

Ralph Campbell, Jr.
State Auditor

STATE OF NORTH CAROLINA
Office of the State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601
Telephone: (919) 807-7500
Fax: (919) 807-7647
Internet <http://www.osa.state.nc.us>

February 20, 2002

Gwynn T. Swinson, Secretary
Department of Administration
116 West Jones St.
Raleigh, NC 27603

Dear Secretary Swinson:

We received an allegation through the State Auditor's Hotline concerning possible errors in recording time for employees at the Department of Administration, Mail Service Center. The following is a summary of our findings and recommendations based on information we gathered through interviewing personnel and examining time sheets.

Department Management discovered numerous errors in recording time and conducted a meeting with employees to address these issues during the week of January 21-25, 2002. We obtained the agenda of this meeting and noted the following timesheet errors that were discussed:

- Recording 10 hours of holiday leave for employees on a 4 day 10 hour work week. State regulations require that these employees get 8 hours of holiday leave and use 2 hours of leave.

Section 5, page 34 of the State Personnel Manual states: *"A holiday for full-time employees is 8 hours." In reference to a four-day workweek, the manual states: "Where a ten-hour four-day workweek has been established on a pilot study basis, two hours must be charged to vacation leave to equalize holiday benefits."*

- Workers receiving overtime in a week in which there was a holiday and the holiday hours were used to compute the 40 hour work week. It is against State policy to use holiday hours in computing hours worked.

Section 4, page 84 of the State Personnel Manual states: *"In determining the number of hours worked by an employee within a given week, time spent on vacation, sick leave, and holidays will not be counted as time worked. Such time off must be included in straight-time pay, but is not included in computing hours of work for overtime pay."*

Gwynn T. Swinson, Secretary
February 20, 2002
Page 2

- Workers were not receiving premium pay for hours that qualified for premium pay. They only received premium pay for hours worked between 4:00 p.m. to 8:00 p.m., instead of the entire shift.

State Personnel Manual, Section 4, page 73 states: *“The employee shall receive premium pay for all hours in a shift worked in which more than half of the scheduled working hours occur between 4:00 p.m. and 8:00 p.m. on a regular recurring basis.”*

- Giving overtime pay to workers based on everything worked over 8 hours per day. Overtime should be calculated based on a 40 hour week, not an 8 hour day.

Per State Personnel Manual, Section 4, page 80: *“payment must be made in form of monetary compensation for hours worked in excess of 40 hours per work week.”*

The Director of the Mail Service Center and the DOA Payroll Technician have discussed these issues with the Deputy Secretary and determined that their immediate focus is to correct timesheets from this point forward. Arrangements have been made to ensure timesheets are correct beginning with the January 1, 2002 time period. The Personnel Technician will periodically check timesheets at Mail Service Center and at the end of the month all timesheets will be examined by the Personnel Technician before submission for payment. At this time, no decision has been made on how to account for errors in prior years. According to the Director, these errors have occurred over a minimum of 4 years and possibly longer.

We recommend the Department identify the extent of the errors and consult with legal counsel as to an appropriate remedy.

If you have any questions or wish to discuss this matter further, please contact us. We appreciate the cooperation received from your staff during the course of our review.

Sincerely,



Ralph Campbell, Jr., CFE
State Auditor

RCjr/mfd

Management letters and responses receive the same distribution as audit reports.



North Carolina
Department of Administration

Michael F. Easley, Governor

Gwynn T. Swinson, Secretary

March 5, 2002

Mr. Ralph Campbell, Jr.
State Auditor
20601 Mail Service Center
2 South Salisbury Street
Raleigh, NC 27699-0601

Dear Mr. Campbell:

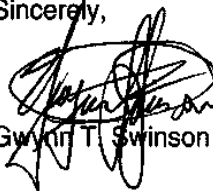
Thank you for your letter of February 20, 2002. We appreciate the opportunity to respond to the proposed letter concerning errors in recording time for employees of the Department of Administration Mail Service Center.

When we discovered that time sheets were incorrect, we focused on their immediate correction. To the best of my knowledge, all time sheets have been corrected as of January 1, 2002. We have adopted a procedure that requires a Personnel Technician to review all the sheets for accuracy prior to submission for payment at the end of each month. This should help ensure that errors do not occur in the future.

The Mail Service Center commenced operation on July 1, 1999. We will conduct a full internal audit including all time sheets submitted from July 1, 1999 through December 31, 2001. Due to limited staff and resources, it will take several months to audit time sheets for approximately 80 employees over that period of time. Until we complete our audit, we will not know the extent of any errors. Once we determine the type and extent of error we will consult with legal counsel to determine the appropriate remedy.

As always, we appreciate your thorough and professional approach to solving these problems. Please let me know if you have any questions or wish to discuss this matter further.

Sincerely,



Gwynn T. Swinson

Mailing Address:
1301 Mail Service Center
Raleigh, NC 27699-1301

Telephone: (919) 807-2425
Fax (919) 733-9571
State Courier #51-01-00
e-mail: Gwynn.Swinson@ncmail.net

Location Address:
116 West Jones Street
Raleigh, North Carolina