Department of Transportation
Employee Time Reporting

July 1, 1999 to March 2, 2001

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State Auditor
The Honorable Donald T. DiFrancesco  
Acting Governor of New Jersey

The Honorable Donald T. DiFrancesco  
President of the Senate

The Honorable Jack Collins  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Department of Transportation employee time reporting for the period July 1, 1999 to March 2, 2001.

If you would like a personal briefing, please call me at (609) 292-3700.

Richard L. Fair
State Auditor
May 18, 2001
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Department of Transportation
Employee Time Reporting

**Scope**

We have completed an audit of Department of Transportation employee time reporting for the period July 1, 1999 to March 2, 2001. Our audit reviewed time reporting for all payroll costs for the department.

Total payroll expenditures of the department during the audit period were $302 million for 5,300 employees. The prime responsibility of Department of Transportation’s time reporting systems is to record and monitor employee benefit time earned and used as well as overtime and compensatory time worked and earned.

**Objectives**

The objective of our audit was to determine the reasonableness of the department’s employee time reporting.

This audit was conducted pursuant to the State Auditor’s responsibilities as set forth in Article VII, Section 1, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

**Methodology**

Our audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

In preparation for our testing, we studied the user manuals for the time reporting systems. We reviewed policies of the department. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our samples of time sheets posted to the reporting systems. We also reviewed financial trends and interviewed department personnel to obtain an understanding of the internal controls.
A nonstatistical sampling approach was used. Our samples of time records were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Sample transactions were judgmentally selected.

**Conclusions**

We found that the department’s employee time reporting was reasonable. In making this determination, we noted certain internal control weaknesses meriting management’s attention.
Compensatory time policy needs further follow-up communications.

Overtime/Compensatory Time

In accordance with provisions of N.J.A.C. 4A:3-5:3(d-2) and the department’s overtime policy, a 35 hour NE employee is not eligible for cash compensation for the first 5 hours of overtime worked each week. These hours are to be recorded as compensatory time earned. As a result of a misunderstanding of compensation rules by the employees and their supervisors, some employees received cash compensation instead of credit for compensatory time earned. We found, in cooperation with the department’s Inspector General Staff, one employee accumulated 264 hours of overtime worked from January 1997 through October 1998, valued at $6,700. The department reduced the hours to 15 valued at $391.80. The department subsequently recovered the overpayment. Another employee was overpaid 25 hours of overtime worked from December 1999 through September 2000.

Recommendation

We recommend the department provide training on compensation rules to employees and supervisors.

Auditee’s Response

The department’s overtime policy was recently revised and is available to employees via the department Intranet. A training course for all department employees on overtime is under development and should be available prior to the end of Fiscal Year 2002.

The department should ensure that access to the time reporting system is appropriate to job functions.

Access Security

Our review of the access privileges to the department’s time reporting system found that 175 employees have access to this system. Employees’ ability to access information not appropriate to their job function may lead to unauthorized access and compromising of data.
Adequate controls over a computer system require that access be granted appropriate to employees’ job functions. Although the department has a procedure in place for granting access to the time reporting system, it does not have a formal policy which would establish the controls necessary to safeguard the integrity of the system. Formalized controls would define the level of access granted and functions that can be performed. Since organizations and employees do not remain static, access privileges should reflect an employee’s current job function. Thus, access privileges should be changed or removed when an employee’s job function changes. In addition, employees who work for the Office of Information Technology (OIT) have access to the system.

Currently the unit which grants access to the time reporting system has not performed a periodic review of the appropriateness of employees’ current access. A report which lists system users and their level of access and would facilitate the review should be produced periodically.

**Recommendation**

We recommend that the department’s system access control unit periodically review employees’ access privileges and change or remove privileges that are no longer appropriate.

**Auditee’s Response**

The department is taking immediate steps to establish a formal access authorization process. Requests for access that are not adequately justified based on the employees’ regular job duties will be denied.

The department is also instituting a procedure that will provide an access rights report to the owner of the TRS on an annual basis, beginning immediately, forming the basis of a periodic review process that was recommended in the audit.