

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**



Office of Integrity and Oversight

November 7, 2011

Allen L. Sessoms, President  
University of the District of Columbia  
4200 Connecticut Avenue, N.W., Building 39  
Washington, DC 20008

Mohamed A. Mohamed, Associate Chief Financial Officer (ACFO)  
Government Operations Cluster  
441 4th Street N.W. Suite 890N  
Washington, DC 20001

Dear Dr. Sessoms and Mr. Mohamed:

This final report summarized the results of the Office of Integrity and Oversight's (OIO) audit of internal controls over the process of recording time and attendance at the University of the District of Columbia (UDC). The overall objectives of our audit were to determine whether UDC: (1) established effective internal controls policies and procedure to ensure accuracy and completeness of time and attendance records; (2) managed its timekeeping and payroll functions in an effective and efficient manner; and (3) complied with the requirements of applicable laws and regulations. This audit was requested by the ACFO for the Government Operations Cluster.

OIO provided 5 recommendations to address the findings cited in the report. UDC management and the ACFO for the Government Operations Cluster concurred with recommendations 1- 4. For recommendation 5, UDC stated that it has the legal authority to grant two-third of its employees additional holidays every year, and for the remainder, the university does not have legal authority to change the administrative leave days because of negotiable agreement between UDC and the American Federation of State, County and Municipal Employees (AFSCME). The intent of recommendation 5 is to save the District about \$12 million, which could benefit UDC's 6-year capital budget, if UDC moves to change its policy of granting its employees additional holidays. Therefore, we request that UDC reconsider its position and provide a revised response to OIO by December 1, 2011.

We appreciate the assistance and cooperation that you and your staff provided to OIO during this audit. Should you have any questions or need additional information, please call me at (202) 442-6445 or your staff may contact Mohamad Yusuff, Director, Internal Audit at (202) 442-8240.

Sincerely,

William J. DiVello, Executive Director  
Office of Integrity and Oversight

Allen L. Sessoms, UDC President  
Mohamed A. Mohamed ACFO, Government Operations Cluster  
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Enclosure

cc: Natwar M. Gandhi, Chief Financial Officer  
Members of UDC's Board of Trustees  
Myrtho M. Blanchard, Chief Human Resources Officer, UDC  
Angell Jacobs, Chief of Staff, OCFO  
Kathy Crader, Chief Risk Officer, OCFO

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER**

**AUDIT OF INTERNAL CONTROLS OVER THE PROCESS OF  
RECORDING TIME AND ATTENDANCE AT THE UNIVERSITY  
OF THE DISTRICT OF COLUMBIA (UDC)**

**OFFICE OF INTEGRITY AND OVERSIGHT**



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OIO No. 11 – 02 – 24 UDC

November 7, 2011

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**AUDIT OF INTERNAL CONTROLS OVER THE PROCESS OF RECORDING TIME  
AND ATTENDANCE AT THE UNIVERSITY OF THE DISTRICT OF COLUMBIA**

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## **EXECUTIVE SUMMARY**

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### **OVERVIEW**

The Office of Integrity and Oversight (OIO), at the request of the Associate Chief Financial Officer for the Government Operations Cluster, conducted an audit of the internal controls over the process of recording time and attendance at the University of the District of Columbia (UDC). Our overall audit objectives were to determine whether UDC established effective internal controls policies and procedures to ensure accuracy and completeness of time and attendance records, and managed its timekeeping and payroll functions in an effective and efficient manner.

### **CONCLUSION**

The audit disclosed that the UDC did not manage time and attendance recording process in an effective and efficient manner. Specifically, we noted that UDC did not completely implement PeopleSoft Payroll System across the university; 80 percent of UDC employees have their time and attendance approved manually by their respective managers and electronically by the Pay Service Division. We also found missing supporting documents for absence time, incorrectly reported leave taken, no authorizations or approvals for time sheets, and presumptively invalid overtime hours recorded and paid.

The audit also revealed that UDC management grants the employees 6 days of administrative closing with pay every year which cost the District about \$2 million a year. Additionally, we requested UDC management to conduct investigations regarding 19 employees who live in states other than D.C., MD, or VA. Furthermore, we found that OCFO employees at UDC were “double booking” their time and attendance and keeping stand-alone records separate from PeopleSoft System.

### **SUMMARY OF RECOMMENDATIONS AND MANAGEMENT ACTIONS**

We directed 5 recommendations to the UDC President and ACFO for Government Operations Cluster. The recommendations focus on:

- Completing implementation of PeopleSoft at UDC to ensure that time and attendance is entered by employees and approved by managers electronically.
- Strengthening internal control procedures and supervisory management oversight over overtime recording and approval processes.
- Ensuring that OCFO employees at UDC reconcile their time and attendance records with PeopleSoft which thereafter should be the only record for their time and attendance.

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## EXECUTIVE SUMMARY

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- Ensuring that Administrative Closing with Pay is only authorized for emergencies and hardships and in accordance with D.C. Personnel Regulations.

A summary of the potential benefits resulting from the audit is shown at Exhibit A.

OIO received a written response from UDC on October 28, 2011. UDC and the ACFO for Government Operation Cluster concurred with recommendations 1- 4 and provided necessary corrective actions taken and planned to correct the noted deficiencies. For recommendation 5, UDC stated that it has the legal authority to grant two-third of its employees additional holidays every year, and for the remainder, the university does not have legal authority to change the administrative leave days because of negotiable agreement between UDC and the American Federation of State, County and Municipal Employees (AFSCME). The intent of recommendation 5 is to save the District about \$12 million, which could benefit UDC's 6-year capital budget, if UDC moves to change its policy of granting its employees additional holidays. Therefore, we request UDC reconsider its position and provide a revised response to OIO by December 1, 2011. A copy of the complete management response is included at Exhibit B.

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## INTRODUCTION

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### BACKGROUND

The University of the District of Columbia (UDC) offers 75 undergraduate and graduate academic degree programs through the following college and schools: College of Arts and Sciences, School of Business and Public Administration, School of Engineering and Applied Sciences, and the UDC David A. Clarke School of Law. Additionally, The University's public service arm, the Division of Community Outreach and Extension Services (COES), offers a variety of practical, nonacademic educational programs and training to the citizens of the District of Columbia.

For FYs 2009 and 2010, UDC's financial statements showed total salaries and benefits expense of \$80 million and \$86 million, and accrued leave liability of \$3.5 million and \$4.7 million respectively.

On August 25, 2011, UDC had 1,113 full and part time employees. These employees are categorized into 4 groups as shown in the following table:

| <b>Group</b> | <b>Employees</b>                                   | <b>Time Submission Procedure</b>  | <b>Pay Periods</b> |
|--------------|--|---|--------------------|
| 1N           | Career service employees                           | Time must be entered into PeopleSoft on hourly basis for work performed to include sick and annual leaves, and over time. | 26                 |
| 6N           | Education service employees and adjunct professors | Time must be entered into PeopleSoft on hourly basis for work performed to include sick and annual leave, and overtime.   | 24                 |
| 6E           | Salaried educational service employees             | Absences and holidays only must be entered into People Soft.  | 24                 |
| 9E           | Full time and visiting faculty                     | Absences and holidays only must be entered into People Soft.  | 18                 |

About 80 percent of UDC employees enter their time and attendance through time keepers. The time keeper receives absence documents from employees, enters the time in PeopleSoft, prints the time sheets and then the employee and the manager sign the printed time sheet. The time keeper sends the documents to the Pay Service Division which approves the time sheet in PeopleSoft. The rest of UDC employees enter their time by themselves into PeopleSoft and their manager approves the employees time electronically in PeopleSoft.

### OBJECTIVES, SCOPE AND METHODOLOGY

The audit was designed to determine whether UDC: (1) established effective internal controls policies and procedure to ensure accuracy and completeness of time and attendance records; (2) managed its timekeeping and payroll functions in an effective and efficient manner; and (3) complied with the requirements of applicable laws and regulations.

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## INTRODUCTION

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In order to achieve these objectives, we reviewed UDC's human resources policies and procedures. We examined time and attendance records for a statistical sample of 95 employees for 7 consecutive pay periods during FY 2011 (665 time sheets), verified 70 time sheets for 10 employees from the sample against information recorded in PeopleSoft, and reviewed the personnel files for 71 employees who accumulated sick leave balances of 1,000 hours or more.

In addition, we interviewed and obtained information from the former UDC Vice President for human resources, the UDC Chief Financial Officer, UDC Controller, human resources managers and employees, timekeepers, UDC Pay Service Division manager and employee, and UDC internal auditor.

We relied on computer-processed data from PeopleSoft reports. We did not perform a formal reliability assessment of the computer-processed data because the PeopleSoft system reliability tests were performed previously as part of the audit of the District's Comprehensive Annual Financial Report (CAFR).

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



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## FINDINGS AND RECOMMENDATIONS

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### FINDING: MANAGEMENT OF TIME AND ATTENDANCE RECORDING PROCESS

#### SYNOPSIS

UDC did not manage time and attendance recording process in an effective and efficient manner. UDC's internal control policies and procedures over time and attendance are not operating effectively as designed. These conditions occurred because UDC did not completely implement PeopleSoft across the university; 80 percent of UDC employees have their time and attendance approved manually by their respective managers and electronically by the Pay Service Division. We also found missing supporting documents for absence time, incorrectly reported leave taken, no authorizations or approvals for time sheets, and presumptively invalid overtime hours recorded and paid.

The audit also revealed that UDC management grants the employees 6 days of administrative closing with pay every year which cost the District about \$2 million a year. Additionally, we requested UDC management to conduct further investigations regarding 19 employees who live in states other than D.C., MD, or VA. Furthermore, we found that OCFO employees at UDC were "double booking" their time and attendance and keeping stand-alone records separate from PeopleSoft.

#### DISCUSSION

We selected a statistical sample<sup>1</sup> of 95 employees out of total population of 950 employees as of June 1, 2011 (after excluding adjunct instructors, visiting professors and student workers). We reviewed and examined the sample's time and attendance records and documents for for 7 consecutive pay periods during the FY 2011 (665 time sheets). The objectives of the attribute sampling were to: (a) review supporting documents for absence time reported; (b) determine if absence time was correctly reported; and (c) time and attendance was recorded by employees and approved by managers.

We verified 70 time sheets for 10 employees from the sample against information recorded in PeopleSoft. The objectives of this verification were to determine: (a) absence time reported on the time sheets matches the absence time reported in PeopleSoft; and (b) absence was recorded correctly in PeopleSoft.

Additionally, we reviewed the personnel files for 71 employees who accumulated sick leave balances of 1,000 hours or more. The purpose of this review is to ensure that the accumulated sick leave balances were justified and reasonable.

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<sup>1</sup> The statistical sample criteria are: confidence level 95%, materiality level 5%, and auditor's expected error rate 1%

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## FINDINGS AND RECOMMENDATIONS

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### **Our tests revealed the following findings:**

#### *Missing Documents*

UDC Human Resources Policies provide, in part, that sick leave shall not be granted unless requested by employee. Sick leave must be certified on the appropriate form before it is deducted from his/her credit. In the event this is impossible (due to hospitalization or confinement), sick leave may be deducted, but the department head must sign the leave form and, upon the employee's return to work, he/she must sign the form.

We reviewed the time sheets and absence supporting documents/forms for our sample. We found an error rate in the sample of 20 percent and statistical projected error rate in the entire population of 29.35 percent. This result is statistically significant and indicates that about 279 employees have missing supporting documents/forms for reported absences.

Lack of effective internal controls over absence supporting documents/forms will allow some employees to report working hours for their absent time or report administrative leave with pay without supporting documents.

#### *Incorrectly Reported Absences*

We tested the correctness of reported absence for our sample and found an error rate in the sample of 21 percent and statistical projected error rate in the entire population of 30.60 percent. This result is statistically significant and indicates that about 290 employees do not report their absent time correctly on the time sheet and in PeopleSoft. We found employees report holidays as administrative closing with pay, and vice versa, sick leave as annual leave, and administrative leave as annual leave.

In addition, our verification of PeopleSoft information against time sheets and absence documents for 10 employees (70 time sheets) showed an error rate of 60 percent. Specifically, 6 out of 10 employees had their time and attendance reported in the time sheets different from the information reported in PeopleSoft. For example: we found a slip for annual leave reported on the time sheet but not recorded in PeopleSoft; sick leave reported in PeopleSoft but not recorded on the time sheet; a group 6E employee reported working hours in PeopleSoft; and Thanksgiving reported as holiday in timesheet and as administrative closing with pay in PeopleSoft.

Lack of effective internal controls over reporting absences process could affect the accuracy and reliability of sick and annual leave balances reported in PeopleSoft and the accrued leave liability reported in UDC's financial statements.

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## FINDINGS AND RECOMMENDATIONS

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### *Not signed or Approved Time Sheets*

Our review of the time sheets showed an error rate in the sample of 22 percent and statistical projected error rate in the entire population of 31.84 percent. This result is statistically significant and indicates that about 302 employees do not sign their time sheets. In some instances, we found some employees and managers did not sign any time sheet for 7 consecutive pay periods covered in the audit.

For FY 2010, the external auditors reported the same finding as internal control significant deficiency<sup>2</sup> and recommended that UDC ensure all time and attendance forms are signed by both the employee and the supervisor in accordance with the University's existing policy.

### *Lack of Effective Controls over Overtime Recording and Approving Process*

Our review of time sheets revealed the following: an employee reported 21 working hours in one day; an employee reported 16 working hours for 7 consecutive days; 12 overtime hours were recorded in PeopleSoft with no authorization form signed by supervisory personnel; an employee reported 20 hours overtime every weekend for 3 months; some employees reported 112, 98, 94, and 90 overtime hours in one pay period; and one employee received overtime payments 24 times during FY 2011.

Our observations indicate that UDC's internal control procedures over recording and approving overtime are not effectively operating. Lack of effective controls and management supervisory monitoring of overtime could result in unneeded, invalid, or fraudulent overtime hours being recorded and paid.

### *Accumulated Sick Leave Balances*

We reviewed the hiring documents (D.C. Standard Form 52) for 71 employees who accumulated sick leave balance of 1,000 hours or more. This review revealed that these employees were hired by UDC or previously by D.C. government for number of years that was enough to justify their accumulated sick leave balances.

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<sup>2</sup> The external auditors tested 16 time sheets and noted 3 of them were not properly signed by the employee and one was not signed by the authorized supervisor.

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## FINDINGS AND RECOMMENDATIONS

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### *Other Matters*

#### *Out of State Employees*

We obtained information about UDC employees' home addresses (state only) from PeopleSoft as of August 25, 2011. We found that out of total 1,113 employees, 46 employees live in the District (41%), 634 employees live in MD and VA (57%), and 19 employees (fulltime and part-time) live in other states (2%). These other states include NY, NJ, PA, MA, CA, TX, DE, and FL. We informed UDC human resources management of our findings and requested further investigation regarding those 19 employees who live in other states to ensure that there are no ghost employees; PeopleSoft information is updated; and payroll taxes are collected if some employees have moved to the District.

#### *Administrative Closing with Pay*

According to D.C. Personnel Regulations<sup>3</sup>, administrative leave with pay shall be granted to employees to attend meetings, training programs, conferences, take medical examination required for District government employment, donate blood, vote in any election or referendum, and when the Mayor authorizes dismissal of employees for special reasons.

We found that UDC management grants the employees 6 days of Administrative Closing with Pay every year. These days are one day after Thanksgiving and five days after Christmas. For FY 2010, the cost of these 6 days is about \$2 million<sup>4</sup>.

UDC management should authorize administrative closing with pay for emergencies, inclement weather and hardships and in accordance with D.C. Personnel Regulations. Consequently, UDC could save about \$12 million to finance its 6-year Capital Budget, reduce overtime payments, and reduce the accrued leave liability<sup>5</sup> reported in UDC's financial statements.

#### *Alternative Working Schedule*

UDC does not allow its employees to use alternative work schedule (AWS). We found that the OCFO Employees at UDC use AWS and keep separate and stand-alone records for their time and attendance. The OCFO employees at UDC enter their time in PeopleSoft based on 8 working hours a day, which is different from their working schedule under AWS. Some employees take days off under AWS while PeopleSoft shows that they are at work. Therefore, the accumulated sick and leave balances in the stand-alone records are different from the balances reported in PeopleSoft. This "double booking" for time and attendance affects the

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<sup>3</sup> Chapter 12 "Hours of Work, Legal Holidays and Leave"

<sup>4</sup> Average cost for one working day = \$331,000 (\$86 million salaries and benefits expense / 260 working days)

<sup>5</sup> This liability has increased from \$3.5 million in FY 2009 to \$4.7 million in FY 2010.

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## FINDINGS AND RECOMMENDATIONS

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accuracy and reliability of PeopleSoft information and the accrued leave liability presented in the UDC's financial statements.

### RECOMMENDATIONS

We recommend UDC President and the ACFO for Government Operations Cluster take the following actions:

1. Complete implementation of PeopleSoft to ensure that time and attendance is entered by employees and approved by managers electronically.
2. Reinforce internal control procedures over time and attendance records to ensure that employees submit the required documents/forms for their absence, absent time is recorded correctly, and time sheets and absence documents are signed by employees and managers.
3. Strengthen internal control procedures and supervisory management oversight over overtime recording and approval processes to ensure that the Overtime Authorization Form is submitted by employees and signed by managers, and overtime hours are valid, justifiable, and reasonable.
4. Ensure that OCFO employees at UDC reconcile their time and attendance records with PeopleSoft which thereafter should be the only record for their time and attendance.
5. Ensure that Administrative Closing with Pay is authorized only for emergencies and hardships and in accordance with D.C. Personnel Regulations.

### MANAGEMENT RESPONSES AND OIO COMMENTS

#### Management Response (Recommendation 1)

UDC concurred with the recommendation and stated that additional hands-on training will be provided to payroll personnel and time keepers to reduce the error rate. This training will be conducted by the end of CY 2011. Furthermore, UDC is investigating the automation of all HR functions, including many not available in PeopleSoft system, which should dramatically decrease the number of errors.

#### OIO Comment

UDC planned corrective actions are responsive and meet the intent of the recommendation.

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## FINDINGS AND RECOMMENDATIONS

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### **Management Response (Recommendation 2)**

UDC concurred with the recommendation and stated that necessary steps will be taken to implement better practices and conduct more hands-on training to prevent these controllable errors. UDC also stated that its future plans for automating time-keeping will alleviate most of the problems and errors in the current time and attendance recording process.

### **OIO Comment**

UDC planned corrective actions are responsive and meet the intent of the recommendation.

### **Management Response (Recommendation 3)**

UDC concurred with the recommendation and stated that the university stands firm on its overtime policy. All overtime must be authorized and approved by the Supervisor and Program head or Vice President on an Overtime Authorization Form.

UDC also noted that most of the findings related to this recommendation were regarding essential employees for the university (Public Safety and Facilities). Over the past two years, Facilities and Public Safety have been unable to hire any additional personnel in these areas since the opening of three additional sites and the Community College. This fact had and continues to have a significant impact on overtime for Public Safety and Facilities.

UDC stated that some employees worked excessive overtime hours in one pay period especially during the time of opening three new campuses but the Auditor did not identify those employees who actually reported these overtime hours.

### **OIO Comment**

UDC actions are responsive and meet the intent of the recommendation. It should be noted that OIO has provided the UDC HR Manager with the names of those employees who reported excessive overtime hours in one pay period, and is willing to do so again if requested.

### **Management Response (Recommendation 4)**

UDC OCFO concurred with the recommendation and consulted with the Office of Pay and Retirement Services to move its Group No. 6 employees to Pay Group No. 1 in order to eliminate double booking of their time and attendance.

### **OIO Comment**

UDC OCFO actions are responsive and meet the intent of the recommendation.

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## FINDINGS AND RECOMMENDATIONS

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### **Management Response (Recommendation 5)**

UDC did not concur with the recommendation and stated that the university has legal authority to determine additional holidays for its educational service employees who represent two-third of UDC's employees. For the career service employees (one-third of UDC's employees), the additional holidays were granted to them as a result of working agreement and past practices between AFSCME and the university. UDC does not have legal authority to change these additional holidays for the career service employees.

### **OIO Comment**

The intent of the recommendation is to save the District about \$12 million spanning UDC's 6-year capital budget. We believe that UDC management can change the negotiable agreement with AFSCME and change its decision of granting additional holidays to its employees every year. We request UDC management reconsider its position on this recommendation and provide a revised response.

### Exhibit A: Summary of Potential Benefits Resulting from Audit

| No. | Recommendations   | Type of Benefit                 | Agency Reported Estimated Completion Date | Status <sup>6</sup> |
|-----|---|---------------------------------|---|---------------------|
| 1   | Complete implementation of PeopleSoft to ensure that time and attendance is entered by employees and approved by managers electronically.       | Internal control                | CY 2011                                   | Closed              |
| 2   | Reinforce internal control procedures over time and attendance records.   | Internal control                | FY 2012                                   | Closed              |
| 3   | Strengthen internal control procedures over overtime recording process.   | Internal control                | FY 2012                                   | Closed              |
| 4   | Ensure that OCFO employees at UDC reconcile their time and attendance records and use PeopleSoft as their only time and attendance record.      | Internal control                | FY 2012                                   | Closed              |
| 5   | Ensure that Administrative Closing with Pay is authorized only for emergencies and hardships and in accordance with D.C. Personnel Regulations. | Potential monetary \$12 million | TBD                                       | Unresolved          |

<sup>6</sup> This column provides the status of a recommendation as of the report date. For final reports, “open” means management and the OIO are in agreement on the action to be taken, but is not complete. “Closed” means management has advised that action necessary to correct the deficiency is complete. If a completion date was not provided, the date of management’s response is used. “Unresolved” means that management has neither agreed to take the recommended action nor proposed a satisfactory alternative action to correct the condition.



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**Exhibit B: UNIVERSITY OF THE DISTRICT OF COLUMBIA’S REPOSNE**

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See the attached UDC’s response



Allen L. Sessoms  
*President*

October 28, 2011

Mr. William J. DiVello, Executive Director  
Office of Integrity and Oversight  
1100 4<sup>th</sup> Street, S.W., Suite 750  
Washington, DC, 20024

Dear Mr. DiVello:

The University of the District of Columbia (UDC) is submitting this official response to the Office of Integrity and Oversight's (OIO) findings and recommendations from the audit of internal controls over the process of recording time and attendance at the University.

The University recently hired a new Chief Human Resources Officer, Ms. Myrtho M. Blanchard. One of her immediate priorities has been to undertake a Human Resources Business Process and Systems Review. This includes addressing HR processes and systems, as well as the better functioning of the relationship between HR and other departments. She is committed to review current Time & attendance procedures, conduct training with payroll employees as well as all "time keepers" by year end.

**Finding 1: Missing Documents**

*"Lack of effective internal controls over absence supporting documents/forms will allow some employees to report working hours for their absent time or report administrative leave with pay without supporting documents."*

It is the University's policy to produce a signed standard form OPM71 for all leave requests submitted by, or on an employee's behalf. We understand that there is a high error rate; there are a number of different reasons for this high error rate including:

- Instances where employees entered a leave time reporting code (TRC) on the wrong date, but provided documentation that the leave was approved.
- Instances where an employee may be on administrative leave while going through the appeal process for an adverse action. In such cases, documentation would not be with payroll, but rather in confidential files in HR.
- Instances when the University issues a University Wide memorandum regarding administrative closing, it is not the University's policy to require documentation for administrative closing.
- The general time and approval process also leads to a high error rate, with some timekeepers recording time for a large group of employees who they do not see on a daily basis. This process will be eliminated as we move forward with the implementation of an automated HR system.

*Celebrating 100 Years of scholarship and achievement - 2011*

The University is undertaking a thorough review of its payroll procedures. We will conduct additional training with both payroll and time keepers to reduce the error rate. Also, the University is investigating the automation of all HR functions, including many not available in the PeopleSoft system. Automation of all HR processes should dramatically decrease the number of errors.

**Finding 2: Incorrectly Reporting Absences:**

*"Lack of effective internal controls over reporting absences process could affect the accuracy and reliability of sick and annual leave balances reported in PeopleSoft and the accrued leave liability reported in UDC's Financial statement."*

The University concedes that the level of errors in this area is unacceptable. However, the majority of the errors noted was in the area of holidays being reported as administrative leave or vice versa, with minor impact if any on our sick/annual leave liability.

We also noted instances where leave may have been reported on timesheets and not on PeopleSoft or vice versa. We recognize the impact of such errors on the accrued leave liability reports, hence on our financial statements, and take this finding very seriously. Therefore, the University will take the necessary steps to implement better practices and conduct more hands-on trainings to prevent these controllable errors. The training will be conducted by end of the 2011 calendar year.

**Finding 3: Not Signed or Approved Time Sheets:**

*"UDC ensures all time and attendance forms are signed by both the employee and the supervisor in accordance with the University existing policy."*

It is the University's policy to obtain the signature of the employee and the supervisor on all timesheets. We have noticed that due to the role of the "timekeeper", there may have been instances where a signature was not obtained as a result of differences in the schedule of the employee, supervisor, and/or timekeeper. Nevertheless, the University recognizes that "lack of appropriate signatures" could leave room for errors and possibly fraud. This problem will be alleviated through our future plans for automating time-keeping.

**Finding 4: Lack of Effective Controls over Overtime Recording and Approving Process**

*"UDC's internal control procedures over recording and approving overtime are not effectively operating. Lack of effective controls and management supervisory monitoring of overtime could result in unneeded, invalid, or fraudulent overtime hours being recorded and paid."*

The University stands firm on its overtime policy. All overtime must be authorized and approved by the Supervisor and Program head or Vice President on an *Overtime Authorization Form*.

All of the findings that have been cited were regarding essential employees for the University (Public Safety and Facilities). Essential employees are often required to be on duty when others are not, and simply due to the nature of the business, there are times when unscheduled leave results in shift shortages. Shift shortages often require OT work to be performed.

Over the past two years, Facilities and Public Safety have been unable to hire any additional personnel in these areas since the opening of three additional sites for the Community College.

This obviously had and continues to have a significant impact on overtime for Public Safety and Facilities. It is also important to note, that until such time as additional resources are made available to address this shortage, we will likely again experience overtime comparable to that reflected in this report. We manage over 2 million square feet of real estate for the University, including the Community College.

**Response to specific citings:**

- a. **Employee reported 21 working hours in 1 day:** Proof was provided to OIO during the audit for this employee who was authorized/requested to work an additional 13 OT hours in addition to his regular shift on November 16, 2010 at our 801 N. Capital location to cover a shift shortage. It is noted that 21 hours can be an excessive amount of hours for an employee to work, but this is not uncommon in the arena of public safety.
- b. **An employee reported 16 hours working hours for 7 consecutive days:** Proof was provided to OIO during this audit for this employee who was authorized to work additional hours in October of 2010 to cover one of the "power plant" employees (only 3 staff members to work 24hours/day) shift, since he was out on scheduled vacation. The additional hours were recorded as 7 consecutive days, but were not worked consecutively. We have since improved our time recordings to actually reflect the OT hours on the same day worked.
- c. **An employee recorded 12 OT hours in PeopleSoft with no authorization form signed by supervisory personnel:** All employees who work OT must receive authorization from the supervisor. While there was a justification on the authorization form that clearly lists the work that was done, the OT form for these hours was not signed. Payroll will take appropriate steps to better monitor these documents and supervisors will be reminded to sign all forms being submitted. An integrated automated HR system will alleviate these problems.
- d. **An employee reported 20 hours of overtime every weekend for 3 months; some employees reported 112, 98, 94 and 90 OT hours in one pay period; and one employee received overtime payments 24 times during FY 11:** OIO stated that these findings were found in the area of facilities. Unfortunately, the Auditor did not identify the employees who actually reported these hours. While some employees did report many hours of overtime, most if not all can be explained by the extra work that had to be performed for the opening of three new campuses that needed to be brought up to code, with no additional staff. During the latter part of 2010, in addition to preparation for inclement weather, the department was negatively impacted by several medical absences which resulted in having a crew of 3 operating 24/7 in the power plant.

**Findings 5: Accumulated Sick Leave Balances: UNFOUNDED**

*This review revealed these employees were hired by UDC or previously by D.C. Government for a number of years that would justify their accumulated sick leave balances.*

**Other Matters 1: Out of State Employees**

*Requested further investigation regarding 19 employees who live in other states to ensure there are no ghost employees.*

Further investigation revealed 7 of the employees (DE, NJ, PA, and WV) actually maintained their addresses as their permanent addresses; however, they commute to the District either daily or approximately three times a week. Of the 7, more than a few of these employees reside in the District during the week, and go home on the weekends. One employee stated that she has not fully transferred all of her information from NC, simply because she's only been here since August. She said once she has permanent address she will update her records. The other 12 were temporary employees who have since returned to their prior residence.

Overall, our review found that in all of the circumstances, all employees perform work for the University in Washington DC. They all have or had valid reasons to maintain their addresses of record. Of those who are residing in the Metropolitan area and do wish to update their records, they have been advised to do so through Employee Self Service.

**Other Matters 2: Administrative Closing with Pay**

*"Administrative leave with pay shall be granted to employees to attend meetings, training programs, conferences, take medical examination required for District Government employment, donate blood, vote in any election or referendum and when the Mayor authorizes dismissal of employees for special reasons."*

In your draft report's "Findings and Recommendations" at page 6, under "Other Matters," you note the rules applicable to granting of administrative leave as delineated in D.C. Personnel Regulations, Chapter 12 and suggest that this chapter is applicable to the University. Section 1201.2(d) of those very regulations exempts Educational Service employees of the Board of Trustees of the University of the District of Columbia. This section includes a reference to, and is presumably intended to implement, the provisions of the District's Comprehensive Merit Personnel Act under which the university's Educational Service is created and under which the university's Board is granted authority to issue its own "rules and regulations governing employment, advancement, and retention in the Educational Service... governing [among other things] appointment, promotion, retention, reassignment, professional development and training, classification, and salary administration (except as provided in §1-602.03), employee benefits, reduction-in-force, adverse action, grievances and appeals...". Approximately two-thirds of UDC's employees are Educational Service employees.

As for the one-third who are Career Service employees, virtually all are members of AFSCME and thus their compensation and benefits are presently (and for some time have been) negotiated not by the University but rather, like all other AFSCME units in the city, through the District's Office of Labor Relations and Collective Bargaining. As I understand it, the current holidays (including the administrative leave holidays to which you refer) received by this unit are as a result of the Working Agreement and past practices between AFSCME and the University the agreement negotiated in 1988 and is in effect without change until then. Whether the university must maintain that agreement and practices as the legally binding status quo is presently being litigated by AFSCME at the PERB, with a decision pending.

In summary, the University clearly has the legal authority to determine additional holidays for its Educational Service employees, and for the remainder, does not have the legal authority to change the administrative leave days.

**Other Matters: Alternative Work Schedule:**

*OFCFO employees at UDC use AWS and keep separate and stand alone records for their time and attendance.*

UDC has consulted with T&L Security within the Office of Pay and Retirement Services of our concerns with not being able to record AWS in the system for our OFCFO employees. It was relayed to the University's Office of Pay Services that this was simply because an AWS schedule has to be developed in the system for our Group 6 employees. This fix wasn't as simple as developing a TRC. However, it was recommended to the OCFO that these employees move to the Group 1 pay group in order to eliminate this appearance of "double booking" time and attendance. This recommendation has yet to be put in place.

The UDC OCFO concurred with this finding and recommendation to move its employees to Pay Group 1.

We appreciate the efforts of the OCFO and the OIO to undertake this audit to help us improve our processes and practices at the University. An action plan has been developed and will be implemented that includes additional training, better monitoring of the time & attendance process as well as automating the entire HR functions. We look forward to further discussion.

Sincerely,



Allen L. Sessoms