

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

**UC Davis
UC Davis Medical Center - Hourly Timekeeping
Audit & Management Advisory Services Project #20-63**

June 2020

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MANAGEMENT SUMMARY

Background

As a supplement to the Fiscal Year (FY) 2020 Audit Plan, Audit and Management Advisory Services (AMAS) conducted a review of the processes and internal controls surrounding time and attendance for hourly employees at UC Davis Medical Center (UCDMC). The review was initiated after allegations of fraudulent overtime were substantiated in a separate investigation performed by the UC Davis Compliance and Policy Office.

UC Davis Health (UCDH) has three policies in place which address reporting on time and attendance. UCDH Policy 2909 *Time and Attendance Reporting* describes the process employees, managers and departments are required to follow in the reporting, approval and submission of time at UCDMC. UCDH Policy 19012 *Overtime Guidelines* describes authorized and unauthorized overtime. UCDH Policy 2925 *Attendance Standards for Medical Center* describes attendance expectations to ensure optimal patient care. Included in these policies is the responsibility for employees and supervisors to complete and approve all time cards at the close of each pay period, the requirement for pre-approval of overtime, and expectations for balancing health of employees with operational needs.

UCDH utilizes Ecotime as the time and attendance system for all employees, hourly and exempt. For non-exempt, hourly employees paid biweekly, time can be recorded through two different methods; either by clocking in/out for each shift or by a predefined shift established in Ecotime. The biweekly pay periods end on a Saturday with time cards typically due to the Payroll Department (Payroll) by the following Monday at 1:00PM¹. Any adjustments not completed by the Payroll cutoff time will be processed in the following pay period.

UCDH Operational Analytics has developed labor dashboards as a monitoring tool for leadership to oversee productivity and overtime hours for biweekly employees. The dashboard data is presented by department and can be drilled down to individual employees to view trends by pay cycle. These dashboards were instrumental in assisting AMAS to identify the sample population for this review.

Purpose and Scope

The objective of AMAS' review was to evaluate processes at UCDMC to validate the accuracy of time reporting and the subsequent payments for biweekly hourly employees, with a focus on overtime hours.

To complete our work AMAS obtained data from September 22, 2019 to February 22, 2020² from UCDH Operational Analytics labor dashboards which was used to select a sample of departments and employees to be included in our review. We then obtained access to Ecotime

¹ This can vary depending on the holiday schedule.

² Overtime hours referenced in this report are prior to staff fluctuations caused by COVID-19.

time cards and the corresponding approval history through UCDH Compliance Office personnel³. We surveyed managers from the selected departments based on their access level in Ecotime about processes within their departments related to scheduling and review, approval and oversight of time reporting. We also met with UCDH Payroll management to ascertain centralized resources available to monitor for compliance with policies. Finally, we reconciled hours recorded in Ecotime for select employees to payroll information from UC Path to confirm compensation aligned with hours recorded as worked.

Conclusion

AMAS observed multiple actions by UCDH to improve monitoring and oversight of hourly timekeeping at UCDMC. Operational Analytics has published biweekly dashboards to trend overtime, productive and non-productive hours by pay period. UCDMC Hospital Operations is coordinating deployment of the scheduling system ANSOS, currently used for nursing staff, to other hospital based departments. However, there were other elements observed by AMAS that were not being monitored that could further improve oversight of overtime and timekeeping.

UCDH policies define time and attendance expectations but do not include expectations for monitoring compliance, escalation protocols or consequences for non-compliance. AMAS recommends development of a Time and Attendance Work Group (TAWG) to review the existing time and attendance policies and implement the necessary modifications to improve oversight and adherence to policy. This work group should address the observations noted below along with other concerns that may be raised by work group participants.

A comparison of payroll overtime data from UC Path to the overtime dashboard data identified significant variances for some employees. AMAS identified that the variance was driven by hours designated in Ecotime as “consecutive day” pay that is recorded as overtime in UCPath, but is not included in the overtime dashboard⁴. Further analysis of Ecotime data found some employees worked up to 100 consecutive days, all at a premium pay rate. AMAS was unable to identify that consecutive day pay was tracked or monitored either centrally or by the departments, nor was the financial implication identifiable through an analysis of payroll data, as the hours are combined with other overtime pay categories. Additionally, there is concern with UCDMC staff working excessive consecutive days due to potential risks from fatigue that could result in patient care issues or increased workers compensation liability.

Though UCDH Policy 2909 states that employees are to complete their time cards and all time cards are to be reviewed by the manager, a review of a sample of Ecotime time cards and time card approval history identified that only 10.5% of the time cards sampled were completed by the employee⁵ and only 84.5% of the same population were approved by the manager.

AMAS performed a year over year analysis of overtime hours using data from the labor dashboards created by Operational Analytics, which identified a 25.7% increase in overtime

³ AMAS staff are UCD Campus employees so we were unable to obtain direct access to Ecotime. AMAS coordinated with the UCDH Compliance Office who assigned staff that were able to obtain read only access to Ecotime and provide the necessary data to complete the review.

⁴ These are hours worked after six consecutive days and are calculated separately from overtime that is 40 hours per week.

⁵ Per Policy 2909 “employees are responsible for reviewing their time card regularly throughout the pay period and completing/approving it at the close of each pay period”

from September 2019 to February 2020 compared to the same pay periods during the previous year. UCDH policy also requires overtime to be approved in advance, but AMAS was not able to identify a method to confirm such approvals are consistently occurring. Mixed responses were received from the surveyed departments. Some stated management of overtime is through a paper approval system and others indicated they are providing notes in Ecotime. AMAS identified a subset of the time cards sampled that included overtime, of those, 52% did not include a note.

These and other observations are discussed further in the body of the report.

Observations, Recommendations and Management Corrective Actions

The following table summarizes the observations, recommendations and management corrective actions arising from the review of UCDMC hourly timekeeping performed by AMAS during FY 2020.

Observations	Recommendations	Management Corrective Actions
A. TIME AND ATTENDANCE WORK GROUP		
<p>A. <i>Evaluation of time and attendance practices.</i> AMAS identified multiple areas of non-compliance to policy relating to time and attendance but did not observe defined expectations to monitor for compliance, processes to escalate instances of noncompliance, or consequences for non-compliance. To address the issues identified in this review, AMAS recommends the formation of a work group to review the existing time and attendance policies and implement the necessary modifications to improve oversight and adherence to policy.</p>	<p>a. UCDH Office of the Vice Chancellor should assign a work group to review and update time and attendance policies and implement processes to confirm that policies expectations are monitored, including protocols for escalation and consequences for non-compliance.</p>	<p>1. By February 15, 2021, UCDH Office of the Vice Chancellor will assign a work group to evaluate existing time and attendance policies and practices.</p> <p>2. By March 15, 2021, the newly formed TAWG will conduct their first meeting and submit a draft work group charter.</p>
B. RISKS RELATED TO CONSECUTIVE DAYS WORKED		
<p>1. <i>Premium pay due to consecutive days worked</i> Using the overtime dashboard data AMAS selected a sample of employees with higher than average overtime for further analysis. A review of time cards and payroll data for these employees identified significant variances in the overtime hours reported on the dashboard and the premium pay hours in payroll. After further analysis, AMAS determined that the variances were due to</p>	<p>a. UCDH Payroll should research the possibility of establishing additional pay codes in UCPATH for consecutive day pay. Being able to quantifying the financial impact of consecutive day pay would allow UCDH to assess if other alternatives would be more beneficial to the institution.</p>	<p>1. As of July 1, 2020, UCDH Payroll has completed the implementation of additional pay codes for consecutive day pay in UCPATH.</p> <p>2. The TAWG will coordinate with Operational Analytics by April 15, 2021, to develop an additional dashboard to track</p>

<p>consecutive days worked, which results in premium pay for every hour an employee works after the first six days⁶.</p> <p>AMAS has identified the following concerns related to consecutive days pay.</p> <ul style="list-style-type: none"> • Though hours are recorded in Ecotime as “consecutive days” this pay code is reported in UCPath along with the other overtime hours as overtime premium or overtime double. As a result there is not a way to isolate the financial impact of consecutive day pay. • The labor dashboard maintained by UC DH Operational Analytics reports on overtime hours worked but there is not another dashboard or reporting tool available that identifies the volume of hours worked as “consecutive days”. • Employees with hours designated as “consecutive days” were identified in multiple departments, some were found to have worked up to 100 consecutive days. Working this number of consecutive days in a clinical setting raises concern about possible risks due to fatigue that could result in patient care issues or increased workers compensation liability. 	<p>b. Additional dashboard reporting should be developed and distributed for consecutive days worked to identify areas where this is occurring and as an aid to understand staffing needs.</p> <p>c. The newly formed TAWG should determine a maximum threshold for consecutive days worked and consider implementing Ecotime system changes that would identify when an employee is approaching that threshold.</p>	<p>hours classified as consecutive days.</p> <ol style="list-style-type: none"> 3. By March 15, 2021, the TAWG will assess if a maximum threshold for consecutive days worked is appropriate. 4. Based on the outcome of item (3) above, the TAWG will consider implementing Ecotime system changes that would identify employees approaching or exceeding the maximum consecutive day threshold by April 15, 2021.
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⁶ Once an employee takes a day off, the consecutive days pay will stop.

C. RISKS RELATED TO REVIEW AND APPROVAL OF TIME CARDS AND OVERTIME		
<p>1. <i>Time card completion</i> UCDH Policy 2909 <i>Time and Attendance Reporting</i> outlines procedures for hourly non-exempt employees to report their time using the time and attendance reporting system.</p> <p>Two of the requirements stated in this policy are that an employee is responsible for reviewing and completing/approving their time card at the close of each pay period and manager/supervisors are responsible for approving time cards for all employees, within the timeframe established by Payroll. Our review sampled 5,732 hourly time cards for biweekly pay periods between September 22, 2019 and February 22, 2020 and found only 10.5% of timecards were completed by the employee while only 84.5% were approved by the manager.</p>	<p>a. Reminders should be distributed to UCDH staff and management advising of the requirement in policy for time cards to be appropriately reviewed, completed and approved each pay period.</p> <p>b. A mechanism to periodically monitor for non-compliance of appropriate time card completion and approval should be developed and assessed on a periodic basis.</p> <p>c. For those departments/employees found to be consistently non-compliant with completion/approval of time cards, an escalation plan should be developed to encourage 100% compliance.</p>	<p>1. By March 15, 2021, the TAWG will develop a process to annually remind staff and management of the requirement to complete and approve time cards. Available resources and training related to timecard completion and approval will be referenced in the communication.</p> <p>2. By March 15, 2021, the TAWG will develop a mechanism to monitor for non-compliance of time card completion and approval.</p> <p>3. By April 15, 2021, the TAWG will develop an escalation plan to identify and address those found to be most consistently non-compliant with policy.</p>
<p>2. <i>Approval of Overtime</i> In the 12 biweekly pay periods ending September 21, 2019, to February 22, 2020, UCDMC recorded 162,139 hours of overtime for hourly non-exempt employees. This is an increase of 25.7% over the same 12 pay periods in the prior year.</p> <p>It is a requirement of Policy 2909 that overtime is pre-approved, and Policy 19012</p>	<p>a. A consensus should be achieved about acceptable methods to record approval of overtime and incorporated into policy. The method(s) selected to record approval of overtime should be in a form that permits monitoring and reporting to confirm that approval requirements are met.</p>	<p>1. By March 15, 2021, a determination will be made by the TAWG of how overtime approval should be documented so that monitoring and reporting are facilitated.</p> <p>2. Based on the outcome of above (1) the TAWG will submit an update to Policy 2909 and 19012 by April 15, 2021.</p>

<p>further defines the expectations for approval of overtime.</p> <p>Policy 19012 states that employees are to complete an Overtime Authorization form and obtain signed approval. However, the policy does not state that the approval should also be documented in the time and attendance system though UCDH Payroll has indicated that overtime approval should be documented within the system of record.</p> <p>AMAS distributed a survey to select department supervisors responsible for time card approvals. The feedback was mixed with some indicating overtime is approved using a paper system and others that overtime approvals are documented in the time and attendance system with a note. A sample of 456 time cards with overtime reviewed by AMAS showed 52% time cards did not included a note⁷.</p> <p>With such a dramatic increase in overtime measured year over year, and inconsistent methods of documenting the approval, AMAS was unable to confirm if overtime worked had been appropriately approved.</p>	<p>b. Reporting on overtime approvals should be developed and made available to stakeholders in order to monitor for adherence to policy and as a means to identify inappropriate overtime.</p>	<p>3. By May 15, 2021, the TAWG will develop a method to monitor and report on overtime that was not appropriately approved.</p>
<p>3. Labor Dashboard Data Reporting</p>	<p>a. Conduct an assessment of the current methodology used to</p>	<p>1. By May 15, 2021, the TAWG will assess the content of the labor</p>

⁷ Approval of overtime is documented using the Notes feature in Ecotime. AMAS did not have direct access to the time and attendance system and was able to only assess if a note was present, not the contents of the note. If there was a note associated with time card that had overtime it was assumed that the overtime had been approved in the note, and the timecard was not counted in the 52%.

<p>The labor dashboards distributed to UCDMC leadership include data for overall productivity, productive hours, non-productive hours and overtime. This dashboard was originally produced as a joint effort between Operational Analytics, UCDH Finance and UCDH Payroll. However, since then, UCDH has converted to a new payroll system and additional reporting options could be incorporated to enhance the data provided to the departments.</p>	<p>populate the labor dashboards and develop additional data elements that could be beneficial to departments to identify root causes for increased overtime or low productivity.</p>	<p>dashboards and submit any recommendations for modifications to Operational Analytics.</p>
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