

**ENROLLMENT MANAGEMENT DIVISION
REVIEW OF TIME REPORTING**

THE UNIVERSITY OF NEW MEXICO

**Report 2010-02
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CONTENTS

EXECUTIVE SUMMARY	1
INTRODUCTION.....	3
BACKGROUND	3
PURPOSE.....	3
SCOPE	4
OBSERVATIONS, RECOMMENDATIONS AND RESPONSES.....	5
TIME REPORTING	5
TIMEKEEPING POLICY	7
SEGREGATION OF TIMEKEEPING AND TIME APPROVING DUTIES.....	9
COMPENSATORY TIME TRACKING	10
OVERTIME WORKED BY [REDACTED]	11
CONCLUSION	14
APPROVALS	15

ABBREVIATIONS

Division.....	Enrollment Management Division
HR.....	The Human Resources Division
UBP.....	University Business Policies and Procedures Manual
UBPPM.....	University Business Policies and Procedures Manual
UNM.....	The University of New Mexico

EXECUTIVE SUMMARY

The Vice President for Enrollment Management requested a review to determine the extent of unpaid overtime worked by [REDACTED] in the Enrollment Management Division (Division), Office of the Registrar. In October 2008, the Division implemented a time clock system in the following areas: Office of the Registrar, Admissions and Recruitment, Financial Aid and Scholarships and the Communications Center. The Division implemented the system to assist in accurately recording time worked by non-exempt staff. In addition to reviewing the time worked by the single employee, Internal Audit performed a cursory review of all time cards to determine whether or not the situation is an isolated incident.

Based upon our review of [REDACTED]'s time worked, it appears that the employee may have worked overtime hours for which the employee was not paid. However, due to the improper use of the time clock, there may be other employees that may have worked in excess of a 40 hour work week. This situation may have created an unforeseen liability for the University. It was also noted that some staff may have been paid improperly due to the condition of the time cards and improper rounding of hours. The following summary provides management with an overview of time clock issues identified in the Division.

TIME REPORTING

Employees do not use the time clock properly. As a result, the employees' actual hours worked are not readily determinable. In addition, administrative processes relating to proper timekeeping and reporting are inadequate and inefficient. The Human Resources Division (HR) should be consulted to assist the Division in adequately implementing the time clock system and determining the extent of inaccurately paid time. The Division is in agreement with this recommendation and is diligently working with HR and Payroll to determine if payroll adjustments are warranted based on inaccurately paid time. The Division is also working with HR in providing clear guidance and policies and procedures to the bi-weekly staff and their supervisors in the proper use of the current time clock system.

TIMEKEEPING POLICY

It is unclear when the Division developed or distributed the Timekeeping Policy. Also, the policy does not address consequences for supervisors that do not monitor and enforce compliance. HR should be contacted to provide assistance to the Division in developing an adequate timekeeping policy that includes consequences for noncompliance. The Division is in agreement with this recommendation and is diligently working with HR to ensure that a written Timekeeping Policy is in place and disseminated to all staff.

OVERTIME WORKED BY [REDACTED]

It appears that [REDACTED] is allowed to regularly work in excess of a 40 hour work week, but is not paid overtime. The Vice President for Enrollment Management should consult HR regarding the actions of [REDACTED] and supervisors, and to determine the extent of overtime worked. The Vice President for Enrollment Management should work with the Payroll Department to determine the amount due to this employee. The Division is in agreement with this recommendation and is working with HR to determine the extent of unpaid overtime worked, and on progressive disciplinary actions. The Division will also work with the Payroll Department to properly pay this employee.

INTRODUCTION

BACKGROUND

According to the Division's web page, the Division is a collaborative enterprise consisting of Admissions and Recruitment, Publications and Marketing for students, the Communication Center, ENLACE, Financial Aid and Scholarships, the Office of the Registrar, and the Veteran's Resource Center.

As stated on the Division's web page, "The mission of the Division is to contribute to the mission of the University by harmonizing all essential operations that support student affinity to the University and to support the academic enterprise in meeting the institutional enrollment goals."

The Division's core values are:

- First class team driven by mission, goals and mutual respect.
- Personal best – do it right and do it now – quality work, quickly done.
- Positive and effective communication (honest and straight-forward with each other and those the Division serves).
- Make a difference to all the Division serves and help all students reach their full potential and possibilities.
- Listen to all our students, faculty and staff – with the courage to change what needs to be changed, whether it is behavior, rules, regulations or processes.

In October 2008, management installed time clocks in the Office of the Registrar, Admissions and Recruitment, Financial Aid and Scholarships and the Communications Center. Approximately 89 bi-weekly employees use the time clocks. Prior to implementation of the time clocks, employees completed time sheets. Time clocks are used by non-exempt staff.

PURPOSE

The Vice President for Enrollment Management contacted Internal Audit to discuss concerns regarding the working hours reported by [REDACTED]. The Vice President for Enrollment Management questioned the working hours of [REDACTED] after noticing she was on the premises before and after working hours. The Administrative Manager for the Division performed a review of some of the time cards. The review indicated that [REDACTED] was clocking in more than 40 hours a week. The purpose of our audit is to determine the extent of overtime worked by [REDACTED], and if other employees in the Office of the Registrar and in other units within the Division followed similar patterns.

SCOPE

Internal Audit reviewed all the time cards for [REDACTED] for calendar year 2009. We compared the hours recorded on the time cards with the hours paid through Banner HR/Payroll. We also performed a cursory review of all the time cards from October 2008 through October 2009. We judgmentally selected a sample of time cards and compared hours reported by employees to hours paid through Banner HR/Payroll to determine if there was agreement.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

TIME REPORTING

A cursory review of the judgmentally selected sample of time cards indicates that time worked Division-wide is not readily determinable, due to: missing information on the time cards, time clock malfunctions, incorrectly calculated time cards, and inconsistent use of the time clock. The purpose of the review is to determine if unpaid time worked in excess of a 40 hour work week is a Division-wide issue. The following are the significant issues identified.

- Employees are not clocking in and out;
- Time card alterations are not explained, signed by employees, and approved by the supervisors;
- Time cards are not always signed by the employee and approved by the supervisor;
- Some employees are not using the time clock, but instead are writing time in and time out on the time card;
- Hours worked are not calculated correctly;
- Some time cards indicate employees are working less than 40 hours, but are paid for 40 hours per payroll records;
- Some time cards indicate employees are working more than 40 hours, but are paid for 40 hours per payroll records; and
- Time clock malfunctions.

University Business Policies and Procedures (UBP) 2610 “Time And Leave Reporting” Section 3 “Time Reports for Bi-weekly and Student Employees” states:

Departments must complete internal time sheets for each nonexempt staff and student employee signed by each employee's respective supervisor. These internal time sheets must accurately record the time employees begin and end their work, as well as the beginning and ending time of each meal period. They must also record the beginning and ending time of any split shift or departure from work for personal reasons other than for the employee's fifteen (15) minute break. Entries should be made daily to the nearest tenth of an hour.

UBP 2610 “Time And Leave Reporting” Section 3.4 “Required Signatures” states:

Departments are responsible for obtaining supervisor and employee signatures on Internal Time Sheets. If the employee is not present when the Internal Time Sheet is completed, indicate "not available for signature" and obtain the signature as soon as possible...

UBP 3305 “Overtime” Section 3.1 “Time Worked” states:

Time worked for overtime purposes consists of any hours worked during the work period less sick leave, annual leave, and any leave with pay (such as jury duty).

Refer to "Leave With Pay" Policy 3415, UBP. For the purpose of computing overtime compensation, paid holidays are considered time worked. Time worked does not include the meal break, unless an employee is directed by his or her supervisor to perform work related duties or remain on duty during the meal break. Non-exempt employees should take their meal break away from the work site or their desk to avoid confusion on overtime liability. Refer to Section 7. "Paid Time" Policy 3300, UBP for more information on time worked and whether such time is included in determining time eligible for overtime.

It is unclear whether supervisors provided employees with clear guidance and written procedures for the proper use of the time clock. In addition, it does not appear that supervisors are adequately and timely monitoring proper use of the time clock, based on the condition of the time cards reviewed.

Employees may be under paid, due to lack of monitoring and enforcing proper use of the time clock, and non-compliance with University policy. This creates a liability to the University. Some employees may be paid for hours not worked. In addition, the timekeeper may be spending an excessive amount of time trying to decipher the time worked by employees, creating inefficiency within the Division.

Recommendation 1

The Vice President of Enrollment Management should contact HR to obtain:

- A guide for proper implementation of the time clock system;
- A determination of the extent of inaccurately paid time; and
- An action plan to resolve the payroll issues.

Response from the Vice President of Enrollment Management

The Division of Enrollment Management is in agreement with this recommendation and the Operations Manager for VP of Division of Enrollment Management Office is spearheading this overview and implementation by diligently working with the Human Resources Department in providing clear guidance and policies and procedures to the bi-weekly staff and their supervisors in the proper use of the current time clock system. This policy will address issues such as malfunctioning equipment, forgetting to clock in and/or out, and other alterations on the time cards that would need explanation and back-up documentation.

Initially, we met with the VP of Human Resources regarding the cumbersome Banner/UNM Timekeeping system. Due to the problems and issues that the Division was experiencing, it was determined that a time clock should alleviate most of these concerns. The previous unit administrator and administrative officer were charged with implementing the proper policy and procedures working with Human Resources. Additionally, one of the directors was asked to

research a better timekeeping system. The findings came back that a better system, KRONOS, was cost-prohibitive at about \$100,000; therefore, the Pyramid 4000 Time Recorder was purchased at minimal expense. The Division will continue to work with appropriate personnel to find a better system of time entry.

To fully address the extent of inaccurately paid time, the Human Resources department is independently verifying this aspect of review and discovery with employees whose time cards may be in question. If any discrepancies are found whereby payroll adjustments are warranted, these will be properly implemented with the guidance and direction of the Human Resources and Payroll departments.

Enrollment Management will standardize the process of how all bi-weekly staff employees submit their time to include utilizing UNM's standard Bi-Weekly Time Sheet form with the time cards and leave requests submitted and attached simultaneously.

It is expected that the approved and standardized procedures for the proper use of the time clocks will be disseminated to all bi-weekly staff and their supervisors by the end of March 2010.

TIMEKEEPING POLICY

Internal Audit could not determine when the Division developed or distributed the Timekeeping Policy to their employees. Staff provided Internal Audit with two different copies of the Timekeeping Policy; however there was no date on either policy. In addition, the policies do not address consequences for supervisors who do not adequately monitor and enforce the policies.

An organization uses policy documents to record their rules and regulations and to identify how they would like their operations managed. Policies are often structured to comply with Federal and State laws. The University has three primary sets of policies: The University of New Mexico Board of Regents' Policy Manual, the UBP, and the University of New Mexico Office of the Secretary Faculty Handbook .

Within the University, there are over 300 separate organizational areas. Each of these areas is responsible for their own operations. Therefore, these areas must develop and maintain the policies necessary to define the rules and regulations specific to their area.

Procedures identify how the policies are to be implemented to ensure compliance with University policies, departmental policies, and Federal and State laws. Written procedures are used to establish what should be done as well as how, when and by whom. The procedures normally identify the step-by-step processes of how to implement and carry out the policy including identifying the specific tasks, and clarifying roles and responsibilities. They should be used to provide consistency in the processes, which can increase overall efficiency. Procedures

can also be used to improve communications, establish strong internal controls for regulatory compliance, and standardize bookkeeping to help reduce waste, fraud and abuse.

Well-defined policies and procedures can be used to provide orientation and training for new employees and to refresh the skills of current employees. In addition, they can reduce the risk of confusion, the potential for litigation, and provide documentation for auditors and program reviewers.

Policies and procedures should be widely accessible. This will provide employees with the information needed to effectively make decisions at the most appropriate level, streamline administrative processes, and provide the basis for individual and departmental accountability.

Recommendation 2

The Vice President for Enrollment Management should work with HR to develop an adequate written Timekeeping Policy. The policy should include details regarding proper use of the time clock. The policy should also include consequences for employees that do not follow the policy, and for supervisors who do not enforce the policy.

Response from the Vice President of Enrollment Management

The Division of Enrollment Management is in agreement with this recommendation and is diligently working with the Human Resources Department in ensuring that a written Timekeeping Policy is in place and disseminated to all staff. This policy will incorporate the time clock policy as detailed above in Recommendation #1 and will ensure that adequate training is conducted on the proper completion, submission and review of time sheets and all appropriate back-up documentation to central administration for submission to the time keeper and for centralized recordkeeping.

The Timekeeping Policy will incorporate UBPPM #2610, Time and Leave Reporting, and will require that the appropriate on-line "Accurate Time Reporting" course is completed and the certificate of completion is printed out and maintained in each employee's Enrollment Management personnel file for verification of their understanding of the time reporting requirements. It will further explain the potential consequences of not accurately reporting time which will include disciplinary action up to and including discharge for the employee and/or their supervisor.

Enrollment Management will compile a New Employee packet which will be disseminated to each new hire within the first week of employment at Enrollment Management, which will include this Timekeeping Policy.

It is expected that the approved and standardized Timekeeping Policy will be disseminated to all staff by the end of March 2010.

SEGREGATION OF TIMEKEEPING AND TIME APPROVING DUTIES

Several employees within both the Office of the Registrar and the Division are timekeepers and time approvers. The dual roles create an internal control weakness, because employees have complete control over the transaction.

An essential feature of segregation of duties/responsibilities within an organization is that no one employee or group of employees has exclusive control over any transaction or group of transactions. The basic idea underlying segregation of duties is that no employee or group should be in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties. In general, the principal incompatible duties to be segregated include:

- Custody of assets;
- Authorization or approval of related transactions affecting those assets;
- Recording or reporting of related transactions; and
- Execution of the transaction or transaction activity

In small departments, segregating duties may be difficult due to the small number of employees in the organization. The Office of the Registrar's staff size of 28 appears to be adequate to properly segregate the timekeeping and time approving duties. In addition, it appears that the Division is large enough to allow for proper segregation of duties.

Recommendation 3

The Vice President for Enrollment Management should require that the timekeeper and time approver functions within the Division are properly segregated.

Response from the Vice President of Enrollment Management

The Division of Enrollment Management is in agreement with this recommendation and is in the process of centralizing the time keeper and time approver functions within Enrollment Management for all bi-weekly and exempt staff employees in order to provide proper segregation of duties. The current list of time keepers and time approvers are being reviewed to remove access as both, except for the central administration unit. In any case, the person entering time will not be the time approver.

This streamlined and segregated process is underway and is expected to be completed by the end of February 2010, with the commencement of the centralized time keeper and time approver functions beginning with the March 2010 payroll cycles for both bi-weekly and exempt employees.

COMPENSATORY TIME TRACKING

The Office of the Registrar is not tracking compensatory time earned and taken to monitor compliance with UBP 3310 “Compensatory Time.” A cursory review of the time cards identified some employees earning and taking compensatory time. When we asked if compensatory time is tracked, both the Administrative Manager for the Division and the Registrar indicated it is not formally tracked.

UBP 3310 “Compensatory Time” Section 2. :Non-Exempt Employees” states:

Supervisors are responsible for ensuring compliance with mandated provisions of the FLSA 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... Supervisors must document compensatory time earned and taken...

Compensatory time is time off granted in lieu of overtime pay for authorized overtime worked as defined in "Overtime" Policy 3305, UBP.

2.1. Nonexempt employees earn compensatory time at the same rate as overtime, normally 1-1/2 times the number of overtime hours worked. However, if the additional hours worked would not qualify as overtime (i.e. leave was taken during the work week), but the employee wants time off in lieu of payment such compensatory time would be accrued at the straight time rate.

2.2. Nonexempt employees may accrue a maximum of 120 hours of compensatory time. (80 hours of overtime worked x 1-1/2 = 120 hours of compensatory time.)

2.3. Compensatory time must be used within ninety (90) days from the date it is earned. Compensatory time may not be taken until the pay period following the date in which the compensatory time was earned. Compensatory time earned, but not used within ninety (90) days must be converted to overtime pay. Employees working on a contract or grant may earn compensatory time in accordance with the terms of the contract or grant, if authorized by the supervisor in advance and must take compensatory time within ninety (90) days or the period covered by the contract or grant, whichever is less. Compensatory time earned but not used within the required time period must be converted to overtime pay.

2.4. Non-exempt employees separating from the University will be paid for any unused compensatory time.

2.5. Each department will maintain supporting documentation for compensatory time earned and used by its non-exempt employees.

By not properly tracking compensatory time earned and taken, there is a risk that employees may not take compensatory time that they actually earn, take the time at 1 ½ hours per hour worked, and take it within the required time limits.

Recommendation 4

The Vice President for Enrollment Management should require all units implement a formal tracking system for compensatory time to monitor compliance with University policy.

Response from the Vice President of Enrollment Management

The Division of Enrollment Management is in agreement with this recommendation and is in the process of ensuring that a formal tracking system and policy for compensatory time is in place throughout Enrollment Management for all bi-weekly staff employees. The “Compensatory Time Log” from UBPPM will be utilized by all bi-weekly staff, approved in advance by both the staff member and the supervisor, and will be properly documented on the time sheet upon submission to the time keeper, with the completed and updated compensatory time log attached. The policy will further explain the potential consequences of not accurately reporting compensatory time which will include disciplinary action up to and include discharge for the employee and/or their supervisor.

It is expected that the approved and standardized compensatory time tracking system and log will be implemented by all bi-weekly staff and their supervisors by the end of March 2010.

OVERTIME WORKED BY [REDACTED]

[REDACTED] regularly worked in excess of a 40 hour week in calendar year 2009, but was not paid overtime. The employee often arrived early, left late, and worked through the lunch hour, which contributes to the excess hours worked.

Supervisors are aware [REDACTED] is working overtime, but the department does not pay her for that time. [REDACTED] stated that she did not want to be paid, and the Registrar stated she informed [REDACTED] that there are no funds to pay her overtime. [REDACTED] stated she is aware of the Fair Labor Standards Act requirement to pay overtime.

The supervisors are crossing out the actual hours worked, writing in “40 T,” and initialing the time cards. [REDACTED] worked 309.98 unpaid hours in excess of 40 hour work weeks in 2009. Adjusting the hours worked for leave taken, results in total excess hours worked of 235.71. At [REDACTED]’s current regular hourly rate of \$21.48; payment of all unpaid hours

considered worked (over 40 hours per week), at the required overtime rate of time and a half (or straight time depending on how leave time is calculated), is between \$9,987 and \$7,595. Additionally, Internal Audit found through review of the October 2009 time cards, that [REDACTED] continues to work in excess of 40 hours per week. This is subsequent to interviewing [REDACTED] and the Registrar. The Division implemented a time clock system in October 2008.

A cursory review of the time sheets used prior to implementation of the time clocks indicates that [REDACTED] regularly reported a 40 hour work week.

UBP 3305 "Overtime" Section 2 "Authorization Required" states:

A supervisor must authorize overtime before the start of the overtime work. Supervisors will assign overtime in a fair and reasonable manner, taking into consideration the needs of the unit, and the abilities, availability, and willingness of employees. An employee who refuses to work overtime or who works unauthorized overtime may be subject to disciplinary action. Any nonexempt employee who works overtime must be compensated at the premium rate for all overtime worked. Compensation (payment or compensatory time off) must be in accordance with Section 4. herein.

UBP 3305 "Overtime" Section 3 "Overtime Hours" states:

Overtime is time worked, exclusive of meal breaks, in excess of forty (40) hours in a standard work period of seven (7) consecutive days as defined in Section 2. of "Paid Time" Policy 3300, UBP. Alternative work periods are allowed by the FLSA (refer to Section 3.2. herein).

UBP 3305 "Overtime" Section 3.1 "Time Worked" states:

Time worked for overtime purposes consists of any hours worked during the work period less sick leave, annual leave, and any leave with pay (such as jury duty). Refer to "Leave With Pay" Policy 3415, UBP. For the purpose of computing overtime compensation, paid holidays are considered time worked. Time worked does not include the meal break, unless an employee is directed by his or her supervisor to perform work related duties or remain on duty during the meal break. Non-exempt employees should take their meal break away from the work site or their desk to avoid confusion on overtime liability. Refer to Section 7. "Paid Time" Policy 3300, UBP for more information on time worked and whether such time is included in determining time eligible for overtime.

According to University Counsel, the actions of the employees involved in the false reporting and verification of time records potentially violates the New Mexico criminal code. Internal

Audit forwarded the information to the University Police Department and the New Mexico Office of the State Auditor.

Recommendation 5

The Vice President for Enrollment Management should:

- Work with HR to determine the extent of unpaid overtime worked by [REDACTED], from October 2008 through December 2009; and
- Work with the Payroll Department to determine the amount due to this employee.

Response from the Vice President of Enrollment Management

The Division of Enrollment Management is in agreement with this recommendation and is in the process of working with the Human Resources Department to ensure that the extent of unpaid overtime worked by [REDACTED] from October 2008 through December 2009 is accurately calculated. If the Human Resources Department and the Payroll Department determine that additional pay-out is due to [REDACTED] over and above the \$7,594.68 paid out to the employee on December 14, 2009, then this will be processed in a timely manner.

Enrollment Management provided [REDACTED] and the Registrar with UBPPM #3305 – Overtime as well as explained in writing to both on December 11, 2009, the potential disciplinary consequences of not receiving pre-approval in advance for any time worked over forty (40) hours a week in accordance with UNM's Overtime policy.

It is expected that the review of the unpaid overtime worked by [REDACTED] will be completed by the Human Resources Department in conjunction with the Payroll Department by the end of March 2010.

Recommendation 6

The Vice President for Enrollment Management should consult with HR regarding the actions of [REDACTED] and her supervisors.

Response from the Vice President of Enrollment Management

The Division of Enrollment Management is in agreement with this recommendation and is currently working with the Human Resources Department on progressive disciplinary actions as relates to [REDACTED] and her supervisors.

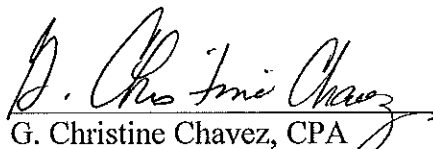
It is expected that this progressive disciplinary process will commence by the end of January 2010 for [REDACTED] and her supervisors.

CONCLUSION

The inappropriate use of the time clock makes it difficult to readily determine the actual hours worked by employees. It is unclear whether management provided staff with clear instructions on the proper use of the time clock, and whether management provided supervisors with clear guidance on adequate monitoring and enforcement of proper time clock use. In addition, it does not appear that supervisors are monitoring staff working hours to avoid excessive unauthorized overtime.

Based upon our review of the concerns relating to time worked in the Office of the Registrar and in the Enrollment Management Division, it appears that these departments may have inappropriately paid some employees. Some employees appear to have worked over a 40 hour work week without overtime pay, which may create a liability for the University. Additionally, some employees appear to have worked less than a 40 hour work week, indicating possible overpayment. Management needs to work with HR to determine the actual hours worked by employees and formulate an action plan to resolve these issues.

APPROVALS



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Approved for Publication



Chair, Audit Committee