HUMAN RESOURCES AND PAYROLL CENTER – SOUTH

AUDIT REPORT #18-2214

Audit & Advisory Services

December 2018

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Background

In accordance with the UCLA Administration fiscal year 2017-18 audit plan, Audit & Advisory Services (A&AS) has conducted a review of the Human Resource Payroll Center (HRPC) – South.

The Service Center concept began operations in 2004 to provide payroll and personnel support services within UCLA Administration. A decision was made to maximize efficiencies in the Human Resources and Payroll areas, and four Service Centers were created to support departments that were geographically adjacent to those Service Centers. The four Service Centers were consolidated and merged into two Service Centers through the years (the HRPC – South and the HRPC – North). The HRPC – South has 12 employees and services 31 departments that are within the following six sub divisions:

* Central Ticket Office (CTO)
* Environment, Health & Safety (EH&S)
* Events & Transportation (E&T)
* Facilities Management (FM)
* Mail, Document, and Distribution Services (MDDS)
* UCLA Police Department (UCPD)

Human Resource Payroll Center – South uses the MyHR tool, which provides basic employment information to their departments and clients. The modules used within this software include employee profile, current salary and salary history, appointment distribution, years in service, and training.

Human Resource Payroll Center – South is overseen by an Associate Director, who reports to the Associate Vice Chancellor for Campus Human Resources.

Purpose and Scope

The primary purpose of the review was to ensure that organizational structure and controls, and the related systems and procedures were conducive to accomplishing HRPC – South’s business objectives surrounding personnel and payroll activities. Where applicable, compliance with University policies and procedures was also evaluated.

The scope of the audit focused on the following areas:

* Accountability Structure
* New Hires and Separations
* Payroll Processing
* Training
* Documentation and Approvals
* Compliance
* Physical Security

The review was conducted in conformance with the *Internal Standards for the Professional Practice of Internal Auditing* and included tests of records, interviews with key personnel, and other auditing procedures considered necessary to achieve the audit purpose.

Summary Opinion

Based on the results of the work performed within the scope of the audit, HRPC – South’s internal controls are generally conducive to accomplishing the department’s business objectives surrounding personnel and payroll activities. However, internal controls in the following areas could be strengthened:

*Accountability Structure*

* The HRPC personnel and payroll accountability structure should be updated to reflect access that is appropriate and consistent with the department’s organizational structure and job responsibilities. All inappropriate access for departmental clients to the Distributed Administrative Computing Security System (DACSS) should be removed by the Departmental Security Administrator (DSA).
* Mandatory reviewers for HRPC – South should read their Post-Authorization Notifications (PANs) within two business days of receipt in accordance with the UCLA Financial Policy.

*New Hires and Separations*

* Departments serviced by HRPC – South should ensure that all Personnel Action Forms (PAFs) are properly completed, approved, and submitted to the service center prior to the employee’s start date to ensure timely processing. In addition, supporting documentation for background checks should be maintained by HRPC – South.
* Departments serviced by HRPC – South should ensure that all PAFs are properly completed, approved, and submitted to the service center prior to the employee’s separation date to ensure timely processing. Human Resource Payroll Center – South should also ensure that all separation paperwork is maintained in each employee’s personnel file.

*Payroll Processing*

* Human Resource Payroll Center – South should contact departmental management for the clients they service to ensure that all time manually entered into the Kronos System are documented with a comment that supports and accurately reflects the reason for the adjustment. In addition, departmental management should ensure that documentation related to Kronos manual adjustments is maintained for record keeping purposes.
* Human Resource Payroll Center – South should remind FM & E&T management that employee timesheets should be reviewed and approved within Kronos before the end of each pay period. Any corrections should be communicated to HRPC – South. Additionally, UCPD, CTO, EH&S, and MDDS management should ensure that all employee timesheets are reviewed and approved within Kronos. Any corrections should be communicated to HRPC – South.

*Training*

* Human Resource Payroll Center – South should work with management of the departments they service to ensure that all staff are completing mandated training on a timely basis. To help increase the completion percentages for mandatory UC training courses, HRPC – South management should work with department management, the UCLA Compliance Coordinator, and the Title IX Office to ensure that all employees who don’t have access to a computer are provided the opportunity to participate in the in-person training courses.

*Documentation and Approvals*

* Annual performance evaluations should be performed in a timely manner and provided to HRPC – South to be filed in the employee’s personnel file.

*Physical Security*

* Management should ensure that the safe within HRPC – South has the combination changed whenever a person who knows the combination leaves HRPC - South. In addition, the combination should be changed at least once a year. Changes made to the safe’s combination should be documented.

The audit results and recommendations are detailed in the following section of this report.

Audit Results and Recommendations

Accountability Structure

The personnel and payroll accountability structure within DACSS for HRPC – South and the departments that it services was evaluated for effective delegation of authority in initiating, processing, and reviewing personnel and payroll transactions, and for adherence to the UCLA Financial Policy, as of May 2018. According to the UCLA Financial Policy, maintaining and securing an effective accountability structure should provide for the routine update of DACSS to ensure that proper access is granted to inquire, prepare, and/or review transactions. Controls surrounding the review of PANs and the annual Chief Administrative Officer (CAO) certifications for department code 3105 (Office of the Administrative Vice Chancellor) were also reviewed. The following were noted:

### Accountability Structure

The Office of the Administrative Vice Chancellor submitted the DACSS CAO Certification for 2017 to the Office of the Controller on June 1, 2017. However, based on test work performed, user access was not always consistent with current responsibilities and the organizational structure. As of May 2018, A&AS identified a HRPC – South employee that had inappropriate access to two PeopleAdmin functions HRRQSBMT (Job Requisition Authorized to Submit) and HRJDSBMT (Job Description Authorized to Submit). An additional 18 employees were identified as having function codes assigned that provided them access to the personnel and payroll system for HRPC – South client departments that was not consistent with their job responsibilities.

Recommendation: HRPC – South should contact their DSA to ensure that all inappropriate DACSS access identified during the review is removed. The CAO should also monitor accountability delegations by reviewing quarterly DACSS reports to ensure that the structure reflects access that is appropriate and consistent with the department’s organizational structure and job responsibilities.

Response: HRPC – South contacted our DSA to address DACSS access during the audit process and will begin monitoring the access on a quarterly basis.

### Post-Authorization Notifications (PAN) Review

The PAN Aging Reports available on the web-based application Document Direct were queried to verify that HRPC – South employees who are set up as mandatory reviewers are not listed in the aging reports. Review of the May 26, 2018, reports indicated the following:

* There were no HRPC – South mandatory reviewers with unread PANs listed in the “PAN Aging Report Active by Mandatory Reviewers.”
* The department does not have any separated employees with unread PANs listed in the “PAN Aging Report Separate.”
* HRPC – South does not have any PANs that have not been read by any mandatory reviewer. The “Unread PAN by Any Mandatory Reviewer” was clear.

Additionally, the DACSS Reviewers for a Specific Unit report as of May 16, 2018, was used to identify HRPC – South’s three mandatory reviewers for personnel and payroll transactions. A&AS then obtained the March and April 2018 audit logs for all three individuals to verify that PANs were reviewed in a timely manner in accordance with the UCLA Financial Policy. Although the UCLA Financial Policy states that transactions must be reviewed within two working days of receipt, A&AS used a five-day criterion to account for weekends, holidays, alternative work schedules, and short absences.

A&AS found the number of PANs read more than five days from receipt by mandatory reviewer as follows:

|  |  |  |
| --- | --- | --- |
|  | **# of Unread PANs > 5 Days**  | **Range of Days Unread** |
| Reviewer 1 | 117 | 6-8 |
| Reviewer 2 | 146 | 6-10 |
| Reviewer 3 | 76 | 6-7 |

Recommendation: Management should ensure that all HRPC – South mandatory reviewers read PANs in a timely manner in accordance with the UCLA Financial Policy.

Response: The conversion from the Personnel and Payroll System (PPS) to UCPath in October 2018 has lowered the number of PANs significantly. Mandatory reviewers will continue to review any PPS PANs in a timely manner. It should also be noted that some of the unread PANs occurred because reviewers did not have access while on vacation and/or sick leave.

New Hires and Separations

The adequacy of internal controls over new hires, and separations were assessed through sample testing, review of personnel payroll reports, interviews, and review of personnel files. The following were noted:

1. New Hire Processing

A query from the Campus Data Warehouse (CDW) was generated to obtain a listing of newly hired employees from the following sub-divisions: UCPD, CTO, FM, E&T, EH&S, and MDDS. A judgmental sample of 20 employees hired between July 2017 to January 2018 were selected for review to ensure that personnel and payroll requests are complete, properly approved, and forwarded to the service center in a timely manner. Controls surrounding the completion of background checks were also reviewed. Based on the review, 15 of 20 new hires were processed in accordance with University policy and procedures. Specifically, PAFs were complete, approved, and forwarded to HRPC – South in a timely manner for processing. Background checks were also properly requested and obtained for all 20 employees selected for review; however, in one instance background check documentation was not maintained within the employee’s personnel file or recorded within the Employee Database (EDB). Furthermore, four PAFs were not approved by a supervisor, manager, or departmental head prior to the employee’s start date. Additionally, a completed PAF was not maintained within an employee’s personnel file.

Recommendation: Departments serviced by HRPC – South should ensure that all PAFs are properly completed, approved, and submitted to the service center prior to the employee’s start date to ensure timely processing. In addition, supporting documentation for background checks should be maintained by HRPC – South.

Response: HRPC – South continues to meet with client department directors, chief administrative officers and department representatives monthly or bi-monthly and continues to discuss the necessity of submitting complete and accurate PAFs. HRPC – South has drafted an electronic form with the assistance of Facilities Management’s Information Services team. The draft electronic form requires the completion of all fields of data before the form can be submitted to HRPC – South for processing. The electronic form will be deployed if the Information Service Team can determine the compatibility of the software with the UCLA Shibboleth. With the exception of background checks for police officers and fire staff, background checks are now completed by HRPC – South and a copy of the Request for LiveScan form is now kept in each employee’s personnel file.

1. Employee Separations

The CDW was accessed to obtain a listing of employee separations from July 2017 to February 2018 for UCPD, CTO, FM, E&T, EH&S, and MDDS. A sample of ten employees who have been separated by departments under the responsibility of the HRPC – South were selected to verify that employees were properly separated in accordance with University procedures, paid correctly, and in a timely manner. Based on the test work performed, five of ten separations were properly documented through a PAF, PANs, e-mail communications, and processed in accordance with University procedures. However, communication surrounding the processing of employee separations can be improved. Specifically, PAFs were either not submitted in a timely basis by the employee’s home department or processed timely by HRPC - South for four of ten separations reviewed. As a result, employee separation and/or compensation was delayed. Additionally, the PAF for the remaining employee in the test sample could not be provided by HRPC – South.

Recommendation: Departments serviced by HRPC – South should ensure that all PAFs are properly completed, approved, and submitted prior to the employee’s separation date to ensure timely processing. HRPC – South staff should also ensure that all separation paperwork is maintained in each employee’s personnel file.

Response: HRPC – South has and continues to communicate to client departments the importance of the PAF documentation and time needed to process an employee separation. After the audit, HRPC – South informed client departments that it would not process separations if the expectation was to separate the employee without at least two days’ notice. Moreover, HRPC – South communicated the change in processing employee separations in UCPath and informed client departments that at least three days’ notice was required to process the employee separation. HRPC – South also communicated that it could not confirm timely payments to separating employees, which is out of HRPC – South’s control. In connection with implementation of UCPath, HRPC – South and client departments are working together to ensure timely submission of PAFs and timely separation transactions. HRPC – South reviewed the medical separation process due to the audit and made changes that will ensure the necessary separation paperwork is included in personnel files.

Payroll Processing

Internal controls over timekeeping, timecard approvals, and paycheck distribution were examined to ensure compliance with UCLA policies and procedures. Test work included an analysis of Kronos System reports, review of departmental documents, observation of processes, and interviews with management and staff. The following were noted:

1. Timekeeping and Reporting

Controls over timekeeping were examined for adequacy. A March 2018 payroll summary report from Kronos was obtained for departments serviced by HRPC – South. For a sample of 30 employees, the March 2018 Kronos Punch Detail Reports (PDRs) were verified against EDB to verify that employees were paid accurately and leave balances are accurately reported. Controls surrounding time manually entered into Kronos was also reviewed. Based on the test work performed, all 30 employees were paid accurately. Leave balances were also correctly reflected within EDB. Time manually entered into Kronos were documented on the PDRs for the majority of the sample selected; however, all manually entered time was not properly documented for six of the 30 employees reviewed.

Recommendation: HRPC – South should contact departmental management for the clients they service to ensure that all time manually entered into Kronos System is documented with a comment that supports and accurately reflects the reason for the adjustment. In addition, departmental management should ensure that documentation related to Kronos manual adjustments is maintained for record keeping purposes.

Response: HRPC – South has and continues to remind client departments that comments should be included when manually adjusting employees’ time. HRPC – South has also encouraged client departments to maintain documentation to support department-made adjustments.

1. Employee Timesheet Approval

The March 2018 Kronos Timecard Signoff reports were obtained for five departments within FM & E&T. The information was imported into Microsoft Excel and data analytics were used to examine timesheet sign-offs. Based on the analysis performed, 677 of 1,765 (38%) timesheets were not signed-off by a supervisor or manager. Furthermore discussions with HRPC – South revealed that the following sub-divisions UCPD, CTO, EH&S, and MDDS do not require managers or supervisors to review and approve their employee’s timesheet within Kronos prior to processing payment. In these instances, the timesheets were signed-off by the Information Technology (IT) department. Due to the payroll deadline, timesheets are processed for payment even if they were not approved by a supervisor or manager. Since employees are paid regardless of timesheet approval in Kronos, proper and timely review is essential to validate the accuracy of timesheets before wages are paid.

Recommendation: HRPC – South should remind FM & E&T management that employee timesheets should be reviewed and approved within Kronos before the end of each pay period. Additionally, UCPD, CTO, EH&S, and MDDS management should ensure that all employee timesheets are reviewed and approved within Kronos. Any corrections should be communicated to HRPC – South.

Response: HRPC – South has and continues to communicate to client departments the importance of supervisor signoff of employee timesheets. HRPC – South has and continues to discuss this with clients in our monthly or bi-monthly meetings. It should also be noted that FM, E&T and UCPD have employees who work until the last day of the pay period and based on employees’ schedules, the review and approval may occur the following Monday.

1. Payroll Check Distribution

The check distribution process was reviewed to ensure that payroll checks were properly safeguarded and distributed in accordance with University policies and procedures. Additionally, storage practices were observed for proper security and accountability. The HRPC - South has procedures in place to help ensure that payroll checks are safeguarded and distributed in accordance with University policy. Specifically, payroll checks delivered from central payroll to HRPC – South by MDDS. Only authorized HRPC – South staff can receive checks. HRPC – South staff are required to sign for payroll check upon receipt. Signed documentation is maintained for record keeping purposes. Payroll checks are maintained in the departmental safe while awaiting distribution to the sub-divisions serviced by HRPC – South. HRPC – South maintains a listing of staff from each sub-division authorized to receive paychecks. Authorized staff are required to sign documentation acknowledging receipt of checks before they are relinquished by HRPC – South. Payroll checks that are not picked up by employees are returned to HRPC – South. Payroll checks are delivered by HRPC – South through a secured courier service.

There were no significant control weaknesses noted in this area.

Training

The University mandates that employees complete training programs in Ethical Values and Conduct (Ethics), Sexual Violence and Sexual Harassment Prevention (SHSVP), and Cyber Security Awareness (CSA). The Ethics training raises awareness to the UC Statement of Ethical Values and Standards of Ethical Conduct. The training provides examples of ethical challenges that may arise in the workplace and helps clarify how to apply the standards and encourage their use. The SHSVP training program helps employees learn about and understand their role in ensuring that the University community remains free of all forms of discrimination and harassment, including sexual harassment and violence, which is prohibited by law and UC policy. The CSA training is part of the University of California Office of the President (UCOP) initiative to enhance cyber security throughout the UC System. Due to the rapid pace of technological developments and the highly connected nature of education and research activities cyber security is a continuous effort that must be addressed by educating UC employees and students about best practices.

A&AS reviewed controls to determine that processes are in place to monitor and ensure compliance with require training classes for all departments serviced by HRPC – South. Based on discussions with HRPC – South management, the department has recruited a Senior Human Resource Analyst who will be proactive in the department’s initiative to monitor and ensure employees receive required training classes. The learning management system (LMS) generated reports obtained from the UCLA Campus Compliance Coordinator indicated the completion rates for the following sub-divisions that HRPC – South serves:

Ethical Values and Conduct Training (as of 5/28/18)

|  |  |
| --- | --- |
| Sub-Division  | Completion Percentage |
| CENTRAL TICKET OFFICE | 31.84% |
| ENVIROMENTAL, HEALTH & SAFETY | 83.56% |
| FACILITIES | 24.27% |
| MAIL & DOCUMENT SERVICES  | 93.94% |
| POLICE | 68.25% |
| EVENTS & TRANSPORTATION | 88.18% |

Sexual Violence and Sexual Harassment Prevention Training Program (as of 2/28/18)

|  |  |
| --- | --- |
| Sub-Division | Completion Percentage  |
| CENTRAL TICKET OFFICE | 69.23% |
| ENVIROMENTAL, HEALTH & SAFETY | 90.28% |
| FACILITIES | 91.01% |
| MAIL & DOCUMENT SERVICES | 95.31% |
| POLICE | 86.21% |
| EVENTS & TRANSPORTATION | 94.57% |

Cyber Security Awareness Training (as of 2/28/18)

|  |  |
| --- | --- |
| Sub-Division | Completion Percentage |
| CENTRAL TICKET OFFICE | 95.45% |
| ENVIROMENTAL, HEALTH & SAFETY | 91.80% |
| FACILITIES | 88.76% |
| MAIL & DOCUMENT SERVICES | 98.18% |
| POLICE | 88.76% |
| EVENTS & TRANSPORTATION | 98.12% |

Certain title codes are excluded from the CSA training requirement since the employee’s classification and job responsibilities do not require the individual to have a UCLA email address and access a computer. Currently only employees that are listed in the UCLA Directory have emails in LMS; those employees receive multiple reminders and links to the training. As a result, completion rates for CSA will deviate from those found for the Ethics and SVSHP trainings. Follow-up discussions with HRPC – South management indicated that completion rates for Ethics and SVSHP trainings are lower due to employees having no access to a computer and/or e-mail address. The LMS uses e-mail to communicate with employees and let them know that trainings courses have been assigned to them, and need to be completed by a certain date. Human Resources Payroll Center – South is actively engaged with scheduling live Ethics training courses for staff that do not have access to a computer and/or an e-mail address that is registered with LMS, and expects the live training courses to be completed by the end of June 2018. Furthermore, the UCLA Title IX Office is developing live SVSHP training for employees serviced by HRPC – South who do not have access to a computer.

Recommendation: HRPC – South should work with management of the departments they service to ensure that all staff are completing mandated training on a timely basis. To help increase the completion percentages for mandatory UC training courses, HRPC – South management should work with department management, the UCLA Compliance Coordinator, and the Title IX Office to ensure that all employees who don’t have access to a computer are provided the opportunity to participate in the in-person training courses.

Response: HRPC – South has been sending detailed monthly compliance training reports to each client department. After the audit, we added the compliance training completion rates to the reports. HRPC – South continues to provide compliance training information, such as live trainings given by the Title IX Office, to client departments. Additionally, the Associate Director of HRPC – South has provided, and continues to provide, live training of the Ethics course for employees who haven’t received it during New Employee Orientation and do not have access to a computer. It should also be noted that in addition to hiring UCLA student workers, CTO also employs non-UCLA student workers who never come to campus; CTO provides training to them at the beginning of the football season. We have offered to assist their training efforts at the Rose Bowl and we will continue to reach out to CTO.

HRPC – South supported compliance training efforts and provided training to client departments. In order for HRPC – South to complete training, it had to wait for the availability of large lecture halls, which were not available until June and by fiscal year end, the results were as follows:

Ethical Values and Conduct Training

|  |  |
| --- | --- |
| **Sub-Division**  | **Completion  Percentage** |
| **CENTRAL TICKET OFFICE** | 36.69% |
| **ENVIROMENTAL, HEALTH & SAFETY** | 87.67% |
| **FACILITIES** | 92.22% |
| **MAIL & DOCUMENT SERVICES**  | 93.55% |
| **POLICE** | 76.24% |
| **EVENTS & TRANSPORTATION** | 95.10% |

Sexual Violence and Sexual Harassment Prevention Training Program

|  |  |
| --- | --- |
| **Sub-Division** | **Completion  Percentage**  |
| **CENTRAL TICKET OFFICE** | 75.26% |
| **ENVIROMENTAL, HEALTH & SAFETY** | 87.67% |
| **FACILITIES** | 97.01% |
| **MAIL & DOCUMENT SERVICES** | 90.32% |
| **POLICE** | 76.70% |
| **EVENTS & TRANSPORTATION** | 96.33% |

Cyber Security Awareness Training

|  |  |
| --- | --- |
| **Sub-Division** | **Completion  Percentage** |
| **CENTRAL TICKET OFFICE** | 100% |
| **ENVIROMENTAL, HEALTH & SAFETY** | 100% |
| **FACILITIES** | 94.81% |
| **MAIL & DOCUMENT SERVICES** | 98.15% |
| **POLICE** | 96.39% |
| **EVENTS & TRANSPORTATION** | 95.95% |

Documentation and Approvals

The STAR award program was established in fiscal year 2011-12 to provide discretionary cash awards that recognize and reward excellence in University service, significant achievements and contributions, and outstanding individual team performance. Eligibility criteria, performance standards, award limits, and other elements governing recognition awards were reviewed to verify that they comply with UCLA’s Guidelines for the STAR Plan. Controls surrounding employee performance appraisals and merit increases were also reviewed. The following were identified:

1. Staff Appreciation and Recognition (STAR) Awards

A query from CDW was generated to obtain a listing of all STAR awards granted during the 2016-17 fiscal year. Data analytics were applied to summarize the information and a sample of ten STAR awards issued by E&T, EH&S, and CTO were selected for reviewed. Based on the test work performed, all employees that received a STAR award met eligibility requirements. Specifically, all employees where a policy covered Professional & Support Staff or Management & Senior Professional, had successfully completed their probationary period, were on active pay status, and received a meets expectations or better overall rating on their most recent performance evaluation. The STAR Plan awards were also within guideline limits were properly reviewed, approved, and met funding requirements and restrictions.

There were no significant control weaknesses noted in this area.

1. Performance Evaluations

A listing of all employees from E&T, CTO, FM, MDDS, UCPD and EH&S departments was obtained from HRPC – South. A sample of 25 employees were selected for review to ensure that performance evaluations were conducted in accordance with University policy, maintained within the employees personnel file, and signed by both the employee and their immediate supervisor. According to UC Personnel Policies for Staff Members (PPSM) - 23: Performance Management “the performance of each employee shall be appraised at least annually in writing by the employee's immediate supervisor, or more frequently in accordance with local procedures.” Based on the test work performed, a majority of the sub divisions are conducting performance evaluations on a periodic basis, in accordance with University policy. Performance evaluations are reviewed and signed by the employees. However, the following were noted:

* In two instances, employees did not have a recent performance evaluation conducted. The employees identified were from FM and MDDS. The last performance evaluation for the FM employee was conducted in July 2013 and the one for MDDS was October 2016.
* In five instances, performance evaluations were not submitted to HRPC - South for record keeping purposes until A&AS requested the latest performance evaluation for these employees. The performance evaluations were for employees in FM and E&T.

Recommendation: Department management should ensure annual performance evaluations are prepared in a timely manner and that they are provided to HRPC – South to be filed in the employee’s personnel file.

Response: HRPC – South will continue to log personnel evaluations provided by client departments and ensure the evaluations are filed in employee personnel files.

1. Merit Increases

Controls surrounding merit increases for departments serviced by HRPC – South were reviewed to determine that salary increases are authorized. Discussions were held with HRPC – South and related documentation was reviewed. Based on discussions, funds for the merit program are based on a percentage of the total payroll expenses for each department and the percentages are determined by University of California Office of the President (UCOP.) A listing of all staff eligible for a merit increase is provided to CTO, UCPD, FM, E&T, EH&S, and MDDS by HRPC – South. The listing provides the following information by employee: identification number, name, appointment type, hire date, title, title code, pay rate, and merit increase amount (based on UCOP’s approved percentage.) Departments are required to confirm the recommended merit percentage, new salary amount, date and rating on the employee’s evaluation. A comment section is also provided for additional information. Employees must receive a minimum overall rating of “meets expectations” and be an eligible policy-covered staff for merit increase consideration. Departments are restricted to the amount of funds available to them for merit increases. Recommended merit increases are forwarded to the Administrative Vice Chancellor for approval. Approved merit increase information is forwarded to HRPC – South management for implementation. The merit increase rosters are updated by HRPC – South staff.

There were no significant control weaknesses noted in this area.

Compliance

Workers Compensation is a mandatory coverage that is afforded to all eligible employees in California. It is designed to provide employees with immediate medical attention when they are injured or become ill at work, regardless of fault. Benefits may include medical costs and temporary or permanent disability payments. Controls surrounding reporting practices of work related injuries reporting were reviewed for timeliness. Monitoring practices for employees appointed to a limited position were also reviewed. The following were noted:

1. Workers Compensation

A report obtained from UCLA’s Insurance and Risk Management (IRM) from July 2017 to February 2018 was reviewed to ensure timely claims reporting for work related injuries. At UCLA, IRM tracks the claims activity and calculates reporting timeliness from the date that the employer (employee's home department or IRM) first has knowledge of an injury to the date the third-party administrator (TPA) is advised. Sedgwick Claims Management Services is the TPA for the University and manages the claims process to ensure compliance with State laws. Based on discussion with IRM management, UCOP requires that at least 90% of all workers compensation claims be reported to the TPA within 5 days of the employer’s knowledge. Review of relevant documentation revealed that departments under HRPC – South have an average of 91.86% rate of reporting work related injuries within the 5 days of the employers knowledge to the TPA.

There were no significant control weaknesses noted in this area.

1. Limited Time Employees

Limited Appointment reports from Document Direct were accessed to obtain the benefits eligibility and career status of employees for all departments serviced by HRPC – South, as of March 15, 2018. Discussions with management and review of the Limited Appointment reports indicated that HRPC – South and the departments they service are proactively monitoring the hours of limited time employees. MyHR automatically sends an e-mail notification to department management when an employee is approaching the end of their appointment. HPRC South provides periodic reports (monthly & per pay period) to departments for review and approval regarding the employee’s appointment.

There were no significant control weaknesses noted in this area.

Physical Security

In order to determine if personnel files were properly safeguarded, A&AS reviewed controls over the departmental safe and other lockable receptacles used to secure documents. Walk-through observations and discussions were also conducted with staff to evaluate the physical set-up of the HRPC – South, including the video surveillance and security systems. A&AS noted the following:

1. Physical Security

On March 14, 2018, A&AS performed a physical security walk-through of the HRPC – South and its storage areas. Based on the observation, A&AS verified that the HRPC – South suite and personnel files are secured and limited to authorized individuals. Access to the HRPC – South suite is restricted to staff and is only accessible via a key during non-business hours. Visitor access to the suite is restricted to normal operating business hours. The suite is monitored by four security cameras and other surveillance equipment that capture clear, unobstructed views of pertinent entry/exit points, office space, and the departmental safe. Various other security measures have been implemented, such as, security alarms that directly notify UCPD in case of an emergency. Personnel files are maintained in a separate location that is restricted to HRPC – South staff and monitored by a security camera. Access to the personnel file room requires a multifactor authentication. Personnel files are maintained in locked receptacles. Keys to the receptacles are restricted to HRPC – South staff.

There were no significant control weaknesses noted in this area.

1. Safe Access

HRPC South has a safe that is restricted to limited individuals, and is monitored by security cameras and alarm systems. The safe is used to store departmental assets, such as, payroll checks, awards, and meal tickets. Controls over the department’s safes, and keys were reviewed to verify compliance with UC Business and Finance Bulletin, BUS-49, “Cash and Cash Equivalents” (BUS-49), and best business practices. Specifically, A&AS staff verified the following:

* The key and safe combination is restricted to a limited number of HRPC – South staff and is opened under dual-custody.
* A sealed record of the safe’s combination is maintained by management away from the safe area.
* Changes to the safe are documented on a log by management.

However, during the physical security walk-through A&AS became aware that the safe’s combination had not been changed since December 22, 2016. HRPC – South management changed the safe’s combination after the A&AS walk-through.

Recommendation: Management should ensure that safe’s combination is changed whenever a person who knows the combination leaves HRPC - South. In addition, the combination should be changed at least once a year. Changes made to the safe’s combination should be documented.

Response: HRPC – South will continue to update the safe’s combination when an employee who knows the code leaves the department, and HRPC – South will change the safe’s combination at least once a year.

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