

**UNIVERSITY OF CALIFORNIA, DAVIS
AUDIT AND MANAGEMENT ADVISORY SERVICES**

**UC Davis
Campus Timekeeping
Audit & Management Advisory Services Project #21-50**

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MANAGEMENT SUMMARY

Background

As a supplement to the Fiscal Year (FY) 2021 Audit Plan, Audit and Management Advisory Services (AMAS) conducted a review of processes and internal controls surrounding timekeeping for hourly staff at the Davis campus. This review was prompted following issues with consecutive day pay, overtime, and timesheet approvals noted in other parts of UC Davis.

For time and attendance, the Davis campus primarily utilizes the Time Reporting System (TRS). Some departments use Ecotime, such as the School of Veterinary Medicine, and the Kronos timekeeping system is used by Student Housing and Dining Services staff. Hourly UC Davis Campus employees are paid biweekly.

Bargaining unit contracts dictate conditions for standard and alternate work schedules, and how employees' overtime, shift differential, and other rates of pay must be determined.

Purpose and Scope

Our objective was to increase confidence in the Davis campus' processes for calculating overtime and consecutive day pay for hourly employees.

We reviewed data from January 1, 2020 to April 1, 2021 from TRS, Ecotime, UC Path, and the Cognos Analytics reporting tool. We utilized these data to take a sample of timesheets¹ that we tested for compliance with contractual requirements for payment of overtime; to evaluate whether schedules recorded in TRS corresponded with actual hours worked; and to determine whether employee pay corresponded to hours and earn codes recorded on timesheets. We met with management to inform our understanding of processes and to validate our findings.

Conclusion

Campus Payroll is working proactively to identify issues with timekeeping and payroll. The purpose of this report was to inform Payroll and Ecotime of the issues we were able to identify so that they can investigate root causes and resolve the issues as part of these efforts.

We conclude that:

- Work schedules shown in TRS are not always reflective of actual schedules in use;
- Campus and Health follow different methodologies for tracking and paying of overtime;
- Some departments allow for meal break waivers that may not comply with state law; and
- Configurations in both TRS and Ecotime result in incorrectly calculated consecutive day pay.

¹ We did not sample timesheets from Student Housing and Dining Services because no employees had enough hours in overtime codes to meet our selection criteria.

Observations, Recommendations and Management Corrective Actions

A. Management of Employee Work Schedules in TRS

Employees' work schedules are not properly managed in TRS.

Departmental Time Administrators (DTAs) provide a key timekeeping control. They review timesheets prior to submission to UC Path and return incorrect timesheets to supervisors for correction. In order to know whether a timesheet is correct, DTAs rely on schedules uploaded into TRS that show, among other things, when individual employees should begin to accrue overtime and consecutive day pay.

Departmental supervisors are responsible for reporting employees' alternate work schedules to their assigned DTAs. Training guides for both DTAs and departmental supervisors indicate the responsibility for reporting and inputting alternate work schedules into TRS, and inform of the risk of employees being incorrectly compensated for days worked in excess of 8 hours.

Through our review we found several employees who appeared to be working alternate work schedules, but who were assigned regular work schedules within TRS. In one example, an employee who worked four ten-hour days each week was associated in TRS with a typical schedule of five eight-hour days. As a result, this employee was paid at the overtime rate for two hours of every regular shift, resulting in a payment of 110% of the amount actually earned.

Recommendation

Campus Payroll should develop procedures to identify potential discrepancies between TRS schedules and schedules actually worked, regularly report findings to DTAs, and seek correction of work schedules that have not been properly input into TRS.

Management Corrective Actions

1. By March 31, 2022, Campus Payroll will develop a process for identifying employees who are working alternate work schedules without an assigned alternate work schedule in TRS.
2. By April 29, 2022, Campus Payroll will develop a process for coordinating with appropriate DTAs and departmental supervisors to correct inappropriately assigned schedules in TRS.

B. Calculation of Overtime

Campus and Health follow different methodologies for tracking and paying of overtime.

Overtime is time worked that exceeds the hours of a full-time employee's regular daily schedule, or forty hours in a workweek. Collective bargaining agreements contain provisions for compensation of overtime, and those provisions vary between bargaining units. We observed compensation for overtime at one and one-half times the straight rate of pay for hours exceeding eight hours in one day, and at one and one-half times the weighted average of the employee's rates of pay.²

² The weighted average could include the compensation for shift differential, time on call or other forms of compensation.

We observed Health and Campus employees who were members of the same bargaining unit and subject to the same agreement, but who were paid differently for comparable overtime. The apparent reason for this was that payroll departments at Health and Campus followed different methodologies for tracking and paying overtime hours.³

Recommendation

Campus and Health Payroll departments have met and agreed to resolutions for differences in pay code usage and other overtime pay methodologies. Therefore, no related corrective action has been assigned to this observation.

C. Timekeeping at the School of Veterinary Medicine

Some employees at the School of Veterinary Medicine are not clocking out for their meal breaks.

Per the TX Union collective bargaining agreement:

A meal period of at least one-half (1/2) hour is provided for any work period of six (6) continuous hours or more. Meal periods are neither time worked nor time on pay status. Whenever an employee is required to perform work or is not substantially relieved of work-related duties during a meal period, the meal period shall be considered time worked. The University may reschedule an employee's meal period during the work day when operational needs preclude relieving the employee of work-related duties during the originally scheduled meal period, however, regularly scheduled meal periods shall normally be provided.

Through our review, we found some employees at the School of Veterinary Medicine had not clocked out for their meal breaks, with one individual having regularly worked ten hour shifts without clocking out for meal breaks. A lack of oversight and misinterpretation of circumstances under which a meal break may be waived increases the risk of non-compliance with University policy and California law.

Recommendation

The School of Veterinary Medicine should modify its practices based on guidance from Employee and Labor Relations regarding meal breaks.

Management Corrective Action

By December 31, 2021, the School of Veterinary Medicine will issue guidance to staff based on direction obtained from Employee and Labor Relations regarding requirements for meal breaks.

D. Consecutive Day Pay

TRS does not recognize hours of work that qualify for consecutive day pay, and Ecotime is incorrectly assigning consecutive day pay.

³ TRS uses two pay codes to track overtime: PPS (Premium Pay Straight) and OTP (Overtime Premium). Health and Campus do not always distinguish between these codes in the same way.

Some bargaining unit contracts have provisions for compensating employees at one and one-half times their hourly rate when an employee works a specified number of consecutive days in a row without a day off. For example, the contract for the Technical Unit (TX) bargaining unit stipulates that employees regularly scheduled to work eight hours per day be paid a premium rate for all hours worked if they work more than six consecutive full shifts.

There is no rule in TRS to recognize thresholds for consecutive day pay. As a result the system cannot recognize when an employee has worked enough consecutive days to qualify and so does not assign premium pay rates for hours worked on consecutive days.

Ecotime, on the other hand, may be calculating too much consecutive day pay. The count of consecutive days should be interrupted when an employee has 24 hours off between shifts. We found however that Ecotime appears to be recognizing any amount of time worked during a calendar day as constituting a consecutive shift, regardless of the amount of preceding or subsequent time off.

For example, we found one employee who worked an overnight shift, clocking in Sunday at about 3:00 pm and clocking out after midnight on Monday. The employee did not clock back in for their next shift until Tuesday around 4:00 pm, but because the Sunday shift continued into a new calendar day on Monday, the employee was given consecutive day pay for the Tuesday shift even though it was preceded by 39 hours off.

Recommendation

Veterinary Medicine Payroll should work with Ecotime to determine the cause of consecutive day pay being incorrectly recognized in the system.

Campus Payroll should coordinate with TRS developers to incorporate timekeeping rules that recognize consecutive days worked and a process to ensure that TRS compensates employees appropriately.

Until timekeeping rules can be corrected, Payroll should implement manual compensating controls.

Management Corrective Actions

1. By March 31, 2022, Veterinary Medicine Payroll will work with Ecotime administrators to remedy the incorrect recognition of consecutive days within the Ecotime system.
2. By October 31, 2021, Campus Payroll will decide whether to implement manual controls to ensure consecutive days are paid appropriately in upcoming pay cycles until a system change is made.
3. By December 31, 2021, Campus Payroll will engineer a process to ensure that TRS identifies and pays consecutive day pay appropriately.