



Mecklenburg County
Department of Internal Audit

Department of Social Services
Mecklenburg Transportation System
Time Reporting Investigation Report 1288

July 18, 2012

Internal Audit's Mission

Through open communication, professionalism, expertise and trust, Internal Audit assists executive management and the Audit Review Committee in accomplishing the Board's objectives by bringing a systematic and disciplined approach to evaluate the effectiveness of the County's risk management, control and governance processes in the delivery of services.

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Staff Acknowledgements

Deborah Caldwell, Auditor-In-Charge

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MECKLENBURG COUNTY Department of Internal Audit

To: Mary Wilson, Director of the Department of Social Services
From: Joanne Whitmore, Director of Internal Audit
Date: July 18, 2012
Subject: Mecklenburg Transportation System
Time Reporting Investigation Report 1288

On Monday, August 08, 2011, a Department of Social Services (DSS) management team member informed the Human Resources Department of noted discrepancies for some of its Mecklenburg Transportation System Unit ("MTS Unit") staff whose recorded hours in the County's official timekeeping system, myHR were inconsistent with those in the MTS Unit's internal time recording sources. As a result, staff may have on occasion been paid for time they did not work.

The County Attorney's Office and the Human Resources (HR) Department contacted Internal Audit on August 9, 2011 to investigate the allegation. Internal Audit observed processes and conducted interviews with MTS Unit management, supervisory staff, dispatchers, Charlotte Mecklenburg Risk Management and HR staff. Due to observed data integrity issues, auditors manually developed a database using 14 months of signed driver manifest data for the period of July 1, 2010 through August 31, 2011. The data integrity issues limited the review to only MTS Unit drivers, including dispatchers, who would have completed a manifest. Further, the data limitations restricted the review scope to whole and not partial days.

OVERALL EVALUATION

The MTS Unit time reporting process does not effectively prevent and detect erroneous time entry by staff into the County's myHR system. As a result, 22 of 30 MTS Unit drivers and dispatchers were erroneously paid a total of 904.6 hours regular time when staff should have used benefit time. Data integrity and process control issues, however, prevented auditors from determining with 100% certainty whether drivers intentionally neglected to enter benefit time for the exceptions noted.

In addition, there is no separation of duties across the two time recording applications. Supervisors can both approve and adjust staff time in myHR and Acroprint. Moreover, MTS Unit management directs staff to enter myHR in advance of the pay period end but management oversight does not always detect the lack of adjustments for any unplanned benefit time used. Nor are there formal, documented policies and procedures over various key processes to ensure accurate time reporting and management oversight.

The issues listed below, as well as recommendations, are discussed in detail in the attached document. Internal Audit will conduct a follow-up review at a later date to verify that recommendations are implemented and working as expected.

ISSUES

1. The MTS Unit time recordation and review process does not effectively prevent and detect erroneous time entries
2. There is a lack of controls to ensure data integrity within various MTS Unit systems.
3. The MTS Unit does not have formal, documented policies and procedures for several key processes.

We appreciate the cooperation you and your staff provided during this investigation. Please feel free to contact me at 704-336-2575 if you have any questions or concerns.

c: Harry Jones, County Manager
Michelle Lancaster, General Manager
John McGillicuddy, General Manager
Bobbie Shields, General Manager
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Board of County Commissioners
Audit Review Committee
Dena Diorio, Finance Director
Chris Peek, Director of Human Resources
Tyrone Wade, Deputy County Attorney
Robert Thomas, Senior County Attorney

BACKGROUND

The Mecklenburg Transportation System (“MTS Unit”) provides County’s citizens 60 years old and above transport services to various locations, such as adult day care, health centers and medical facilities for appointments. They also provide adults with disabilities transportation to workshops, supported employment sites and medical care appointments. Children are also provided transportation to school when ordered by the court.

The MTS Unit staff reviewed included 32 non-exempt (hourly) positions: 27 van drivers, three dispatchers and two transportation supervisors. Thirty-one of the 32 are licensed commercial drivers. Transportation supervisors and dispatch drivers may be required to drive when driver absenteeism is high. In addition, there are two exempt (salaried) social service coordinators. One coordinator supervises the dispatch operators and the other oversees MTS Unit time and routing systems and may on occasion drive a van if needed. There is also an exempt (salaried) manager who oversees the MTS Unit and, in the absence of a supervisor, may also approve time. Administrative staff was not part of the investigation scope.

One MTS Unit staff person noticed a high rate of absenteeism among some of its drivers and began comparing myHR recorded time worked against three internal time recording sources:

- Acroprint, the time clock system
- Adept, the driver routing system
- Hard copy dispatch logs

On August 8, 2011, the DSS management team member brought examples to HR of drivers’ time reporting discrepancies and asked for assistance. Internal Audit was contacted on Tuesday, August 9, 2011 to conduct an investigation of all drivers’ time. Internal Audit interviewed the DSS management team member on August 10, 2011 and on August 11, 2011 began conducting its investigation.

TIMEKEEPING PROCESS

Acroprint Badging System

Drivers and dispatch workers badge in and out of work by swiping a Unit-issued badge into the Acroprint time clock device. Supervisors, administrative staff, coordinators and MTS Unit manager are not required to badge in and out. When the badge is swiped in the time clock device, the staff’s date and time of entry is electronically recorded into the system. One coordinator acts as the system administrator but multiple staff also has system access. For example, supervisors have access that allows them to manually enter or change a staff’s start and end time. Supervisors were allowed to manually enter or adjust time until March 30, 2011 when MTS Unit management instructed them to stop entering and adjusting time in any system (Acroprint and myHR) without their approval.

Building Entry

All MTS Unit staff has a County-issued badge to enter the building, which electronically records each individual’s date and time he or she enters the building. While the building badging system is not used as a time tracking mechanism, it may provide secondary information on staff entering the building. A person can, however, enter without using a badge either through the front door when the building is opened to the public or with others as they badge in.

KEYper System

When drivers arrive for the day, they swipe their County badge over an identification reader to retrieve their assigned vehicle keys from the KEYper system. KEYper maintains the vehicle keys and electronically records who checks out and returns each key. Supervisors, however, can use their badge to retrieve a driver's key who forgot his or her badge. Prior to the system's implementation in early 2011 dispatchers distributed the keys.

Driver Manifests

During the scope of this investigation, the MTS Unit did not have in-vehicle computers and, instead, a dispatcher entered data into Adept to manually develop driver routes. Dispatchers printed and provided each driver with his or her manifest for the day, upon which the driver recorded each customer transaction pick-up and drop-off time and odometer reading. In addition, the driver completes a manifest cover sheet that records the start time and odometer reading of the first route and the end time and odometer reading upon returning to base. The driver affixes his or her signature on the cover sheet to attest to its accuracy. Since September 2011, the MTS Unit vehicles have mobile computer units (MCU). Adept can electronically develop each driver's manifest for the day and the computer shows the driver his or her schedule.

MTS Unit Dispatchers

During the course of the investigation and before the MCUs were installed, drivers called dispatchers to inform them of each customer pick-up and drop-off time and dispatchers recorded the information into Adept. Dispatchers did not always clearly hear driver information and may have missed or incorrectly recorded into Adept the route information. Dispatchers received and manually recorded on the dispatch log each driver's route section start and end time. Dispatchers also recorded each driver's planned benefit time, workers' compensation or other special leaves, as well as unplanned absences for the day.

While the MCUs make it no longer necessary for dispatchers to record driver route pick-up and drop-off times, dispatchers continue to record on the dispatch log any planned and unplanned absences. In addition, an MTS Unit administrative staff person used and still uses the drivers' manifest and cover sheet data to verify and manually adjust Adept data.

Timekeeping

Management instructs staff to enter into myHR the entire pay period's time by the Wednesday prior to the pay period end so supervisors can approve their direct reports' time by the required HR deadline. The MTS Unit supervisors entered their direct reports' time in myHR until MTS Unit management directed them on March 30, 2011 to cease and require staff to enter their own time. If staff's actual time varies from the estimated time previously entered into myHR, for example they call out sick or work overtime during the second week of the pay period, staff must go back into myHR and make a prior period adjustment and supervisors must approve the change. The myHR system allows staff to record time three pay periods into the future and to make adjustments as far back as two prior pay periods. (Any myHR time adjustments greater than two prior pay periods must be approved by County Payroll.)

Work Absences

When staff plans to be absent, staff used to submit a hard copy leave request form to their supervisor for approval, who maintained a copy for their records. The approving supervisor would use a manual calendar to record both planned and unplanned time off, as well as the driver's mobile number, the type of absence, the approving supervisor's initials and the approval date. Correction fluid was sometimes used on the calendar to remove and/or correct entries. Supervisors ceased to record Family Medical Leave (FMLA) or workers' compensation absences on the calendars to protect staff confidentiality because others could easily view the calendar.

In the summer of 2011 the MTS Unit transitioned from a manual to an electronic calendar and staff now only submits leave requests online. FMLA and workers' compensation leave requests are recorded in the electronic calendar, which allows any staff to view approved leave requests regardless of the type.

Workers Compensation

A worker that has a work-related injury and goes on workers' compensation must first submit to his or her supervisor a medical treatment form completed by the attending physician. The attending physician faxes to Risk Management a copy of the staff's completed medical treatment form to indicate job duty restrictions and/or time off needed. Risk Management approves all workers' compensation claims and retains evidence of approval. County policy states that it will make reasonable efforts to provide staff approved for worker's compensation other work within their department or, if necessary, elsewhere in the County to accommodate the work restrictions prescribed by the physician.

DATA ANALYSIS

Due to observed data integrity issues, auditors manually developed a database using 14 months (July 1, 2010 through August 31, 2011) of signed driver manifest data and compared it to the following system data, using hard copy documents as manual verification for noted exceptions:

- myHR payable and reported time and benefit time accruals
- Adept manifest times
- Acroprint badging start and stop times
- KEYper key access names and dates
- dispatch logs
- desk calendars
- leave approval slips
- electronic calendar information

Supporting information included FMLA, intermittent leave, extended leave and worker compensation absences. Analysis was based on whole days only because available system data did not provide the accuracy and integrity to adequately analyze partial days. Further, County badging information to support staff building entry into the MTS Unit for work on a particular day could not be relied upon because staff could enter a public entry or with other staff without using their badges. The data analysis results showed 904.6 hours regular time paid to some staff for time they did not work.

Absences Erroneously Paid as Regular Time			
Staff	Erroneous Hours	Staff	Erroneous Hours
1	40.5	12	2.0
2	9.0	13	8.0
3	41.0	14	55.9
4	8.0	15	110.0
5	9.0	16	48.0
6	16.0	17	32.0
7	24.0	18	56.1
8	80.0	19	206.3
9	64.0	20	6.8
10	24.0	21	32.0
11	24.0	22	8.0
Total Erroneous Hours			904.6

Source: Auditor analysis of data provided by the MTS Unit, unaudited.

ISSUES, RECOMMENDATIONS AND MANAGEMENT RESPONSES

Issue 1: The MTS Unit time recordation and review process does not effectively prevent and detect erroneous time entries.

Risk Observations

- A. Twenty-two (22) non-exempt MTS Unit drivers had a total of 904.6 hours during the period of July 1, 2010 through August 31, 2011 that were paid for time they did not work.

Yet, County policy requires managers to review and certify all time entries to ensure accuracy and to report any discrepancies. Further, managers do not run a post-payroll report review as required by County policy to make sure staff is paid correctly and to make prior period adjustments as necessary.

Moreover, transportation supervisors who approve time in myHR can also enter and adjust staff time entries in both Acroprint and myHR. Prior to a March 30, 2011 memorandum, management routinely entered their direct report's time into the two systems. And although management is directed to provide oversight of supervisor entries and adjustments, they are not required to document that approval.

Without proper separation of duties and pre- and post-payroll oversight, staff or supervisors could without detection erroneously add, change or delete critical data, which could allow time reporting errors to occur and to conceal fraud.

- B. Lack of communication between management and staff resulted in dispatch log entry discrepancies for drivers' and dispatch operators' attendance. For example, the logs did not always accurately indicate when staff was out on or returning from leaves of absences, such as workers compensation or restricted/modified duty. As a result, management cannot effectively ensure hours paid to staff are correct.

Recommendations

Internal Audit recommends that the MTS Unit:

- A. Ensure supervisors conduct a pre-payroll review using available data such as staff leave requests and calendar information. In addition, management should comply with County policy and conduct a post-payroll review.

If time adjustments in Acroprint are required, a staff independent of the time reporting review and approval process in myHR should be designated to make the adjustments. Management should document their approval for all myHR and Acroprint entries and adjustments made by supervisors.

- B. Ensure staff is trained and is held accountable for providing dispatchers with accurate extended leave information on FMLA, workers' compensation and other special leaves and to contact dispatchers in a timely manner if any changes in status occur.

Management Response

- A. We agree with the audit finding. Beginning 7/1/12, supervisors will be responsible for conducting pre- and post-payroll reviews for accuracy.
Upon the upgrade of the Acroprint system, expected to occur by 8/31/12, all future adjustments in Acroprint will be the responsibility of a single gatekeeper not responsible for time reporting review, who will be responsible for logging any requested adjustments along with a rationale for the adjustment; supervisory rights to edit Acroprint will be rescinded and reduced to view-only. The Social Services Manager and the Division Director will have view-only access as well. No other staff will have access to this application.
- B. We will ensure that staff are properly educated about their responsibilities while in FMLA, WC, or other modified duty status as each instance occurs; however, their primary responsibility for providing accurate information on their status, any modifications to their status, absences or other required leave should first be communicated to their immediate supervisor, or in that supervisor's absence, the unit manager. The supervisor or unit manager, in turn, should take responsibility for communicating the status of the staff person to dispatch for operational and leave tracking purposes.
- C. Management has requested an internal investigation into the erroneous payment of benefits hours to be conducted by County Human Resources.

County Manager Response

The Department of Social Services management response is appropriate in addressing the findings and recommendations provided by Internal Audit Staff.

Issue 2: There is a lack of controls to ensure data integrity within various MTS systems.

Risk Observations

Acroprint, Adept and KEYper systems have data integrity issues that negatively impact data reliability. Without reliable data, management and supervisors cannot conduct adequate time reporting reviews to ensure staff payroll accurately reflects hours worked and/or benefit time used.

- A. The Acroprint audit trail, which identifies users that make any manual start and stop time entries and adjustments, was partially deleted when an MTS Unit supervisor changed the system passwords. Therefore, it was not possible to identify and verify the appropriateness of all manual entries.
- B. Acroprint administrative access was not limited to only those that required it for the execution of their job duties. Rather, rights to adjust staff time in Acroprint were granted to the system administrator, the MTS Unit manager, four supervisors, all dispatch operators and an administrative staff person. Excessive access to administrative rights can compromise the integrity of the data.

Data was further compromised because, until approximately a year ago, Acroprint did not distinguish between manual entries made by supervisors and system recordation of staff badging into the Acroprint time clock device.

- C. The Adept system administrator manually changes system data if it does not agree with the driver manifest data. If the last activity time the driver manually records on his or her manifest is greater than the driver's typical shift end, the administrator will go into the system and increase the end time to be greater than the manifest time, and the increase is judgmentally made. As a result, management cannot rely upon Adept system data for the time reporting review and reconciliation process.
- D. The KEYper system does not have edit checks to prevent staff data entry errors. For example, staff entered 1946 as the year for a key access but the system was not available to the MTS Unit until early 2011.

Recommendations

Internal Audit recommends that the MTS Unit:

- A. Work with the Acroprint vendor to determine if controls can be put in place to prevent deletion of the audit trail.
- B. Restrict Acroprint system access to only those with a legitimate business need and do not provide access to those who are also responsible for reviewing and approving time in myHR.
- C. Restrict staff from making Adept system changes without documented MTS Unit management approval.
- D. Work with the KEYper vendor to provide edit checks to prevent erroneous date field entries. Alternatively, MTS Unit management should intermittently review the data for accuracy.

Management Response

- A. We agree with the audit findings. We are in the process of having the Acroprint application upgraded and should be completed by 8/31/12; this upgrade will preserve any edits made. Again, as stated in Issue 1A, edit access is to be eliminated for all staff with the exception of a gatekeeper who will be responsible for approving, making, and documenting any requested edits.
- B. See above.
- C. An Adept upgrade is expected to be implemented by 8/31/12. We will eliminate Adept edit access to any staff persons not required to have such access, and will maintain a documentation log with all manifest changes, reasons for change, and will require management approval.
- D. We will work with the KEYper vendor to identify and eliminate the potential for data field entry mistakes, as well as restrict override access to specific management, who will be responsible for documenting any deviations from the automated distribution system. This will be implemented by 7/31/12.

County Manager Response

The Department of Social Services management response is appropriate in addressing the findings and recommendations provided by Internal Audit Staff.

Issue 3: The MTS Unit does not have formal, documented policies and procedures for several key processes.

Risk Observation

Policies and procedures are absent for the following activities:

1. KEYper data entry edits
2. Planned and unplanned benefit time use
3. Restricted/modified duty time reporting
4. Donated time use
5. Acroprint database administration, including access and data adjustments
6. Adept data adjustments

Policies and procedures are important control activities to help ensure management's directives are carried out while mitigating risks that may prevent the department from achieving its objectives. Policies and procedures include a range of activities, such as approvals, authorizations, verifications, reconciliations, operational reviews and separation of duties. Further, the documented policies and procedures, along with staff training and periodic evaluations and updates, should provide management with a level of assurance that internal control activities are functioning as intended. While the MTS Unit's intent is to use County policies and procedures, they would not always provide the necessary guidance and accountability specific to its business activities.

Recommendation

Internal Audit recommends that the MTS Unit develop and implement formal, documented policies and procedures for KEYper data edits, planned and unplanned benefit time use, restricted/modified duty time reporting, donated time use, Acroprint database administration and Adept data adjustments. Staff should be trained on the new policies and procedures to ensure understanding and management should periodically evaluate for compliance.

Management Response

We agree that the unit should develop and implement formal, documented policies and procedures for KEYper data edits, restricted/modified duty time reporting, Acroprint database administration and Adept data adjustments, and will have these policies and procedures finalized and implemented by 8/31/12, perhaps sooner, depending upon software upgrade schedules. Policies and procedures for planned and unplanned benefit use time are already established by existing County Human Resources (HR) Policy and management will ensure these policies are followed. Documentation and implementation of remedial procedures for the KEYper, Acroprint and Adept systems have been addressed in previous sections. We will consult with HR to codify restricted/modified duty time reporting by 7/31/12.

Management will be requesting the introduction of a Senior Social Services Manager position into the MTS management structure as a necessary complement to the overall management and oversight of all aspects of transportation operations. This position would provide supervision and direction to the social services manager and would assume accountability for compliance with all aspects of this audit as well as the future direction, effectiveness and efficiency of the program.

County Manager Response

The Department of Social Services management response is appropriate in addressing the findings and recommendations provided by Internal Audit Staff. The County Manager's Office has approved the reclassification of the Senior Social Services Manager referenced in the DSS management response.