



June 13, 2022

# THE OFFICE OF THE INSPECTOR GENERAL'S ANNUAL BI-WEEKLY PAYROLL REVIEW



Source: NetSuite

Project #22-BP-01

A Report to:

**Commissioners:**

Chair, Keith Bell  
Vice Chair, Howard A. Denis  
Christopher Lawson  
Fausto R. Bayonet  
T. Eloise Foster  
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Interoffice Memorandum

OIG – 20220426-021014

**TO:** DEANNA THOMAS, DIRECTOR, HUMAN RESOURCES & COMPLIANCE  
HUMAN RESOURCES OFFICE

**THRU:** JON T. RYMER, INSPECTOR GENERAL  
OFFICE OF THE INSPECTOR GENERAL

<sup>DS</sup>

**THRU:** MAXENE M. BARDWELL, ASSISTANT INSPECTOR GENERAL FOR AUDIT  
OFFICE OF THE INSPECTOR GENERAL

<sup>DS</sup>

**FROM:** DIGDEM TOK, AUDITOR  
OFFICE OF THE INSPECTOR GENERAL

<sup>DS</sup>

**DATE:** JUNE 13, 2022

**SUBJECT: OFFICE OF THE INSPECTOR GENERAL  
ANNUAL BI-WEEKLY PAYROLL REVIEW**

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**EXECUTIVE SUMMARY**

**Background**

In accordance with the Washington Suburban Sanitary Commission’s (WSSC) Office of the Inspector General’s (OIG) Fiscal Year (FY) 2022 Risk-Based Work Plan, and the authority granted to it pursuant to the Maryland Annotated Code, Public Utilities Article (PUA), § 17-605 (a)(6), the OIG conducted a continuous Bi-Weekly Payroll review of WSSC’s Human Resources Office (HRO). The OIG conducted the review in accordance with Generally Accepted Government Reviewing Standards, except for the peer review requirement.

Maryland State law authorizes WSSC to manage personnel matters, and Title 9, Human Resources Management of WSSC's Manual of Standard Procedures details and establishes how that authority is enforced.<sup>1</sup>

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<sup>1</sup> See Md. Ann. Code, PUA, Title 18.

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### Objective

The objective of this review is to assess compliance with the State of Maryland laws and WSSC's policies and procedures as it pertains to Human Resources' management of payroll processing.

### Scope and Methodology

The review focused on the pay period ending November 27, 2021, thru pay periods ending February 05, 2022 (6 pay periods). We obtained an understanding of Human Resource's management of payroll processing by communicating with key personnel in HRO and the Payroll division, reviewing internal documents reflecting the current practice to process payroll, and relevant policies and procedures. Our approach also included conducting detailed testing of transaction samples and evaluating the processes to determine compliance with WSSC policies and procedures.

The OIG reviewed the Total Earning Summary, Deductions Summary, Gross to Net Comparison, Salary Changes, Position Changes, Section Changes, Merit Bonus, Salaries Under Minimum, Salaries Over Maximum, Overtime, Administrative Leave, Emergency Duty Pay, Hazardous Duty Pay, Suspensions, Severance, Administrative Pay, and Temporary Employees' reports. We also tested for the occurrence of "Ghost Employees" (someone recorded on the payroll system, who does not work for, was never employed, or has separated from WSSC and receives a salary) for the scope period.

### Conclusion

The OIG noted the following deficiencies in the administration of the bi-weekly payroll processing for the period under review:

- A Temporary Employee continues to work without an authorized extension; and
- Conflicting Human Resources management policies.

Correction of these deficiencies may improve Human Resource's management of payroll processing. The OIG appreciates the assistance and cooperation provided by Human Resources personnel throughout this review engagement.

## FINDINGS, MANAGEMENT RESPONSES, AND ACTION PLANS

### Finding 1: A Temporary Employee continues to work without an authorized extension

**Risk Rating: MEDIUM**

For the period under review, one out of six (17%) temporary employees did not receive a second extension. The identified employee started employment on January 11, 2021, and their final approved extension expired on December 31, 2021. There were no extensions granted to the employee beyond that period, and the temporary employee continues to work without an authorized extension.

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According to the § 9.175.100 (Employment of Temporary Employees/Temporary Agency Help) of WSSC’s Manual of Standard Procedures, “supervisors shall terminate the services of temporary employees on or before the expiration of their authorized employment period.” Further, “a supervisor, with the prior approval of the Team Chief, may offer reemployment for one additional six-month period to a temporary employee whose services are required.” Lastly, “the General Manager or Deputy General Manager shall approve any extension of temporary employment beyond this additional six-month period.”

The HRO Director stated that the missing extension was an oversight and the employee’s services continue because they are crucial to WSSC.

The OIG noted that if temporary employees continue to work beyond authorized periods without an extension, WSSC:

- Will not comply with its procedures;
- May apply temporary employment procedures inconsistently; and
- May negatively affect its planned fiscal year budget.

**Recommendation: Consistently comply with WSSC Procedures**

The OIG recommends that HRO complies with the requirements set forth in § 9.175.100 of the WSSC Manual for extending temporary employment. This may ensure that WSSC complies with its procedures and manage temporary employment in a consistent manner.

***Management Response and Action Plan (including anticipated due date):***

1. The Human Resources Director to ensure temporary employment extension PAN to be completed for the employee within one (1) week of the audit. Completed on April 18, 2022.
2. The Human Resources Director will meet with HRIS to assess positions used for temporary employment (e.g. overhire vs. Temporary Consultant position) and options in Oracle to support the tracking of temporary employment by May 31, 2022.
3. By July 31, 2022, the Human Resources Director to and make a proposal to the Senior Leadership Team for discussion and agreement on temporary employment.
4. The Human Resources Director will implement a formal process to track and report temporary employment by August 31, 2022.

***Comment from the Office of the Inspector General***

The OIG accepts management’s response. Once management provides documented evidence that addresses the recommendations, as a part of its follow-up process, the OIG will review and determine if it is responsive to the recommendation.

**Finding 2: Conflicting Human Resources management policies**  
**Risk Rating: MEDIUM**

The review disclosed that there are two conflicting HRO policies. The OIG noted during its review that a WSSC retiree has been providing temporary employment services since

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February 25, 2019 (3 years). Section 9.190.030 (Re-Employment of WSSC Retirees) of the WSSC Manual states that “the General Manager may approve **one** additional six-month extension of this temporary employment when the extension is necessary for the efficient operation of the Commission.” WSSC is noncompliant with § 9.190.030 of its Manual of Standard Procedures.

In contrast, § 9.175.100 outlines the process to terminate and extend temporary employment as follow:

Supervisors shall terminate the services of temporary employees on or before the expiration of their authorized employment period. A supervisor, with the prior approval of the Team Chief, may offer reemployment for one additional six-month period to a temporary employee whose services are required. The General Manager or Deputy General Manager shall approve **any** extension of temporary employment beyond this additional six-month.

In the former policy, the GM may approve one additional six-month extension; while the latter policy enables GM to approve temporary employment extensions indefinitely.

During this review, the OIG verified that the HRO applies § 9.175.100 in obtaining temporary employment extension authorizations for all temporary employees. Further, when queried regarding the discrepancy between § 9.190.030 and 9.175.100, management stated that the policies need to be combined to minimize the confusion.

The OIG noted that the conflict in HRO policies may cause inconsistent employment practices in hiring new or retired temporary employees, and inappropriate temporary employment extensions or terminations.

**Recommendation: Revise the Conflicting Human Resources Personnel Management Policies**

The OIG recommends HRO revise conflicting policies pertaining to terminating and extending the services of temporary employees to reflect consistent requirements. This may result in the consistent application of WSSC’s temporary employment procedures.

***Management Response and Action Plan (including anticipated due date):***

1. The Human Resources Director to make the Senior Leadership Team aware of the current temporary employment conflict regarding temporary employees on WSSC Water’s payroll and the employment of re-hired retirees. Completed May 5, 2022.
2. The Human Resources Office to seek guidance from the General Counsel’s Office and Finance (e.g. Retirement) to assess legal and retirement implications of re-hiring retirees by July 31, 2022.
3. The Human Resources Office to determine applicable Standard Procedure updates based upon Action Plan item #2 and draft Standard Procedure updates by August 31, 2022.
4. If Standard Procedure updates are recommended, finalize the update(s) including all required process actions to finalize the Standard Procedure(s) by October 31, 2022.

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***Comment from the Office of the Inspector General***

The OIG accepts management's response. Once management provides documented evidence that addresses the recommendations, as a part of its follow-up process, the OIG will review and determine if it is responsive to the recommendation.

cc: General Manager/CEO, (C. Reid)  
DGM, Administration, (J. Beach)  
DGM, Strategic Partnership, (M. Johnson)  
Chief Strategy and Innovation Officer, (T. Allen)  
Disbursements Division Manager, (J.D. Noell)