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Office of Management and Budget
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March 29, 2019

Ms. Meghan Hughes
President
Community College of Rhode Island
400 East Avenue, Knight Campus
Warwick, RI 02886


Dear President Hughes:

The Office of Internal Audit has completed its limited scope audit of the internal payroll at CCRI. The audit was conducted in conformance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and by the authority given to the unit as stated in accordance with Rhode Island General Laws (RIGL) § 35-7.1-2(a) – Establishment of office of internal audit. The recommendations included herein have been discussed with members of management, and we considered their comments in the preparation of this report.

RIGL § 35-7.1-10 (d), entitled Annual and interim reports, states that, “Within twenty (20) calendar days following the date of issuance of the management response copy of the draft audit report, the head of the department, agency, public body or private entity audited shall respond in writing to each recommendation made in the audit report.” Accordingly, management submitted its response to the audit findings and recommendations on March 25, 2019, and such response is included in this report. Pursuant to this statute, the Office may follow up regarding recommendations included in this report within one year following the date of issuance.

We would like to express our sincere appreciation to the staff for the cooperation and courtesy extended to the members of our team during this audit.

Respectfully yours,


Dorothy Z. Pascale, CPA, CFF
Chief

c-Michael DiBiase, Director, Department of Administration
Honorable William J. Conley, Jr., Chairperson, Senate Committee on Finance
Honorable Marvin Abney, Chairperson, House Finance Committee
Honorable Stephen Whitney, Senate Fiscal Advisor
Honorable David M. Tremblay, Deputy Senate Fiscal Advisor
Jonathan Womer, Director, Office of Management and Budget
Internal Audit Advisory Group
David Rawlinson, Controller
Brenda Dann-Messier, Commissioner of Postsecondary Education

Audit Executive Summary

Why the Office of Internal Audit Did This Review

The Office of Internal Audit (OIA) conducted a limited scope audit of the internal payroll at the Community College of Rhode Island for fiscal year 2018. The purpose of the engagement was to determine if internal payroll operations are being administered efficiently and effectively in accordance with requirements, statutes, policies, and procedures.

Background Information

The Community College of Rhode Island (CCRI) is the State of Rhode Island's only public comprehensive associate degree-granting institution. It is one of three of the State's higher education institutions.

While the college's full-time employees are all paid through the State's central payroll department, payments made to part-time employees, adjunct faculty, and students are all processed through the College's own internal payroll.

To Strengthen Controls, the Community College of Rhode Island should

- Incorporate internal payroll employees in the Annual Affirmative Action Plan.
- Advertise internal payroll positions.
- Comply with College policy for student employee maximum hours worked.
- Ensure all approvals are obtained prior to an employee's start of employment.
- Require all employees to attend online harassment training.
- Establish a policy for timely, electronic submission of timesheets.
- Ensure employees do not exceed annual part-time hour requirement.

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Introduction

The Community College of Rhode Island (CCRI) is the State of Rhode Island's only public comprehensive associate degree-granting institution. The College is primarily made up of four campuses, in Warwick, Providence, Lincoln and Newport, with a satellite campus in Westerly.

The Office of Internal Audit (OIA) conducted an audit of CCRI's internal payroll. While the college's full-time employees are all paid through the State's central payroll department, payments made to part-time employees, adjunct faculty, and students are all processed through the College's own internal payroll. The college maintains three internal payrolls as follows:

- 1.) Monthly/Adjunct payroll- to process payments for adjunct faculty
- 2.) Bi-weekly part-time payroll- to process payments to part-time employees, working 19 hours or less per week, in a wide variety of position types
- 3.) Bi-weekly student payroll- to process payments to students for federal work study, study help, and honorarium

As a State agency, the College is under the purview of the State rules and regulations in addition to its own internal policies and procedures.

Recommendations and Management's Responses

Incorporate Internal Payroll Employees in Annual Affirmative Action Plan

According to the U.S. Department of Labor Office of Federal Contract Compliance Program (OFCCP), temporary and part time employees should be included in an Affirmative Action Plan.¹ They should also be included in the hiring, promotion, and termination activities; as well as in the compensation database if they are working on the snapshot date.

Rhode Island General Law (RIGL) § 28-5.1-1 states:

(a)(1) Equal opportunity and affirmative action toward its achievement is the policy of all units of Rhode Island state government, including all public and quasi-public agencies, commissions, boards and authorities, and in the classified, unclassified, and non-classified services of state employment. This policy applies in all areas where the state dollar is spent, in employment, public service, grants and financial assistance, and in state licensing and regulation....(3) Each department head shall make a report to the governor and the general assembly not later than September 30 of each year on the statistical results of the implementation of this chapter and to the state equal opportunity office; provided, that the mandatory provisions of this section do not apply to the legislative branch of state government.

Although CCRI management submitted its annual affirmative action plan, it does not include employees paid through its internal payroll within the data reported in this action plan. By not including these

¹ Refer to CFR 60-2.1(d)

employees in its annual affirmative action plan, the college is not complying with the Federal regulation and misrepresenting its employment demographics.

Recommendation:

- 1.) Work with the State Office of Diversity, Equity & Opportunity to incorporate internal payroll employees in the annual affirmative action plan reported statistics.

Management's Response:

The controlling federal regulations defines an "employer" subject to affirmative action requirements, but they do not define "employees" for affirmative action purposes, leaving that as a question of state law. Under Rhode Island law, R.I.G.L. § 28- 5.1-1, employees for affirmative action purposes are those employees in the "classified, unclassified, and non-classified services of state employment."

The question exists regarding the College's internal employees who are not members of the services of state employment such as students and are therefore not counted for affirmative action purposes.

The College will work with the State Office of Diversity, Equity, & Opportunity to identify which classifications of internal payroll positions are appropriate to include in the annual affirmative action plan reported statistics. Once the specific categories for inclusion have been identified, the College will adjust its reporting procedures and programming accordingly.

Responsible Party: Director of Human Resources

Anticipated Completion Date: December 1, 2019

Advertise Internal Payroll Positions

The Rhode Island Board of Education Personnel Policy Manual states that it is the policy to make vacancy notices available to attract as wide a spectrum of candidates as possible. Best practices for recruiting and attracting the most qualified candidates promote the advertising of available employment opportunities. There are numerous benefits of posting a job including:

- Widens the pool of job applicants, thereby potentially increasing the likelihood of finding the ideal fit
- Shows a commitment to fair hiring practices
- Gives internal employees the opportunity to express interest
- Creates environment of providing opportunity to employees and may therefore assist in employee retention
- Can reduce the chance of favoritism claims.

Further, Rhode Island General Law § 28- 5.1-1 Equal Opportunity and Affirmative Action states that

(a)(1) Equal opportunity and affirmative action toward its achievement is the policy of all units of Rhode Island state government, including all public and quasi-public agencies, commissions,

boards and authorities, and in the classified, unclassified, and non-classified services of state employment.

Not advertising for positions and employing recruitment efforts may negate the effort toward adherence to the Equal Opportunity and Affirmative Action laws.

CCRI does not post or advertise for the majority of positions paid through its internal payroll:

- Sample of 25 students, no positions were advertised
- Sample of 25 adjunct professors, 1 position was advertised
- Sample of 42 part-time employees, 3 positions were advertised

CCRI's policy states that advertising for a part-time, temporary position is not mandatory. The College is not recruiting to attract the most qualified candidate(s) for internal payroll positions.

Recommendation:

- 2.) Advertise internal payroll positions.
- 3.) Revise the current policy for advertising a part-time position.

Management's Response:

CCRI uses part-time personnel to advance the mission of Workforce Development and to augment staffing requirements on all four campuses. There are several different groups of internal employees whose nature must be considered when setting recruiting practices. For example, employees who are represented under collective bargaining units whose contract sets forth the hiring process or employees that are filling emergency staffing needs. The college will form a working group to evaluate the types and numbers of part-time personnel currently utilized and design alternatives including improved recruitment procedures, which will include advertising where appropriate.

Responsible Party: Director of Human Resources

Anticipated Completion Date: December 1, 2019

Comply with Policy for Maximum Student Work Hours

CCRI's policy states that Federal College Work Study students and CCRI student help students may only work a maximum of 15 hours per week. For those students working during summer and break periods, you may work up to but may not exceed 15 hours per week if funding is available. Further, it is part of CCRI's policy that each respective supervisor approve the agreed upon hours a student employee works via a Student Employment Authorization Form.

Student employees are exceeding the maximum allowed and/or authorized work hours. In a sample of 25 student payroll transactions, seven students (28%) worked more than the hours approved on his/her student employment authorization form. Of these exceptions, six also exceeded the maximum 15 hours per week.

Approval of student time cards by supervisors is an internal control that is not operating effectively if supervisors do not ensure compliance with the college policy. A limit on the number of hours students work exists in part to ensure students have adequate time to dedicate to their education. Allowing students to exceed the maximum hours allowed or authorized sets a precedent that the hour requirement is irrelevant.

Recommendation:

- 4.) Comply with the college requirement to allow only the maximum number of hours for students to work.

Management's Response:

Financial Aid will provide additional training for students and supervisors on the authorized hour policy. Exception reports will be created to identify students who have worked over their authorized hours and/or over the 15 hour per week maximum. The reports will be run after each payroll and will be forwarded to the student and their supervisor. In addition, the Student Employment Payroll Authorization Form will be updated to clearly state that students may not work more than their authorized hours and/or never to exceed 15 hours per week. These authorized limits are set to ensure that students are not earning more than their allocated award per term. Financial Aid will monitor students and supervisors to ensure continued compliance and inform senior management of any violations.

Responsible Party: Director of Financial Aid

Anticipated Completion Date: September 1, 2019

Ensure all Approvals are Obtained Prior to an Employee's Start of Employment

CCRI has an approval process in place for the hire of its part-time employees. The requesting department, Human Resources (HR), and the Budget Offices all must approve a new hire prior to the start date. In a sample of 42 employees, 16 employees did not have all the required approvals prior to the start date of employment. Allowing part-time employees to work without receiving all approvals exposes the college to liability if funds are unavailable to pay the employee, or the appropriate HR verifications and forms were not provided prior to the start of employment.

Recommendation:

- 5.) Ensure all approvals are obtained prior to the individual's start of employment.

Management's Response:

CCRI utilizes a workflow system to obtain HR and Budget approvals prior to the employee being authorized to work. In the event a supervisor allows an employee to work before being authorized, the supervisor is reminded of the hiring procedure. CCRI will develop additional procedures to better inform supervisors of their responsibilities and inform senior management of any violations.

Responsible Party: Human Resources

Anticipated Completion Date: December 1, 2019

Require all Employees to Attend Online Harassment Training

The RI Board of Education and its insurance carrier established an agreement that all three higher education institutions require all employees (full and part-time) to participate in an online harassment training program. Each employee is required to complete the Workplace Harassment Prevention Program and the certificate of completion is submitted with the employee's new hire paperwork.

The requirement for Online harassment training is applicable to part-time and adjunct faculty hires. The following online harassment training forms were missing:

- 12 of the 42 part-time employees (28%)
- 1 of the 25 adjunct faculty (4%)

Management is not ensuring employees attend the required online harassment training. CCRI is failing to comply with the RI Board of Education's established agreement.

Recommendation:

- 6.) Require all employees to attend online harassment training in compliance with the RI Board of Education's agreement with its insurance carrier.

Management's Response:

CCRI has not been presented with the cited agreement and questions if it is still in effect. However, the College acknowledges the significance of harassment training and therefore all employees will be required to complete the College's online harassment training. Employees who refuse to participate in the training will be informed that refusal could lead to them not being indemnified by the College/Council of Post-Secondary Education for any future incidents involving harassment.

Responsible Party: Director of Human Resources

Anticipated Completion Date: July 1, 2019

Establish a Policy for Timely, Electronic Submission of Timesheets

CCRI has a system in place for part-time employees to submit their timesheets electronically. Employees are encouraged to utilize the electronic submission, and if a paper timesheet is used instead, it should be submitted by the end of the next pay period.

The following issues were identified in a sample of 42 part-employee payroll transactions:

- Paper timesheets were submitted for three employees

- One employee submitted both a paper and electronic timesheet for the same pay period
- One employee submitted timesheets for several months of work performed

Although the payroll department identified and corrected the duplicate timecard submission, the ability of an employee to submit both paper timesheets and electronic timesheets increases the risk that two timesheets could be submitted for the same time period. Further, not submitting the timesheets timely increases the risk that a supervisor's review will fail to detect whether accurate hours are being reported. There is no formal policy that requires employees to submit their timesheets electronically.

Recommendation:

- 7.) Establish a policy requiring timely, electronic submission of timesheets.

Management's Response:

CCRI will establish a formal policy requiring electronic timesheets and reporting any violators to senior management.

Responsible Party: Assistant Controller of Payroll

Anticipated Completion Date: June 1, 2019

Implement a Control to Ensure an Employee Cannot Exceed Part-time Annual Hour Requirement

Individuals hired under the internal payroll² may not exceed 925 hours per year imposed under Budget Article 1. Budget article 1 states:

Departments and agencies listed below may not exceed the number of full-time equivalent (FTE) positions shown below in any pay period. Full-time equivalent positions do not include seasonal or intermittent positions whose scheduled period of employment does not exceed twenty-six consecutive weeks or whose scheduled hours do not exceed nine hundred and twenty-five (925) hours, excluding overtime, in a one-year period.

In compliance with this requirement, CCRI's policy states that employees are not authorized to work more than 925 hours within a fiscal year.

For fiscal year 2018, 17 employees in total exceeded the 925-hour requirement. There is no system control in place to prevent an employee from exceeding the stipulated part-time requirement.

CCRI puts the ownership on employees. Its policy states that it is the employee's responsibility to track the hour requirement as they can have multiple part-time positions but must ensure they work 19 hours or less per week. Without a control in place, employees could exceed the part-time employee hour requirement and be unaccounted for in the reported FTE count.

² This requirement is specific to part-time and adjunct employees and does not include student employees.

Recommendation:

- 8.) Ensure there is a procedure in place to verify employees are not exceeding the 925-hour requirement.

Management's Response:

Currently, employees and supervisors are notified of the 925 hour limit on the initial hiring authorization and annual renewal forms. Additionally, HR runs a quarterly report that shows the number of hours each part-time employee has worked year-to-date for each part-time position. The report is sent to all part-time employees and their supervisors informing them of their year-to-date balance and the policy. CCRI will develop a control, that will include senior management, to assist in preventing employees from exceeding the 925-hour limit.

Responsible Party: Human Resources

Anticipated Completion Date: December 1, 2019

Objective and Scope

The Office of Internal Audit (OIA) conducted an audit of the internal payroll at the Community College of Rhode Island for fiscal year 2018. The purpose of the engagement was to determine if operations are being administered efficiently and effectively in accordance with requirements, statutes, policies and procedures.

Methodology

As part of our audit work we gained an understanding of the existing controls over the recruitment, onboarding, and payments to internal payroll employees. To address our audit objective, we performed the following:

- Obtained information from key process owners
- Researched pertinent State rules and regulations
- Reviewed established College policies and procedures as applicable
- Tested for compliance with established regulations, policies, and procedures
- Sampled employee payment transactions for accuracy
- Sampled employee hires for compliance with HR policies and procedures