



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 [REDACTED] Payroll Allegations Report 2004-08

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

FOREIGN LANGUAGES & LITERATURES [REDACTED] PAYROLL ALLEGATIONS

INTRODUCTION

PURPOSE

The purpose of our review was to investigate the allegations that a [REDACTED] [REDACTED] (employee) in the Foreign Languages & Literatures Department (FLL) submitted hours on her time sheet that included hours she did not work.

SCOPE

We limited our review to determining the number of legitimate hours the employee worked; 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 22, 2003.

BACKGROUND

The Department Chair believed that the employee had submitted a fraudulent time sheet and he worked with the Payroll Department to reverse the direct deposit of her payroll check into her checking account.

OPINION

We found the allegations to be true: the employee was paid \$94.50 for 13.5 hours that she did not work. We also found other problems: the Department Chair had signed a blank payroll time sheet, the employee forged her supervisor's signature on the payroll time sheet, and the department did not require the employee to complete internal time slips.

RESPONSE FROM THE DEAN OF THE COLLEGE OF ARTS & SCIENCES

Thank you for your report on Foreign Languages and Literatures dated August 22nd, 2003 and for your prompt response to my request that your office review the allegations discussed therein. 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.

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.

HOURS FOR TIME NOT WORKED [3]

Because the employee submitted hours on her time sheet that she did not work, the Payroll Department reversed the direct deposit of her payroll check. Internal Audit determined that she had worked 16.5 hours during this time for which subsequently the Dean's office assured she was paid.

TIMESHEET CONCERNS, EMPLOYEE SIGNED SUPERVISOR'S NAME, INTERNAL TIME SLIPS [3 & 4]

There were problems with the way the department processed payroll. They have changed their procedures.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

HOURS FOR TIME NOT WORKED

The employee was paid \$209.53 for 30 hours submitted on her payroll timesheet for the pay period from July 12 through July 25, 2003. The Department Chair did not believe that the employee worked 30 hours and contacted the Payroll Department to reverse the direct deposit of her payroll check. After interviews with five employees, we determined that the employee had not worked 30 hours; however, she had worked 16.5 hours during this time.

The University can only pay employees for the time they work. Because the direct deposit was reversed, she did not receive any payment for the time she actually worked.

Recommendation 1

We recommended that you pay the employee for the 16.5 hours that she worked and we understand that this was done on August 19, 2003. In addition, we recommend that you work with Human Resources regarding appropriate personnel action to be taken with regard to the employee for submitting a fraudulent payroll timesheet.

Response from the Dean of the College of Arts & Sciences

We have already responded to the issues raised in this report. Given a verbal recommendation from your office on August 19th, we issued the [REDACTED] employee a check for the 16.5 hours your office determined that she worked.

In terms of your recommendation that we “work with Human Resources regarding appropriate personnel action,” HR informed me that this was a matter for [REDACTED], [REDACTED], [REDACTED], not HR, since she was a [REDACTED] employee. It took some time to get a meeting with the right people at [REDACTED] Employment, but finally today I met with [REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED], [REDACTED], [REDACTED], [REDACTED]. Since the [REDACTED] employee was not paid on [REDACTED] monies at the time this happened, their determination was that this matter fell under the purview of [REDACTED], [REDACTED], [REDACTED], and [REDACTED] said that he would refer the matter to him for appropriate action. Clearly, this matter has not been resolved within 30 days, but it has been referred to the proper authority for action on his part.

TIMESHEET CONCERNS

The Department Chair signed a blank payroll timesheet because the employee requested that he sign it. A supervisor should never sign a timesheet before hours worked have been recorded because the signature approves the hours worked and verifies that the employee worked the hours recorded. The supervisor cannot approve the hours worked if there are no hours on the timesheet. In this situation, the employee added hours that she did not work onto the timesheet and it was processed through the Payroll Department.

In addition, the hours on the employee's payroll timesheet did not add up. The employee had 15.5 hours itemized per week on the timesheets; however, there was an addition error and the total hours listed were 15 for each week. Timesheets should be prepared accurately and then reviewed to ensure that there are no errors.

Recommendation 2

We recommend that timesheets always be completed before signing them. We also recommend that a supervisor review the timesheets to verify the employee worked the hours and the timesheet is accurate. This review is confirmed by the supervisor's signature on the timesheet.

Response from the Dean of the College of Arts & Sciences

I have issued instructions to the department chair concerning signing only completed time sheets, and I am confident that he will never sign a blank time sheet again.

EMPLOYEE SIGNED SUPERVISOR'S NAME

The supervisor's signature on the payroll timesheet did not appear to be her signature. One of the employees that we interviewed stated that the employee told her that they always signed the supervisor's name on the payroll timesheets. One should never sign someone else's name.

INTERNAL TIME SLIPS

Departments should be requiring and keeping internal time slips so that they can verify and support the time that the non-exempt employees work. The employee was not required to complete internal time slips on a daily basis which would have shown the actual hours she worked. As a result, during our review FLL had no evidence showing when the employee might have worked the hours she claimed.

Recommendation 3

We recommend that the department require all hourly employees to complete time slips and we understand that the department is now doing this.

Response from the Dean of the College of Arts & Sciences

We will train new employees of this department, including [REDACTED] employees, of the rules concerning time sheets, and they will be instructed to use internal time slips. The chair has told me that he intends to personally supervise and sign all time sheets in the future, providing an additional internal control. We will also review these issues in a meeting with all departmental administrators in the College, and I understand you [Yvonne Cox] have been invited to this meeting to share your perspective on these issues.