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***Subject: Collective Bargaining Agreement Terms
Project 2015-22***

The final audit report for the above referenced audit is attached. We would like to thank all members of the department for their cooperation and assistance during the audit.

UC wide policy requires that all draft audit reports, both printed (copied on tan paper for ease of identification) and electronic, be destroyed after the final report is issued. Because draft reports can contain sensitive information, please either return these documents to AMAS personnel or destroy them at this time. We also request that draft reports not be photocopied or otherwise redistributed.

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AUDIT & MANAGEMENT ADVISORY SERVICES

Collective Bargaining Agreement Terms
May 2015

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Project Number: 2015-22

*Collective Bargaining Agreement Terms
Project #2015-22*

Table of Contents

I.	Background.....	1
II.	Audit Objectives, Scope, and Procedures.....	2
III.	Conclusion	3

*Collective Bargaining Agreement Terms
Project #2015-22*

I. Background

Audit & Management Advisory Services (AMAS) has completed a compliance review of collective bargaining agreement terms implemented in the UCSD Health Sciences (UCSDHS) timekeeping and payroll processes, as part of the approved audit plan for Fiscal Year (FY) 2014-15. This report summarizes the results of our review.

The process to implement changes to collective bargaining agreement terms is complicated and requires the close coordination and oversight by representatives from labor relations, human resources, information technology, and fiscal and budgetary personnel both at the UC Office of the President and at UCSD. These offices work together to ensure that any changes in UCSD payroll resulting from changes to bargaining unit agreements are properly reviewed, scheduled and implemented.

The specific steps involved in this process can vary significantly depending on the types of wage agreement changes being implemented. However, a typical wage implementation process begins when changes in negotiated salary steps and ranges arise from the collective bargaining process for represented title classes. This phase of the process is the responsibility of the UC Labor Relations unit of Human Resources, which in coordination with the campus compensation managers maintains the title code wage tables for all campuses.

After new wage rates have been negotiated, this information needs to be updated in the Employee Database at UCOP. Pending changes to the Employee Database resulting from changes to negotiated wage agreements are reviewed by Campus Human Resources, UCSDHS Medical Center Human Resources, the effected UCSDHS operating departments, and in some cases the Campus Budget Office. Once these departments are satisfied that pending changes are correct, the changes are finalized in the Employee Database via update programs run within the UC Payroll and Personnel System (PPS). The timing of these PPS update programs needs to be carefully coordinated so that any changes go into effect at the appropriate times based on the negotiated agreements.

In addition to changes in wage rates, changes to collective bargaining terms can affect several other payroll and timekeeping elements. For example, some collective bargaining units receive different rates of pay for working on nights or on weekends (shift differential rates), for being on-call, or for acting in an in-charge capacity. Changes in shift differential rates must be manually entered into the UCSDHS automatic timekeeping system. UCSDHS uses an automated timekeeping system purchased from Huntington Business Systems (HBS) for timekeeping. The process of updating the HBS system for changes in shift differential rates is performed by the Medical Center Payroll Office. After an agreement has been negotiated, the new rate information is sent via email to the Medical Center Payroll Office from the Campus Compensation Area within Labor Relations.

*Collective Bargaining Agreement Terms
Project #2015-22*

HBS has pay rules built into the system that automatically identify time worked subject to overtime and shift differential pay and other ancillary pay for eligible employees. These rules are programmed into the system by a third-party vendor. As such, any change to the way that overtime is calculated or shift differential rates are applied requires that the third-party vendor reprogram the system to ensure compliance with the collective bargaining agreement.

Every two weeks a payroll data file is created by the HBS system, which is sent to the Campus Payroll Office. This biweekly file contains all payroll data, such as rates, titles, ID numbers, hours, and types of hours. Within the PPS system, the reported hours worked by bargaining unit employees, as classified within the HBS system, are used in conjunction with the pay rate data as per the Employee Database to calculate employee pay. Once the Employee Database has been updated to reflect changes resulting from new negotiated wage agreements are finalized in the Employee Database and in the HBS system, these wage rates are used in conjunction with records of employee hours worked to compute employee pay. However, the actual calculation of employee pay occurs outside of the HBS system in PPS.

II. Audit Objectives, Scope, and Procedures

The objective of our review was to evaluate the process for implementing executed collective bargaining agreement terms in the HBS timekeeping system. We performed the following audit procedures to achieve our objective:

- Reviewed UC and UCSD policies and procedures related to payroll and timekeeping;
- Reviewed recently approved Bargaining Unit Agreements;
- Reviewed summary documentation of the wage implementation process provided to us by the Medical Center Payroll, ACT and Human Resources;
- Reviewed documentation on the implementation of the HBS timekeeping system within UCSD Health Sciences;
- Reviewed sample documentation related to the implementation of a recent wage agreement;
- Interviewed individuals involved with wage implementation from the following departments:
 - Medical Center Payroll,
 - Health System Human Resources,
 - UCSD Campus Human Resources Compensation,
 - ACT,
 - Health Sciences Information Services; and

*Collective Bargaining Agreement Terms
Project #2015-22*

- Judgmentally selected 10 UCSDHS represented employees from three different collective bargaining units (for a total 30 employees), and for each employee reviewed HBS timekeeping data for one pay period to ensure that HBS was configured in accordance with the collective bargaining agreements.

III. Conclusion

Based on our review procedures, we concluded that controls are functioning effectively for implementing executed collective bargaining agreement terms in the HBS timekeeping system. Our interviews and testing indicated that existing controls are adequate to ensure that changes in bargaining agreements are promptly and accurately reflected in the employee payroll process. No errors or control weaknesses came to our attention as a result of the interviews and audit testing we conducted.

For each of the 30 employees selected for detailed testing, we verified that wage changes resulting from the most recent revision to the relevant bargaining agreement were accurately reflected in that employee's next payroll calculation. Ten employees were selected from each of the following three bargaining units: AFSCME Patient Care Technical (EX), CNA Registered Nurses (NX), and UPTE-CWA Residual Health Care Professionals (HX) bargaining units. These three bargaining units together represent 68.7 % of Health System employees.

As part of this testing, we recalculated the time the 30 sampled employee worked during that pay period based on the employee's timestamp data, and verified that the HBS system accurately classified hours worked subject to overtime pay and shift differentials in a manner consistent with the bargaining agreement terms. We also verified that overtime and shift differential hours were paid at the proper rates within the payroll system. No errors or control weaknesses came to our attention as a result of our review of processes, or our testing of sampled employee records.