submitted on Time Reports.” However, there is no template provided by UNM to serve as an example of “documentation”. Alternatively, the term “documentation” does not seem to preclude simply keeping a copy of the formal UNM Time Sheet, since that form contains the minimum amount of information required of the FLSA. In the absence of a precise definition of “documentation” and lacking a supporting template linked to UBPPM 2610.3, the MEP took the Time Sheet, with hours worked each day, as adequate documentation for some of its employees. The recording of time-in/time-out, as suggested in the audit report, is beyond the documentation standards set forth by the FLSA.*

*Corrective Action: Notwithstanding the above issues, effective September 2004 (shortly after the beginning of this audit), the MEP instituted a form, to be uniformly applied to and filed by all of its hourly staff and student employees as supporting data for their bi-weekly timesheets. These sheets include dates, the time-in and time-out of the hours worked, the hours worked, and a brief*

*task description for each block of hours worked. The hours are then linked to respective accounts (since some employees work on multiple projects). In the case of federally sponsored work, this documentation corroborates the various required technical and financial reports, although not specifically required by Circular A-21. These sheets are retained by the MEP, for future use as needed.*

## **ON-CALL PAY**

Section 6. “Wage and Salary Administration” Policy 3500, UBP states that, “On call pay is paid to nonexempt employees who are required to remain available to return to work and who meet the conditions for payment as required by the FLSA. Generally, on call time is compensable when employees are so restricted that they cannot pursue personal activities.”

### **Physicians Access Line**

Employees at PAL are required to be on-call a week at a time. During the time they are on-call, they are paid \$1.25 per hour for a total of 113 hours for the week. There is nothing in writing to document why they are being paid in this manner and nothing in writing to document if their on-call time is considered time paid per University policy. It appears that Human Resources never approved this type of payment and that someone at PAL came up with this method of payment. In addition, it appears that it has never been determined if their on-call time is considered time paid per the FLSA. As a result, they may have been paid inappropriately for on-call time.

### **Recommendation 11**

We recommend that the PAL management meet with their Human Resources consultant to determine if the on-call time meets the conditions for payment as required by the FLSA. If it is determined that on-call pay does not meet the FLSA requirements, then we recommend that PAL management discuss with Human Resources if monies received for on-call pay need to be paid back to the University.

### **Response from the Associate Dean, HSC, Clinical Affairs**

*There is no apparent documentation from the people responsible for the implementation of PALS on-call pay. The previous manager of PALS, the previous director of UPA (which PALS was part of until 7/01/01), and the previous HR Consultant, did not leave behind any documentation explaining the method used to arrive at on-call pay. New management inherited this method.*

*One FTE Coordinator (employee C) who worked at PALS when on-call pay was implemented, and still works at PALS now, believes that UBS and SED were the basis of the \$1.25 per hour figure. We have recently called UBS and SED Medical Laboratories to inquire about their on-*

*call pay. We have determined that they pay \$1.00 per hour to their employees who are on-call in addition to their hourly rate for hours actually worked.*

*We are currently awaiting an answer from our HR Consultant, concerning FLSA. It is vital that we preserve on-call pay due to the nature of our operation and designation as a critical operation. All employees are informed of our on-call system before being hired. Several employees accept the job excited that overtime is an option, wanting to supplement their income. Abandonment of this system would result in a definite increase in overtime hours and possible resignation of several employees. We further assert that requiring employees to pay back the University for monies received would be completely inappropriate and may result in employees (especially long-term ones) resigning en masse. The only other possible solution would be to close PALS between 12:00 a.m. and 6:00 a.m. If we did not have to cover graveyard hours, it would be much easier to adjust employees' schedules with a minimum of overtime.*

### **Housing and Dining Services**

A non-union Housing and Dining Services employee is being paid for standby time in addition to overtime hours he consistently works. Since this employee is not a union employee, he may not qualify for the standby pay. It appears that Housing and Dining Services has followed the Union Contract regarding standby time for this employee even though he is not covered by any union contract.

### **Recommendation 12**

We recommend that Housing and Dining Services management meet with their Human Resources consultant to discuss how this employee's overtime hours are recorded and paid. We also recommend that it be determined if this employee is eligible for standby pay.

### **Response from the Director of Housing and Dining Services**

*We will be meeting with Human Resources to determine whether the employees are eligible for standby pay.*

## **ALLOCATING OVERTIME TO EMPLOYEES**

### **University-Wide**

Employees who fall under union contracts should be offered overtime as stated in their union contracts. A system should be in place to properly document that overtime is offered in accordance with union contracts. For example, the Agreement Between the Communications Workers of America and the University of New Mexico Maintenance & Operations and Clerical/Technical Units (Union Contract) states: "When it becomes necessary to work overtime,

employees shall be offered overtime work within their job title and work unit as designated by each department, first on the basis of seniority and then on the basis of the least number of overtime hours credited to each employee. In cases of emergency overtime, the most readily available employee may be utilized. Overtime records shall be kept by the University which shall reflect the number of overtime hours worked and the number of overtime hours refused which shall, for the purposes of scheduling overtime, be considered as overtime worked.”

Non-compliance with union contracts regarding allocation of overtime could result in potential liability to the University.

### **Recommendation 13**

We recommend that the Human Resources Department work with the University’s various departments that employ union employees to develop procedures for documenting how overtime work is offered to employees. The procedures should include a record of overtime hours refused as well as overtime hours worked to comply with union contracts.

### **Response from the Associate VP Human Resources**

*I concur with the recommendation. The Department of Human Resources will develop and provide training and written procedures to all affected departments. The training and procedures will be developed by September 1, 2005. All departments impacted will be provided the training by December 15, 2005.*

### **Parking and Transportation Services**

Parking and Transportation Services does not have a system in place to document how they are offering overtime hours so that it can be determined that overtime is offered as required by the Union Contract. As a result, if there is a complaint regarding overtime equity, there is no documentation that the Union Contract was followed.

### **Recommendation 14**

We recommend that Parking and Transportation Services document that they are following the Union Contract for union employees regarding the offering of overtime.

### **Response from the Director of Parking and Transportation Services**

*The Department agrees with this recommendation. Attached is a copy of the tracking sheet which we have developed and are beginning to implement. This form will show that we are offering overtime in a manner consistent with all negotiated contracts, and will be used by all front-line supervisors. That information will then be loaded into a spreadsheet which will*

*enable us to track all overtime hours offered and/or accepted. The two new spreadsheets will allow management to review and manage overtime hours more fairly. These changes will be fully implemented by June 30.*

### **Physical Plant**

Per the Union Contract, Article 8, Paragraph 1, “employees should be offered overtime work within their job title and work unit as designated by each department, first on the basis of seniority and then on the basis of the least number of overtime hours credited to each employee.” It further states that “Overtime records shall be kept by the University which shall reflect the number of overtime hours worked and the number of overtime hours refused which shall, for the purposes of scheduling overtime, be considered as overtime worked.”

When overtime is required for Physical Plant employees who are covered by the Union Contract, the Physical Plant department prepares an overtime work sheet for these employees, which tracks the number of overtime hours credited to each employee. Physical Plant management has developed procedures for allocating overtime based on their interpretation of the Union Contract. From our review of the overtime work sheets, it appears that the procedures developed by the Physical Plant Department are not in full compliance with the Union Contract when allocating overtime. The Union Contract is currently being negotiated and the Human Resources Department is working to clarify the language to avoid misinterpretation.

### **Recommendation 15**

We recommend that the Physical Plant Department work with the Human Resources Department to insure that they are in compliance the Union Contract.

### **Response from the Director of the Physical Plant Department**

*The Physical Plant Department uses the automated timekeeping system, Kronos. Monthly overtime reports are generated that tracks overtime hours worked, cost of overtime and whether the overtime is reimbursable work.*

*Beginning on July 1, 2005, the Physical Plant will begin an additional overtime tracking procedure and report that will be in alignment with the new Union Contracts and will account for the following:*

- ◆ *Seniority*
- ◆ *Yearly rotation, tracking overtime hours by employee within each work group*
- ◆ *A monthly summary that tracks the award of overtime hours and the management of overtime.*

## **GENERAL COMMENTS FROM THE DEAN OF THE COLLEGE OF EDUCATION**

*The college has followed through on the recommendation to review the employee position with Human Resources. Rather than hire additional staff to run special events, other staff at Johnson Center will be trained to assist with these events. Johnson Center management will be diligent in reviewing overtime needed to cover special events.*

## **GENERAL COMMENTS FROM THE ASSOC. DEAN, HSC, CLINICAL AFFAIRS**

### **Staff**

*The Physician Access Line Service (PALS) fully staffed consist of 8 FTE Referral Service Coordinators; 1 PTE Referral Service Coordinator; 1 FTE Referral Service Supervisor, and 1 FTE Referral Service Manager.*

*Here are the links to their official job descriptions:*

*Coordinator, Referral Service*

*[http://jobdescriptions.unm.edu/jdeweb.cfm?action=viewSpecific&HRJOB\\_ID=1026](http://jobdescriptions.unm.edu/jdeweb.cfm?action=viewSpecific&HRJOB_ID=1026)*

*Supervisor, Referral Service*

*[http://jobdescriptions.unm.edu/jdeweb.cfm?action=viewSpecific&HRJOB\\_ID=1869](http://jobdescriptions.unm.edu/jdeweb.cfm?action=viewSpecific&HRJOB_ID=1869)*

*Manager, Referral Service*

*[http://jobdescriptions.unm.edu/jdeweb.cfm?action=viewSpecific&HRJOB\\_ID=3441](http://jobdescriptions.unm.edu/jdeweb.cfm?action=viewSpecific&HRJOB_ID=3441)*

### **Program Operation**

*PALS primary mission is to facilitate communication between referring medical providers and UNM Health Sciences Center attending physicians. We specifically serve attending physicians, fellows, and mid-level providers (physician assistants, nurse practitioners, and nurse midwives). We receive calls from providers throughout New Mexico, Arizona, Colorado, and Texas, as well as periodic calls from other states and even countries. Our Referral Service Coordinators connect referring providers to UNM specialists for consultations, follow-up, and patient transfers. We remain open 24 hours a day, 7 days a week, 365 days a year. This division is considered critical to the UNM Health Sciences Center daily operation. In addition to facilitating provider-to-provider calls, we also operate an after hours answering service for the Department of Pediatrics.*

*In FY04, PALS facilitated 3,372 patient transfers, 71,587 calls (consultations, consultations resulting in clinic appointments, cancelled, diverted, or refused transfers, miscellaneous and no answer calls) and 4,328 answering service calls.*

*The number of phone calls received is tracked for statistical reporting. PALS calls are documented on log sheets, and then entered into the Centaurus database. Each call documents the following information: response times for physicians and departments, call volume for physicians and departments, patient transfers, total call volume, calls by city, calls by outcome, and more.*

*Every call is answered live; our calls do not go to a call tree or voicemail. We have 9 toll-free phone lines; 12 local urgent phone lines; 4 non-urgent phone lines; 5 answering service phone lines and 5 conference bridges.*

*Our call schedule lists physicians for 56 specialties. Departments send monthly call schedules that are entered into our database to create daily schedules.*

### **Patient Transfers**

*When a referring provider calls PALS to initiate a patient transfer, the Referral Service Coordinator connects the caller to the appropriate UNM attending physician on-call. If the UNM attending accepts the patient, the Coordinator who monitored the call obtains the following information: patient diagnosis, type of bed required (floor, monitored, critical care), patient demographics, and transportation arrangements (air, ground ambulance, private car). Referring providers set up transportation for patients arriving by ambulance or other air sources, and we can arrange air transport via Lifeguard Air Emergency Services if they prefer. The Coordinator notifies the referring provider that a bed assignment must be confirmed prior to setting up transportation. If the patient is going to the ER, the Coordinator will call the ER attending. If the patient is a direct admission the Coordinator will call the nursing supervisor, fax demographics to bed control, contact Lifeguard (if service is requested), call the nursing unit where the patient will be admitted, and notify ER Dispatch of ETA and bed assignment.*

*When the nursing supervisor notifies the Coordinator of a bed assignment, the Coordinator contacts the referring facility to give the bed assignment and administrative approval. If a bed is not available, the patient will be placed on the PALS waiting list. The waiting list is only for inpatients requiring a floor or monitored bed. Patients requiring a critical care bed are only placed on the waiting list if approved by the hospital administrator on-call.*

### **Patient Follow-Up**

*Every Referral Service Coordinator is responsible for facilitating patient follow-up. Coordinators keep track of every patient transfer admitted to the University Hospital via PALS. On a regular basis, Coordinators access Citrix to locate clinical reports on these patients. Once a report is available, Coordinators fax this information to the referring provider or the patient's primary care provider.*

**UNM Kids Answering Service**

*The Department of Pediatrics forward their phone lines to our answering service after hours (evenings and weekends). Urgent calls from established patients require Coordinators to page the on-call attending physician. Messages can also be taken and faxed to the department.*

**PALS On-Call**

*All of our daytime/evening FTE Referral Service Coordinators rotate on-call on a weekly basis, beginning and ending at 6:00 a.m. on Saturday. We currently have five daytime/evening FTE Coordinators and two graveyard FTE Coordinators. Currently, on-call is rotated every five weeks. Pay for on-call is \$1.25 for 113 hours and determined as follows: 24 hours on Saturday, 24 hours on Sunday, 13 hours on Monday, 13 hours on Tuesday, 13 hours on Wednesday, 13 hours on Thursday, and 13 hours on Friday. The 13 hours reflect the period between 5:00 p.m. and 6:00 a.m. that would need to be covered if the Coordinators scheduled to work those hours called in sick or scheduled annual leave. If a Coordinator is called in to work the graveyard shift, they are not required to work their daytime/evening shift the following day. Coordinators are paid on-call pay regardless of whether they are actually called in or not. If they are called in, they are paid overtime for any hours worked over 40 hours that week plus shift differential if applicable.*

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## **CONCLUSION**

The University should develop standard reports that will allow management to analyze overtime quarterly. Such reports could be included in the SCT Banner Payroll implementation. With the development of such reports, management can better track employees with excessive amounts of overtime and manage overtime appropriately.

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## **APPROVALS**

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

Approved for Publication

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Chair, Audit Committee