March 3, 2015

PEARL TRINIDAD   DEBBIE RICO
Director   Controller (Interim)
Payroll   Business and Financial Services
0952   0951

***Subject: MyTime Entry (On-line Timekeeping)
                   Project 2015-09***

The final audit report for MyTime Entry (On-line Timekeeping), Audit Report 2015-09, is attached. We would like to thank all members of the department for their cooperation and assistance during the audit.

Because we were able to reach agreement regarding corrective actions to be taken in response to the audit recommendations, a formal response to the report is not requested.

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. We also request that draft reports not be photocopied or otherwise redistributed.

                                        David Meier
                                        Director
                                        Audit & Management Advisory Services

Attachment

cc: J. Bruner
       G. Gomez
       C. Ledford
       W. Murin
       P. Ouillet
       D. Rico
       S. Vacca

AUDIT & MANAGEMENT ADVISORY SERVICES

MyTime Entry (On-line Timekeeping)
March 2015

Performed By:

Christine Taylor, Auditor
Greg Buchanan, Manager

Approved By:

David Meier, Director

Project Number: 2015-09

MyTime Entry (On-line Timekeeping)
Project 2015-09

Table of Contents

MyTime Entry (On-line Timekeeping)
Project 2015-09

I.   **Background**

Audit & Management Advisory Services (AMAS) has completed a review of the
MyTime Entry (MTE) On-line Timekeeping system as part of the approved audit plan for
Fiscal Year 2014-15.   This report summarizes the results of our review.

MTE is a web-based application used by employees to report, administer, and maintain
hours for payroll time records. MTE was designed to retain a high level of security and
accuracy, while eliminating redundancies and decreasing the payroll processing time.
MTE was introduced as a pilot project in September 2011 and the departments included
in the pilot were Administrative Computing & Telecommunications (ACT) and Business
& Financial Services (BFS). It was gradually introduced to the remainder of the campus
between March 2012 and March 2013.

As of the date of our review, use of MTE was not mandatory, although approximately
three out of every four campus employees used MTE. Some campus units, as well as the
Medical Center, continued to use other timekeeping applications based on their individual
needs.

Prior to the MTE timekeeping system, employees completed paper timesheets, which
were manually entered into Timekeeping Application Rewrite (TAR) by campus
timekeepers. TAR was then uploaded to the Payroll Personnel System (PPS) to generate
payroll checks for general assistance employees (i.e. positive time reporters[1]), update
leave activity reports for all employees (exempt[2] and non-exempt[3]), and to calculate
overtime payments for non-exempt employees.

MTE allows employees to report hours worked, absences, compensatory time used, and
administrative paid leave. MTE users log on to MTE via Single Sign-on and enter time
using a calendar-based, graphic user interface format. Time approvers and timekeepers
then go into MTE to approve and accept time. Once MTE transactions have been
accepted by the timekeeper, they are uploaded to TAR.

There are three roles within MTE: Employee, Supervisor/Time Approver, and
Timekeeper. Responsibilities for each of these roles are provided in **Attachment A**.

---

[1] Positive time reporters are hourly employees who record the number of hours worked each pay period via
timesheet. Timesheets must be accepted by timekeeper in order to be paid.
[2] Exempt employees are paid an established salary, are expected to fulfill the duties of their position regardless of
hours worked, and are not eligible to earn overtime.
[3] Non-exempt employees are paid for actual hours worked and are eligible for overtime pay or compensatory time.

II. Audit Objective, Scope, and Procedures

The objective of our review was to conduct a post implementation review of the MTE on-line timekeeping system, and evaluate the internal controls in place to ensure accuracy of timekeeping data, appropriate supervisory approvals, and compliance with Fair Labor Standards Act (FLSA) and Office of Management and Budget (OMB) A-21.

In order to achieve our objectives we completed the following:

- Reviewed the following system-wide and local policies and procedures:
    - PPM 395-4.1;
    - PPM 395-4.2; and
    - UC Business & Finance Bulletin IA-101;
- Reviewed OMB Circular A-21;
- Reviewed FLSA;
- Reviewed ACT's MTE project management documents maintained in TeamForge;
- Conducted interviews with BFS Payroll personnel; and
- Using the MTE Quality Assurance (QA) environment, tested MTE functionality pertaining to the establishment of roles, approval for timesheets, input controls, and categorization of overtime (overtime-straight (OTS) vs. overtime-premium (OTP)).

III. Conclusion

Based on the audit procedures described above, we concluded that MTE internal controls were generally adequate to ensure the accuracy of timekeeping data, appropriate supervisory approvals, and compliance with OMB A-21. However, we found opportunities to improve system functionality in order to ensure strict compliance with FLSA, enhance notifications to supervisors for timesheets accepted but not approved, and ensure that time reported does not exceed 24 hours in a single day. These findings are discussed in the balance of this report.

IV. Observations and Management Corrective Actions

A. FLSA Compliance

The MTE system could be enhanced to ensure strict compliance with FLSA.

The primary objective of the FLSA is to protect workers' rights. The FLSA establishes minimum wage and limits the number of hours that may be worked in a standard work week. It provides standards for equal pay, overtime pay, recordkeeping, and child labor.

According to FLSA employees are classified as either exempt or non-exempt. Employees in non-exempt positions (positive time reporter or non-exempt exception reporter) are covered by the overtime provisions of FLSA and must be paid overtime for all hours worked over 40 hours per pay period.

FLSA recordkeeping requirements include a listing of basic records that an employer must maintain for non-exempt employees. This includes:
- Time and day of week when employee's workweek begins;
- Hours worked each day; and
- Total hours worked each workweek.

Although MTE does maintain hours worked each day for student employees, it does not currently maintain these records for non-exempt exception reporter employees. Therefore, MTE does not provide for strict compliance with FLSA.

Management Corrective Action:

UCSD Payroll is in the process of enhancing the MTE system to include work schedules. This enhancement will include daily work schedules for non-exempt employees and will automatically populate hours worked each day. This is expected to be implemented in the Winter of 2015.

B.   **Timekeeper Acceptance of Unsubmitted Timesheets**

The MTE system could be enhanced to notify supervisors when time not submitted by the employee is accepted by the timekeeper.

MTE timesheets are initiated by the employee entering time data and submitting timesheets online. Once time data has been entered into MTE, the employee submits the data for supervisor/time approver review and approval. If the timesheet is denied by the supervisor/time approver, the employee is notified automatically to review the timesheet and resubmit. After supervisor/time approver approval has been obtained, the timekeeper reviews for completeness and accuracy, and accepts the timesheet for payroll processing. Central Payroll processes accepted timesheets into PPS for payment. An overview of this process is provided in **Attachment B**.

There are instances when an employee enters and saves hours worked to a timesheet without submitting for approval. If an employee does not submit their timesheet for approval by the payroll deadline, the system allows the timekeeper to accept the unsubmitted timesheet, bypassing supervisor approval. This feature was put into place to ensure that positive time reporting employees are paid on

time for hours worked within each pay period, as required by State of California, Department of Industrial Relations[4].

While acceptance of time without timesheet approval is necessary to comply with Department of Labor requirements, the MTE system could be enhanced to ensure that approvers are aware of timesheets that have been accepted without their approval. Currently, the MTE system notifies approvers when a timesheet has been submitted for approval. However, no email notification is sent to the approver in the event that unsubmitted timesheets have been accepted by the timekeeper.

Management Corrective Action:

Payroll will work with ACT to modify the system to generate an email notification to the employee's supervisor and to the employee when a timekeeper accepts an employee's time that has not been submitted for approval. In addition to generating email notifications, MTE has been added to the Pending Approvals header within FinancialLink and EmployeeLink.

C.   Time Entry Daily Hours/Limitation

The MTE system input controls could be improved to ensure that time entered by an employee cannot exceed 24 hours in a single day.

During the testing in the QA environment, it was discovered that the system will only allow the user to input up to 24 hours in one event. However, the system does not prevent the user from entering a second 24 entry for the same day. If the department does not regularly review timekeeping reports, inaccurate overtime payments or overstated comp time may occur.

Management Corrective Action:

Payroll will work with ACT to modify the system to prevent the user from inputting hours exceeding 24 hours per day, per pay type.

---

[4] *Paydays, pay periods, and the final wages.* California Department of Industrial Relations. Web. 1/15/2015
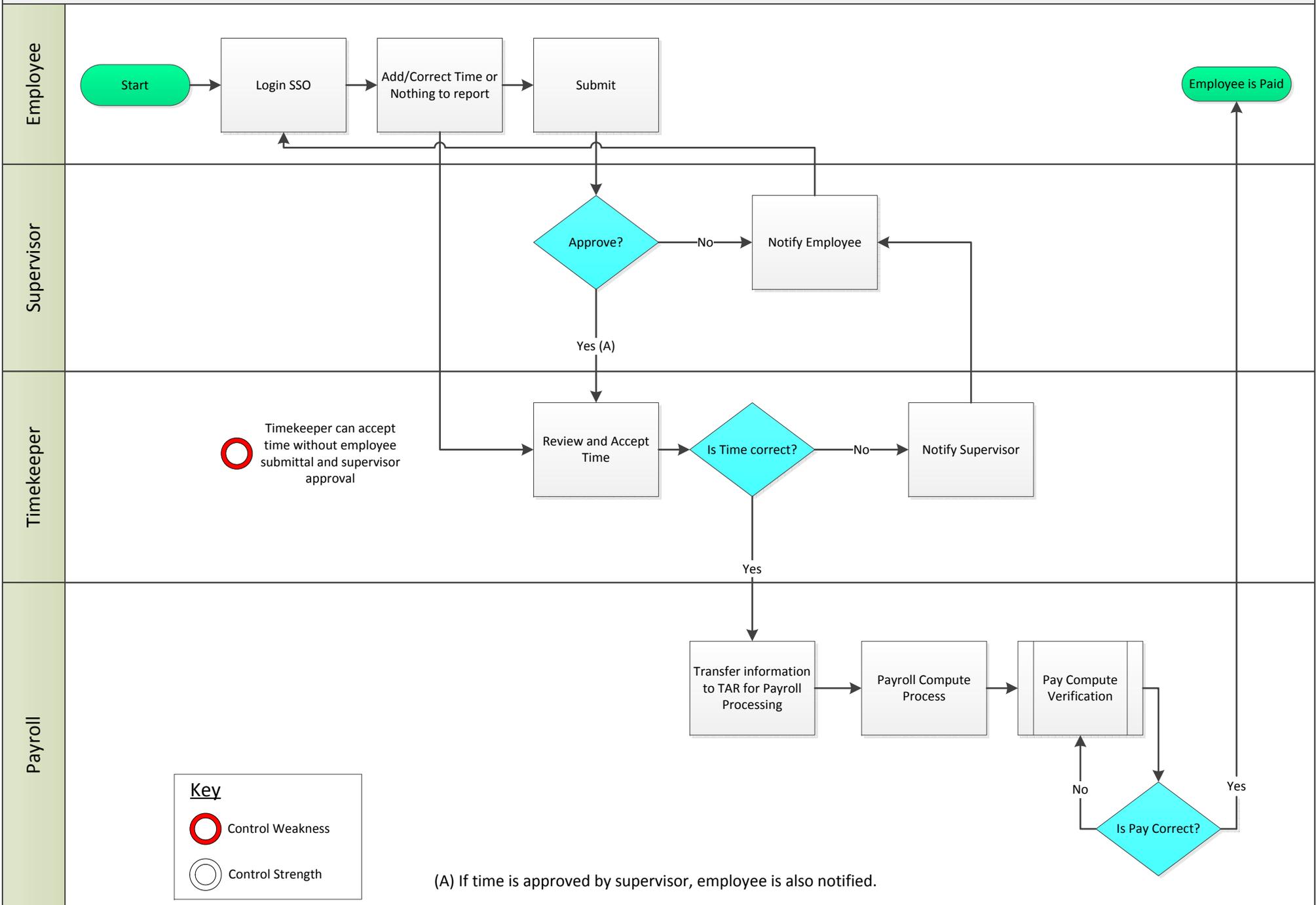
Role		Responsibilities
Employee **(A)**	Exempt/Monthly/Exception	Report vacation and sick leave, jury duty, and other types of leave.
	Non-exempt/Bi-Weekly/Exception	Report additional time worked, vacation, sick leave, jury duty, and other types of leave. Additional time results in either straight or premium overtime.
	Non-Exempt/Positive Time Reporter	Report all hours (worked and any leave).
Supervisor		Reviews and approves time entries submitted by employees.
Timekeeper **(B)**		Assigns supervisory roles. Accepts time entries.

(A) The FLSA data element in PPS designates whether a position is exempt or non-exempt. Exception and positive time reporter status is designated by pay distribution/appointment in PPS.

(B) The timekeeper role is assigned by the department HR manager via a timekeeper delegation form, which is submitted to Central Payroll for processing. Central Payroll enters the timekeeper into the timekeeper code table in Accesslink. At the department level, the Department Security Administator (DSA) grants the timekeeper access to the timekeeper network via Accesslink, which is approved or denied by Central Payroll based on completion of timekeeper training.

MyTime Entry Process Flow

ATTACHMENT B

Employee

Start → Login SSO → Add/Correct Time or Nothing to report → Submit

Employee is Paid

Supervisor

Approve?

No → Notify Employee

Yes (A)

Timekeeper

○ (Control Weakness) Timekeeper can accept time without employee submittal and supervisor approval

Review and Accept Time → Is Time correct? —No→ Notify Supervisor

Yes

Payroll

Transfer information to TAR for Payroll Processing → Payroll Compute Process → Pay Compute Verification

Is Pay Correct?

No

Yes

Key

⬤ Control Weakness

◎ Control Strength

(A) If time is approved by supervisor, employee is also notified.

Payroll Compute Subprocess

Phase

Employee

(Employee is Paid)

Disbursements

[Process check request]

Timekeeper/ PPS Preparers

[Submits adjustments in PPS and check is recalculated.]

[Submits Special Request Form, timecard, and updates PPS as needed]

No

Yes

Payroll

(Start) → [Review exception/ error reports] → < Are there discrepancies? > —Yes→ [Notify Department of any discrepancies] → < Is error an overpayment? >

No