



The University of New Mexico

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MEMORANDUM

To: Reed Dasenbrock, Dean, College of Arts & Sciences

From: Yvonne Cox, Interim Director, Internal Audit Department *Yvonne Cox*

Date: June 10, 2004

Subject: Foreign Languages & Literatures Payroll Allegations Report 2004-05

Enclosed is the above final report with your integrated response, which has been approved by the President of the University. Those who receive copies of this report package may not photocopy it, release it, nor reveal the contents, in whole or in part, without the advance written approval of the President of the University.

Audit reports will be posted on the Internal Audit Department's University website one week after the final report is issued. The full text of the reports will be made public except for information which could compromise individuals' rights, the security of University systems or impair a pending law enforcement investigation or proceeding.

Please contact the Internal Audit Department when corrective actions are completed so we can perform the follow-up review.

cc: Board of Regents Wynn Goering
Louis Caldera KPMG
Brian Foster State Auditor's Office
David Harris
Richard Holder
Bill Britton
Warren Smith
Josie Abeyta
Nick Estes
Mary Donato
Kathy Guimond

FOREIGN LANGUAGES & LITERATURES PAYROLL ALLEGATIONS

INTRODUCTION

PURPOSE

The purpose of our review was to investigate allegations that an administrative assistant in the Foreign Languages & Literatures Department (FLL) was paid for overtime hours that he did not work.

SCOPE

We limited our review to determining if the specific allegations were legitimate; we did not review the processes in FLL. Our procedures included meeting with employees and reviewing various types of University documents and internal controls in regards to the specific allegations. The field work was completed by August 15, 2003.

BACKGROUND

The Dean of Arts & Sciences requested a review after staff in his area found that FLL had overspent their budget and had a deficit in the payroll area.

OPINION

We found the allegations to be true: the employee was paid \$9,412.84 for hours that he did not work. We also found other problems: the employee forged his supervisor's signature on some of the time sheets, many of the timesheets were not accurate, the department did not require employees to complete internal time slips, the employee was paid \$4,790.60 to be a grader for one semester when a grader is normally paid \$2,500.00, and a different employee was not paid for all of the overtime hours that she worked during the summer.

RESPONSE FROM THE DEAN OF THE COLLEGE OF ARTS & SCIENCES

Thank you for your report on Foreign Languages and Literatures dated August 15, 2003 and for your prompt response to my request that your office review the allegations discussed there. I completely agree with the summary of the facts presented there as far as I am aware of them, and I am in complete agreement with the recommendations you have made.

In conclusion, I agree with your assessment of the problem and with your recommended actions. We have begun action on every aspect of the audit report, and I am confident that the issues which led to this audit will not be repeated in this unit. My understanding is that Business and Finance is looking into how to adopt a more systematic approach to reviewing timesheets which claim overtime, and I would certainly endorse this, as it would have led to a much earlier discovery of the payroll violations which we ultimately uncovered.

EXECUTIVE SUMMARY

The purpose of this section is to provide management with an overview of our findings. Numbers in brackets[] refer to page numbers in the report.

OVERTIME HOURS FOR TIME NOT WORKED [3]

The administrative assistant was paid \$9,412.84 for overtime hours that he did not work. The administrative assistant resigned from the University. FLL is working with Legal Counsel and Human Resources on getting the monies repaid and taking appropriate disciplinary action regarding the supervisor.

EMPLOYEE SIGNED SUPERVISOR'S NAME [3]

On occasion, the supervisor asked the employee to sign her name, and the employee signed her name on his payroll time sheets. One should never sign someone else's name.

TIME SHEETS AND INTERNAL TIME SLIPS [4]

The administrative assistant did not know how to complete his time sheet. The time sheets should reflect the actual hours worked, when they are worked. The administrative assistant did not complete internal time slips. FLL has trained employees and requires internal time slips to be completed.

OVERPAYMENT AS A GRADER [5]

In addition to his regular duties, the administrative assistant was hired as a grader. Since he was not eligible to be paid appropriately, the Foreign Languages & Literatures Department paid \$4,790.60 to the administrative assistant for being a grader for one semester, when they normally pay \$2,500.00 for that job. The Foreign Languages & Literatures Department stated that staff in the department will not be hired in an instructional capacity in the future. In addition, the Dean stated that he planned to have a college-wide discussion of this issue at a future Chairs Council.

UNDERPAYMENT OF EMPLOYEE [6]

A faculty member stated that she has a different administrative assistant who was not paid for all of the hours that she worked because she was a Temp Services employee and they believed that she could not submit over 40 hours per week on her timesheet. This has been corrected and she has been paid for all of the hours that she worked.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

OVERTIME HOURS FOR TIME NOT WORKED

The administrative assistant was paid \$9,412.84 for overtime hours that he did not work. The individual was hired to work as an administrative assistant; however, we were told he had extensive computer knowledge and the department utilized his skills in this area. Because the supervisor believed that he was working at a higher grade than he was being paid, she told the employee to put additional hours on his timesheet to compensate him for working above his job description. He told us he was not working these additional hours.

The University can only pay employees for the time they work. On advice of University Counsel and in compliance with the Internal Audit Policy, we referred this matter to the University Police.

Recommendation 1

We recommend that the employee repay the money and you work with Human Resources regarding appropriate personnel action to be taken with regard to both the supervisor and the employee.

Response from the Dean of the College of Arts & Sciences

As you know, the administrative assistant involved has resigned from the university. Human Resources prepared a letter which the chair sent August 25th asking that the employee repay the money he was overpaid. The audit states that he was overpaid a total of \$8525.84 (\$9412.84 overpayment - \$887 underpayment), but this is before taxes and deductions. His response to this letter is now being considered by University Counsel. The letter also states that he is [REDACTED] [REDACTED], an action I fully support. His supervisor continues to be on paid administrative leave. [REDACTED]. Her response to this letter is also being considered by University Counsel. For both employees, we will continue to work with Human Resources and University Counsel. The process is unlikely to be completed within 30 days from the issuance of this report. I would be happy to send you a follow up when that process is complete.

EMPLOYEE SIGNED SUPERVISOR'S NAME

On occasion, the supervisor asked the employee to sign her name, and the employee signed her name on his payroll timesheets. One should never sign someone else's name.

TIME SHEETS AND INTERNAL TIME SLIPS

The administrative assistant did not know how to complete his time sheet. He told us that since he did not know that he could put down hours for Saturday and Sunday, he added all the hours and divided by five and put the hours in the Monday through Friday space. The time sheets should reflect the actual hours worked, when they are worked.

In addition, when the administrative assistant, who is an hourly employee, added extra hours to his time sheet, he sometimes submitted the additional hours over eighty as straight time instead of overtime hours. Therefore, he was paid his regular pay rate, instead of the overtime pay rate (of one and one-half times the regular rate) for the additional hours he worked. The University violated the Fair Labor Standards Act (FLSA) by not paying the overtime rate for all hours above forty hours per week that the employee works.

The administrative assistant did not complete internal time slips. He mentally kept track of all the hours he worked and did not write anything down.

Recommendation 2

We recommend that employees have training on how to properly complete their time sheets. We recommend that the departments be required to keep internal time slips so that they can support the time that the non-exempt employees work.

Response from the Dean of the College of Arts & Sciences

Our staff in the College office will work with all new staff in FLL in order to make sure they know how to fill out time sheets, know how to use internal time slips, and understand the rules concerning overtime. We have also reviewed these issues in a meeting with all departmental administrators in the College, a meeting which you participated in. My own sense is that the problems we experienced in this case might have been discovered more quickly if Payroll changed its procedures somewhat. Recurring overtime payments ought to trigger a review, initiated by Payroll but perhaps conducted by the Dean's office or the equivalent level, in order to make sure that the payments are authorized and that the office is properly staffed and being properly managed. We ought not have recurring overtime payments, so their existence should alert us to an issue which needs to be looked into, whether the overtime is legitimate or not.

OVERPAYMENT AS A GRADER

In addition to his regular duties, the administrative assistant was hired as a grader. A grader is normally a graduate student who is paid a stipend of \$2,500 per semester. However, since the administrative assistant was not a student, he could not be paid this way. Therefore, the administrative assistant and his supervisor calculated the number of hours to record on his time sheet by taking the \$2,500 and dividing it by his hourly rate. They did not account for the hours being paid as overtime.

The administrative assistant told us that he worked 20 hours per week as a grader and we were able to confirm with the professor that he did grading for her. He should have been paid for his actual hours at one and one-half times his regular rate. When we reviewed the time worked, we noted that he was paid regular pay instead of overtime pay for a portion of the semester. Therefore, we calculated the overtime pay and conclude that UNM needed to pay him an additional \$887.00 for the overtime pay adjustment.

The University paid \$3,903.60 to the administrative assistant for grading. In addition, the University owes him an additional \$887.00 for overtime pay. Therefore, the Foreign Languages & Literatures Department paid \$4,790.60 to the administrative assistant for being a grader for one semester, when they normally pay \$2,500.00 for that job.

Recommendation 3

We recommend that, in the future, the Department chair evaluate the cost and hire the appropriate individual for the job.

Response from the Dean of the College of Arts & Sciences

The issue of why the staff person in the department was hired as a grader in lieu of a student, which would not have triggered the overpayment and overtime questions, is solved in terms of the future. The department understands that the instructional budget is not to be confused with the staff budget, and that staff in the department will not be hired in an instructional capacity in the future. I intend to have a college-wide discussion of this issue at a future Chairs Council as well.

UNDERPAYMENT OF EMPLOYEE

A faculty member stated that she has another administrative assistant who was not paid for all of the hours that she worked because she was a Temp Services employee and they believed that she could not submit over 40 hours per week on her time sheet. She was also not paid for all of her travel costs. The administrator is an hourly employee and pursuant to FLSA should be paid for all of the hours that she works and those over forty per week, should be paid at one and one-half times her regular pay rate.

Recommendation 4

We recommend that the faculty member work with Temp Services to get the individual paid for all of the hours that she worked. In addition, the faculty member and administrative assistant should consider submitting the appropriate paperwork to get her University expenses reimbursed.

Response from the Dean of the College of Arts & Sciences

The final matter raised in your memo concerned a Temp Services employee for hours worked this summer. She has subsequently become a regular employee of the department. The faculty member and the employee involved have, as I understand, met with your office and with Payroll. The timesheets have been corrected to reflect the actual hours she worked, and she has been paid for those hours. Both the faculty member and the employee understand that employees need to be paid for the hours they work, and I do not expect that this issue will come up in the future.