

December 22, 2006  
AUD 007-062

# An Internal Audit Report by the Office of Auditor General On

## Review of Payroll Related Issues

At the request of the Chief of Staff, we have reviewed several payroll related issues in an effort to determine whether there are sufficient procedures and controls in place to effectively manage time and attendance for non-represented employees. We also reviewed retired employees who are presently working as consultants to WMATA and employees placed in acting positions to evaluate how these issues are being controlled and managed.

Presently, there are essentially two methods with some minor variation of controlling time and attendance. The two methods are as follows:

- The ELT member uses ETS to record their time and attendance, approve their direct reports' time and have their executive assistant/assistant keep track of time and attendance for the office/department as a control to ensure that it is properly managed.
- The ELT member relies on their executive assistant/assistant to maintain their time and attendance, keep track of the ELT member's direct reports as well as time and attendance for the office/department as the control to ensure that it is properly managed.

We were provided the names of 15 individuals who had retired from WMATA and were currently working for consultants to WMATA on WMATA projects. Effective September 30, 2006, one of the subcontracts pertaining to ITRP was ended which resulted in 3 of the retired employees' work as consultants to cease.

The 3 former employees who retired in December 2005 (2) and March 2006 (1) respectively were working for a subcontractor to the ITRP contractor working in their former office doing some of the same work that they were doing prior to their retirement. The subcontract ended September 30, 2006.

Therefore, effective October, 2006 there were 12 retired employees working as consultants to WMATA.

Based on information furnished to us by the ELT, there were 66 employees in acting positions in September 2006. As of mid December, 45 of these employees were still in acting positions. Of the 45 positions, 12 are presently under recruitment. Of the 33 positions not under recruitment, 7 are in backfill positions and 9 are still within the original 6 month period of assignment resulting in 17 being in the acting position more than 6 months and not presently under recruitment.

WMATA Personnel Policy and Procedure Manual 5.2, Salary Administration (PPPM 5.2) states that acting assignments must be terminated after six months. It also states that only after a request for an extension from an Office Director and approved by the Director, HRMS may an extension beyond the original six months be granted.

We have made 7 recommendations for improvement in the payroll related areas.

**Subject: Review of Payroll Related Issues**

**December 22, 2006**

**From: AUDT – James C Stewart**

**To: GMGR – Jack Requa**

**AUD 07-062**

### **Background, Objectives and Scope**

At the request of the Chief of Staff, we have reviewed several payroll related issues in an effort to determine whether there are sufficient procedures and controls in place to effectively manage time and attendance for non-represented employees. We also reviewed retired employees who are presently working as consultants to WMATA and employees placed in acting positions to evaluate how these issues are being controlled and managed.

The objectives are as follows:

1. Evaluate how each department/office handles time and attendance for non-represented employees.
2. Ascertain if any retired employees are working for WMATA in a consultant capacity and determine the circumstances.
3. Ascertain employees who are in acting positions, how long, current status and determine if there are any issues.

We interviewed Executives (ELT) to ascertain how they handle time and attendance and request names of any retirees working as consultants and names of employees in acting positions.

### **Executive Summary**

Presently, there are essentially two methods with some minor variation of controlling time and attendance. The two methods are as follows:

- The ELT member uses ETS to record their time and attendance, approve their direct reports' time and have their executive assistant/assistant keep track of time and attendance for the office/department as a control to ensure that it is properly managed.
- The ELT member relies on their executive assistant/assistant to maintain their time and attendance, keep track of the ELT member's direct reports as well as time and attendance for the office/department as the control to ensure that it is properly managed.

One or two offices, notably the Office of General Counsel, have a definitive process to ensure that there are strong controls in place for time and attendance. Most of the remaining offices/departments have a process in place that relies on call-ins and executive assistant/assistants keeping track of whereabouts of the employees.

Since there is no definitive consistent process for controlling time and attendance for non-represented employees at WMATA at this time, we decided to find out what the new payroll system, Kronos, will be able to do and when it is expected to be placed in service. We discussed these issues with the CIO and the KRONOS Project Manager and ascertained the following:

- The contract to implement KRONOS is expected to be awarded by January 2007 with implementation of the salaried employees' portion expected by the end of July 2007.
- KRONOS has the capability to create real time reports of time and attendance on a daily basis.
- KRONOS has the capability to have employees record their time of arrival and of departure on their computer.

We were provided the names of 15 individuals who had retired from WMATA and were currently working for consultants to WMATA on WMATA projects. Effective September 30, 2006, one of the subcontracts pertaining to ITRP was ended which resulted in 3 of the retired employees' work as consultants to cease.

The 3 former employees who retired in December 2005 (2) and March 2006 (1) respectively were working for a subcontractor to the ITRP contractor working in their former office doing some of the same work that they were doing prior to their retirement. The subcontract ended September 30, 2006.

Therefore, effective October, 2006 there were 12 retired employees working as consultants to WMATA.

Based on information furnished to us by the ELT, there were 66 employees in acting positions in September 2006. As of mid December, 45 of these employees were still in acting positions. Of the 45 positions, 12 are presently under recruitment. Of the 33 positions not under recruitment, 7 are in backfill positions and 9 are still within the original 6 month period of assignment resulting in 17 being in the acting position more than 6 months and not presently under recruitment.

WMATA Personnel Policy and Procedure Manual 5.2, Salary Administration (PPPM 5.2) states that acting assignments must be terminated after six months. It also states that only after a request for an extension from an Office Director and approved by the Director, HRMS may an extension beyond the original six months be granted.

We have made 7 recommendations for improvement in the payroll related areas.

## Summary of Findings

### 1. Internal Controls for Time and Attendance Reporting

We requested each office/department to provide us information on what their processes are for time and attendance reporting for non-represented employees, how the ELT member records their time and attendance, how they keep track of their direct reports and what controls are in place to ensure that the employees are properly accounting for their time.

Presently, there are essentially two methods with some minor variation of controlling time and attendance. The two methods are as follows:

- The ELT member uses ETS to record their time and attendance, approve their direct reports' time and have their executive assistant/assistant keep track of time and attendance for the office/department as a control to ensure that it is properly managed.
- The ELT member relies on their executive assistant/assistant to maintain their time and attendance, keep track of the ELT member's direct reports as well as time and attendance for the office/department as the control to ensure that it is properly managed.

One or two offices, notably the Office of General Counsel, have a definitive process to ensure that there are strong controls in place for time and attendance. Most of the remaining offices/departments have a process in place that relies on call-ins and executive assistant/assistants keeping track of whereabouts of the employees.

During our review, we discovered that two ELT members did not have access to ETS. The ELT members had been trying to get access through the payroll section of ACCT with no success. We contacted Rod Burfield of CTO and informed him of this issue and he was able to obtain access for both ELT members.

During our discussions with the acting AGM of WFDA, she informed us that they have done some research into a better method of controlling time and attendance. We reviewed their draft documentation and ascertained that their draft report has determined that an exception based timekeeping system such as ETS and Kronos is a "best practice". They suggest that a manual sign-in system would not be in the best interests of WMATA as it represents a major culture change for the employees and would represent a redundancy system to ETS.

Since there is no definitive consistent process for controlling time and attendance for non-represented employees at WMATA at this time, we decided to find out what the new payroll system, Kronos, will be able to do and when it is expected to be placed in service.

We discussed these issues with the CIO and the KRONOS Project Manager and ascertained the following:

- The contract to implement KRONOS is expected to be awarded by January 2007 with implementation of the salaried employees' portion expected by the end of July 2007.
- KRONOS has the capability to create real time reports of time and attendance on a daily basis.
- KRONOS has the capability to have employees record their time of arrival and of departure on their computer.

## 2. Status of Retired Employees Working as Consultants to WMATA

We requested each office/department to provide us the following information pertaining to any retired employees working as consultants to WMATA.

- Name
- Date of Retirement
- Date Started with Consultant
- Name of Consultant
- Duties

We were provided the names of 15 individuals who had retired from WMATA and were currently working for consultants to WMATA on WMATA projects. Effective September 30, 2006, one of the subcontracts pertaining to ITRP was ended which resulted in 3 of the retired employees' work as consultants to cease.

Effective October, 2006 there were 12 retired employees working as consultants to WMATA as follows:

- 4 former employees that retired more than 1 year prior to their consulting assignments are working for the general engineering consultant (P2D) on specific engineering related projects.
- 2 former employees retired in 2003 and became consultants for ITRP subcontractors almost immediately supporting the ITRP project doing work using their respective expertise. However, in October 2006, these former employees were transferred from one subcontractor to a new subcontractor that uses GSA billing rates with increased costs to WMATA of 59.4% and 27.8% respectively.
- 1 former employee retired on January 1, 2004 and came back as a consultant to a contractor to correct data errors in PeopleSoft.

- 1 former employee retired in April 2005 and was requested to come back in July 2005 in support of the railcar program. The contract was with the individual until recently and had been presented to the Board of Directors for approval. In October, 2006, this individual is now working for a subcontractor to Booz Allen Hamilton working in support of the railcar program. As a result of this change, WMATA is now paying an additional 34% plus profit to the Subcontractor for this individual's services.
- 1 former employee retired in Dec 2001 and was hired as a part-time consultant in March 2002 to maintain a mainframe legacy software program until a new program is implemented.
- 1 former employee retired in October 2003 and is now an instructor (Not on WMATA contracts) for a company that provides training to WMATA.
- 1 former employee retired in July 2006 and effective in August 2006, is working for a firm as a consultant in his area of expertise proofing WMATA bus route maps.
- 1 former employee retired on September 1, 2006 and is now working as an employee for a firm that has a contract with WMATA. We have met with the Company's CEO who has assured us that the former employee is not and will not be directly involved with the WMATA contract since the employee was the Contracting Officer's Technical Representative for the contract.

The 3 former employees who retired in December 2005 (2) and March 2006 (1) respectively were working for a subcontractor to the ITRP contractor working in their former office doing some of the same work that they were doing prior to their retirement. The subcontract ended September 30, 2006.

### 3. Status of Employees in Acting Positions

We requested each office/department to provide us the following information pertaining to any employee working in an acting position.

- Name
- Acting Position
- Date Placed in Acting Position
- Current Status

Based on information furnished to us by the ELT, there were 66 employees in acting positions in September 2006. A summary of the acting positions, date placed in acting position and current status is as follows:

<u>Office/Department</u>	<u>Position</u>	<u>Effective Date</u>	<u>Current Status</u>
AUDT	Senior Internal Auditor	March 6, 2006	Position Posted in November
SSRM	Director, Risk	August 16, 2006	Position Not Posted Yet
	Manager, Quality Assurance	May 1, 2006 July 10, 2006 September 1, 2006	Three Month Rotating Acting Assignments among 3 candidates
	Director, ICES	June 1, 2006	Position Not Posted Yet
	Office Administrator	April 3, 2006	Backfill to Executive Assistant
	Executive Assistant	April 3, 2006	Backfill to Director, Risk
OPAS	Director	Mar 1, 2005	Backfill to Acting COO. The COO Position filled June 7, 2006, Position Under Recruitment
	Supervisor, Certification and Training Enhancement	June 1, 2006	Position vacant due to retirement. Position not under Recruitment Yet
ELES	Supervisory Management Analyst	January 22, 2006	Position Reposted November 6, 2006
BTRA	Administrative Assistant II	October 24, 2005	Position interviews to be held in December. Acting position ended.

BTRA	Assistant General Superintendent	April 28, 2006	Individual Hired. Acting assignment ended October 10, 2006
CENV	Assistant Manager, CMNT Engineering	May 2, 2005	Position not under Recruitment
	Senior Project Manager	May 2, 2005	Not an Acting Position
CMNT	General Superintendent, CMNT	July 5, 2005	Position not under Recruitment
	Superintendent, Shady Grove Inspection	October 1, 2005	Position not under Recruitment
	Ass't Superintendent, Shady Grove Inspection	November 26, 2005	Position not under Recruitment
	Superintendent, Brentwood Inspection	April 1, 2005	Position not under Recruitment
	Superintendent, Brentwood Repair	September 1, 2005	Position not under Recruitment
	Ass't Superintendent, Brentwood Repair	September 1, 2005	Position not under Recruitment
	Ass't Superintendent, Alexandria Inspection	January 16, 2006	Position not under Recruitment
	Ass't Superintendent, New Carrollton Inspection	October 1, 2005	Position not under Recruitment
	Superintendent, West Falls Church Inspection	January 17, 2006	Position not under Recruitment
	Ass't Superintendent, West Falls Church Inspection	April 15, 2006	Position not under Recruitment
	Superintendent, Major Repair Overhaul	September 18, 2005	Promotion Effective September 30, 2006
	Supervisor, Material Inventory Control	May 28, 2006	Acting in Place of Employee on Extended Sick Leave
OCCO	Ass't Superintendent, COPS	September 6, 2006	Posting planned for January 2007
RRTS	Manager, Maintenance Planning and Scheduling	January 7, 2006	Interviews in Process

TSSM	Supervisor, Track and Way	November 26, 2005	Ended September 25, 2006. PAR received October 10, 2006 terminating acting assignment
CEPM	Assistant General Manager	June 19, 2006	ELT Position
	Office Administrator	July 20, 2006	Promotion Effective October 16, 2006
ADMT	Budget and Funding Program Assistant	July 3, 2006	No Employee in Acting Position
CENF	Chief Engineer-Facilities	April 17, 2006	Position Posted. No Recruitment Underway
CONS	Director, CONS	June 19, 2006	Backfill to AGM, CEPM
CFO	Manager, Insurance	March 20, 2006	Not being Recruited
ACCT	Secretary	January 1, 2006	Position Posted October 2006
	Financial Analyst	March 1, 2006	No Employee in Acting Position
PRMT	Managing Director	October 3, 2005	Interviews Being held.
	ITRP Functional Coordinator	December 27, 2003	Returned to regular position
	Manager, Logistics and Planning	December 27, 2003	Backfill for ITRP Functional Coordinator
	ITRP Functional Coordinator	May 8, 2006	To be in position for about 1 year during ITRP development
	Director, Materials	July 26, 2006	Acting in Place of Employee on Extended Sick Leave
	Manager, Purchasing	August 21, 2006	Backfill to Director, Materials

MTPD	Deputy Chief	June 22, 2006	Selected as Deputy Chief effective July 23, 2006
CTS	Executive Assistant	July 24, 2006	Position Not being Recruited
	Office Administrator	July 21, 2006	No one in Acting Position
WFDA	Assistant General Manager	July 9, 2006	Interviews being held
HRMS	Director	June 14, 2006	Acting position ended October 30, 2006. Interviews being held.
	Manager, Employment Services	June 26, 2006	Acting position ended October 30, 2006
	Supervisor, Employment Services	July 10, 2006	Acting position ended October 30, 2006
	Senior Recruiter	April 3, 2006	Acting assignment ended September 18, 2006. Promoted to Position
COBN	Director		Director Selected September 18, 2006
	Manager, COMP and WF Forecasting	January 21, 2006	Promoted to Position October 16, 2006
	Supervisor, Comp and Hourly Info	April 1, 2006	Promoted to Position November 13, 2006
CMCS	Assistant General Manager	June 27, 2006	ELT Position
	Director, Customer Communication	May 23, 2006	Not Under Recruitment. May be part of Restructuring
	Manager, Executive Correspondence Team	February 6, 2006	Position filled by acting person November 27, 2006

CMCS	Supervisor, Rider ship Information	November 21, 2005	No one in acting Position
	Manager, Corporate and Retail Sales	May 23, 2006	Not Under Recruitment
	Manager, Advertising and Promotion	August 21, 2006	Not Under Recruitment
	Director, Customer Service	November 14, 2005	Outside Applicant hired July 5, 2006
CTO	CIO	June 19, 2006	ELT Position
	Assistant CIO	April 10, 2006	Position Posted in November
PLJD	Office Administrator	January 1, 2006	Position requisitioned August 2006
	Executive Assistant	July 3, 2006	Position posted in December
CHOS	Office Manager-SECT	August 7, 2006	Employee resigned November 10, 2006
SECT	Assistant Secretary to Board	July 24, 2006	Position description being evaluated

**Conclusions**

Presently, there are essentially two methods with some minor variation of controlling time and attendance among the various Offices/Departments. The two methods are as follows:

- The ELT member uses ETS to record their time and attendance, approve their direct reports' time and have their executive assistant/assistant keep track of time and attendance for the office/department as a control to ensure that it is properly managed.
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Three former retired employees recently were transferred from one method of payment (one paid as individual consultant with Board approval and two were working for consultants on the ITRP project who are no longer subcontractors) to work for different subcontractors at a significant increase in cost to WMATA for their services.

There were 66 employees in acting positions in September 2006. As of mid December, 45 of these employees were still in acting positions. Of the 45 positions, 12 are presently under recruitment. Of the 33 positions not under recruitment, 7 represent backfill positions and 9 are still within the original 6 month period of assignment resulting in 17 being in the acting position more than 6 months and the position is not presently under recruitment.

WMATA Personnel Policy and Procedure Manual 5.2, Salary Administration (PPPM 5.2) states that acting assignments must be terminated after six months. It also states that only after a request for an extension from an Office Director and approved by the Director, HRMS may an extension beyond the original six months be granted.

It is WMATA's intent that, in the absence of extraordinary circumstances, acting assignments should be terminated within the six month period and the affected employee should be returned to their original position. As mentioned earlier, there are 17 individuals in acting positions for more than 6 months that are not in active recruitment.

### **Recommendations**

As a result of our review, we recommend the following:

1. The ELT establish a consistent method to use to maintain time and attendance for non-represented employees incorporating the following:
  - a. Currently, the ELT member should use ETS to record their time and attendance, approve their direct reports' time and have their executive assistant/assistant keep track of time and attendance for the office/department as a control to ensure that it is properly managed.



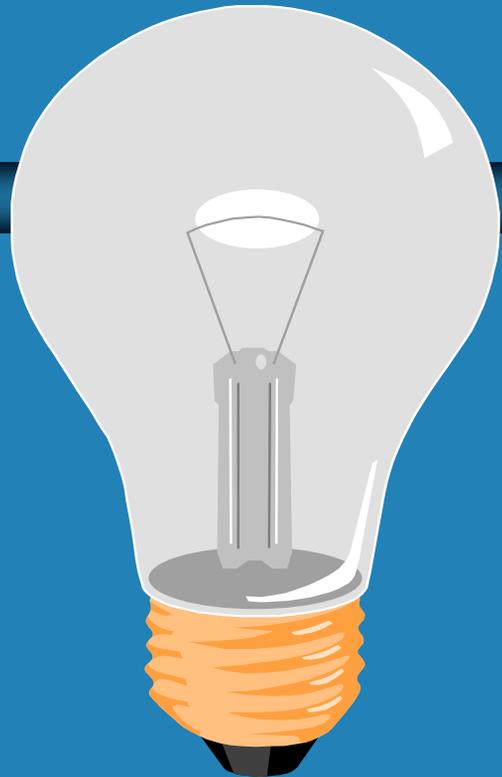
- b. As a limited duration employee for a specific time period in their prior job category in an “emergency situation” or in a “scarce skills” position when approved by the AGM, WFDA.
5. Each Officer/Office Director should comply with PPPM 5.2 to ensure that acting assignments do not extend beyond six months. In those extraordinary circumstances where an assignment will exceed six months, the Officer/Office Director should submit written justification to the Director, HRMS for approval.
6. In all current instances where an acting assignment is in excess of six months, and written approval has not been received, the applicable Officer/Office Director should either terminate the acting assignment or submit a written request with justification for approval to the Director, HRMS.
7. In instances where Director, HRMS has not received a written request with justification for approval of extending a temporary assignment beyond six months, Director HRMS should notify the applicable Officer/Office Director that HRMS will comply with PPPM 5.2 and that a SPAR will be prepared by HRMS which will remove the individual from the acting assignment and the acting pay will be terminated. It should be the responsibility of the applicable Officer/Office Director to ensure that the employee is returned to their position from which they were assigned.

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Auditor General

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MTPD – Polly Hanson  
CTS – Steve Yaffe  
CMCS – Ray Feldman  
CTO – Rod Burfield  
PLJD – Edward Thomas  
SECT – Debra Johnson  
HRMS/COBN – Adrian Hendricks

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Ω **Questions**



Ω **If you have any questions or comments  
pertaining to this Internal Audit Report,  
please contact:**

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