



**Mecklenburg County
Department of Internal Audit**

Department of Social Services Mecklenburg Transportation System
Time Reporting Investigation Follow-Up Audit
Report 1465

April 9, 2014

**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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Acknowledgements**

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Danielle Taylor, CFE, CRMA

**Obtaining Copies of
Internal Audit Reports**

This report can be found in electronic format at
<http://charneck.org/mecklenburg/county/audit/reports/pages/default.aspx>



MECKLENBURG COUNTY
Department of Internal Audit

To: Dena Diorio, County Manager

From: Joanne Whitmore, Director, Department of Internal Audit

Date: April 9, 2014

Subject: Department of Social Services Mecklenburg Transportation System Time Reporting Investigation Follow-Up Audit Report 1465

The Department of Internal Audit completed follow-up procedures on reported issues from the Department of Social Services Mecklenburg Transportation System Time Reporting Investigation Report 1288 issued July 18, 2012. The objective of the follow-up review was to determine with reasonable, but not absolute assurance, whether management took effective and timely action on the issues presented in the audit report.

Internal Audit interviewed key personnel, observed operations, reviewed written policies and procedures and other documents, and tested specific transaction activity where applicable. Internal Audit conducted this audit in conformance with The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.

RESULTS

As noted in the following **Follow-Up Results** section, there were ten recommendations in the Department of Social Services Mecklenburg Transportation System Time Reporting Investigation Report 1288. Internal Audit has determined five recommendations were fully implemented, two recommendations have been partially implemented, and three recommendations remain open.

Management indicates the recommendations are partially implemented or open due to management restructuring, competing priorities or the availability of system solutions. Their intention is to fully implement the recommendations by August 2014, and you have accepted this date.

Internal Audit will conduct a follow-up review at a later date to verify the open and partially implemented recommendations are fully implemented and working as expected.

The cooperation and assistance of the Department of Social Services staff are recognized and appreciated.

- c: Deputy County Manager
- Assistant County Managers
- Deputy County Attorney
- Senior County Attorney
- Board of County Commissioners
- Audit Review Committee
- Director, Department of Social Services

Follow-Up Results
Department of Social Services Mecklenburg Transportation System Time Reporting Investigation Report 1288

- **Fully Implemented** – The audit issue has been adequately addressed by implementing the original or alternative corrective action (X).
- **Open/Partially Implemented** – The corrective action has been initiated but is not complete (P) or the audit issue has not been addressed but management fully intends to address the issue (O).
- **Not Implemented** – The audit issue has not been addressed and management has assumed the risk of not taking corrective action (NI).
- **Withdrawn** – The audit issue no longer exist because of changes in the auditee’s operation (W).

Issue	Risk Observation	Recommendation	Corrective Action Taken			
			Fully Implemented	Open/Partially Implemented	Not Implemented	Withdrawn
1	<p>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.</p> <p>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.</p> <p>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.</p>	<p>A. Ensure supervisors conduct a pre-payroll review using available data such as staff leave requests and calendar information.</p> <p>In addition, management should comply with County policy and conduct a post-payroll review.</p> <p>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.</p> <p>Management should document their approval for all myHR and Acroprint entries and adjustments made by supervisors.</p>	X	P		
			X			
			X			

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	<p>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.</p> <p>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.</p>	<p>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.</p>	X			
2	<p>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.</p>	<p>A. Work with the Acroprint vendor to determine if controls can be put in place to prevent deletion of the audit trail.</p>		O		

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	<p>Therefore, it was not possible to identify and verify the appropriateness of all manual entries.</p> <p>B. Acroprint administrative access was not limited to only those that required it for the execution of their job duties.</p> <p>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.</p> <p>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.</p>	<p>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.</p>	X			

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	<p>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.</p> <p>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.</p>	<p>C. Restrict staff from making Adept system changes without documented MTS Unit management approval.</p> <p>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.</p>		O		
3	<p>Policies and procedures are absent for the following activities:</p> <ol style="list-style-type: none"> 1. KEYper data entry edits 2. Planned and unplanned benefit time use 3. Restricted/modified duty time 	<p>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</p>		O		

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	<p>reporting</p> <p>4. Donated time use</p> <p>5. Acroprint database administration, including access and data adjustments</p> <p>6. Adept data adjustments</p> <p>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.</p>	<p>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.</p>				