# PERSONNEL PRACTICES AUDIT OF THE

# PARKS AND RECREATION DEPARTMENT

**REPORT NO. 06-107** 



CITY OF ALBUQUERQUE OFFICE OF INTERNAL AUDIT AND INVESTIGATIONS

# Parks and Recreation Department's Personnel Practices Audit Report No. 06-107 Executive Summary

The Office of Internal Audit and Investigations performed a personnel practices audit on the Parks and Recreation Department (PRD) from July 2003 through April 2006. PRD's approved budget for Fiscal Year 2006 (FY06) was \$25.3 million. Personnel cost in the FY06 approved budget were \$14.9 million which is 59% of the total budget. In the FY06 approved budget PRD was budgeted 189 full time personnel for General Fund activities.

The following are the expectations we noted during our test work. Also included below are our recommendations.

**Objective:** Are employees complying with their regular work schedules?

- o Parks and Recreation Department does not have a CAO approved Managerial Leave Plan.
- The Department approved Managerial Leave Plan dated 7/13/98 was not followed.
- One employee was awarded managerial leave by PRD on an hour for hour basis totaling 112.75 hours for approximately a one month period.
- Since the managerial leave was awarded the employee has used 40 hours which were incorrectly coded in the payroll system as regular hours worked.
- No one other than the employee is formally tracking the employee's managerial leave.
- o PRD is not coding one employee's educational leave properly.
- The employee with educational leave is accumulating breaks to be used at the end of the day so that the employee does not have to return to the office after class.
- The employee with educational leave is exceeding the weekly educational paid leave maximum of three hours by half an hour.
- One employee did not sign into her email account for three consecutive days which is not a normal occurrence. The employee was paid with regular hours for these three days. A reasonable explanation could not be obtained.

#### **Recommendations:**

- PRD should develop a Managerial Leave Plan approved by the CAO prior to any further managerial leave being awarded.
- o PRD should comply with Personnel Rules and Regulations regarding educational leave.
- PRD should comply with Personnel Rules and Regulations regarding lunch periods/breaks.
- o PRD should comply with Personnel Rules and Regulations regarding the proper completion of the request for leave of absence form.

# Parks and Recreation Department's Personnel Practices Audit Report No. 06-107 Executive Summary

**Objective:** Are there additional items of significance noted during the audit that should be tested?

- The previous PRD Director's salary was incorrectly paid out of the PRD Strategic Support budget for approximately four months totaling \$26,538.
- The current PRD Director's salary was incorrectly paid out of the PRD –
   Open Space budget for approximately four months totaling \$28,682.

#### **Recommendation:**

o PRD should accurately report payroll expenditures at the program level.

The following are additional audit objectives with no exceptions noted.

- Are current contract employees in compliance with applicable contracts?
- How soon after retirement can employees come back to work according to PERA?
- Can retirees return to work as contract or Westaff employees?
- Can retirees return to work as employees?
- o Is the Parks and Recreation Department in compliance with Personnel Rules and Regulations 311.2 Employment of Relatives?
- Are contract or temporary employees allowed access to City computer systems?
- Can contract or temporary employees have access to personnel information?
- o Did retired employees properly separate from the City?

Management responses are included in the audit report.



# City of Albuquerque

**Office of Internal Audit and Investigations** P.O. BOX 1293 ALBUQUERQUE, NEW MEXICO 87103

July 26, 2006

Accountability in Government Oversight Committee City of Albuquerque Albuquerque, New Mexico

Audit: Personnel Practices

Parks and Recreation Department

06-107

#### **FINAL**

#### **INTRODUCTION**

The Office of Internal Audit and Investigations performed a personnel practices audit on the Parks and Recreation Department (PRD) from July 2003 through April 2006. PRD's approved budget for Fiscal Year 2006 (FY06) was \$25.3 million. Personnel cost in the FY06 approved budget were \$14.9 million which is 59% of the total budget. In the FY06 approved budget PRD was budgeted 189 full time personnel for General Fund activities.

# **AUDIT OBJECTIVES**

The Objectives of PRD's personnel practices audit were to determine:

- Are employees complying with their regular work schedules?
- Are current contract employees in compliance with applicable contracts?
- How soon after retirement can employees come back to work according to PERA?
- Can retirees return to work as contract or Westaff employees?
- o Is the Parks and Recreation Department in compliance with Personnel Rules and Regulations 311.2 Employment of Relatives?

- Are contract and temporary employees allowed access to City computer systems?
- Can contract and temporary employees have access to personnel information?
- Did retired employees properly separate from the City?
- Are there additional items of significance noted during the audit that should be tested?

### **SCOPE**

Our audit did not include an examination of all the functions, activities, and transactions of PRD. Our audit test work was limited to documentation review, interviews of pertinent personnel and compliance with applicable Personnel Rules and Regulations.

This report and its conclusions are based on the information gathered from our examination of the activities through the completion date of our fieldwork, April 25, 2006, and does not reflect events after that date.

The audit was conducted in accordance with Government Auditing Standards, except Standard 3.49, requiring an external quality control review.

#### **METHODOLOGY**

The methodology used during this audit included inquiry of PRD and other City of Albuquerque employees who were deemed necessary to attain a conclusion regarding our objectives. We reviewed applicable documentation to determine if PRD properly implemented personnel policies. We observed a judgmental sample of four temporary and permanent employees to determine if they were working their normal work schedule. We reviewed PRD's Human Resources consultant and temporary employee contracts for compliance with City Policies.

#### **FINDINGS**

The following findings concern areas that we believe would be improved by the implementation of the related recommendations.

1. PRD SHOULD DEVELOP A MANAGERIAL LEAVE PLAN APPROVED BY THE CAO PRIOR TO ANY FURTHER MANAGERIAL LEAVE BEING AWARDED.

Personnel Rules and Regulations 402.7 Managerial Leave states,

Managerial Leave may be granted only as the result of a pre-existing plan or program authorized by the Chief Administrative Officer [CAO] which provides specific criteria, including the maximum award for such leave. Managerial

leave is not intended to compensate salaried employees on an hour-for-hour basis for work performed in addition to and/or outside of their regular work schedules. Departments are responsible for ensuring conformance with all applicable documentation procedures for leave of absence.

An Interoffice Memorandum from a previous CAO, states that all departments must submit copies of all formal awards to the Department of Finance and Administrative Services Central Payroll unit for managerial leave at the time that it is entered into the payroll system.

PRD has a managerial leave policy dated July 13, 1998 however; it was not authorized by the CAO. The Director was unaware that the Department's managerial leave policy had to be authorized by the CAO.

One employee was awarded managerial leave by PRD on an hour-for-hour basis totaling 112.75 hours for the period September 7, 2005 through October 9, 2005 which violates Personnel Rules and Regulations 402.7. The documentation provided to us by the employee showed her managerial leave hours awarded on an hour-for-hour basis which is informally tracked by the Director. Since the managerial leave was awarded the employee has used 40 hours which were incorrectly coded in the payroll system as regular hours worked. The Director was unaware that managerial leave used should be coded on the Request for Leave of Absence form (P-30) as managerial leave and not paid as regular hours worked.

PRD did not formally award the managerial leave to this employee as required by the interoffice memorandum stated above; therefore the Central Payroll unit has not been informed of the managerial leave awarded to this employee. Consequently, neither the Central Payroll unit nor the PRD Director is formally tracking this employee's managerial leave.

## **RECOMMENDATION**

PRD should develop a Managerial Leave Plan approved by the CAO prior to any further managerial leave being awarded.

PRD should ensure that managers approving managerial leave are aware of and are held responsible for compliance with Personnel Rules and Regulations and the requirements regarding the accounting and reporting requirements for managerial leave.

#### RESPONSE FROM PRD

"The Parks and Recreation Department (PRD) agrees with this finding. The PRD does have a written Managerial Leave Policy but it is not signed by the CAO. The Department Policy is to award Managerial Leave at 50%

of the time worked. The PRD will up-date the current Policy, consistent with the Personnel Rules and Regulations Section 402.7, and have it approved by the CAO prior to any further Managerial Leave being awarded and no later than by September 30, 2006. The PRD will ensure that all managers and supervisors are aware of and held responsible for compliance with the Personnel Rules and Regulations Section/s regarding Managerial Leave. In addition, the PRD will ensure that all time taken as Managerial Leave will be recorded correctly and that the time is entered into the City's payroll software, EmPath."

# 2. <u>PRD SHOULD COMPLY WITH PERSONNEL RULES AND REGULATIONS REGARDING EDUCATIONAL LEAVE AND LUNCH PERIODS/BREAKS.</u>

Personnel Rules and Regulations 502.2 <u>Condition of Education Leave</u> states "If the department director determines that a course or seminar is a requirement for the employee's current position, the employee will receive leave with pay to attend and such time will be recorded as Work Off Site." Section 302.1 <u>Lunch Period/Breaks</u> of the Personnel Rules and Regulations states "Lunch periods and breaks may not be accumulated and used at other times or for other purposes." Also, Personnel Rules and Regulations 401.9 <u>Educational Leave</u> states that "the department director may grant educational leave not to exceed three (3) hours per week for full time employees."

During our review of educational leave we discovered that PRD has been incorrectly coding one employee's educational leave as regular hours worked. PRD should have coded the educational leave time as work off site. When we inquired as to why the time was coded improperly we were informed that the previous time keeper had instructed the employee to code the educational time as regular hours worked. We also noted that this employee is accumulating breaks to be used at the end of the day so that the employee does not have to return to the office after class ends on Mondays and Wednesdays. The employee, the employee's supervisor and Director were unaware of the policy prohibiting the accumulation of breaks. The employee is exceeding the weekly educational paid leave maximum by half an hour per week. The Director and the employee's supervisor were unaware that the employee was exceeding the weekly educational paid leave maximum by half an hour per week.

### RECOMMENDATION

PRD should ensure that managers approving educational leave are aware of and are held responsible for compliance with Personnel Rules and Regulations regarding Educational Leave and Lunch Periods/Breaks.

#### RESPONSE FROM PRD

"The PRD agrees with this finding. The PRD will review with each manager the Personnel Rules and Regulations section/s regarding Educational Leave and use of Lunch Periods/Breaks and hold them responsible for compliance. In addition, the PRD will stress that under no circumstances may an employee move their Lunch Periods/Breaks to the end of the day to accommodate their Education Leave schedule. This will be reviewed at the next Division Manager's Meeting and with each employee that requests Educational Leave."

3. PRD SHOULD COMPLY WITH PERSONNEL RULES AND REGULATIONS REGARDING THE PROPER COMPLETION OF THE REQUEST FOR LEAVE OF ABSENCE FORM.

Personnel Rules and Regulations 401 <u>Leave With Pay</u> states "Requests for leave will be submitted for approval on the Request for Leave of Absence form. Requests shall include any necessary documentation."

During our test work we noted that one administrative employee did not sign into her email account for three consecutive days. The employee was paid with regular hours for these days. When we inquired as to why the employee did not logon for these three consecutive days the Director and the employee stated that she could have been working offsite but offered no substantiation to this statement. Upon further review of the employees email logons this is not a normal occurrence. A reasonable explanation as to why the employee did not logon to the email system could not be obtained.

#### RECOMMENDATION

PRD should ensure that managers and supervisors are aware when employees are not at work. PRD should ensure that managers are aware of and are held responsible for compliance with Personnel Rules and Regulations regarding the proper completion of the Request for Leave of Absence form.

# RESPONSE FROM PRD

"The PRD agrees with this finding. Managers and supervisors will be reminded that all employee Leave Time will be documented with a P-30 and that they will be held responsible for ensuring compliance with the Personnel Rules and Regulations regarding the proper completion of the Request for Leave of Absence form. In addition, any employee working away from the office, such as at a conference or all day meeting will be required to document their time with a P-30 by filling out the Work-Off-Site

section of the P-30. This will serve to document time away from the office when the employee does not log in to various city systems. In addition, a new procedure has been instituted whereby those who record and handle Time Sheets are not allowed to handle their own P-30's and/or Time Sheets.

"Subsequent to the audit, the employee has shown the Director and the Fiscal Manager evidence (telephone messages written by her to the Director) that the employee was here all three days in question. This is effective as of July 7, 2006."

### **AUDITOR'S RESPONSE**

After reviewing the telephone messages provided by PRD we noted that one of the messages was dated August 2006. The three consecutive days in question occurred in August 2005.

#### 4. PRD SHOULD ACCURATELY REPORT PAYROLL EXPENDITURES.

During our test work we noted a journal entry to reclassify the previous PRD Director's salary to Senior Affairs. The previous PRD Director became the Director of Senior Affairs on September 13, 2004. We further noted that the previous Director's salary had been paid out of the PRD – Strategic Support budget from September 13, 2004 through December 24, 2004 for a total of \$26,538. The current PRD Director was promoted on September 13, 2004 and the Director's salary was paid using the PRD – Open Space budget until January 7, 2005 for a total of \$28,682.

The Director stated that when the prior Director of PRD was moved to Senior Affairs, she requested that PRD continue to pay her salary until the prior Director of Senior Affairs retired. The Director agreed to continue to pay her salary. It was the Director's decision to continue to pay his salary out of the Open Space budget. The Director also stated that this was done to balance PRD's budget and not to over spend any one program.

The City of Albuquerque budgets at the program level. In order to prepare an accurate budget each program should reflect actual expenditures incurred.

#### RECOMMENDATION

PRD should report payroll expenditures in the program where the expenditures occur.

#### RESPONSE FROM PRD

"We agree with this finding. This was a one time occurrence within the PRD and another department due to the movement of several staff members

between two departments and several PRD Divisions. The movement of the Open Space Division Manager to Department Director took several months to finalize. However, we will ensure that payroll expenditures are accurately reported in the general ledger, and that employees budgeted to work in their respective programs will be remunerated from those same programs. This is effective as of July 7, 2006."

# **CONCLUSION**

PRD should comply with City Personnel Rules and Regulations regarding managerial leave and Educational Leave. PRD should properly report payroll expenditures. We believe PRD's personnel practices will benefit with the timely implementation of the above recommendations.

We appreciate the cooperation of the Parks and Recreation Department's staff during the audit.

Page 8	
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