A Report
to the
Board of
Supervisors

Compliance Audit

Sheriff's Office Payroll

Review of Sheriff's Office Payroll, Premium Pay, and Leave Time

May ■ 2007

Maricopa County Internal Audit Department

Ross L. Tate
County Auditor

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May 11, 2007

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We have completed our review of the Maricopa County Sheriff's Office (MCSO) Payroll, which was performed in accordance with the annual audit plan approved by the Board of Supervisors. The specific areas reviewed were selected through a risk-assessment process.

Highlights of this report include the following:

- Overtime and shift differential expenditures have significantly increased MCSO personnel costs
- Payroll timekeeping control weaknesses and inconsistencies create the potential for employee fraud, abuse, and fines for non-compliance with the Fair Labor Standards Act
- Special Work Assignments lack documentation to support justification and are not managed to assure compliance with policy
- Lack of consistent family medical leave accruals and documentation to comply with the Family Medical Leave Act of 1993 increase risks of abuse and legal action

This report contains an executive summary, specific information on the areas reviewed, and MCSO and Office of Management and Budget responses to our recommendations. We reviewed this information with MCSO and appreciate the cooperation provided by management and staff. If you have any questions, or wish to discuss the information presented in this report, please contact Richard Chard at 506-7539.

Sincerely,

Ross L. Tate

Ross L. Tate
County Auditor

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Executive Summary

Premium Pay (Page 4)

MCSO premium pay increased over 650 percent over a recent four-year period. Overtime has increased in spite of hiring additional personnel. Reasons for the increase are complex and varied. Consistent with the MCSO policies for controlling overtime, MCSO management should strengthen controls and develop a formal plan to reduce premium pay costs.

Payroll Timekeeping (Page 11)

The Maricopa County Sheriff's Office has not established adequate supervision and effective controls over its payroll processes to comply with the Fair Labor Standards Act, with payroll documentation and calculation requirements, and with the Maricopa County Sheriff's Office internal policies. These control weaknesses and inconsistencies create the potential for employee fraud and abuse and for fines for non-compliance with laws. Management should review applicable laws and regulations and establish effective procedures for compliance to reduce County liability and to improve efficiency of available staff resources.

Special Work Assignments (Page 15)

The Maricopa County Sheriff's Office lacks effective procedures to ensure county Special Work Assignments comply with county policies and compensation plans. Inconsistent and inaccurate documentation affects financial management and creates the potential for errors and abuse. The Maricopa County Sheriff's Office should develop and monitor policies, controls, and documentation standards for Special Work Assignments to ensure compliance with County policy.

Disability Leave (Page 19)

The Maricopa County Sheriff's Office has not obtained required Certificates of Health Care Provider, or other medical provider notes, on a timely basis for applicable personnel leaves. Accruals to monitor family medical leave are not input and tracked effectively to ensure compliance with the Family Medical Leave Act, which may lead to employee leave misuse. The Maricopa County Sheriff's Office should improve timeliness and follow-up of employee disability tracking.

Performance Measures (Page 22)

We examined six Managing for Results key results performance measures and concluded that the Maricopa County Sheriff's Office data collection procedures are reliable and key results are accurately reported for three of six measures. We could not certify the other three measures because supporting data was missing or not accessible.

Introduction

Background

This report summarizes our limited-scope compliance audit covering Maricopa County Sheriff's Office (MCSO) payroll processes. In FY06, personnel expenditures totaled approximately $200 million, or 85% of total MCSO expenditures. With over 3,300 MCSO employees serving MCSO, payroll operations have inherent risks that may create a potential for fraud, waste, and abuse.

MCSO's payroll processes include the following features:

- A payroll supervisor and three assistants report to the Financial Services Commander
- 125 employees across 75 divisions are trained as timekeepers
- Time keeping and posting to the County's PeopleSoft system is a complex, manual process
- Timekeepers are responsible for clerical input of timesheet data, but not for adherence to policy, which is a management and supervisory responsibility

Definitions

Special Work Assignment (SWA) allows an employee's base pay rate to be temporarily increased to a higher rate due to the employee's assignment to the additional duties of another position. An employee's base rate may also be increased due to an employee's assignment to a major project or higher level responsibilities for a defined time period. Special Work Assignments are subject to the Compensation Plan and County policy requirements.

The Family Medical Leave Act of 1993 (FMLA) allows eligible employees to take job-protected Family Medical Leave (FML), or to use available paid leave, for up to 12 work-weeks in a twelve month period for FMLA qualifying events. Per the County leave plan, FML is consistent with statutory provisions related to "sick" leave. FML may not be used for routine visits to a health care provider unless the visit is for a serious condition, which must be documented. The use of FML for a qualifying family leave purpose shall be limited to employee's twelve week entitlement under the FMLA.

Statutory Authority

In conducting this audit, Internal Audit relied primarily on the following authoritative work which served as criteria for the audit:

- Fair Labor Standards Act, which regulates wage and overtime payments and classification of employees eligible to receive overtime payments
- Family Medical Leave Act of 1993, which protects an employee's regular job for up to 12 work-weeks in a 12 month period

- County Compensation Plan, which defines and sets guidelines for Special Work Assignments
- County Administrative policies, which provide standards and practices to concur with laws and regulations, to supplement them, or advance, or protect County and employee interests
- MCSO policies and procedures, which provide department adopted standards and practices for its internal operations
- America Institute of Certified Professional Accountants (AICPA) guidelines and best practice standards

Scope and Methodology

Our audit scope primarily covered payroll and related salary transactions for fiscal years 2004 through 2006. The majority of our testing was done by judgmental selections, with the exception of the time sheet testing. Time sheets were selected based on percentage of staffing and payroll register volume.

The objectives of this audit were to determine if:

- Employee premium and exception pay rates are accurately calculated and applied
- MCSO has effective controls over payroll processing and related activities to ensure compliance with federal, state, and local statutes and guidelines
- Special Work Assignments are properly authorized, calculated, documented, and controlled to comply with the County Compensation Plan and policies
- Disability documentation is obtained as required and leave accrual time is recorded accurately and timely to ensure compliance to policies
- MCSO key performance measure data is accurate, reliable, and valid so that adequate planning and budgeting decisions can be made

We conducted this audit 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.

Issue 1 Premium Pay

Summary

MCSO premium pay increased over 650 percent over a recent four-year period. Overtime has increased in spite of hiring additional personnel. Consistent with the MCSO policies for controlling overtime, MCSO management should strengthen controls and develop a formal plan to reduce premium pay costs.

MCSO Premium Pay Trends and Practices Suggests a Need for Better Management

MCSO policies direct that overtime pay should be held to a minimum, incurred only when necessary, and compensated only when approved before being worked. We noted premium pay trends and practices that appear contrary to the effective management of overtime and other premium pay costs. The following findings highlight trends and practices we believe MCSO should address to improve management of premium pay costs:

- Premium pay has increased more than 650 percent in the last four years
- Overtime has increased in spite of hiring additional personnel
- MCSO does not have an effective plan to manage overtime costs
- MCSO implemented increased shift differential rates without Board of Supervisor approval
- Alternate scheduling practiced by other law enforcement agencies may provide opportunities for reducing overtime

Premium pay expenditures significantly increase operating costs which contribute to personnel expenditures exceeding 80 percent of the entire MCSO budget. These costs also increase the County's retirement contributions.

Causes of overtime increases are complex and varied. Determining and validating the causes of the overtime cost trend requires a significant allocation of time and expertise that is beyond the scope of this audit. We believe additional analysis to identify the specific causes and related costs of escalating overtime should be performed. However, our findings point to numerous factors that contribute to the trend, including:

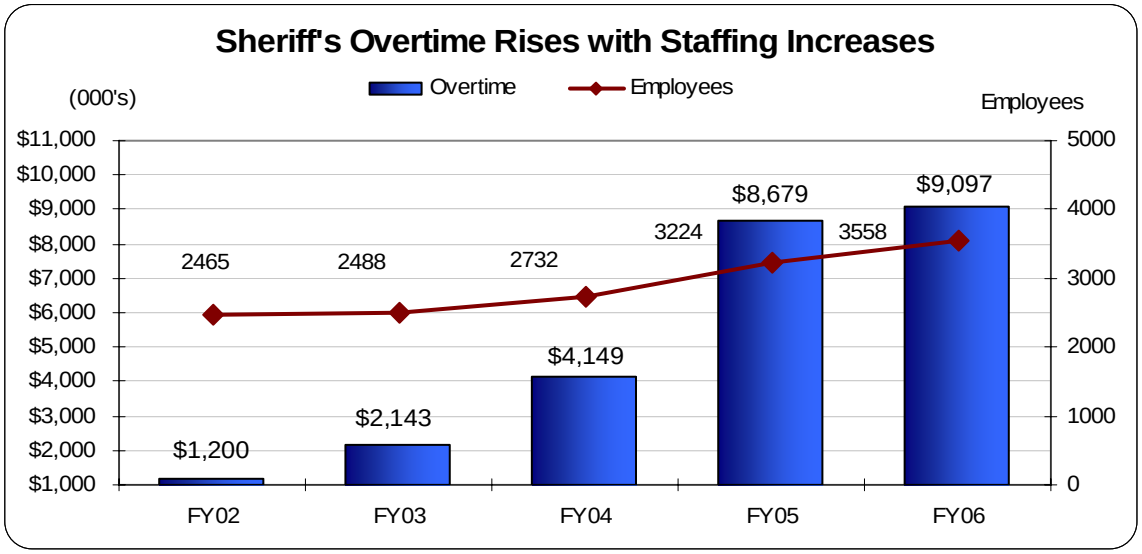
- MCSO employees routinely recorded time as overtime prior to working 40 hours in a work week. The Fair Labor Standards Act specifies that overtime be paid once hours exceed 40 in a work week rather than for hours worked in day.
- In many cases, MCSO management approves timesheets prior to the end of pay periods, leading to a potential lack of knowledge of overtime worked.
- Certain high-salary detention and investigation division lieutenants and captains are classified as non-exempt, resulting in increased overtime costs.
- Although MCSO has experienced understaffing, the ratio of staff to inmates has remained generally stable, meaning that the understaffing by itself would not account for the overtime trend.

- In some cases, it appears MCSO staffing practices for briefings increase overtime that might otherwise be avoided.

These factors are specifically described in the following paragraphs.

Premium Pay Escalates More than 600 Percent

MCSO personnel expenditures, for fiscal years 2004 through 2006, account for an average 82.5 percent of the entire MCSO budget. Overtime and shift differential are major contributory factors, significantly impacting the MCSO operating cost. Overtime increased 658 percent from fiscal years 2002 through fiscal year 2006. Shift differential increased 613 percent between fiscal year 2004 and 2006. In addition to the departmental impact, these premium payments increase the County's retirement contributions of 8.6 percent for Arizona State Retirement System and 15.25 percent for Public Safety Retirement employees, respectively. Premium payment practices may adversely affect employees who have become dependent on them, if the premium rates cease. Other employees, ineligible for premium payments, may consider premium payment opportunities an inequity which may affect employee retention.



MCSO overtime has increased 658 percent since FY2002 and overtime continues to increase even with additional staff hired.

Overtime Increases In Spite of Additional Staff

MCSO's overtime, which does not include shift differential costs, has increased an average of 72 percent annually since 2002, despite hiring additional full time staff to accommodate the increase in inmates. Generally speaking, when staffing increases, overtime decreases. However, as shown below, this has not been the case with MCSO:

- MCSO's budgeted full time equivalent staff (FTEs) increased 44 percent from 2,465 to 3,558 employees over five years
- Inmate population increased 29 percent from 7,555 to 9,733 inmates
- MCSO FTE vacancy rates ran between 12 and 15 percent in fiscal years 04 through 06
- The staff-to-inmate ratio was stable at ranges between .30 and .35 staff to inmates

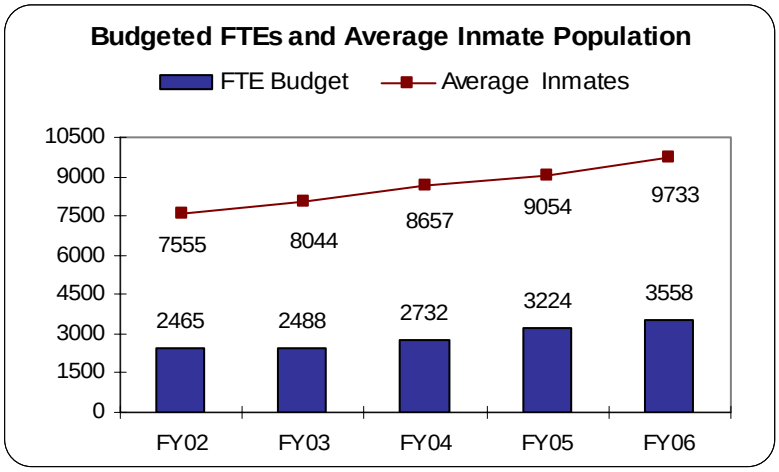
The following table shows the overtime costs, the percent of overtime increase, and the budgeted FTEs for the past five fiscal years, along with hire and termination data.

MCSO Overtime Costs and Percentages Shown with Staffing Information					
Fiscal Year	Overtime Expenditures	Percent of Annual Overtime Increase	Budgeted FTES	Hires **(1)**	Terminations **(2)**
FY2002	$ 1,199,638	--	2,465	Not Available	Not Available
FY2003	$ 2,141,943	78.6 %	2,488	Not Available	Not Available
FY2004	$ 4,149,214	93.6 %	2,732	333	242
FY2005	$ 8,679,281	109.2 %	3,224	588	387
FY2006	$ 9,096,679	4.8 %	3,558	491	485

(1) Hires represent new employees, hired in the fiscal year to replace or fill vacancies, who remain on the current MCSO staffing list. Hires include 42 individuals who terminated and were later rehired.

(2) Voluntary and involuntary terminations exclude retirement.

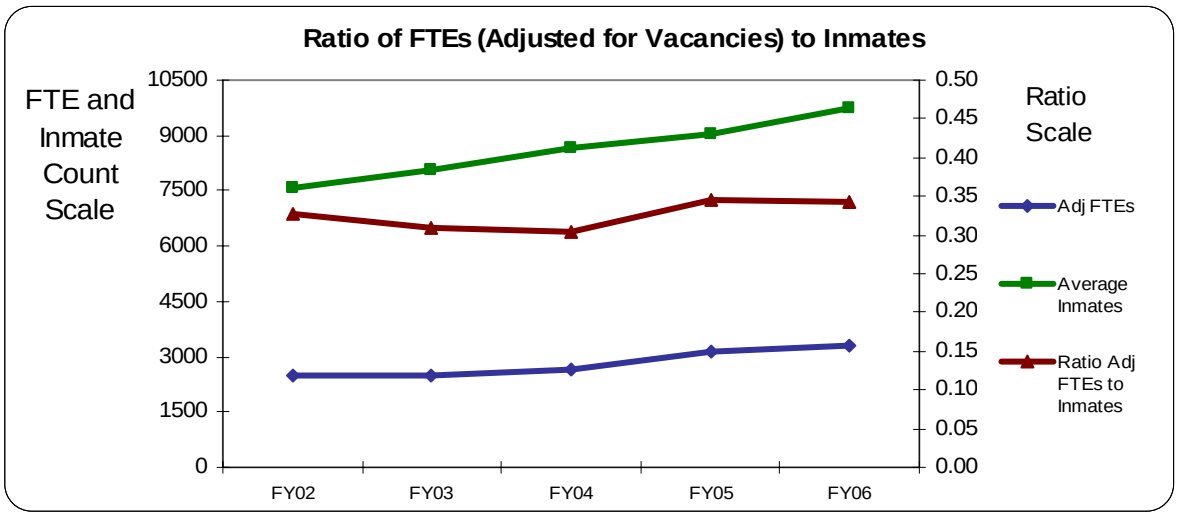
The following tables and charts illustrate several trends related to FTEs, average daily inmate population increases, and percent increases for budgeted FTEs and inmates. A chart also shows the ratio of the budgeted FTE percentage increase compared to average inmate population percentage increase.



This chart shows the increases in budgeted FTEs and Average Daily Inmate Population for five years.

Budgeted FTEs have increased 44% while the Average Daily Inmate Population has increased 29%.

The chart below shows that the ratio of FTEs to inmates has remained relatively stable over the past five years.



MCSO incurs a large portion of overtime in its custody command (which includes jails) and in its investigation and enforcement divisions. Ten to fifteen of the MCSO departments account for 70 percent of overtime cost. In addition, some divisions or groups have been combined or shifted which skews trending. The first two items shown in the following table illustrate this issue. Management did not have detail to fully explain the overtime variables in these divisions during the audit. Data was obtained from MCSO records based in the County financial system, but Internal Audit did not validate individual postings or make-up of the totals.

Highest Overtime Users (Cost)	FY04	FY05	FY06
Department	**Total $**	**Total $**	**Total $**
Custody Command	--	--	$ 1,506,822
MCSO Centralized Cost	--	$ 231,745	$ 926,178
Madison Street Jail	$ 648,779	$ 1,555,476	$ 518,894
Estrella Jail	$ 604,611	$ 1,195,376	$ 284,850
4th Avenue Jail	--	--	$ 226,770
Special Projects Tents	$ 336,170	728,748	--
Highest Users Totals	$ 3,140,390	$ 6,360,151	$ 6,364,080
Combined Highest User % of Total OT	75.7%	73.3%	70.0%

This table illustrates overtime use by some of MCSO's highest user sections. Custody Command incurred $1.5 million in overtime and Centralized Cost had a significant increase to $926,178 over the prior year.

Management Has No Effective Action Plan to Reduce Overtime

MCSO finance runs premium pay total reports after each pay period totals. However, post run-reviews do not appear to address causes and accountability for overtime, and efforts to improve line management accountability have not been advanced and enforced. Effective line management controls and supervision to limit or reduce overtime to comply with MCSO minimum overtime internal policy have not been implemented. As an example, supervisors do not always sign time sheets at the end of pay periods and may be unaware of overtime added after approval. (See Issue 2 Payroll Timekeeping)

Another factor potentially affecting MCSO and overtime accountability is that 43 percent of MCSO employees are not working in their budgeted departments. MCSO confirmed that employees are frequently transferred between divisions, often without notice to applicable management, especially among detention facilities. Since MCSO's FTEs are not tracked in job locations, effective allocation and FTE usage may not be accurately reflected.

Written Approval for Increased Shift Differential Not Obtained

MCSO's differential expenditures for the past three years represent a 613 percent increase between fiscal years 2004 and 2006 totals: FY04 - $577,000, FY05 - $1.9 million, and FY06 - $4.1 million (estimated). The cause of the differential increase is largely attributable to a specific event.

MCSO secured a verbal agreement from the Office of Management and Budget (OMB) in December 2004 to use the higher healthcare shift differential payments, 8 percent for Shift 2 and 13 percent for Shift 3, in lieu of standard rates. This was done without written OMB or Board of Supervisor approval. On verbal approval, MCSO immediately implemented rates for pay period ending 1/1/05, and MCSO applied the new rates department-wide. This was confirmed by our timesheet review.

OMB confirmed its error for failing to obtain written Board approval for exception rates. This error was addressed in 2006 when OMB discovered that other County departments were also using the higher differential rates. A Board agenda item was approved in 2006 to ratify past higher differential use and provided for a transition period to the correct rates.

Shift Differential Impact

The use of the higher 8 and 13 percent rates caused an estimated increase of $3.1 million in FY06 when compared to the estimated cost using authorized rates of .50 and .75 cents per hour. These expenditures were compounded by shift overtime paid at 12.5 and 19.5 percent (time and one-half times the higher rates) and by the Shift 3 differential rate paid to Shift 1 employees who came in 15 minutes early (6:15am instead of 6:30am) to attend weekly briefings. The Shift 1 employees were paid this rate even though they had not completed four hours work in the shift, a general requirement for shift payment.

The following table summarizes payments at the higher rates and the recalculation at standard rates, along with the variance. Estimated annual differential expenditures are also shown.

SHIFT DIFFERENTIAL RATE ANALYSIS (TWO PAY PERIODS)				
Shift Codes (Actual Shift)	Healthcare Rate Used by MCSO	Total $ Paid at Healthcare Rate	Total $ if Standard Rate Used	Variance
SH3 (Shift 2)	8%	$ 142,079	$ 50,030	$ 92,049
SO3 (Shift 2 OT)	12%	$ 10,398	$ 3,614	$ 6,784
SH4 (Shift 3)	13%	$ 194,685	$ 63,104	$ 131,581
SO4 (Shift 3 OT)	19.50%	$ 13,307	$ 4,357	$ 8,951
TOTAL		**$ 360,470**	**$ 121,105**	**$ 239,365**
Extrapolated FY Estimate		$ 4,686,106	$ 1,574,362	$ 3,111,744
Potential cost reduction using standard rates			**$**	**3,111,744**

This table reflects MCSO's cost for using premium pay exception rates that did not have written Board of Supervisor approval for their department and the potential savings had the standard premium shift rates been used.

Based on calculation shown above, if MCSO had used standard rates, their FY06 estimated differential cost of $4.6 million would have been reduced by the $3.1 million savings. Their actual cost would have been $1.5 million. Furthermore, the $1.5 million would also have been lower than the FY05 total of $1.9 million. (NOTE: Any variance in estimates may be affected by calculations and payments in actual pay period reporting.)

Alternatives to Reduce Premium Pay

MCSO management does not appear to have considered staggered or overlapping shifts, or other alternatives, to reduce premium costs and cover an essential job requirement, such as briefings. We completed a benchmark against three other Arizona counties and the Arizona Department of Corrections (AZ DOC) for shift differential and briefing information. The results follow:

- Three agencies have overlapping and staggered shifts that help manage costs
- A non-Arizona agency, with employees operating on a contract basis, has an 8.25 hour-defined shift in order to cover daily briefings without the payment of overtime
- Four agencies hold briefings every day, on every shift, and built them into schedules
- Two agencies surveyed have shift differentials of 3-4 percent, while the Arizona Department of Corrections reported no shift differential is paid

BENCHMARK RESULTS FOR SHIFT TIMES AND DIFFERENTIAL PAID					
SHIFTS or DIFFERENTIAL	**MARICOPA AZ**	**PIMA (Jails) AZ**	**CLARK NV**	**MULTNOMAH OR**	**AZ DEPT OF CORRECTIONS**
SHIFT 1	6:30am-2:30pm	9:40 pm-8:40 am	6:00am-6:00pm	7:15am-3:30pm	6:00am-2:00pm
SHIFT 2	2:30pm-10:30pm	7:00am-3:00pm	6:00pm-6:00am	3:15am-11:30pm	1:20pm-9:20pm
SHIFT3	10:30pm-6:30am	2:20pm-10:20pm	NA	11:15pm-7:30am	8:40pm-6:40am
SHIFT 2 DIFF	8%	Not Reported	4%	3%	None
SHIFT 3 DIFF	13%	Not Reported	N/A	4%	None

RECOMMENDATIONS

MCSO should:

A. Engage auditors or consultants to analyze and define specific causes of escalating overtime costs.

B. Develop an action plan to effectively monitor and reduce escalating premium pay costs.

C. Implement stronger controls at management and division levels over the use and pre-approval of overtime.

D. Review actual staffing, FTE allocations and workload volumes, at specific high volume premium pay locations and develop staggered, overlapping, or alternative shifts to decrease premium pay costs, especially in detention facilities.

E. Obtain written approval from appropriate authority when requesting and using exception premium rates.

OMB should:

A. Ensure that all cost and expenditure actions, or exceptions, comply with County policy and have Board of Supervisor approval prior to approval for County departments.

Issue 2 Payroll Timekeeping

Summary

MCSO has not established adequate supervision and effective controls over its payroll processes to comply with the Fair Labor Standards Act (FLSA), with payroll documentation and calculation requirements, and with MCSO internal policies. These control weaknesses and inconsistencies create the potential for employee fraud and abuse and for fines for non-compliance with laws. Management should review applicable laws and regulations and establish effective procedures for compliance to reduce County liability and to improve efficiency of available staff resources.

Manual Timekeeping and Payroll Volume Create Opportunities for Abuse

MCSO does not adhere to Fair Labor Standards Act provisions related to overtime; lacks effective controls over payroll processing and timekeeping; and lacks consistent enforcement of time sheet policies, overtime pay, and differential payments. MCSO does not track personnel usage in budgeted divisions, and has not effectively addressed scheduling options to manage premium payments that escalate operational costs.

We reviewed 332 individual time sheets for reported time accuracy in processing and payments. Staff members were interviewed for processing information.

MCSO has implemented some payroll controls, including a 100 percent biweekly review of time input. However, control weaknesses and inconsistencies exist in documentation, reporting, and payment of employee compensation.

- Employees often record pay period work hours on time sheets at the beginning of the pay period. Supervisors and employees frequently sign and approve the time sheets early in the pay period before all working hours are recorded. If employee time is approved early, supervisors may be unaware of adjustments made for unscheduled hours, overtime, or shift time worked after their approval.
- Timekeepers override defaulted system time to input actual hours. The override feature provides the ability to change time without approval. Due to employee volume and in order to meet payroll deadlines, some timekeepers enter hours from pre-completed time sheets before the hours are worked and approved, which increases the probability of reporting errors.
- White out liquid and manual changes are used to correct time sheets, but corrections are not always initialed. MCSO issued an official bulletin authorizing white out on time sheets. White out compromises the validity of the time sheets, which MCSO uses as their original time record. The MCSO payroll department understood this was a violation of best practices, but had no input on the policy issued. Audit discussed the issue with MCSO management who recognized the serious control weakness and had the policy revoked.

Time sheets disclosed almost no employees recording early or late in or out times. Of the 332 items sampled, only 4 time sheets reflected early or late arrivals or departures, excluding the early sign-in for briefings. Lack of effective supervisor oversight can lead to routine, scheduled time log-in in lieu of actual work time.

Statistical results identified for the timekeeping process, documentation, and control weaknesses are noted in the table that follows.

DOCUMENTATION ERRORS		
Error Count	Error Percentage	Finding
179	53.9 %	Employee did not sign timesheet or signed prior to recording all work
144	43.4%	Employee not working in budgeted org
130	39.2 %	Supervisor approved timesheet prior to all employees' work hours being recorded
109	32.8 %	White out used to alter work hours and/or no initials on white out
26	7.8 %	No initials for altered work hours
10	3.0 %	Employee timesheet not on file or leave slips submitted 6 months after leave and missing approvals
8	2.4 %	No timekeeper signature for hours input to payroll system

This table shows the number, percentage, and type of documentation errors found on employee time sheets

We selected a sample of personnel files for Personnel Actions Forms (PAFs) to document salary actions for 45 employees and we noted these results:

- Six PAFs were missing for pay increases other than annual increases or market adjustments or had approval signatures dated after the effective date of increase
- In lieu of PAFs, five employees had annual evaluations without salary rates noted or had employee acknowledgement forms that noted a new pay rate

Incorrectly Reported Employee Time Resulted in Payment Calculation Errors

Overtime, shift differential, and shift overtime payments did not always comply with Federal laws and/or County policy. The Fair Labor Standards Act (FLSA) requires overtime payments for hours worked in excess of 40 hours a week; not for exceeding eight hours per day. MCSO employees routinely recorded work as overtime before working 40 hours in a work week. For example, an employee worked an unscheduled day early in a week before completing 40 hours and noted it as overtime. If the employee was on the second or third shift and had recorded it as overtime, the timekeeper input time would record the shift hours and shift overtime, which is incorrect. The employee was not entitled to overtime unless he had previously worked 40 hours.

MCSO policy states shift differential is paid if employees work at least four hours in the shift. In Issue 1 we addressed MCSO first shift employees being paid 15 minutes for third shift differential to attend weekly briefings. This violates MCSO internal policy. Compounding the issue, not all briefings were recorded consistently on time sheets and, therefore, were not paid consistently. Shift differential errors were further compounded by MCSO use of higher shift differential rates used. (See Issue 1 Premium Pay)

The results of our testing for accuracy of time recording and payment calculation are shown in the table below. These errors were not quantified for dollar impact as the majority of the dollars fall into Premium Payment Issue 1 previously discussed. The individual errors found were provided to MCSO for action they deemed appropriate.

CALCULATION ERRORS		
Error Count	Error Percentage	Finding
84	25.3 %	Overtime reported prior to completion of 40 hours in work week
38	11.4 %	Shift differential paid for briefings; non-compliance to MCSO policy
18	5.4 %	Shift 2 time calculated incorrectly (Code SH3)
22	6.6 %	Shift 2 overtime calculated incorrectly (Code SO3)
24	7.2 %	Shift 3 time calculated incorrectly (Code SH4)
17	5.1 %	Shift 3 overtime calculated incorrectly (Code SO4)
4	1.2 %	Regular hours calculated incorrectly

This table shows the number, percentage, and type of calculation errors found on employee time sheets

MCSO Payroll Audit and Delivery

MCSO established an audit process to verify timekeeper input of time worked. In the week following payroll, clerks perform a 100 percent quality assurance review verifying accuracy of timekeepers' input of employee time into PeopleSoft. The review identifies missing leave slips, and processing adjustments for errors detected, and can potentially detect timekeeper input errors and catch missing documentation. However, the review does not verify if time, overtime, and shift payments were appropriately recorded and correctly paid.

MCSO has not taken action to address alternatives to MCSO payroll distribution. MCSO payroll clerks receive pay checks/stubs and spend an entire day sorting the checks/stubs by employee work locations. The sort is affected by employee location changes. When employees working in other than their budgeted departments are moved, payroll is not notified of changes in a timely manner, causing increased distribution issues for Payroll. Payroll delivery to multiple locations is handled by MCSO couriers who document chain of custody.

County May Risk Fines or Other Impact for Compliance Violations

The County is at financial or legal risk for non-compliance or violation of Federal codes governing employee compensation, payroll records, and documentation. The County may risk fines, litigation, turnover, and poor employee job performance if employee compensation is inaccurate. Lack of effective supervision over timekeeping and reporting may increase the risk of fraud and collusion between employees. The County may be losing productive time and creating safety and health issues among its own employees.

Recommendations

MCSO management should:

A. Review the Fair Labor Standards Act and provide managerial, timekeeper, and employee training to comply with its guidelines related to recordation and payment of overtime. Review the Fair Labor Standards Act and County policies for exempt and non-exempt guidelines and ensure classifications are appropriate to employee positions.

B. Review and enforce policies requiring employees to record hours worked on a daily basis and sign time sheets after all hours are worked. Enforce supervisor review and approval of time worked as close to the end of the pay period as possible, allowing for timekeeper input to meet payroll deadlines. Ensure all original source documents for payroll, including time sheets, leave slips, and Personnel Action Forms, are on file as applicable.

C. Revoke the policy allowing use of white out on original documents, including time sheets, and enforce a policy of initialing all changes to time sheets by both employees and supervisors.

D. Consider establishing a program/schedule to complete periodic detail reviews of employee time recorded and paid to detect potential payment errors and non-compliance to policies. Alternating the 100 percent timekeeper input review with detail reviews may detect and isolate significant payroll payment issues.

E. Consider eliminating day-long sorts and distribution of pay stubs and provide employees' training for on-line pay stub accessibility to make time available for more productive activities.

Issue 3 Special Work Assignments

Summary

MCSO lacks effective procedures to ensure county Special Work Assignments (SWA) comply with county policies and compensation plans. Inconsistent and inaccurate documentation affects financial management and creates the potential for errors and abuse. MCSO should develop and monitor policies, controls, and documentation standards for Special Work Assignments to ensure compliance with County policy.

MCSO Special Work Assignments Are Not Always Identified

We requested SWA lists from MCSO and from the County Office of Management and Budget (OMB) as Special Work Assignments which extend beyond the current fiscal year-end require OMB concurrence. Lists received disclosed lack of definitive and consistent SWA information between MCSO and OMB.

- OMB provided a 6/30/06 list, followed by an updated 7/13/06 list prepared for the current budget year. Their final list reflected 100 MCSO employees on SWA
- The MCSO 8/8/06 list showed 122 employees, 89 employees on active SWA and 33 employees identified as removed at the beginning of July 2006

The MCSO and OMB count mismatch identified immediate discrepancies. Additional review would prove that neither list was accurate or complete.

Ineffective Management Controls and Untimely Process Create Risk

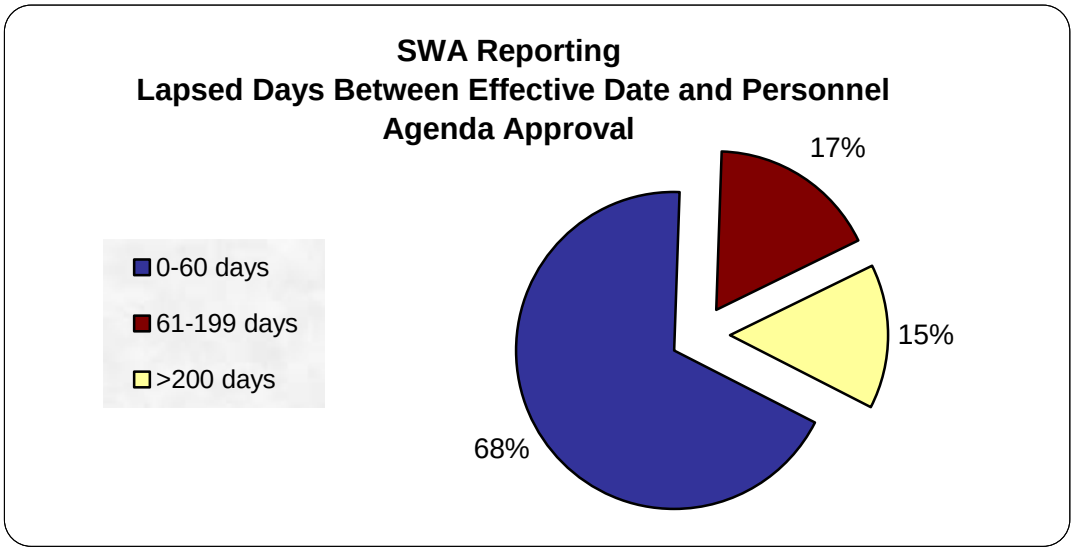
Seventy-five of an estimated 100 MCSO employees on SWA were judgmentally selected for calculation testing. MCSO maintains employee personnel files which include evaluations, Personnel Action Forms (PAF), and SWA requests and renewal information, which were reviewed for 43% of the test population. We also reviewed Personnel Agenda items for approvals and accuracy of effective dates.

Our SWA review disclosed major control weaknesses that contribute to MCSO's Personnel expenditures and create the potential for abuse and errors. MCSO management acknowledged that supervisors failed to communicate SWA assignments on a timely basis, which delayed reporting to the Office of Management and Budget (OMB) and the Board of Supervisors. This weakness results in retroactive salary actions and adjustments which negatively impact budget projections and forecasts.

The detailed SWA and related control weaknesses are described below:

- Audit testing found SWA reporting delays of up to 541 days on 135 items. PeopleSoft entries reviewed for employees on SWA confirmed that entries were processed retroactively, broken down as follows:

- 32 percent of all SWA assignments were reported and approved retroactively more than 60 days after effective date, with
  - 17 percent reported between 61 and 199 days retroactive
  - 15 percent were reported 200 to 541 dates retroactive



This chart shows the percentage of Special Work Assignments that MCSO reported late to the Board of Supervisors for which salaries were paid retroactively

- Salary actions/corrections were not always processed or not processed in a timely manner
  - 12 of 17 (71%) pay corrections in the sample were processed 42 to 217 days late in the County payroll system (PeopleSoft), indicating errors are not immediately detected or corrected
  - Personnel Action Forms were not on file for 18 salary actions and several items had signatures after the effective dates of transactions
- Of 123 SWA requiring annual renewals, 65 (53%) extended beyond current fiscal year-end without OMB concurrence, and exceeded twelve months without written concurrence and renewal by the Appointing Authority, the employee, and Human Resources
- MCSO documentation for SWA does not always match from one source to another. The MCSO 8/8/06 SWA list revealed that effective SWA dates did not always match other source documentation, such as Personnel Agendas or PeopleSoft. Also, employees listed as returned from SWA in one source, had later Personnel Agenda items showing raises including SWA amounts.
- MCSO did not effectively monitor the Management Assignment (MAI) program, and OMB confirmed they did not track and monitor it either. MAI are limited to Board of Supervisors-approved career paths and were intended as non-permanent assignments to a

management role, accompanied by increases, in preparation for future management positions.

MCSO file documentation does not differentiate between Management Assignments (MAI) and SWA. Some MAI employee assignments have been shown as SWA on a continuing basis; these employees should have been classified as MAI and tracked as Career Path Step Plan program employees. Because these employees were apparently on steps plans for salary, the inclusion of continuing SWA amounts may have resulted in higher rates of pay.

- MCSO uses Salary and Position Record Sheets ("Vital Cards") for the sequential, historic overview of employees' position, transfers, and salary action history, including SWA details. These cards create a significant risk because MCSO uses them as a primary source of information. Our audit revealed these related risks:
  - MCSO management stated these cards are provided to the Sheriff and Deputy Chiefs when promotions or other actions are being considered
  - Information is not always entered on cards or entered consistently, and may not match MCSO Personnel files or the PeopleSoft system; cards may not have correct information and updates
  - White out is used on cards and there are no initials for changes (53 instances)
  - These cards are hand-typed and represent an old, manual form of record keeping used by the County prior to Human Resource Systems being installed. Anyone in Personnel Services can write to the cards which provide no source to track employees who made the entries, or approving supervisors.

SWA Calculations Are Not Consistent, Accurate, and Well-Documented

Lack of consistency in SWA preparation and the use of outdated methods for recordation of SWA documentation and calculation were noted throughout the review. The Personnel Services Manager stated SWA, promotions, and transfers may be entered on Vital cards prior to Board approval.

- SWA calculations have errors resulting from use of wrong salary base rate and/or being performed on salaries including SWA amounts, rather than salary base rate. Our testing could verify documented accuracy for only 34 of 75 employees' multiple SWA related salary advances as correct, based on available documentation and calculations.
- Employee personnel files do not document detail SWA calculations to enable validation and verification of SWA and related salary calculations. Calculation detail (e.g., spreadsheet, tapes, and salary base rates) is not maintained. Information on Vital cards does not detail calculation methodology and it appears that some SWA calculations have been completed by backing into approximate base rates or SWA amounts, as prior calculation data was lacking.
- Our calculations for six employees on SWA, with apparent calculation errors, were given to MCSO for recalculation and explanation. We requested additional verification and supporting documentation from MCSO. MCSO's response lacked additional effective supporting documentation.

MCSO's response also acknowledged that Vital Cards did not have some information related to salary changes and corrections. Further explanations included comments that "there were many issues with one employee's data," regarding for an employee who had several pay corrections, but for whom data did not match system documentation. Another comment stated "the percentage indicated on the Vital card was typed incorrectly based on incorrect information on OMB market study sheet, however, the person received the correct dollar amount for percentage in range strategy."

MCSO's response failed to note that the error for one employee was due to posting a salary action prior to posting an SWA assignment, when the SWA effective date was prior to the salary action. We verified the effective SWA date accuracy in three other locations, including the BOS approved Personnel Agenda. MCSO also provided three differing explanations for how consecutive raise amounts for one employee were calculated. We noted the fourth explanation identifies a salary base rate that did not result from any of the other prior calculations, and MCSO noted "person was underpaid."

Recommendations

MCSO should:

A. Develop and monitor internal written policies, procedures, and controls to accurately submit, calculate, approve, and document Special Work Assignments and renewals on a timely basis.

B. Ensure that salary actions have Board approval prior to being recorded on internal records and that documented salary actions are the basis for salary paid.

C. Replace, revise, or upgrade the Salary and Position Record Card system to an automated function (such as Excel or database) to enhance tracking and monitoring SWA related base salaries, SWA percentage calculations and amounts, adjustments to base amounts, and new adjusted salaries.

OMB should:

A. Develop and document policies and processes to define and differentiate County SWA and MAI programs to ensure they are properly identified, approved, and have adequate documentation for salary actions. Ensure programs changes and assignments have been verified and approved by OMB and the Board, as applicable.

B. Establish a database or tracking system to readily identify employees assigned to the programs and to verify records with departments on a regular basis.

Issue 4 Disability Leave

Summary

MCSO has not obtained the required Certificates of Health Care Provider, or other medical provider notes, on a timely basis for applicable personnel leaves. Accruals to monitor family medical leave are not input and tracked effectively to ensure compliance with the Family Medical Leave Act, which may lead to employee leave misuse. MCSO should improve timeliness and follow-up of employee disability tracking.

Family Medical Leave Accruals and Documentation Are Inconsistent

We examined payroll system entries for all Family Medical Leave (FML) leave without pay, and military leave from January 2005 through June 18, 2006 to determine trends and patterns in FML usage. The information identified the following:

- 7,258 entries of FML usage totaling over 229,000 hours at a cost of $3.4 million dollars
- 57% of the entries did not have the required Family Medical Leave Paid (FLP), Family Medical Leave Unpaid (FLU), or other codes, input by MCSO timekeepers. This situation hampers MCSO's ability to correctly track the 12 week accrual for position retention.
- 27 entries reflected more than 80 hours of FML charged in a pay period. These entries with excess hours are indicative of late reporting of FML hours. MCSO stated approximately 5 to 10 percent of leaves are not reported in a timely manner. We verified and traced nine of 27 entries (33%) to prior periods to ensure that excess hours were the result of adjustments made to FML and that they were properly posted.

Causes of these control weaknesses include inconsistent timekeeper input for FML accruals from division to division. During our review, we noted the late recording of FML accruals, leave totals being posted retroactively and FML use that suggests serious medical conditions requiring health care provider certification. Reviewing original healthcare certificates and doctors' notes are the only way to validate employee FML use.

Internal Audit was initially denied access to MCSO's disability files on two occasions, 7/26/06, and on 10/12/06, after Senior MCSO management had agreed to file access on 9/13/06, and after we had forwarded a list of files to be reviewed 10/10/06. Internal Audit was provided access to the files on December 12. We performed the audit on our original test sample and findings are described below.

Because of the time lag between submitting our test selection and the time Internal Audit gained access to the documents, we cannot certify the condition of the files prior to our audit, nor determine if items were removed or altered. We reviewed 25 MCSO employee files with recorded FML between January 2005 and June 2006. Of the 25 employees, 24 were non-exempt employees, indicating leave time should have been noted on time sheets and reported by supervisors. Our findings are summarized as follows:

- Seven employees' files were missing one or more Certificates of Health Care Provider or other acceptable documentation (doctors' notes) to support FML use
- Eight files had documentation that was late relative to leave events. Documentation was dated and/or received subsequent to MCSO's receiving our Internal Audit list of items that would be audited. One test file had a memo dated October 12, the date Audit was denied access, sent to an employee requesting missing document based on the pending audit.
- While non-exempt employees' FML time should be on their time sheets, the disability files are not consistent with respect to obtaining or filing time sheets and leave slips (Of 25 files, one file had all slips, 17 files had some, and 7 had none).
- Several employees had FML hours recorded that exceeded the12 weeks-in 12 months FMLA job-protected position with no notification letter or inadequate documentation on file

Workers Compensation Appears to be Properly Reported

The County's Workers Compensation (WC) claims are handled by a Third Party Administrator, Pinnacle Risk Management. The County Risk Management department is the liaison with Pinnacle, and County departments maintain documentation for their own files. A WC claim must have an Employers' Report of Injury (ICA-101) filed as soon as possible after an injury occurs, with other documentation required subsequent to injury.

Risk Management provided us an open County claims' list as of September 2006. The list detailed 190 MCSO claims, providing both event and claims date. We calculated the lapsed days between event and claim, with results ranging from 0 to 375 days. The 375 days' claim would exceed the reporting limit, and would be denied according to Risk Management. Our testing consisted of a review of seven (3%) of the 190 WC files held by MCSO to ensure that Employers' Reports of Injury and Employees' and Physicians Report were on file and to ensure a process to ensure timely notification to Risk Management. The required forms were in the files and documentation appeared adequate.

Employee Abuse, Reduced Productivity, and Legal Action May Result from Poor Documentation

Improper tracking of FML accruals may result in legal action by employees under the Family Medical Leave Act standards. These actions may affect department productivity and County finance, healthcare statistics, and costs. It may also be an opportunity for employees to manipulate FML and abuse the system. Late reporting causes unnecessary adjustments for payroll records and accruals.

An MCSO comment in an initial response sent to Internal Audit related to accessing disability records was that some employees have been with the department for a long period. This specifically identifies the point that some employees may have large FML accruals. Employees have the right to use FML leave, however, medical documentation is required to authorize FML use. Undocumented use of FML depletes County resources in both productivity and costs.

Recommendations

MCSO should:

A. Obtain required Certificates of Health Care Provider, or other applicable medical provider notes, on a timely basis for applicable FML use. Employees and supervisors need to report and document FML requests and use as soon as possible in order to prevent payroll and accrual errors.

B. Review FML policies with all employees and ensure that those using FML understand the documentation requirements and the FMLA policy on the 12 work-weeks in 12 months job-protected position. Ensure that notification to all employees exceeding the 12 work-weeks is timely.

C. Ensure that timekeepers have been properly trained and understand requirements for the input of accrual earning codes for FML offsets, such as Family Leave Paid (FLP), Family Leave Unpaid (FLU), or other codes.

Issue 5 Performance Measures

Summary

We examined six Managing for Results key results performance measures and concluded that the MCSO data collection procedures are reliable and key results are accurately reported for three of six measures. We could not certify three measures because supporting data was missing or not accessible.

Results Summary Table

Maricopa County Sheriff's Office Performance Measures Summary Table	Certified	Certified with Qualifications	Not Certified
1. Percent of recruits successfully completing the sworn basic training academy	✓		
2. Percent of detention recruits who graduate from the detention training academy	✓		
3. Percent of applicants hired			✓
4. Percent of staffing costs in food service and laundry saved by using inmate labor			✓
5. Percent of investigation cases cleared			✓
6. Percent of enforcement activities that are enhanced through the use of volunteer services	✓		

County Policy Requirements

Maricopa County Board of Supervisors Policy B6001 (4.D Evaluating Results) requires the Internal Audit Department to review County departments' strategic plans and performance measures and report on results. The following information defines the results categories that are used in the certification process.

Definitions

Certified: The reported performance measurement is accurate (+/-5%) and adequate procedures are in place for collecting/reporting performance data.

Certified with Qualifications: The reported performance measurement is accurate (+/-5%) but adequate procedures are not in place for collecting and reporting performance data.

Not Certified:

1) Actual performance is not within five percent of reported performance and/or the error rate of tested documents is greater than five percent.
2) Actual performance measurement data could not be verified due to inadequate procedures or insufficient documentation. This rating is used when there is a deviation from the department's definition, preventing the auditor from accurately determining the performance measure result.
3) Actual performance measurement data was accurately calculated but not consistently posted to the public database.

Measure Testing

Key Measure #1: **Percent of recruits successfully completing the sworn basic training academy**

Results: **Certified**

Measure #1	FY05	FY06	FY07 Qtr 1	FY07 Qtr 2	FY07 Qtr 3	FY07 Qtr 4	FY07 TOTAL
Reported	**74%**	**81.8%**	**Annual Measure**				
Actual	**72.2%**	**81.82%**	**Annual Measure**				

The measure is accurate and written procedures are in place for the collection and reporting of data.

Key Measure #2: **Percent of detention recruits who graduate from the detention training academy**

Results: **Certified**

Measure #2	FY05	FY06	FY07 Qtr 1	FY07 Qtr 2	FY07 Qtr 3	FY07 Qtr 4	FY07 TOTAL
Reported	**74%**	**71.4%**	**Annual Measure**				
Actual	**73.58%**	**72.96%**	**Annual Measure**				

The measure is accurate and written procedures are in place for the collection and reporting of data.

Key Measure #3: **Percent of applicants hired**

Results: **Not Certified**

Measure #3	FY05	FY06	FY07 Qtr 1	FY07 Qtr 2	FY07 Qtr 3	FY07 Qtr 4	FY07 TOTAL
Reported	**10.5%**	**9%**	**Annual Measure**				
Actual	**---**	**11.9%**	**Annual Measure**				

FY05 data was not sampled. FY06 exceeds the margin of error and is therefore rated as "Not Certified". The measure, however, has been deleted from the MCSO strategic plan in FY07 and is not now an issue. No response necessary from MCSO.

Measure #4: **Percent of staffing costs in food service and laundry saved by using inmate labor**

Results: **Not Certified**

Measure #4	FY05	FY06	FY07 Qtr 1	FY07 Qtr 2	FY07 Qtr 3	FY07 Qtr 4	FY07 TOTAL
Reported	**--**	**--**	**Data unavailable**				
Actual	**--**	**--**	**Data unavailable**				

Nothing reported. Department says the data is not available and the measure has been deleted from the MCSO strategic plan in FY07 and is not now an issue. No response necessary from MCSO.

Measure #5: **Percent of investigation cases cleared**

Results: **Not Certified**

Measure #5	FY05	FY06	FY07 Qtr 1	FY07 Qtr 2	FY07 Qtr 3	FY07 Qtr 4	FY07 TOTAL
Reported	**54%**	**57%**					
Actual	--	--					

MCSO did not have sufficient data for certification. The Sheriff's Office made the following notation when reporting this measure: "These numbers reflect only data from RMS (Records Management System) as it currently exists. Administrative support staffing shortfalls prevent having complete RMS data entered in the Criminal Investigations Bureau; therefore, the data for the CIB is not considered completely accurate."

Measure #6: **Percent of enforcement activities that are enhanced through the use of volunteer services**

Results: **Certified**

Measure #6	FY05	FY06	FY07 Qtr 1	FY07 Qtr 2	FY07 Qtr 3	FY07 Qtr 4	FY07 TOTAL
Reported	**100%**	**100%**	**Annual Measure**				
Actual	**100%**	**100%**	**Annual Measure**				

The measure is certified as being accurate and reliable, however, it has been discontinued in FY07.

Recommendation

MCSO should maintain sufficient data for documenting the "percent of investigations cleared" measure. It may be beneficial to benchmark this measure with other jurisdictions to obtain an indication of the department's success among peers. We recommend that controls be established to enhance the accuracy of this data and that the data be made available to Internal Audit for review.

Department Response

MARICOPA COUNTY SHERIFF'S OFFICE
AUDIT RESPONSE

Budget and Human Resources Bureau

Issue #1 PREMIUM PAY:

A. Develop an action plan to effectively monitor and reduce the escalating premium pay costs.

B. Implement stronger controls at management and division levels over the use and pre-approval of overtime.

C. Review actual staffing, FTE allocations and workload volumes, at specific high volume premium pay locations and develop staggered, overlapping, or alternative shifts to decrease premium pay costs, especially in detention facilities.

D. Obtain written approval from appropriate authority when requesting and using exception premium rates.

Recommendation A: Develop an action plan to effectively monitor and reduce the escalating premium pay costs.

Response: Concur. The Sheriff's Office has followed the County allowable premium pay rates. These premium rates were recently amended and have been implemented by the Sheriff's Office.

Target Completion Date: Completed

Benefits/Costs: Savings should be realized in the Sheriff's Office budget in shift differential. As part of the FY 08 budget agreement, the Sheriff's Office shift differential was cut $2 million.

Recommendation B: Implement stronger controls at management and division levels over the use and pre-approval of overtime.

Response: Concur. The Sheriff's Office 24/7 operation requires immediate decisions relating to adequate staff coverage at all its facilities and investigations. Whenever possible, pre-approval of overtime is recommended. The Sheriff's Office currently has over 592 vacancies, 300 of which are critical to the safe operation of jail facilities. Overtime has been used to cover vacancies, increased workloads and investigations. The Office has been able to pay for overtime through vacancy savings and stay within its budget appropriations.

Target Completion Date: Completed

Benefits/Costs: As vacant positions are filled, overtime will be reduced.

Recommendation C: Review actual staffing, FTE allocations and workload volumes, at specific high volume premium pay locations and develop staggered, overlapping, or alternative shifts to decrease premium pay costs, especially in detention facilities.

Response: An updated staffing study by Liebert and Associates has been completed. The Sheriff's Office is in the process of reviewing the recommendations and determined the best application of those recommendations.

Target Completion Date: August 2007

Benefits/Costs: See Recommendation A.

Recommendation D: Obtain written approval from appropriate authority when requesting and using exception premium rates.

Response: The Sheriff's Office has never implemented exception premium rates without prior approval from the Office of Management and Budget. The requirement for written approval was never mentioned when verbal approval was provided.

Target Completion Date: Completed.

Benefits/Costs:

Issue #2 PAYROLL TIMEKEEPING:

A. Review the Federal Labor Standards Act and provide managerial, timekeeper, and employee training to comply with its guidelines related to recordation and payment of overtime. Review the Federal Labor Standards Act and County policies for exempt and non-exempt guidelines and ensure classifications are appropriate to employee positions.

B. Review and enforce policies requiring employees to record hours worked on a daily basis and sign timesheets after all hours are worked. Enforce supervisor review and approval of time worked as close to the end of the pay period as possible, allowing for timekeeper input to meet payroll deadlines. Ensure all original source documents for payroll, including timesheets, leave time, and Personnel Action Forms, are on file as applicable.

C. Revoke the policy allowing use of white out on original documents, including timesheets, and enforce a policy of initialing all changes to timesheets by both employees and supervisors.

D. Consider establishing a program/schedule to complete periodic detail reviews of employee time recorded and paid to detect potential payment errors and non-compliance to policies. Alternating the 100 percent timekeeper input review with detail reviews may detect and isolate significant payroll payment issues.

E. Consider eliminating day- long sorts and distribution of pay stubs and provide employees' training for on-line pay stub accessibility to make time available for more productive activities.

Response: Concur.

Recommendation A: MCSO Payroll Training manual will be updated and payroll training provided to staff in covering overtime recordation.

Regarding the review of FLSA and County policies for exempt and non-exempt guidelines: This process is on-going in conjunction with the County market studies.

Response: Concur with training and compliance of guidelines related to recordation and payment of overtime; will implement with modifications.

Concur with review of FLSA and County policy review for exempt and non-exempt guidelines – In process; the County has not indicated a date for completion of all market studies.

Target Completion Date: May 30, 2007 for training and compliance of guidelines related to recordation and payment of overtime.

On-going for FLSA and County policy review.

Benefits/Costs:

Recommendation B: Notification will be sent to all employees and supervisors regarding signing of time sheets. Enforcement of this will require additional staffing hours to perform reviews, collect data and notify all management levels of non-compliance. Continual follow-up will be required.

Procedures are currently in place for missing time sheets and leave time notification. Notification is submitted on a regular basis to all MCSO departments and Commanders regarding missing data.

Response: Concur – Will implement with modifications.

Target Completion Date: Ongoing.

Benefits/Costs: Costs will require additional staffing hours.

Recommendation C: Policy regarding use of white-out on original documents, including time sheets, and initialing of any/all changes on time sheets has been put into practice.

Response: Concur

Target Completion Date: Completed.

Benefits/Costs:

Recommendation D: Implementation of this program/schedule is not currently possible.

Response: Concur.

Target Completion Date: As soon as possible.

Benefits/Costs: The implementation of this program/schedule will require additional staff.

Recommendation E: Notification will be sent out with instructions on how to view on-line pay information. Alternative processes will be evaluated for day-long sorts and distribution.

Response: Concur – Will implement with modifications.

Target Completion Date: May 30, 2007.

Benefits/Costs: Once implemented this could save hours currently being utilized by staff for the process.

Issue #3: SPECIAL WORK ASSIGNMENTS

A. Develop and monitor internal written policies, procedures, and controls to accurately submit, calculate, approve, and document Special Work Assignments and renewals on a timely basis.

B. Ensure that SWAs and salary actions have Board approval prior to being recorded on internal records and that documented salary actions are the basis for salary paid.

C. Replace, revise, or upgrade the Salary and Position Record Card system to an automated function (such as Excel or database) to enhance tracking and monitoring SWA related base salaries, SWA percentage calculations and amounts, adjustments to base amounts, and new adjusted salaries.

Response: Concur with A; Do not concur with B and C.

Recommendation A: MCSO will continue to utilize the methodology identified in the County Compensation Plan to address the following Special Work Assignments (Field Training Officers, Motors, Aviation, Tactical Operations Unit, and miscellaneous assignments) and renewals. Continue utilizing the methodology in the County Compensation Plan in conjunction with the Law Enforcement Officers Merit System Rules to address the Chief Special Work assignments and renewals. Additionally, MCSO will continue following directives of the Office of Management and Budget (OMB) regarding calculations for special work assignment pay in conjunction with performance and/or market adjustments.

Response: Concur – Review potential changes to the County Compensation Plan, Law Enforcement Officers Merit System Rules as well as the directives issued from OMB and update all processes accordingly.

Target Completion Date: On-going.

Benefits/Costs: Employees will be compensated appropriately as tasked to perform additional duties.

Recommendation B: MCSO must continue with existing practice in order to keep up with all actions (i.e., promotion, transfer, and pay for performance increases) and maintain the date order in which they occur.

Response: Concur – As the SWAs are validated to determine approval by the Board of Supervisors against the agenda, if an action is not approved it will be removed from our internal records.

Target Completion Date: On-going

Benefits/Costs: This will continue to ensure the accuracy of MCSO's records.

Recommendation C: The card system is utilized for different reasons within the Office. It is not the only vehicle utilized for tracking and monitoring SWAs. The card system is used along with the internal data base, which is utilized to track, monitor and create reports.

Response: Concur – In process.

Target Completion Date: On-going.

Benefits/Costs: The card system and internal data base are both vital tools that allow reporting and ease of viewing by Command staff.

Issue #4: DISABILITY LEAVE

A. Obtain required Certificates of Health Care Provider, or other applicable medical provider notes, on a timely basis for applicable FML use. Employees and supervisors need to report and document FML requests and use as soon as possible in order to prevent payroll and accrual errors.

B. Review FML policies with all employees and ensure that those using FML understand the documentation requirements and the FMLA policy on the 12 work- weeks in 12 months job-protected position. Ensure that notification to all employees exceeding the 12 work weeks is timely.

C. Ensure that timekeepers have been properly trained and understand requirements for the input of accrual earning codes for FML offsets, such as Family Leave Paid (FLP), Family Leave Unpaid (FLU), or other codes.

Response: Concur.

Recommendation A : Once Certificates of Health Care Provider forms are received and/or requested when medical leave time is taken they will be forwarded to the respective division. The employee's time will then be recorded in the PeopleSoft system bi-weekly at the division.

Response: Concur – In process.

Target Completion Date: Ongoing

Benefits/Costs: MCSO will maintain compliance with laws, policies, and procedures.

Recommendation B: Ensure access to the County EBC by all employees which will provide policies and procedures for FML/FMLA. Should any changes in the law(s) occur the information will be provided to employees via the Sheriff's Office Briefing Board. Critical Policy binders are provided to each employee at time of hire which contains *Policy CP-2, Code of Conduct.* Additionally, each employee will have access to view the U-Drive which contains other related policies. Supervisors are available for questions; and a copy of the Office policy is provided to each work location.

Response: Concur – In process.

Target Completion Date: Ongoing

Benefits/Costs: Information provided to employees in a timely manner will provide compliance with laws, policies, and procedures.

Recommendation C : Currently the Maricopa County Sheriff's Office of Finance Division provides training to time keepers. A copy of the Power Point presentation utilized by the trainer is given to each time keeper which contains the information covered including time coding.

Response: Concur – In process.

Target Completion Date: Continuous training provided to new time keepers.

Benefits/Costs: As information is updated with any current changes the benefits are substantial; thereby reducing time keeping errors. Copying of updated material would infer the only cost(s).

Issue #5: ACCURATE PERFORMANCE MEASURES

The "Percent of investigations cleared" measure could not be certified because of the inability of Internal Audit to have access to the supporting data. It may be beneficial to benchmark this measure with other jurisdictions to obtain an indication of the department's success among peers. We recommend that controls be established to

enhance the accuracy of this data and that the data be made available to Internal Audit for review.

Recommendation : Controls are in the process of being established beginning with the development of a survey similar to one used by Internal Audit for measures certification. Additional items will be included to assist in raising awareness among the data collectors, reporters, and any person accountable for the data.

The anticipated results will reveal where weaknesses exist in the data collection and reporting process; raise awareness concerning the importance of accurate reporting, credibility, consistency, and to help increase understanding regarding data gathering and reporting basics. The testing phase is in progress.

It should be noted that the Sheriff's Office has consistently reported a qualifying statement with its data relating to the Investigations measures to the effect that data is not entered into the Records Management System (RMS) across the bureau the same way; thus it may not be entirely accurate.

Benchmarking is a possibility in the future, once there is a defined methodology for collection and reporting in place that is used consistently and where the data sources are at least 98% or more reliable.

Response: Concur.

Target Completion Date: Results to be issued with third quarter data solicitation.

Benefits/Costs: Once controls are established MCSO will see a benefit enhancing the accuracy of data. When the results are defined MCSO will be more able to accurately generate information regarding any costs.

Approved By :

Department Head/Elected Official	4/25/07 **Date**
Chief Officer	**Date**
County Administrative Officer	**Date**