Employee Overtime & Attendance

Recent Findings and Best Practices

Cindy Merida, Director of Audit Services and Coordination

May 2022
OVERVIEW

✓ Recent Audits, Reviews, Investigations
✓ Common Findings/Observations
✓ Governance/Requirements
✓ Best Practices
Recent Audits, Reviews, & Investigations

Chancellor’s Office
Payroll Audits
• CSUMB
• CSUDH
• CSUSM
• CSUN
• SJSU
• CO
• On-going....

California State Auditor
Investigations
• Several investigations completed in 2020 including Cal State LA and Dept of General Services.
Recent Audits, Reviews, & Investigations

Recent California State Auditor Investigations

• Two employees at Cal State LA worked thousands of hours at a second job during their state compensated time at the university.

• Employees at the Department of General Services engaged in time and attendance abuse by:
  
  • Clocking in and leaving the worksite to engage in personal activities.
  
  • Arriving to work late, leaving work early (this pattern of behavior can add up over a period of time!)
  
  • Not performing their duties while on state-time.

• **Outcome**: Employee termination and restitution.
COMMON FINDINGS AND OBSERVATIONS
Inadequate Management Oversight & Controls

- No requirements for employees to clock-in or clock-out or time clock machine was unattended (not near a supervisor).

- No controls or processes in place to verify employees were on site during their work hours.

- No manager or supervisor present during the employee’s work hours.

- No controls for manager or supervisor to account for an employee’s unpaid meal breaks.
Common Findings/Observations

Overtime

Lack of documented overtime policies and procedures that addressed key areas such as:

✓ Overtime pre-approvals and certifications
✓ Documentation requirements
✓ Management oversight during overtime
✓ Rest periods between shifts
✓ Limits/caps on daily overtime hours
Common Findings/Observations

Overtime

Lack of Documentation to Substantiate Overtime Payments

- Minimal descriptions for the reason for extra hours.
- Timesheets/time records did not reconcile to payments made (errors/overpayments).
- No documented and approved employee work schedules.
Common Findings/Observations

Overtime

- Overtime budgets were not monitored (budget to actuals).

- Inadequate segregation of duties: one employee was responsible for establishing the OT budget and also assigning overtime work/projects and completing overtime work.
Common Findings/Observations

Overtime

Excessive overtime pay and inadequate rest periods:

✔ Several employees claimed to have worked 19+ hours a day; for example one employee received a total of $46,655 in overtime pay in one year.

✔ Insufficient rest periods between shifts.
Common Findings/Observations

Attendance

Employee Informal Time Off:

✓ Not documented; not pre-approved by a manager/MPP.

Employees Failed to Account for Vacation:

✓ Vacation hours not entered into absence management system (Inadequate management review).
Governance/Requirements
Governance/Requirements

- Unit 2, 5, 7, 9 (CSUEU)
- Unit 8 (SUPA)
- Unit 6 (Teamsters)
- CBA Article 18-19
- CBA Article 13
- CBA Article 22-23
Governance: Policies and Procedures

No campus or CSU/systemwide Overtime policy.

CSUF Overtime Requirements

- Overtime (cash/CTO) must be pre-approved by the appropriate administrator using the STD 682 form.
Governance: Other Regulatory Requirements

• GOVERNMENT CODE 8314
  Prohibits state employees from using state resources, including state-compensated time, for personal purposes that exceed minimal and incidental use.

• GOVERNMENT CODE 19990
  Prohibits state employees from engaging in activities that are clearly inconsistent or incompatible with their state employment, including using state time for private gain or advantage or failing to devote their full time, attention, and efforts to state employment during work hours.
BEST PRACTICES/CONTROLS: OVERTIME

✓ Consider alternative options to complete work the work.

✓ Establish and monitor overtime budgets.

✓ Ensure adequate segregation of duties.

✓ Pre-Approve overtime and certify the hours after the work is complete.
BEST PRACTICES/CONTROLS: OVERTIME

- Have a clear understanding of the overtime work that will be performed.
- Ensure there is employee oversight and accountability during overtime work.
- Retain adequate documentation to support overtime payments.
BEST PRACTICES/CONTROLS: OVERTIME

✔ Conduct a detailed review of the records to ensure the amount of hours reconcile to time records (time cards, hours worked etc.)

✔ Establish controls to ensure adequate rest periods between shifts.
BEST PRACTICES/CONTROLS: OVERTIME

- Limit the number of daily overtime hours.
- Centrally retain overtime records and work schedules for at least 4 years.
- Establish documented departmental guidelines and requirements (consult with HRDI).
BEST PRACTICES/CONTROLS: ATTENDANCE

✓ Monitor employee attendance during work hours.

✓ Monitor unpaid meal breaks.
Why is this important?

Inadequate controls and lack of management oversight:

• Creates a culture of unacceptable behavior (tone at the top).

• Creates an opportunity for misuse/abuse.

• Could result in both an administrative and/or criminal investigation.
Why is this important?

Inadequate controls and lack of management oversight:

• Increases Reputational Risk.

Inadequate Supervision
California Department of Transportation: An Employee Improperly Accounted for Her Time, and Her Supervisor Deliberately Neglected His Administrative Duties—Case 12018-0009

State Controller’s Office: A Manager’s Inaccurate Timekeeping Practices Allowed an Employee to Misuse State Time—Case 12017-1308

Department of Industrial Relations: Two Supervisors Failed to Monitor the Time and Attendance of Two Employees—Case 12017-1245

California Department of Social Services: A Supervisor Failed to Ensure that an Employee Performed His Job Duties and Used State Time Appropriately—Case 12017-0638

Misuse of State Time and Inaccurate Attendance Records
California State University: A Campus Police Officer Frequently Took Work Time to Lie Down With Her Sergeant’s Approval and at Times Fell Asleep—Case 12018-0210

State Water Resources Control Board: Employees Misused Hundreds of Work Hours, and Their Supervisors Did Not Monitor Their Attendance—Cases 12017-0905 and 12018-0027
Thank you!

Questions?