



## **Audit of Employee Time Coding Process**

**Project #20-03**

**Prepared by**  
Office of the Inspector General

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# SOUTH FLORIDA WATER MANAGEMENT DISTRICT

November 12, 2020

Governing Board Members

Re: Audit of Employee Time Coding  
Process - Project *No. 20-03*

This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. Our objective primarily focused on determining whether District employees' time charges reflect activities performed. Jankie Bhagudas and I prepared this report.

Sincerely,

A handwritten signature in blue ink, reading "J. Timothy Beirnes".

J. Timothy Beirnes, CPA  
Inspector General

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## BACKGROUND

In accordance with the Office of Inspector General's Audit Plan, we conducted an Audit of Employee Time Coding Process.

On a bi-weekly basis, District employees' timesheets are completed using SAP's Employee Self Service (ESS) or the Cross-Application Time Sheet (CAT2). ESS is a web-based tool that employees can access from the District's portal page to complete their timesheets, and view and maintain other data; such as, leave balances, pay and benefit data, travel expenses, and personal information. Administrative employees who are designated as time administrators use CAT2 to complete timesheets for employees in their resource area. In these instances, employees are required to provide time administrators with their work and/or leave activities.

Timesheets contain several data fields that must be completed depending on employees' work activities, for example:

- Cost Center: Cost centers are used to track operating costs and general expenditures including salaries, except time worked on projects and work/internal orders. All absences (e.g. annual leave, sick leave, and personal holidays) are charged to cost centers. Thus, it is the default cost object for time charges not related to project and plant maintenance activities. Most support District employees charge time worked to cost centers.
- Work Order Number: Work order activities are maintained in the SAP Plant Maintenance module. Typically, field operations staff charge time worked to work orders. Work orders are linked to field stations and include detailed maintenance actions, planned costs, and actual costs. In instances where work order activities include project related tasks, the work orders can be linked to the project network/activity codes.
- Network/Activity Codes: Project activities are maintained in the SAP Project System module. Employees working on project related activities are required to charge their time worked to network activity codes. In most cases, specific planned activities are assigned to specific employees.

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- Functional Area: Functional areas as used to describe specific functions that a certain District area performs. Functional areas can represent a program or activity that is used to report budget consumption (e.g., C-43 Basin Storage Reservoir, Central Everglades Study, pump station modification/repair, and O&M Program Support).

Each employee is assigned certain default information in the SAP Human Resources module; for example, organization unit, fund, cost center, and functional area. This information is referred to as their master data. When completing bi-weekly timesheets, if employees did not perform work relating to projects and/or work/internal orders,<sup>1</sup> they are only required to record their daily attendances and absences in ESS and SAP. The system automatically populates the timesheet with certain default data; for example, cost center, fund, and functional area. Employees assigned to District areas that provide administrative support to core programs charge time to cost centers; for example, employees assigned to Administrative Services Division, Human Resources Bureau, and the Regulation Division.

Employees are required to input additional information when working on projects and work/internal orders. Specifically, project managers are required to provide the relevant project network/activity codes (time codes) to District staff assisting on their projects so that internal labor can be charged to project activities. For project related activities, employees are required to enter the time codes that are specific to the project activities performed. Employees are not required to input other information, such as cost center and functional area, except for internal order numbers. Internal orders also require inputting the fund number on the timesheet. The network and activity codes are linked to the project and other relevant data. For work/internal order related activities, employees are required to input the order numbers and specific operation numbers.

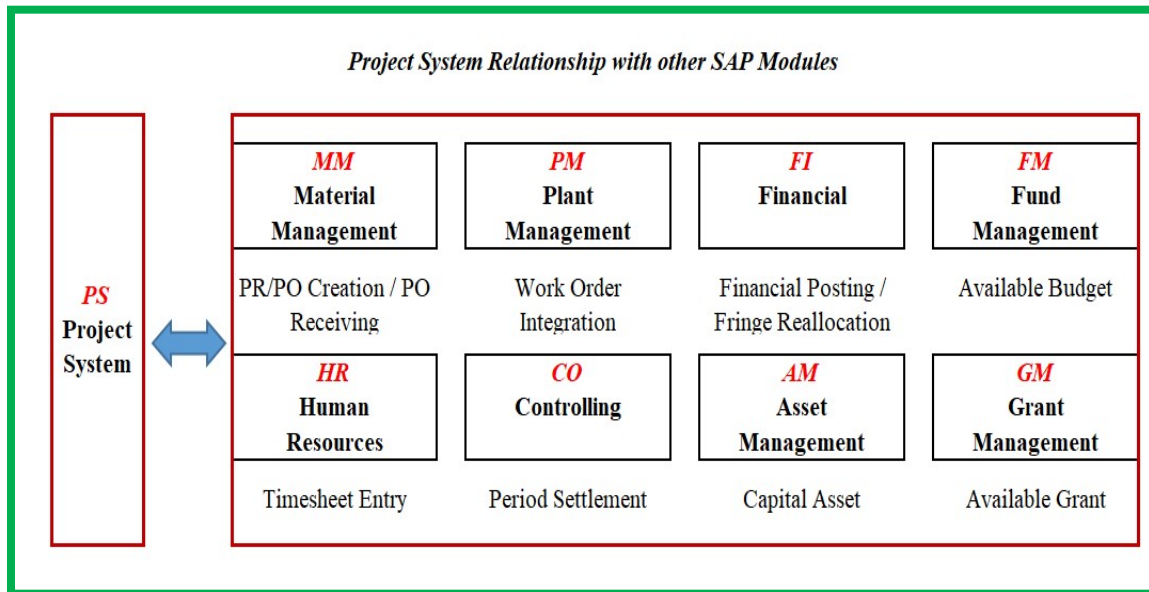
After timesheets are completed in SAP, they are released for supervisory approval. Approved time charges are released to update relevant SAP integrated modules

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<sup>1</sup> Internal orders are used only in specific instances; for example, to track costs associated with storm/hurricane costs.

to reflect internal labor costs; for example, Project System (PS), Grants Management (GM), Financials (FI), Controlling (CO), and Funds Management (FM). Further, after payroll is finalized, time confirmations and the corresponding costs are transferred over to Project System, Plant Maintenance, and Grants Management.

Project System is an SAP module used to plan and manage all types of projects throughout each project's lifecycle; i.e., initiation, planning, execution, monitoring and control, and closeout. It also facilitates tracking of internal labor and external costs for budget planning and project reporting. Project System is integrated with other SAP modules as shown in the following table.



*Source: Process and Project Controls Section's Introduction of SAP Project System, November 2019.*

As of February 2020, there were about 223 active projects with an estimated cost of \$2.6 billion being tracked in Project System. Further, the internal labor costs for these projects are estimated to be \$195 million (about 7% of the total estimated project costs). The Process and Project Controls Section provides support to project managers in all phases of active projects to ensure project information in Project System is updated and accurate. In addition, the Section provides training in Project System and project controls.

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The Field Operations Division's field station employees responsible for performing maintenance activities; such as, equipment preventive maintenance, structure, canal and levee maintenance activities, are required to charge most of their time worked to work orders. Employees working on plant maintenance activities are required to input work order numbers and the specific operation numbers, which are specific actions/activities performed as a subset of a work order. They are not required to input other information, such as plant and cost center because, when work orders are created, validations are in place to ensure that only certain employees can charge time to the work order codes. In Fiscal Years 2018 and 2019, employees completed about 61,000 work orders. Field station employees also work on project related activities. In these instances, the SAP Plant Maintenance module is integrated with the project's lifecycle and work orders that are linked to the project via network activity codes in order to reflect work order related activities.

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## OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective primarily focused on determining whether District employees' time charges reflect activities performed. To accomplish our objectives, we performed the following:

- Reviewed various District policies and procedures relating to employee time charges and interviewed Human Resources Bureau, Process and Project Controls Section, and other relevant District staff to understand the employee time charging process.
- We selected a judgmental sample of various sections/units throughout the District that either primarily work on projects or support projects maintained in Project System. We then selected detail SAP timesheets for employees in these areas for Fiscal Years 2018 and 2019 for analysis in order to determine whether the time charges reasonably reflected their job responsibilities. This sampling methodology was used throughout the audit. Judgmental sampling was considered the preferred methodology based on consideration of the audit population's size and characteristics, as well as audit efficiency and professional judgment. Although the sample cannot be statistically projected to the population of all timesheet transactions we believe the sample, along with the results of the audit tests, provide reasonable assurance for us to determine whether there are adequate controls over the employee time coding.
- In instances where time worked did not appear reasonable (i.e., time worked not charged primarily to project activities), we obtained explanations from either the employees or the relevant project managers/supervisors to determine the reasonableness of the non-project charges. We also performed similar tests for employees assigned to one field station.

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- We obtained Project System data from the Process and Project Controls Section for various projects. We determined whether employee's charged time to scheduled project activities for projects active during Fiscal Years 2019. In instances where the Project System data indicated that employees did not charge time to planned project activities, we selected a sample and obtained explanations from project managers.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## AUDIT RESULTS

### Executive Summary

Overall, based on our analysis of employee time charges for those employees who were assigned to project and work order related activities during Fiscal Years 2018 and 2019, we concluded that most employees' charges to cost centers and project/work order related activities appeared reasonable; however, some employees' time charges did not reflect their work activities. Our Office conducted a similar audit in Fiscal Year 2013 (*Audit of Employee Time Coding Process – Audit #13-13*). The results of this current audit revealed significant improvements in employee time charges to project activities compared to the prior audit results.

We analyzed time worked for 284 selected employees that were assigned to eight sections throughout the District who should have charged time worked primarily to project and/or work activities in Fiscal Years 2018 and 2019. These eight sections are as follows: Engineering Design, Infrastructure Management, Modeling, and Applied Hydraulics, Permitting Acquisition and Compliance, Land Stewardship, Water Quality Treatment, and SCADA. Based on our analysis and discussions with relevant staff, we concluded that the time these 284 selected employees charged to project activities, work orders, and cost centers appeared reasonable based on their job responsibilities.

Our audit also disclosed that some employees in five sections (Project Management, Survey and Mapping, Everglades and Local Project Coordination, Coastal Ecosystems, and Vegetation Management) need to improve their time charges to accurately reflect their work activities. Based on our analysis and discussions with supervisors/employees, we concluded that 16 of 66 employees' time charges in Fiscal Year 2018 and 22 of 76 employees time charges in Fiscal Year 2019, in these five sections, did not appropriately reflect the work activities the employees performed. We also analyzed the time charges of the Clewiston Field Station's employees and concluded that three of the 41 employees in Fiscal Year 2018 and 3 of 45 employees in Fiscal Year 2019 did not appropriately reflect the activities they performed. The supervisors approving these employees' timesheets should have ensured that time charges properly reflected work activities. We also analyzed the Fiscal Year 2019 internal labor data

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maintained in Project System for a sample of projects and concluded that most employees' charged time to project activities; however, some employees worked on projects but did not charge all time worked to project activities. (Note that this mirrors the results of our timesheet analysis finding.)

Improper employee time coding can result in adverse financial consequences to the District. The most significant financial impact is understating the District's in-kind credit contributions towards cost share projects with the U.S. Army Corps of Engineers. The District is entitled to claim in-kind credit for internal labor hours incurred for certain project related activities and credit can only be requested if internal labor hours are charged to project activities/orders. In addition, accurate time charges are essential for proper resource planning, budgeting, and performance evaluation. Accurate time charges are also an indication of adequate controls over time worked and that supervisors responsible for approving timesheets are aware of their staff's activities.

### **Employees Assigned to Projects Generally Charge Time Worked to Projects but Some Improvements Needed**

Overall, based on our analysis of employee time charges for those who were assigned to project and work order related activities during Fiscal Years 2018 and 2019, we concluded that most employees' charges to cost centers and project/work order related activities appeared reasonable; however, some employees' time charges did not reflect their work activities. It should be noted that our Office conducted a similar audit in Fiscal Year 2013 (*Audit of Employee Time Coding Process – Audit #13-13*). The results of this current audit revealed significant improvements in employee time charges to project activities. The results of analysis are detailed in the following sections.

**Most Employees' Time Charges  
Adequately Reflect Work Activities**

Audit procedures entailed analyzing the time employees worked that were assigned to different sections throughout the District that should have charged time worked primarily to project activities and/or work orders in Fiscal Years 2018 and 2019. Based on our analysis and discussions with employees and their supervisors, we concluded that time charged to projects, activities, work orders, and cost center, by the 284 employees in eight sections, appeared reasonable based on their job responsibilities. The results of our analysis are summarized in the following table.

<b>Employees' Time Worked Adequately Reflected Work Activities Fiscal Years 2018 and 2019</b>			
<b>Resource Area</b>	<b>Section</b>	<b>Number of Employees by Fiscal Year</b>	
		<b>2018</b>	<b>2019</b>
Ecosystem Restoration and Capital Project	Engineering Design	13	13
Ecosystem Restoration and Capital Projects	Infrastructure Management	12	14
Ecosystem Restoration and Capital Projects	Modeling	26	28
Ecosystem Restoration and Capital Projects	Applied Hydraulics	13	15
Ecosystem Restoration and Capital Projects	Permitting Acquisition and Compliance	6	6
Water Resources Division	Water Quality Treatment	11	11
Real Estate and Land Management	Land Stewardship	25	29
Information Technology	SCADA	28	34
<b>Fiscal Year Totals</b>		<b>134</b>	<b>150</b>
<b>TOTAL</b>		<b>284</b>	

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The following are the results of our analysis for a sample of the sections where employee time charges appeared reasonable.

**Engineering Design Section**

Engineering Design Section employees work on various engineering design activities; such as, project designs, special design requests for projects not tracked in Project System, and District design standards. During Fiscal Years 2018 and 2019, the 13 employees charged between 0% and 100% of time worked to projects. We discussed each employee's time charges with the Engineering Design Section's administrator. The administrator concluded that based on each employee's responsibilities, the amount of time worked charged to the section's cost center and/or project activity codes appeared reasonable.

**Infrastructure Management Section**

The Infrastructure Management Section is primarily responsible for administering the Structure Inspection Program (SIP) and providing engineering support to the field stations on issues that require immediate attention. Employees assigned to this section perform structure inspections to ensure operational integrity and avoid total or partial failure of structures that could endanger lives and public safety, cause substantial property damage, affect water supply, and negatively impact the environment.

It should be noted that during our prior audit, the Infrastructure Management Section had taken steps to ensure that employees' time charges properly reflected work activities. The results of our analysis disclosed that employees are charging time worked to projects. The results of our analysis are as follow:

- ***Fiscal Year 2018:*** The 12 employees required to charge time worked to project codes, charged between 98% and 100% of time worked to projects.
- ***Fiscal Year 2019:*** The 14 employees required to charge time worked to project codes, charged between 96% and 100% of time worked to projects.

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### **Modeling Section**

The Modeling Section is comprised of the following units: Water Resources Modeling Unit, Regional Modeling Unit, and the Systems Modeling Unit. In South Florida's complex water management system, the District uses hydrologic models for evaluation, planning and simulating water control operations under different climatic and hydrologic conditions. The District also uses water quality and ecological models to evaluate other processes vital to the health of our system. The results of our analysis disclosed that employees are charging time worked to projects. The results of our analysis are as follows:

- ***Fiscal Year 2018:*** Twenty-two (22) of the 26 employees required to charge time worked to project codes, charged between 84% and 100% of time worked to projects. Project charges by the remaining four employees ranged from 51% to 78%. We concluded that the charges were reasonable because the employees worked on non-project related tasks; as such, training development, budget and administrative support. In addition, some employees transferred from other sections where some of their time charges were to their prior cost centers.
- ***Fiscal Year 2019:*** Twenty-six (26) of the 28 Modeling Section's employees charged between 86% and 100% of time worked to project activities. The remaining two employees charged 64% to projects. We concluded that the charges were reasonable because one employee was new to the Modeling Section and the other employee assisted with budget and administrative support.

## Some Improvements in Employee Time Charges Needed to Properly Reflect Work Activities

Our analysis also disclosed that employees in five sections need to improve time charges to more accurately reflect their work activities. Based on our analysis and discussions with supervisors/employees, we concluded that time charges by 16 of 66 employees in Fiscal Year 2018 and 22 of 76 employees in Fiscal Year 2019 in the five sections did not accurately reflect work activities these employees performed. We noted that in most instances the same employees repeatedly charged their time to the incorrect work activities. Further, the supervisors approving employees' timesheets should have ensured that time charges accurately reflected work activities. The results of our analysis are summarized in the following table.

Employees' Time Worked Charges Fiscal Years 2018 and 2019					
Resource Area	Section	FY 2018		FY 2019	
		Time Worked Correctly Charged			
		YES	NO	YES	NO
Ecosystem Restoration and Capital Projects	Project Management Section	22	5	24	6
Ecosystem Restoration and Capital Projects	Survey and Mapping Section	0	7	0	10
Ecosystem Restoration and Capital Projects	Everglades and Local Project Coordination Section	4	1	4	1
Water Resources Division	Coastal Ecosystems Section	12	0	11	2
Real Estate and Land Management Division	Vegetation Management Section	12	3	15	3
Fiscal Year Totals		50	16	54	22

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The following sections provide the detailed results of our analysis for the sections where employee time charges did not appear reasonable.

**Project Management Section**

The Project Management Section's responsibilities include managing all capital projects, including the Comprehensive Everglades Restoration Plan (CERP), Restoration Strategies, and Operations and Maintenance Capital Improvement Program.

Based on the results of our analysis and discussions with Project Management staff, we concluded that most employees charged time worked to activities performed; however, some employees' time charges did not accurately reflect work activities. It should be noted that compared to the results of our prior audit, our current audit disclosed major improvements in project activity charges by project management staff.

The results of our analysis are summarized in the table below, with further details in the following sections.

<b>Project Management Section Summary of Employees' Time Worked Charges Fiscal Years 2018 and 2019</b>		
<b>Classifications</b>	<b>Number of Employees</b>	
	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2019</b>
Time worked charged to project activities appear reasonable	22	24
Time worked charged to project activities can be improved	5	6
Excluded from audit analysis for various reasons ( <i>Note 1</i> )	5	6
<b>Total Employees Analyzed</b>	<b>27</b>	<b>30</b>
<b>TOTAL EMPLOYEES</b>	<b>32</b>	<b>36</b>

**Note 1**

New employees and employees assigned to non-project related activities

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Our analysis disclosed that employees with reasonable time charges charged over 85% of time worked mostly to project activities. The following table summarizes the number of employees whose percentage of time charged to project activities for Fiscal Years 2018 and 2019 appeared reasonable.

<b>Project Management Section Employees with Reasonable Time Charges to Project Activities Fiscal Years 2018 and 2019</b>		
<b>Percentage of Time Worked Charged to Project Activities</b>	<b>Number of Employees</b>	
	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2019</b>
100%	4	3
95% - 99%	15	16
90% - 94%	2	3
85% - 89%	1	2
<b>Total Employees</b>	<b>22</b>	<b>24</b>

Our conclusion regarding the employees whose time did not accurately reflect their work activities was based on the results of our analysis and discussions with the employees or employees' supervisors. The following table provides details of our analysis.

<b>Project Management Section</b> <b>Time Worked Charges Not Reflecting Work Activities</b> <b>Fiscal Years 2018 and 2019</b>						
Employee	Fiscal Year	Cost Center		Project Activities		Issues/Resolutions
		Hours	%	Hours	%	
Cost Estimator #1	2018	1,266	69%	577	31%	Estimator worked on both project and non-project activities; however, the hours worked charged to projects appeared understated. According to the section leader, the estimator spent at least 50% of time worked on project activities. Thus, project activities were understated by at least 12% to 19%
	2019	1,119	62%	672	38%	
Cost Estimator #2	2018	1,696	90%	190	10%	Estimator worked on both project and non-project activities. However, according to the section leader, they should have charged much more time to project activities.
	2019	1,337	77%	404	23%	
Lead Engineer	2018	1,616	90%	187	10%	Engineer worked mostly with the USACE on permit related issues. However, according to the section leader, more time should have been charged to project activities.
	2019	1,722	97%	57	3%	
Construction Manager / Project Manager	2018	641	33%	1,327	67%	Project manager should have charged at least 90% of time worked to project activities. Thus, charges to project activities were understated by about 20% each year.
	2019	567	30%	1,325	70%	

**Project Management Section**  
**Time Worked Charges Not Reflecting Work Activities**  
**Fiscal Years 2018 and 2019**

Employee	Fiscal Year	Cost Center		Project Activities		Issues/Resolutions
		Hrs	%	Hrs	%	
Construction Manager / Project Manager	2019	358	79%	98	21%	Employee transferred from the Regulation Division to the Project Management Section in the latter part of Fiscal Year 2019 and charged 98 hours to project activities and 358 hours to the section's cost center. According to his supervisor, new engineers usually spend time training, which is charged to the section's cost center. However, the engineer's project activities charges appeared understated. We analyzed the engineer's time worked charges from October 1, 2019 to February 29, 2020 to determine whether project charges improved. We found that project charges were still understated. The supervisor stated that more time should have been charged to projects and acknowledged they should have paid closer attention to the employee's timesheets during the approval process.
	2020 (10/19 to 2/20)	394	54%	334	46%	
Section Leader	2018	842	47%	931	53%	This section leader provided the following reasons for the non-project charges: <b>1)</b> Managed about 10 project managers. It was difficult to charge to time to each project because little time was spent of each project, <b>2)</b> Worked on project planning. Some of projects did not have project numbers and were not in PS; and <b>3)</b> Performed administrative tasks. Nevertheless, the section leader stated that they could improve future time charges to project activities.
	2019	848	51%	827	49%	

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### **Survey and Mapping Section**

The Survey and Mapping Section is primarily responsible for surveying and mapping the District property interests, which includes but not limited to creating surveys and legal descriptions of District acquisitions, surplus lands, project boundaries, canals, levees, and structure locations.

Based on the results of our analysis and a discussion with the Survey and Mapping Section's Administrator, employees' charges to project activities were understated. In Fiscal Year 2018, seven employees assigned to this section were required to charge some time worked to project activities; and in Fiscal Year 2019, 10 employees were required to charge some time worked to project activities.<sup>2</sup> During both fiscal years, the highest percent of time work charged to project activities was 28% (501 of 1,776 hours worked). The results of our analysis of percentage of time worked that was charged to project activities are summarized in the following table.

<b>Survey and Mapping Section Percentage of Time Worked Charged to Project Activities Fiscal Years 2018 and 2019</b>		
<b>Percentage Time Charged to Project Activities</b>	<b>Number of Employees</b>	
	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2019</b>
Less than 5%	2	2
5% - 10%	2	3
11% - 15%	2	2
16% - 20%	-	3
Over 20%	1	-
<b>Total Employees</b>	<b>7</b>	<b>10</b>

Our analysis disclosed that employees charged as little as 30 hours in Fiscal Year 2018 and 65 hours in Fiscal Year 2019 to project activities. Examples of hours worked charged to project activities are shown in the following table.

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<sup>2</sup> Two employees were excluded from our analysis (one in each fiscal year) because they were new to the Survey and Mapping Section.

<b>Survey and Mapping Section</b> <b>Examples of Time Worked Charged to Project Activities</b> <b>Fiscal Years 2018 and 2019</b>				
<b>Employee</b>	<b>Fiscal Year 2018</b>		<b>Fiscal Year 2019</b>	
#1	30 of 1,895 hours	2%	154 of 1,800 hours	9%
#2	39 of 1,939 hours	2%	331 of 1,774 hours	19%
#3	226 of 1,688 hours	13%	65 of 1,699 hours	4%
#4	113 of 1,766 hours	6%	233 of 1,536 hours	15%
#5	190 of 1,914 hours	10%	262 of 1,632 hours	16%

The section administrator explained that employees worked on certain non-project related activities. However, they acknowledged that employees' charges to project activities were understated and that this been an ongoing issue. Prior to our audit, the administrator had taken several steps to improve project charges, but progress has been minimal. During our audit, the administrator instituted several more stringent requirements to improve project charges: such as, increased communication with project managers to obtain project codes and closer review of timesheets.

#### **Everglades and Local Project Coordination Section**

The Everglades and Local Project Coordination Section responsibilities include assisting with Everglades Restoration activities and working with local governments on a variety of projects and issues. Time worked charged to projects and the section's cost center by four of the five employees in this section appeared reasonable; however, time worked on project activities was not accurately charged by a lead scientist. Specifically, during Fiscal Years 2018 and 2019:

- Two employees charged between 90% to 99% of time worked to project activities.
- Two employees charged only 10% to 60% of time worked to project activities. The employees' supervisor explained that time charges are reasonable because they worked on several non-project activities; such as, working with local governments on a variety of projects and issues.

- The understated charges by the lead scientist are detailed in the following table.

<b>Everglades and Local Project Coordination Section</b> <b>Lead Scientist Time Charges</b> <b>Fiscal Years 2018 and 2019</b>					
Fiscal Year	Cost Center		Project Activities		Issue / Resolution
	Hours	%	Hours	%	
2018	1,833	99.6%	8	0.4%	This lead scientist worked mainly on restoration strategies projects and should have charged very little time to cost centers. The section administrator explained that the lead scientist's project time charges should have mirrored their time charged to projects because they worked on the same projects. It should be noted that the administrator charged 92% and 95% of their time worked to projects activities in Fiscal Years 2018 and 2019, respectively. As a result, the lead scientist understated his project charges by about 92% each fiscal year. The administrator stated they will address this issue immediately to ensure that time worked on projects are charged to project codes.
2019	1,920	100%	0	0%	

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### **Coastal Ecosystems Section**

The Coastal Ecosystems Section through a combination of monitoring, research, and modeling, provides the scientific basis for management of freshwater flows to estuarine systems in South Florida. This includes real time management of flows and establishing inflow requirements for water protection rules. The Coastal Ecosystems Section is comprised of the North Science Unit and the South Science Unit.

➤ ***Fiscal Year 2018:*** Time worked charged to projects and the section's cost center by the 12 employees appeared reasonable. Specifically,

- Five employees charged over 88% of time worked to project activities.
- Six employees charged only 0% to 65% worked to project activities because they supervised staff or were new employees.
- The remaining employee, a lead environmental scientist, charged 26% of his time worked to the project activities and 74% to the section's cost center for work related to operation, maintenance, repair, replacement and rehabilitation (OMRR&R) activities relating to the C-111 Spreader Canal Western Project and Biscayne Bay Coastal Wetlands. Time worked on the OMRR&R activities are charged to the section's cost center and the District grant numbers associated with the projects.<sup>3</sup> As a result, the cost center charges were justified.

➤ ***Fiscal Year 2019:*** Time worked charged to projects and the section's cost center by 11 of the 13 employees appeared reasonable; however, time worked on project activities were not accurately charged by two scientists assigned to the South Science Unit.

### ***Reasonable Time Charges***

- Six employees charged over 87% of time worked to project activities.
- Four employees charged only 56% to 76% of time worked to project activities because they supervised staff or were new employees.

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<sup>3</sup> The USACE is contractually required to reimburse the District a percentage of the OMRR&R costs. The reimbursement percentages are specified in each project agreement and range from 50% to 100%.

- The remaining employee, a lead environmental scientist, charged 34% of his time worked to the project activities and 66% to the section's cost center, primarily for work related to OMRR&R activities (discussed in detail in Fiscal Year 2018 explanation above).

### ***Understated Time Charges***

Details of the understated time charges by the two scientists are presented in the following table.

<b>Coastal Ecosystems Section's Understated Time Charges Fiscal Year 2019</b>					
<b>Employee Title</b>	<b>Cost Center</b>		<b>Project Activities</b>		<b>Issues / Resolutions</b>
	<b>Hours</b>	<b>%</b>	<b>Hours</b>	<b>%</b>	
Scientist 3	1,061	56%	825	44%	This scientist's supervisors stated that the scientist worked mostly on USACE cost share projects. Thus, more time should have been charged to project activities. They planned to determine whether the incorrect cost center time charges can be amended so that the District can receive cost share credit from the USACE. Further, they will address this issue immediately to ensure that time worked on projects are charged to project codes.
Senior Scientist	905	62%	566	38%	This senior scientist and her supervisors stated that more of her working time should have been to project activities. Specifically, about 55% of her time worked should have been charged to a NEEPP related project. Further, they addressed this issue with the senior scientist to ensure that time worked on projects are charged to project codes.

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### **Vegetation Management Section**

The Vegetation Management Section's responsibilities include managing nuisance and invasive exotic plants and animals throughout the District's 16-county region. Control efforts include prescribed burns, mechanical removal, herbicide application and use of biological controls such as insects and herbivorous fish.

Our analysis of employees' time charges for Fiscal Years 2018 and 2019 disclosed that most employees charged almost all time worked to the section's cost center. Audit procedures included reviewing each employee's charges with the section administrator. He stated that based on his section's responsibilities, most employees do not work on project related activities; thus, most time worked is charged to the section's cost center. However, three employees' time charges to project activities appeared understated since the employees worked on projects and charged very little or no time to project activities. The results of our analysis are summarized in the table on the following page.

Vegetation Management Section Time Worked Charges Fiscal Years 2018 and 2019						
Time Worked Charges Reflected Work Activities						
Fiscal Year	No. of Employees	Percent Charges		Issues/Resolutions		
		Cost Center	Project Activities			
2018	12 of 15	84% to 100%	0% to 16%	The section administrator concluded that these employees’ time charges appeared reasonable since they worked mostly on non-project related activities. <i>No issues noted.</i>		
2019	15 of 18	86% to 100%	0% to 14%			
Time Worked Charges Did Not Reflect Work Activities						
Employee Position	FY	Hours	%	Hours	%	Issues/Resolutions
Senior Vegetation Scientist – Canal / Levee Aquatic Plant Management	2018	1,104	64%	625	36%	According to the section administrator, these three employees worked more hours on project activities than the hours charged in both fiscal years 2018 & 2019. The administrator stated they will address this issue immediately to ensure that time worked on projects are charged to project activities. It should be noted that some project managers stated that this section’s employees do not always charge time worked on their projects.
	2019	1,597	99%	10	<1%	
Senior Scientist - STA and Invasive Species Management	2018	1,720	99%	11	<1%	
	2019	1,798	100%	0	0%	
Senior STA Site Coordinator - STA and Invasive Species Management	2018	1,851	100%	0	0%	
	2019	1,809	99%	2	<1%	

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**Field Operations Division - Clewiston Field Station**

The District's field stations are operational bases for staff involved in maintaining and operating the water control structures, machinery, and lands associated with the regional water management systems. Audit procedures included analyzing the time charges of employees assigned to the Clewiston Field Station during Fiscal Years 2018 and 2019. Based on the results of our analysis and a discussion with field station's superintendent, we concluded that overall charges to work orders/project activities and cost centers appeared reasonable. Certain employees were excluded from our analysis where, due to the nature of their job responsibilities, most of their time was charged to the cost center. We concluded that about 93% of the employees analyzed charged most of their time worked to work order activities; however, a few employees' time charges did not properly reflect work activities. The results of our analysis are summarized in the table below with further details in the following sections.

<b>Clewiston Field Station Summary of Employees' Time Charges Fiscal Years 2018 and 2019</b>		
<b>Classifications</b>	<b>Number of Employees</b>	
	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2019</b>
Time worked charged to work order - project activities appear reasonable	38	42
Time worked charged to work order - project activities can be improved	3	3
Excluded from audit analysis due to nature of job responsibilities ( <i>Note 1</i> )	12	14
<b>Total Employees Analyzed</b>	<b>41</b>	<b>45</b>
<b>Total Employees</b>	<b>53</b>	<b>59</b>

**Note 1**

Management, administrative, and new employees were excluded.

Our analysis disclosed that most employees whose charges appeared reasonable charged over 90% of time worked to mostly work order activities. The following table summarizes our results.

<b>Clewiston Field Station</b> <b>Employees with Reasonable Time Charges to Project</b> <b>Activities During Fiscal Years 2018 and 2019</b>				
<b>Percentage of Time Worked Charged to Project Activities</b>	<b>Number of Employees</b> <b>Fiscal Year</b>			
	<b>2018</b>		<b>2019</b>	
> 95%	28	74%	31	74%
90% - 94%	8	21%	9	21%
85% - 89%	-	-	2	5%
70% - 80% (Note 1)	2	5%	-	-
<b>Total Employees</b>	<b>38</b>	<b>100%</b>	<b>42</b>	<b>100%</b>

**Note 1**

In Fiscal Year 2019, these employees' charges to activities increased to 85% and 99%.

Our conclusion regarding the three employees whose time charges need to better reflect their work activities was based on the results of our analysis and discussions with the relevant staff. Our conclusions are based on our analysis and data shown in the following table.

<b>Clewiston Field Station Time Charges Exceptions Fiscal Years 2018 and 2019</b>						
		Cost Center		Project Activities		
Employee	FY	Hours	%	Hours	%	Issues/Resolutions
Contract Inspector #1	2018	1,227	69%	545	31%	These contract inspectors should have charged at least 80% of their time worked to work order activities. Based on these charges, we concluded that the inspectors' time charges to activities were understated by at least 45% – 80% each year. Supervisors responsible for approving these employees' timesheets should review them more closely.
	2019	1,209	65%	656	35%	
Contract Inspector #2	2018	1,344	91%	126	9%	Supervisors responsible for approving these employees' timesheets should review them more closely.
	2019	1,809	100%	0 hours	0%	
Crew Chief	2018	697	38%	1,151	62%	The crew chief should have charged at least 80% of his time worked to work order activities. Based on these charges, we concluded that the crew chief's time charges to activities were understated by at least 17% each year.
	2019	826	37%	1,418	63%	

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## **Project Managers Confirmed Understated Time Charges**

Our analysis of employees' time charges to specific projects and discussions with project managers disclosed that most employees' time charges to project activities appeared reasonable; however, some employees who worked on projects did not properly charge all time worked to project activities. (Note that this mirrors the results of our timesheet analysis finding.) Specifically, audit procedures included reviewing the Fiscal Year 2019 internal labor charges to project activities maintained in Project System for a sample of projects and with the assistance of the project managers determined whether employees' time charged to scheduled labor activities appeared reasonable. Based on the results our review and discussions with project managers, we concluded the following:

- In most instances, project managers stated that employees' time charges to internal labor activities appeared reasonable.
- In some instances where there were no internal labor charges to project activities, project managers stated that the lack of labor charges were attributed to several reasons; for example, projects delayed, projects cancelled, projects placed on hold, or activities were contracted out, thereby eliminating the need for District staff. Further, some project tasks may have been planned; however, as projects progressed it was concluded that the planned tasks were not required.
- In some instances, employees worked on project activities; however, time charged to the project activities were understated, i.e., employees either did not charge any time work on the project activities or charged less than the actual hours worked. Project managers explained that they provide project activity codes to employees assisting on their project and they are not involved in approving time sheets for employees' they do not directly supervise. Thus, all employees working on project related activities are responsible to ensure that their timesheets accurately reflect their work activities. In addition, supervisors approving timesheets of employees

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working on project related activities should ensure that time worked is properly charged. Project managers also stated that if they become aware that employees working on their projects and not charging time to the project activities they remind the employees. Further, in some cases they inform the employees' supervisors that time should be charged to their projects.

## **Financial Impact from Understated Project Activity Time Charges**

District projects are funded with District, local, state, and federal revenues; thus, it is important that projects funded by each of these sources properly reflect internal labor costs. Improper employee time coding can result in adverse financial consequences to the District. The most significant financial impact is understating the District's in-kind credit contributions towards cost share projects with the U.S. Army Corps of Engineers. The District is entitled to claim in-kind credit for internal labor hours incurred for certain program and project related activities and credit can only be requested if internal labor hours are charged to project activities/orders.

The District may be eligible to receive in-kind credit for internal labor costs, which includes salary, indirect cost and fringe benefits, incurred for certain CERP project related activities (for example, design and engineering costs). Internal labor costs are detailed in *Monthly Validation Reports*, which are required to be approved by the respective project manager, for each project submitted to the USACE for credit. Internal labor costs will be included in the *Monthly Validation Reports* only if employees working on CERP related projects charge their time to the correct activity codes/orders. Charges to cost centers are not eligible for in-kind credit; therefore, if employees working on CERP projects do not charge their time to the correct codes, the District may lose potential in-kind credit for salary expenditures. It should be noted that the Process and Project Controls Section has tools that project managers can utilize to monitor internal labor project charges; such as, the weekly *PS Timesheet Charge Tracker* report, which provides an overview of planned vs. actual hours charged, and the *SAP CN48N Confirmation Report*, which shows all internal labor charges to a project.

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Not all District projects are cost share projects; nevertheless, to adequately capture project labor costs time charges should reasonably reflect project activities performed. Understated time charges to project activities results in understating the actual project hours and salary related costs, which in turn can impact the budgeted costs of future projects. Charges to cost centers are not used to determine project costs and resource requirements. Thus, proper time charges are also essential for proper resource planning, budgeting, and performance evaluation. Proper time charges also indicate adequate controls over employee's work activities and demonstrate that supervisors responsible for approving time are aware of their staff's activities.

## **RECOMMENDATIONS**

- 1. Remind all District employees working on project/work order related activities the importance of ensuring that hours worked are properly charged to project activity code, work orders, and cost centers.**

### **Management Response:**

An emailed reminder will be sent out by each of the Bureau Chiefs to all staff in their group highlighting the importance of proper timesheet coding for the purpose of cost share recovery, resource tracking, and future project planning. This email will include direction on the use of time code 36 (uncompensated time) which applies to Executive staff, Bureau Chiefs, and Section Administrators and time code 31 (comp time accrual). It is important that both time codes are used appropriately to further validate proper workforce needs.

### **Responsible Division:**

All Divisions

### **Estimated Completion:**

October 31, 2020

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2. **Ensure that employees working on project/work order related activities are proactive in obtaining and using project activity codes and/or work order numbers.**

**Management Response:**

Each Bureau Chief will direct their employees to ensure they receive the appropriate time code associated with the project prior to submitting their timesheet. Then, all hours worked on the project shall be entered on their timesheets using that code.

**Responsible Division:**

All Divisions

**Estimated Completion:**

October 31, 2020

3. **Instruct supervisors responsible for approving employees' timesheets to ensure that time worked on cost center, work order, and project related activities are properly reflected on the employees' bi-weekly timesheets.**

**Management Response:**

Each Bureau Chief will direct their Section Administrators and Section Leaders to be sure staff are appropriately charging their time to a project timecode rather than their default code, prior to approving their timesheets.

**Responsible Division:**

All Divisions

**Estimated Completion:**

October 31, 2020

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4. **Require that project managers increase monitoring of internal labor charges in Project System to ensure that employees working on specific activities are charging time to the activities. Ensure that the District's policy of named resources for network activity planning is followed. In instances where labor charges do not reflect the employees' level of activity, consider requiring project managers to notify employee and employee's supervisor.**

**Management Response:**

Each Bureau Chief will direct their project managers to get an internal time charge report once each quarter from Metrics, then compare actual charge values to those originally planned. If there are any cases of assigned staff working on a project, but not charging to it, the project manager is to notify that staff member and their direct supervisor by email.

**Responsible Division:**

All Divisions

**Estimated Completion:**

October 31, 2020