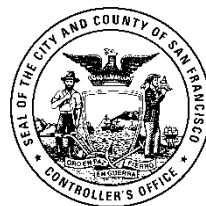


### **HUMAN SERVICES AGENCY:**

**The Department Needs to Improve Controls Over Some Types of Premium Pay**



*October 19, 2011*

**CONTROLLER'S OFFICE  
CITY SERVICES AUDITOR**

The City Services Auditor was created within the Controller's Office through an amendment to the City Charter that was approved by voters in November 2003. Under Appendix F to the City Charter, the City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of city government.

The audits unit conducts financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

We conduct our audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

Audit Team: Mark Tipton, Audit Manager  
Cathalina Kung, Associate Auditor  
Mary Soo, Associate Auditor



# City and County of San Francisco

## Office of the Controller - City Services Auditor

Human Services Agency

October 19, 2011

The Department Needs to Improve Its Controls Over Some Types of Premium Pay

### Purpose of the Audit

This audit evaluated whether the Human Services Agency (Human Services) properly administered and correctly paid four selected types of premium pay: acting assignment pay, bilingual pay, emergency response pay, and longevity pay. The audit determined whether the pays were granted in compliance with applicable memoranda of understanding and departmental policies, and whether the amounts paid were correct.

### Highlights

For pay periods ending in 2010, Human Services paid 2,598 employees \$126.3 million in salaries, including regular pay, overtime, and premium pays.

The audit found:

- Of the total of \$585,450 in bilingual premium pay received by 515 Human Services employees in 2010, at least \$8,840 (1.5 percent) was paid to 22 employees who were not certified bilingual at the time of the bilingual service or for whom Human Services has no bilingual certification documentation.
- Employees can receive emergency backup bilingual pay without bilingual certification, contrary to departmental policy.
- Human Services does not systematically check that emergency backup bilingual pay does not exceed four consecutive pay periods.
- Human Services granted \$242,429 of emergency response pay to 71 protective services employees in 2010. Of a sample of 25 of these employees, 5 (20 percent) were paid \$6,482 in emergency response pay without proper written authorization.
- Human Services has no formal procedure to ensure that all who receive emergency response pay do emergency response work.
- Human Services uses the correct pay rates for acting assignment pay, but in some cases extends acting assignments without all proper approvals.
- Fourteen ineligible employees received longevity pay and 16 eligible employees did not. As a result, HSA overpaid \$3,635 and underpaid \$9,984 of longevity pay. The overpayments represent 1.2 percent of the \$306,027 of longevity pay received by 580 Human Services employees in 2010.

### Recommendations

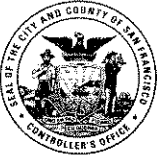
The audit report includes 14 recommendations for Human Services to improve monitoring of premium pay to better ensure that only eligible employees receive it. Specifically, Human Services should:

- Enforce policies and procedures to ensure that employees receiving bilingual pay are qualified to provide bilingual services.
- Monitor for emergency bilingual pay being paid for more than four consecutive pay periods.
- Document and implement a procedure for monitoring employee eligibility for emergency response pay.
- Ensure that it obtains and documents all necessary approvals for acting assignments, including assignment extensions, before an employee receives acting assignment pay.
- Document and implement a process to review for employee eligibility.

*Copies of the full report may be obtained at:*

Controller's Office • City Hall, Room 316 • 1 Dr. Carlton B. Goodlett Place • San Francisco, CA 94102 • 415.554.7500  
or on the Internet at <http://www.sfgov.org/controller>

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**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
Deputy Controller

October 19, 2011

Human Services Commission  
City and County of San Francisco  
170 Otis Street, 8<sup>th</sup> floor  
San Francisco, CA 94103

Trent Rhorer, Executive Director  
Human Services Agency  
170 Otis Street, 8<sup>th</sup> floor  
San Francisco, CA 94103

Dear Commission President Dr. Stewart, Members, and Mr. Rhorer:

The Controller's Office, City Services Auditor Division (CSA), presents its audit report of the Human Services Agency's payroll practices concerning premium pay. This audit evaluated whether the Human Services Agency (Human Services) properly administers and correctly pays premium pay by focusing on four selected types of premiums:

- Acting assignment pay
- Bilingual pay
- Emergency response pay
- Longevity pay

The audit considered whether the pays were granted in compliance with applicable memoranda of understanding and departmental policies, and whether the processes for determining which employees receive these pays and for calculating and disbursing these pays are adequately controlled.

The audit concluded that some Human Services employees who received these pays should not have because they were ineligible or because Human Services lacks documentation to show that they were eligible. Human Services needs to improve its determination and monitoring of which employees are eligible for certain types of premium pay and for how long. The audit report includes 14 recommendations for Human Services to strengthen its premium pay procedures.

Human Services' response to the audit is attached as Appendix A. CSA will work with Human Services to follow up on the status of the recommendations in this report.

We appreciate the assistance and cooperation that Human Services staff and the staff of the Controller's Office, Payroll and Personnel Services Division, provided to us during the audit.

Respectfully,

Tonia Lediju  
Director of Audits

cc: Mayor  
Board of Supervisors  
Civil Grand Jury  
Budget Analyst  
Public Library

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

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CSA	City Services Auditor Division of Controller's Office
DHR	Department of Human Resources
Human Services	Human Services Agency
Local 21	International Federation of Professional and Technical Engineers, Local 21
Local 1021	SEIU, Local 1021, miscellaneous employees
MOU	Memorandum of Understanding
MOUs	Memoranda of Understanding
PPSD	Payroll and Personnel Services Division of Controller's Office
TESS	Time Entry Scheduling System (citywide payroll system)



## INTRODUCTION

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### Audit Authority

This audit was conducted under the authority of the Charter of the City and County of San Francisco (City), which requires that the Office of the Controller (Controller) conduct periodic, comprehensive financial and performance audits of city departments, services, and activities. This is one in a series of payroll audits recently performed by the Controller at various city departments.

### Background

*Each city department, the Controller's Office, and the Department of Human Resources work together to administer the City's payroll.*

The City's annual \$1.5 billion payroll for its more than 27,000 employees is disbursed through biweekly paychecks issued by the Controller's Payroll and Personnel Services Division (PPSD). To make this possible, payroll offices in city departments, including the Human Services Agency (Human Services), enter time records of their employees into information systems and submit the information to PPSP for processing. The Department of Human Resources (DHR) administers citywide personnel policies and procedures, negotiates and administers collective bargaining agreements with the City's labor unions, and advises the City's other departments in these areas, fulfilling a critical role in the City's payroll process.

*The City's payroll process relies on three main information systems.*

The three main citywide systems in the payroll process are the Time Entry Scheduling System (TESS), GEAC, and Financial Accounting Management Information System (FAMIS). PPSP is responsible for maintaining the TESS and GEAC systems. TESS is a time-recording system that most city departments use to enter time and attendance data. GEAC uses data from TESS and calculates the final pay based on the hours worked and applicable tax and payroll deductions. FAMIS is the City's central accounting system and contains aggregate TESS pay data, which is used in the City's comprehensive financial statements among other things.

*Human Services' primary system for payroll is TESS.*

Human Services uses TESS to submit its employees' time information to PPSP. TESS contains the configurations and formulas for calculating employee pay rules that are in the City's contracts (memoranda of understanding) with employee organizations (unions) and the employees' hours entered by the Payroll unit. Payroll clerks submit exception-based time entries in TESS based on paper timesheets

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submitted by unit or program timekeepers. Each Human Services payroll clerk is responsible for a set of employee rosters, which group employees by program or unit.

*Human Services' annual payroll is about \$130 million.*

Human Services, formed in 2004 with the merger of two previously existing city departments, the Department of Human Services and the Department of Aging and Adult Services, has budgeted salaries of \$130.2 million in fiscal year 2011-12. The department is the central resource for public assistance in the City. Human Services offers San Francisco residents income support, community-based living supports, and help in getting food, housing, and health coverage. It also offers programs and services that ensure the protection and safety of children, the elderly and dependent adults. For pay periods ending in the audit period, calendar year 2010, Human Services paid 2,598 employees \$126.3 million in salaries, including regular pay, overtime, and premium pays.

*Human Services employees work under seven labor contracts.*

Human Services employees are represented by seven bargaining units associated with six employee organizations. Human Services pays its employees under the terms of seven memoranda of understanding (MOUs), and an ordinance that covers unrepresented employees. Exhibit 1 lists the employee organizations and bargaining units of Human Services employees and the periods covered by their associated MOUs.

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<b>EXHIBIT Employee Bargaining Units and Memoranda of Understanding</b>		
<b>Employee Organization</b>	<b>Bargaining Unit</b>	<b>MOU Effective Dates</b>
International Federation of Professional and Technical Engineers (IFPTE)	IFPTE Local 21	July 1, 2006 – June 30, 2012
International Union of Operating Engineers (IUOE)	IUOE Local 39, Stationary Engineers	July 1, 2010 – June 30, 2012
San Francisco Municipal Attorney's Association	Municipal Attorneys Association	July 1, 2010 – June 30, 2012
San Francisco Municipal Executives' Association (MEA)	MEA Miscellaneous Employees	July 1, 2006 – June 30, 2012
Service Employees International Union (SEIU)	SEIU Local 1021, Miscellaneous Employees	July 1, 2010 – June 30, 2012
	SEIU Local 1021, Staff and Per Diem Nurses	July 1, 2010 – June 30, 2012
Union of American Physicians and Dentists (UAPD)	UAPD, Unit 8-CC	July 1, 2006 – June 30, 2012
None (unrepresented employees)	None; the City has an ordinance for unrepresented employees.	July 1, 2010*
Note: *No end date is listed in the ordinance.		

Source: San Francisco Department of Human Resources.

Because the Human Services employees who are eligible for the four premium pays that are the focus of the audit are primarily in two bargaining units, the audit focused on payroll practices for Human Services employees who work under two MOUs:

- SEIU, Local 1021, miscellaneous employees (Local 1021)
- International Federation of Professional and Technical Engineers, Local 21 (Local 21)

*The department has many types of premium pay.*

Employees may receive premium pays for specific and more demanding job duties, special skills, or other factors that have been agreed to by the City as being worth extra pay. Human Services employees are eligible for premium pay for things including:

- An acting assignment (temporary work that is “out of class”)
- Bilingual work (including interpreting or translating for clients)

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- Longevity (ten or more years in a classification)
- Emergency response (urgent or crisis-based fieldwork)
- Standby (being on-call for fieldwork)
- Lead worker (being a designated group leader)

*The agency relies heavily on manual pay records and forms for payroll processing.*

Human Services does not have an electronic system to assist or unify most payroll processes. Besides using manual timesheets for time entries, the payroll clerks rely on manually completed paper forms to obtain approvals for overtime and premium pays.

**Objectives**

The objectives of this audit were to:

1. Determine the accuracy of amounts Human Services paid in:
  - Acting assignment pay
  - Bilingual pay
  - Emergency response pay
  - Longevity pay
2. Assess whether the agency complied with applicable memoranda of understanding (SEIU Local 1021 for miscellaneous employees and IFPTE Local 21) in determining eligibility of employees for these four types of premium pay.

**Scope and Methodology**

The audit period was January 1, 2010, through December 31, 2010.

To conduct the audit, the audit team:

- Interviewed key agency personnel to gain an understanding of the systems and data audited.
- Used audit analytic software to analyze the payroll data file containing 745,714 pay records for the department, obtained from the citywide payroll system for the audit period.
- Tested department employees' timesheets and payroll forms and compared them to TESS payroll data, on a sample basis.
- On a sample basis, re-computed the pay rates applied for paying department employees.

This performance audit was conducted in accordance with

generally accepted government auditing standards. These standards require planning and performing the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

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## AUDIT RESULTS

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### Summary

Human Services can better monitor eligibility of premium pays. Human Services paid \$8,840 in bilingual premium pay to 22 employees who were not certified bilingual at the time of the bilingual work or for whom the department has no evidence of bilingual certification. Five ineligible employees received emergency response pay, resulting in an overpayment of \$6,482. In some instances, Human Services extended acting assignment pay without all the proper approvals. Finally, 14 ineligible employees received longevity pay and 16 eligible employees did not receive longevity pay, resulting in Human Services overpaying \$3,635 in longevity pay to the ineligible employees and not paying an estimated \$9,984 to those who should have received it.

### Finding 1

**Human Services paid \$8,840 in bilingual pay to employees lacking documented bilingual certification; Human Services needs to improve its controls over eligibility for bilingual pay, especially emergency backup bilingual pay.**

*Human Services paid at least \$8,840 in 2010 to employees who were not certified bilingual or do not have evidence of being certified bilingual.*

Of the total of \$585,450<sup>1</sup> in bilingual premium pay received by 515 Human Services employees in 2010, at least \$8,840 (1.5 percent) was paid to 22 employees who were not certified bilingual at the time of the bilingual service or for whom Human Services has no bilingual certification documentation. Although the total amount of these payments made without eligibility documentation is small, the fact that they occurred indicates that Human Services cannot be adequately assured that all its employees who provide bilingual services and get paid a premium to do so are qualified for the work and eligible for the extra pay. It should be documented that all employees receiving bilingual pay are qualified to provide this service.

*Employees receive emergency backup bilingual pay without bilingual certification, contrary to policy.*

Human Services pays employees for emergency backup bilingual work knowing that they are not certified as bilingual and not requiring that they be, contrary to its own declared policy.

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<sup>1</sup>The audit excluded \$2,150 in bilingual premium pay paid to registered nurses who work under the City's MOU with SEIU, Local 1021, for staff nurses and per diem nurses.

Human Services is one of two City departments<sup>2</sup> that administers and monitors its own language proficiency testing function. In 2007 the Human Services Bilingual Services Committee, consisting of ten Human Services employees from different programs, approved a bilingual pay authorization form and policies that Human Services is to use. Consistent with the Local 1021 MOU, Human Services pays employees who provide 40 or more hours of bilingual services per pay period a premium of \$60 per pay period, and those who provide less than 40 hours of bilingual services per pay period a premium of \$40 per pay period. To receive this pay, the employee must at least be certified as able to read, write, or speak the language, and may have to be certified as having all three abilities.

As stated on its bilingual pay authorization form, Human Services requires that employees providing bilingual services on an emergency backup basis be certified as being able to read, write, or speak the language they use. However, according to Human Services' payroll supervisor, employees do not need to pass a certification test in any of these skills to receive emergency backup bilingual pay. This inconsistent application of bilingual pay is at least partially responsible for the \$8,840 paid to employees who were not certified bilingual at the time of service or do not have bilingual certification documentation on file.

*Human Services does not systematically check that emergency backup bilingual pay does not exceed four consecutive pay periods.*

Human Services does not consistently monitor the time limit on emergency backup bilingual pay. Human Services' bilingual pay authorization form states that an employee may not receive emergency backup bilingual pay for more than four consecutive pay periods. However, a Human Services payroll clerk interviewed for the audit stated that she does not check whether or how many times previously the emergency backup bilingual pay was claimed by an employee, and this appears to be standard practice in the unit. The Human Services Payroll unit also does not maintain a list of employees qualified to receive emergency backup bilingual pay. This qualification should be documented with a bilingual certification on file.

An accurate emergency backup bilingual list would help the Human Services Payroll unit to track authorization for emergency bilingual pay. It would be easier than using

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<sup>2</sup> The other is the Department of Public Health.



the payroll system itself, the Payroll unit could also use such a list to check that no employee receives emergency backup bilingual for more than four consecutive pay periods.

*Bilingual pay forms are not always properly filled out, and bilingual certification documents are not always maintained.*

Human Services does not always ensure that bilingual pay forms are properly completed, both by the employee receiving the pay and his or her supervisor, nor does it consistently maintain bilingual certification documents. Of a sample of 140 instances of bilingual pay, each of which is required to have an authorization form,<sup>3</sup> paid to eight employees, the audit found:

- 3 authorization forms (2 percent of the sample) were missing.
- On 8 authorization forms (6 percent) the supervisor did not indicate the number of bilingual hours the employee worked.
- On 13 authorization forms (9 percent) the employee or supervisor checked the incorrect bilingual pay provision or did not check any bilingual pay provision.

In addition, for one (13 percent) of the eight employees in the sample, Human Services does not have evidence of bilingual certification on file. According to Human Services, some older bilingual certification documents, such as those from the 1980s, are missing. Without evidence of bilingual certification, there is no assurance that an employee is qualified to provide bilingual services.

## Recommendations

To prevent abuse of bilingual premium pay and better control when and for how long it is granted, Human Services should:

1. Enforce policies and procedures to ensure that employees receiving bilingual pay are qualified to provide bilingual services.
2. Create and regularly update a list of employees authorized to receive emergency backup bilingual pay.
3. Monitor to ensure that emergency bilingual pay is not

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<sup>3</sup> One such form is required for each employee in each pay period (what the audit calls an instance) in which that employee does bilingual work. The form requires both the employee and the employee's supervisor to indicate the number of hours of bilingual work performed.

paid for more than four consecutive pay periods.

4. Maintain bilingual certification documentation for its employees and certify or recertify those employees whose personnel files do not contain evidence that they are certified bilingual.
5. Ensure that bilingual pay authorization forms are properly filled out and maintained.

## Finding 2

### **Human Services paid \$6,482 of emergency response pay to five employees without proper authorization, and needs to better monitor who receives this pay.**

Human Services granted \$242,429 of emergency response pay to 71 of its protective services employees in 2010. Of those 71, a sample of 25 employees was reviewed and revealed that 5 (20 percent) were paid a total of \$6,482 in emergency response pay without proper authorization. The amount paid to each of the 5 employees ranged from \$62 to \$3,405.

The reasons these employees should not have received this pay varied:

- Human Services could not provide to the audit team the emergency response pay activation forms for two employees who received emergency response pay.
- Two employees received emergency response pay for periods before the effective dates of their emergency response pay activation forms.
- One employee was laid off from Human Services and rehired almost a year and a half later, when the emergency response pay was restarted without a new activation form being completed.

*Employees receive one of two types of referrals from the emergency hotline.*

Human Services employees who work in designated emergency response positions receive referrals from the emergency hotline to respond to emergency response cases. The referrals fall into two categories: immediate response referrals that must be responded to within two hours, and the less urgent ten-day referrals.

*Human Services has no formal procedure to ensure that all who receive emergency response pay do emergency response work.*

The Local 1021 MOU states that employees in job classifications 2940 (Protective Services Worker) and 2944 (Protective Services Supervisor) assigned to emergency response positions are eligible to receive emergency response premium pay, which is 5 percent of base pay. Human Services uses a form to activate or cancel emergency response pay for an employee, and the Human Services Payroll unit processes these forms as they are received from the Family and Children's Services division. However, the process has several weaknesses:

- The Payroll unit does not keep track of which employees are eligible for emergency response pay. During the audit period, the Payroll unit did not have a list of eligible employees.
- The Family and Children's Services division does not have a procedure to ensure that all those who receive the pay are still willing and able to take emergency case referrals.
- The Family and Children's Services division does not have a proactive method to authorize the pay in advance for those who will begin emergency response work or to immediately cancel the authorization of this pay for employees who no longer do emergency response work.

Human Services' lack of review and monitoring may result in employees not receiving this premium pay when eligible and receiving it when ineligible.

## **Recommendations**

To better control emergency response pay, the Human Services Payroll unit should work with the Human Services Family and Children's Services division to:

6. Document and implement a procedure for monitoring employee eligibility for emergency response pay.
7. Maintain a comprehensive list of designated emergency response employees, including a history of cancellations.
8. Review on a quarterly basis whether those who are receiving emergency response pay are still designated emergency response workers.

9. Require a new designation form when an employee returns to an emergency response position after having left one.
10. Submit an adjustment to recover the overpayments to ineligible employees who received emergency response pay.

### Finding 3

#### **Human Services pays acting assignment pay accurately, but needs to improve controls over the extension of acting assignments.**

*Human Services extended acting assignment pay without all proper approvals.*

Of a sample of 35 employees on acting assignments in 2010, Human Services extended the acting assignment pay for at least 8 (23 percent) without first seeking all proper approvals. Instead, in most of these instances, the only evidence of approval was the original authorization form showing a handwritten change to the assignment end date, sometimes initialed by a Department of Human Resources (DHR) employee. However, each acting assignment is approved with a start and end date. When an acting assignment is extended, a new form should be completed and properly approved because extensions are a new commitment by the City to pay an employee more money each pay period for weeks or months in the future.

Acting assignments must be approved by parties other than DHR. During the audit period, acting assignment forms were to be signed by designated representatives of the employing department, the Mayor's Office, and DHR.<sup>4</sup> Because at least eight employees were granted acting assignment pay without Human Services first preparing new acting assignment forms and seeking all the required signatures, the City paid acting assignment pay to these Human Services employees without the required, documented approval of Human Services' department head or designee and a representative of the Mayor's Office.

Acting assignment allows an employee to be paid at a higher pay rate while fulfilling the job duties of a higher classification. This is often done to cover the job of an employee who is out on leave or to temporarily fill a vacant position.

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<sup>4</sup> As of June 23, 2011, the approval of the Mayor's Office is no longer required for acting assignments.

*Human Services had no list of those on acting assignments until mid-2010.*

Human Services reports that it did not start maintaining an acting assignment list until around May 2010. As a result, the audit could not review the acting assignment pay of those Human Services employees whose acting assignments ended before May 2010. Of the employees on the list that were reviewed by the audit, the average amount of time on acting assignment was approximately five months, excluding observed holidays and weekends.

*Correct rates were used for acting assignment pay.*

Of a sample of 13 Local 1021 employees (a subsample of the 35 employees above) on Human Services' acting assignment list, there were no significant inaccuracies in the pay rates used. These employees were paid at rates in accordance with the Local 1021 MOU.

#### **Recommendation**

11. Human Services should ensure that it obtains and documents all necessary approvals for acting assignments, including assignment extensions, before an employee receives acting assignment pay.

#### **Finding 4**

**Human Services both overpaid and underpaid longevity pay, and needs to better control it.**

*Some ineligible employees received longevity pay and some eligible employees did not.*

In 2010 Human Services paid longevity pay to 14 employees who were not entitled to it and did not pay longevity pay to 16 employees who were entitled to it. Human Services overpaid \$3,635 in longevity pay to the ineligible employees and failed to pay an estimated \$9,984 to those who should have received it.

Of the 1,418 employees covered by the Local 1021 miscellaneous employees MOU and potentially eligible for longevity pay in 2010, 580 (41 percent) received longevity pay, totaling \$306,027. Thus the 30 incorrectly paid employees represent 5 percent of those who received longevity pay, and the overpaid amount represents 1.2 percent of all longevity pay in the year.

The Local 1021 MOU states that employees are eligible for \$0.30/hour of longevity pay after ten years of service in one job classification and no longer eligible if they leave that classification voluntarily.

**Office of the Controller, City Services Auditor**  
**The Department Needs to Improve Controls Over Some Types of Premium Pay**

*It is not surprising that Human Services made mistakes in paying longevity pay because it does not have a systematic method for determining when this pay should begin or end.*

The Payroll unit does not have a formal process to review and monitor for employees that become eligible or ineligible for longevity pay. The Payroll unit reports that it has encouraged payroll clerks to review reports from the City's human resources system that show employee start dates and job history to determine eligibility for longevity pay. However, the Payroll unit acknowledges that there is no evidence that payroll clerks have done so.

**Recommendations**

The Human Services Payroll Unit should:

12. Document and implement a process to review for employee eligibility. If possible, create a system alert in the City's human resources system to flag when an employee becomes eligible or ineligible for longevity pay. If that is not possible, the Payroll Unit should no less than monthly review the employee roster to identify employees who will become eligible for longevity pay in the next month, and identify changes that would cause an employee become ineligible in the next month.
13. Regularly review changes in classification of employees receiving longevity pay to ensure that any such employee who voluntarily leaves a classification immediately stops receiving longevity pay on the correct effective date.
14. Submit payroll adjustments to recover the \$3,635 in longevity pay overpayments and to pay \$9,984 to the eligible employees who did not receive the longevity pay to which they were entitled.

## APPENDIX A: DEPARTMENT RESPONSE

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### City and County of San Francisco



*Edwin M. Lee, Mayor*

### Human Services Agency

Department of Human Services  
Department of Aging and Adult Services

*Trent Rhorer, Executive Director*

October 18, 2011

Tonia Lediju, Director of Audits  
City Services Auditor Division  
Office of the Controller  
City Hall, Room 476  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Re: Human Services Agency Response to Controller's Audit

Dear Ms. Lediju:

Enclosed please find our response to the Payroll audit recently completed by your staff. The auditors were extremely thorough and professional, as well as being understanding of the time constraints on a Payroll unit during the fiscal year changeover. We appreciate the opportunity to respond to the recommendations and look forward to working with your staff in the future.

The findings of the audit were pointed and pointed out areas where our very capable and hard-working Payroll staff can tighten up our practices. We were pleased that the findings revealed relatively minor irregularities in our procedures that are in large part correctable.

Please feel free to contact me directly, should you have any questions with regard to your response.

A handwritten signature in black ink, appearing to read "RTH".

Robert Thomas  
Human Resources Director  
Human Services Agency

cc: Trent Rhorer  
Phil Arnold  
Luenna Kim  
Bertina Tan

## AUDIT RECOMMENDATIONS AND RESPONSES

Recommendation	Responsible Agency	Response
1. Enforce policies and procedures to ensure that employees receiving bilingual pay are qualified to provide bilingual services.	Human Services	Do Not Concur – The report correctly reports that the Agency has put in place a program to ensure that all staff who supplies bilingual services are certified, while preserving the ability of the Agency to provide services to its vulnerable clients. The report does not distinguish between the temporary payment of bilingual pay and the few cases where individuals have exceeded our internal limit (4 pay periods). We will put a regular review process in place to ensure that practice is corrected, and qualifying employees are certified within four pay periods.
2. Create and regularly update a list of employees authorized to receive emergency backup bilingual pay.	Human Services	Concur – Payroll and HR Operations staff should collaborate in the preparation of a list of individuals authorized to receive emergency bilingual pay, and ensure that the list is available as a checklist for staff.
3. Monitor to ensure that emergency bilingual pay is not paid for more than four consecutive pay periods.	Human Services	Concur – as stated above, Payroll and HR Operations will communicate when individuals are approved for “emergency” payment and will notify programs when the deadlines approach. We will make every effort to ensure that employees in this category are given the opportunity to test before the expiration of the time limit.
4. Maintain bilingual certification documentation for its employees and certify or recertify those employees whose personnel files do not contain evidence that they are certified bilingual.	Human Services	Concur - We already maintain this documentation, and have taken steps to ensure that the few instances of missing documentation found by the auditors are remedied. We will review our records on a regular basis to ensure that certification is present.



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Recommendation	Responsible Agency	Response
5. Ensure that bilingual pay authorization forms are properly filled out and maintained.	Human Services	Concur - We do that on an ongoing basis. As a step in our regular reviews of this pay, we will review authorization to ensure that the submitting supervisor is properly filling out the form and the information is being regularly reviewed by the appropriate payroll clerk.
6. Document and implement a procedure for monitoring employee eligibility for emergency response pay.	Human Services	Concur - The eligibility requirement is set in the MOU. Persons "assigned to emergency response positions" should receive the pay. We will obtain a list of ER positions from FCS and use that as the basis for eligibility.
7. Maintain a comprehensive list of designated emergency response employees, including a history of cancellations.	Human Services	Concur – See response to #6.
8. Review on a quarterly basis whether those who are receiving emergency response pay are still designated emergency response workers.	Human Services	Concur
9. Require a new designation form when an employee returns to an emergency response position after having left one.	Human Services	Partially Concur - A new form is not required. All that is necessary is notice from FCS to Payroll that an individual is now assigned to an emergency response position.
10. Submit an adjustment to recover the overpayments to ineligible employees who received emergency response pay.	Human Services	Concur

Office of the Controller, City Services Auditor  
The Department Needs to Improve Controls Over Some Types of Premium Pay

Recommendation	Responsible Agency	Response
11. Human Services should ensure that it obtains and documents all necessary approvals for acting assignments, including assignment extensions, before an employee receives acting assignment pay.	Human Services	Concur - We do that as part of our process. The incidents referred to by the Auditors apply to situations where individuals received short extensions because the employee occupying the underlying position delayed his/her return to duty. Both the Mayor's office and the Controller indicated, informally, that they did not object to these extensions. The approval process has now changed and the Agency may now approve this pay, including extensions. Monitoring should be simpler.
12. Document and implement a process to review for employee eligibility. If possible, create a system alert in the City's human resources system to flag when an employee becomes eligible or ineligible for longevity pay. If that is not possible, the Payroll Unit should no less than monthly review the employee roster to identify employees who will become eligible for longevity pay in the next month, and identify changes that would cause an employee to become ineligible in the next month.	Human Services	<p>Concur with the recommendation that the City's PeopleSoft system alert HR of employees qualifying for the longevity premium.</p> <p>Do not Concur with the recommendation that Payroll conduct monthly audits. This is currently a wholly manual operation and HSA Payroll unit is not staffed to perform this function. Given the relatively small error rate (4.4% of total longevity pay); it is not a cost-effective way for payroll to monitor.</p> <p>The new eMerge system promises to automate this process, it should be live within 2 years. In the interim, Payroll supervisors will conduct audits and continue to remind staff to perform reviews.</p>
13. Regularly review changes in classification of employees receiving longevity pay to ensure that any such employee who voluntarily leaves a classification immediately stops receiving longevity pay on the correct effective date.	Human Services	Concur – When "PARS" (Payroll Adjustment Reports) are submitted to Payroll, documenting a change in classification, the payroll clerk will be responsible to determine if the employee is currently receiving longevity. If so, the payment will be ended.

Recommendation	Responsible Agency	Response
14. Submit payroll adjustments to recover the \$3,635 in longevity pay overpayments and to pay \$9,984 to the eligible employees who did not receive the longevity pay to which they were entitled.	Human Services	Concur.