

EL DORADO COUNTY 2021–2022 GRAND JURY

ANALYSIS OF COUNTY EMPLOYEE TIMEKEEPING

Case 21-02 – June 23, 2022

INTRODUCTION

This investigation reviews the El Dorado County (County) policies and procedures for the County's employee timekeeping system.

BACKGROUND

Salaries and benefits comprise almost 40% of the County's annual budget expenditures. In 2018, the County implemented the Kronos Data Systems Workforce and Telestaff Software (Kronos) to keep track of employee time worked and its allocation to various projects undertaken by the County. The change in the timekeeping system was required in order to interface with the County's new accounting software, Munis (Tyler Technology) (sometimes referred to as "FENIX").

County employees are divided into exempt and non-exempt categories. Non-exempt employees are paid on an hourly basis and are eligible for overtime pay; exempt employees are paid a salary and are ineligible for overtime. All employees (both exempt and non-exempt) must record their hours worked (as well as vacation, sick leave, etc.), both to determine pay and to allocate their time to various projects. All employees are paid biweekly.

Most County employees are covered by Memoranda of Understanding (MOUs). MOUs are agreements established between the unions and the County Board of Supervisors to determine pay rates and working conditions.

The intent of this investigation was to review the policies and procedures associated with the timekeeping system and to determine if there are any improvements to be made.

METHODOLOGY

The Grand Jury, in conducting this investigation:

- Reviewed County Board of Supervisors Policy E-1 – *Time Entry and Alternative Work Schedule Policy*, the document that governs time entry procedures for County employees;
- Watched a demonstration of the time entry process into Kronos;
- Reviewed County training and administrative documents governing payroll; and
- Conducted interviews with key County personnel from the Auditor-Controller Payroll Department, the Information Technologies Department, and payroll support staff from various County departments, as well as several Department Heads.

DISCUSSION

The purpose of timekeeping is to track time worked and resulting compensation. The County tracks time for the various rates of pay, vacation, and sick leave, as well as for various projects for which there may be outside recompense, such as grant, State, or Federal funding.

Without proper timekeeping, the County risks:

- Employees not working the hours they have recorded, resulting in the County paying for services they are not receiving;
- Employees working more hours than are recorded, resulting in a loss to the employees for time they have worked and potential issues with labor laws and MOUs;
- Time not being coded to the proper projects, resulting in a potential loss or delay of State/Federal funding/reimbursement or legal issues for the County; and
- Friction between departments due to a lack of documentation governing payroll, resulting in varying standards across the departments.

The County implemented Kronos in 2018 as the employee timekeeping system. The Board of Supervisors approved Policy E-1 *“Time Entry and Alternative Work Schedule*

Policy,” effective December 22, 2018. Paragraph III of Policy E-1 states that each employee is to “make entries into the Kronos system daily.”

Kronos is a software program that tracks time input by employees. Each employee is tasked with recording their own time into Kronos daily. Kronos then interfaces with the County’s financial software to administer employees’ pay. Time entry into Kronos also allocates employees’ time to different projects and programs, which supports the County in various ways, including budgeting, analysis, and support for accessing outside funds.

The Grand Jury found that in practice, employees tend to enter their time just before or after the deadline for payroll period approval, but not necessarily daily. There is a risk that the time entry is inaccurate because it has not been completed in a timely manner. Employees’ and managers’ recall of time worked and projects addressed may be inaccurate due to time passing, resulting in incorrect entry and project coding.

Written departmental policies and procedures have not been developed and implemented to establish a disciplined routine in response to the Board of Supervisors’ requirement for the daily entry of time worked. Kronos, as implemented by the County, does not have the capability to require daily time entry with a control system, as available with similar timekeeping systems. Other timekeeping systems are able to “lock out” users when they have not entered their time within a certain period.

In practice, each employee’s supervisor, manager, and director review and approve/disapprove the employee’s time entered in Kronos. As a result, each department establishes its own procedures and practices for the timeliness of time-entries in Kronos. An organization-wide written procedure that defines the process and timeline for approval has not been promulgated, resulting in this process being applied differently for each department.

After approval by the directors, under Policy E-1, “[the] department head is responsible for providing final approval for their respective department’s payroll either through direct review or approved delegated authority.”

A written policy/procedure has not been developed that defines who can approve the employee payroll/time worked for each department should the department head be unavailable. A letter must be signed by the department head, then submitted to IT and Payroll to change the proxy’s access. That person would then be capable of signing off for the head from their own account. Although a letter must be submitted by the department head to assign a proxy, there is no definitive written policy to guide who can be designated. There is a risk that the proxy could have a conflict of duties. In the

absence of the department head, a County-wide written procedure does not exist determining who has the authority to approve the departmental payroll.

The overall lack of written policies and procedures for the payroll process has led to some disagreement between the departments because there is no guiding authority on the way the process should be done. This leaves the process open to interpretation that can lead to differences of opinion and friction between coworkers.

From interviews conducted, there is low confidence that time recording is accurate. Department heads have demonstrated that they are very conscious that the money being spent is from taxpayers, and they want to be good stewards of those funds. This appears to be at odds with the lack of effort and attention placed on verifying the accuracy of timekeeping. To date, no internal audits on employee timekeeping accuracy have been conducted.

FINDINGS

- F1. Daily time entry, as required by County Policy E-1, is routinely ignored by employees and management.
- F2. There are no written procedures provided by Payroll to the individual departments on what needs to be done regarding time entry.
- F3. Kronos has not been enhanced with a “lock-out” function to meet the County requirement of daily entry of time worked.
- F4. Internal audits of the accuracy of employee time entries have not been conducted.
- F5. There is no written policy listing the people who can be substitute signatories on behalf of the department head.
- F6. Our interviews revealed that there is a weak working relationship or lack of understanding between Payroll and other departments.

RECOMMENDATIONS

- R1. The Grand Jury recommends that the Board of Supervisors reaffirm their commitment to the policy regarding daily time entry. The Board of Supervisors should also communicate this requirement to the Chief Administrative Officer (CAO) and the elected heads of the departments within 90 days of the date of this report.
- R2. In collaboration with the department heads, the County Auditor-Controller should provide written procedures for the daily time entry requirements within 120 days of the date of this report.
- R3. The County Auditor-Controller should pursue modifications to Kronos that would enable time entry to be “locked” to employees after a 24-hour window following their workday to ensure timeliness of entry within 180 days of the date of this report.
- R4. The County Auditor-Controller should implement internal semi-annual audits of time entry, confirming that time entered matches time worked and determining the accuracy of project coding within 120 days of the date of this report.
- R5. The County Auditor-Controller should provide a written list of appropriate proxy classifications who are eligible to approve departmental payroll in the absence of the department head within 120 days of the date of this report.
- R6. The Grand Jury recommends that the CAO and Auditor-Controller co-sponsor a committee to improve communication between the Auditor-Controller Payroll Department and their counterparts in the other County departments within 90 days of the date of this report.

REQUESTS FOR RESPONSE

This Grand Jury report is an account of an investigation or review. It contains findings and recommendations, and names those who should respond to each finding and each recommendation pertaining to matters under the respondent’s control.

Please review *“How to Respond to an El Dorado County Grand Jury Report,”* a separate document included with this report.

The following responses are required in accordance with California Penal Code §933 and §933.05:

- Members of the Board of Supervisors – F1/R1
- County Auditor-Controller – F2/R2, F3/R3, F4/R4, F5/R5, F6/R6
- Chief Administrative Officer – F6/R6