



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF TIMEKEEPING AND OVERTIME

Report Highlights

Why We Did This Audit

This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2020.

What We Found

We noted that controls appear adequate to ensure employee hours are captured accurately.

Report Number: 2020-A-11

Date Issued: 07/14/2020

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Timekeeping and Overtime. The results of that audit, our findings and recommendations for improvement are detailed in the attached report. We would like to thank the members of management for their cooperation during the audit.

The audit found that the controls in place for both the timekeeping system, Kronos, and payroll system, Cyborg, are adequate to ensure hours worked are accurately tracked and coded appropriately. Also, overtime hours are tracked and routinely reviewed for reasonableness. However, these reviews are not documented, so we could not confirm the adequacy of the reviews. The report that follows also provides our data analysis conclusions for management's consideration of the overall reasonableness of time entries.

The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,

Chrystal Brooks
County Auditor

cc: Mr. Robert Sandlass, Treasurer
Mr. James Richardson, Director of Human Resources
Major Dan Galbraith, Harford County Sheriff's Office



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REVIEW RESULTS

We have audited Timekeeping and Overtime for the period of 01/01/2018 through 12/31/2019. Harford County is responsible for tracking the amount and type of hours worked daily by approximately 1,680 current employees in order to issue biweekly paychecks. The County implemented a new timekeeping system in 2017, Kronos, to modernize the timekeeping process, as well as provide additional attendance tracking and management review options. Our conclusion, based on the evidence obtained, is that there are adequate controls in place to ensure employee hours are recorded correctly and completely. The audit approach focused on testing the key controls that address management’s objectives for the process. Conclusions drawn are below.

Risk	Expected Control	Conclusion
Employees can alter critical data such as hours worked	<ul style="list-style-type: none"> Only authorized personnel have access to such data and Kronos maintains records of any changes made 	Satisfactory
Employees are not paid for the correct number or type of hours worked	<ul style="list-style-type: none"> Payroll reviews Kronos reports to ensure all timekeeping data transfers completely and accurately to Cyborg for processing 	Satisfactory
Employees are paid for hours not worked	<ul style="list-style-type: none"> All timecards require supervisory review and approval prior to submission to payroll 	Satisfactory
County policies regarding compensatory and overtime hours are not adhered to	<ul style="list-style-type: none"> Supervisors are required to review and approve work hours coded to compensatory or overtime for appropriateness 	Satisfactory
	<ul style="list-style-type: none"> Management routinely reviews comp and overtime hours worked to confirm they meet department and County guidelines 	Satisfactory

DATA ANALYSIS CONCLUSIONS

Our audit primarily focused on whether internal controls were adequate to ensure employees’ hours worked were collected correctly and completely. While the processes worked as expected, they rely on human consideration of the reasonableness of the information entered for each day and pay period. Supervisors approve the individual timesheet entries, but without analysis, they (and their managers) may not have a larger picture of trends from pay period to pay period and employee to employee.

We performed some analysis of the data within the Timekeeping system and noted a few trends worth highlighting. The comments below are provided for management's consideration so that they may determine whether these results are as expected or there are policy or procedure changes needed.

- Most County employees are scheduled for a 40-hour work week. In an average pay period, approximately 670 employees (39%) earn overtime. The average amount of overtime for each of those employees was 12 hours.
- Overwhelmingly, the Sheriff's Office represents the most overtime used (56%). The Division of Highways represented 17% of all overtime hours and Harford Transit was 9%. As a percentage of total hours reported, these departments, along with Emergency Services and Water and Sewer, had overtime hours greater than 10%.
- Of approximately 1,680 County employees, 95 received more than 25% of their hours from overtime. Of those, 8 worked more than 50% of their hours as overtime when compared to their standard scheduled hours. Seven (7) were within the Sheriff's Office and 1 was within the Division of Water and Sewer.
- Employees have set schedules in Kronos and most use a timeclock to record arrivals and departures. When the timeclock is not used or the employee works hours different from the schedule, an exception is created requiring a supervisor review. The Sheriff's Office and County Council are exceptions to this. The Kronos application is unable to generate a report detailing the exceptions for all County employees due to the size of that dataset.

Management has been provided an opportunity to respond to this report; however, none was required because there were no conditions requiring remediation. Accordingly, no response was provided.

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

Kronos is an electronic timekeeping system implemented in phases by the County, beginning in 2017. It provides detailed tracking of various timekeeping functions such as hours and types of work performed, comp and overtime earned and leave balances. Employees clock in and out through the use of timeclock devices or web application. Assigned supervisors are responsible for reviewing and approving all timecards prior to their submission to Payroll for processing. Supervisors are also responsible for making any necessary changes to the timecards. At the end of each payroll period, all timecard data is uploaded to Cyborg for payroll processing. In addition, senior management routinely tracks and reviews the amount of overtime paid to ensure it meets County guidelines.

The objective of this audit was to confirm that the Kronos application has adequate controls in place to ensure that employee hours are captured correctly and completely. We also

reviewed overtime earned for reasonableness, trends and authorization. The scope was limited to review of the Kronos application controls, as well as review of department data based on the date it switched over to Kronos.

The audit focused on activity during the period of 01/01/2018 through 12/31/2019. Our audit procedures included interviewing personnel, observation and testing. We performed an application review of Kronos to confirm it had adequate input and output controls to ensure accurate tracking of hours, pay codes and leave balances. We also looked at the list of assigned managers in Kronos to verify no employee can approve their own timecards. In addition, we performed data analysis of approved timecards to ensure data input appeared accurate and complete. More specifically, we looked at overtime trends to confirm they appeared reasonable.

Harford County management is responsible for establishing and maintaining effective internal controls. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets and compliance with applicable laws, rules and regulations are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected.

The audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient 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.

Audit Team:

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County Auditor

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