



City of Gainesville

Office of the City Auditor

Memorandum

To: Lee R. Feldman, City Manager
Edward Bielarski, Gainesville Regional Utilities General Manager

Cc: Ginger Bigbie, City Auditor
Cintya Ramos, Finance Director, General Government
Claudia Rasnick, Chief Financial Officer, Gainesville Regional Utilities

From: Brecka Anderson, Internal Audit Manager

Date: September 15, 2020

Re: Targeted Review of Third Party Temporary Employment Invoicing

Purpose

In July 2020, the City Manager requested that the City Auditor's Office review temporary employment invoicing and utilization between the City and Career Center, Inc. d/b/a TempForce (TempForce). The City of Gainesville utilizes third party vendors to fill some position vacancies on a temporary basis. City management is responsible for ensuring that temporary employment services are utilized effectively to meet administrative and operational goals and objectives.

Background

General Government and GRU procure temporary employee services in one of two ways:

Source	Hire Method	Payment Method
1. City Direct Temporary Hire	Directly through the City's Human Resources Department	Paid through City payroll
2. Third Party Temporary Employment Services Vendor	Through third party vendor based on City contract	Procure-to-Pay Process* City Purchasing or requesting department issues purchase order to vendor for temporary services. Vendor places temporary employee with City. Employee submits timecard to vendor for time worked. Vendor issues invoice to City. City hiring supervisor approves time worked in vendor's time reporting system and authorizes payment of invoice. City Accounts Payable pays vendor based on approved invoice. Vendor pays employee.

*The table above displays the TempForce procure-to-pay process. Some third party temporary employment vendors are paid based on contract terms.

Internal Audit Objective: To provide a limited scope review of select TempForce invoices to determine whether they were paid timely, accurately, and in compliance with contract terms, and to provide additional statistics around total City temporary employment.

Scope and Methodology: This engagement is a targeted review of Career Center TempForce invoicing and utilization activities for specified periods and specific processes. Our review was limited to inspection of select third party temporary employment invoices, related policies and procedures, and internal controls. Our methodology included review of TempForce invoices paid from June 1, 2020 – June 30, 2020. In addition, we compiled temporary employment statistical data over several fiscal years.

Specifically, we reviewed the timing of invoice payments, accuracy of invoice billing rates, compliance with the City's Career Center TempForce contract, and other internal City procedures. During our review, we analyzed invoice and payment details, and provided charts of citywide utilization of TempForce services and temporary employment utilization administered by the City's Human Resources Department.

Background: TempForce is the largest City vendor for temporary services, with payments exceeding \$1.3 million from October 2019 – August 11, 2020. In comparison, City direct hire payments exceeded \$2.4 million for the same period.

Over approximately four years, from October 2016 to August 11, 2020, the City utilized 985 temporary employee assignments as City direct hires and TempForce hires. Some temporary employees worked multiple assignments, which included seasonal employees such as lifeguards. The City expended over \$14.6 million for these temporary employment services.

TempForce Contract

The City and TempForce first entered into the contract for temporary employment services in November 2008 with a contract termination date of December 31, 2014. The contract was extended for a five-year period and then a subsequent nine (9) month period expiring September 30, 2020. The City is currently working on the new contract to procure third party temporary employment services beyond fiscal year 2020.

The current TempForce contract specifies several areas of compliance when procuring and invoicing temporary employment services, such as position descriptions, wage rates (employee \$/hour), bill rate calculations (wage rate plus multiplier and healthcare fee paid to vendor), invoice payment specifications, and length of assignment.

Results

During our review, we identified the following points of discussion for management’s consideration when administering third party temporary employment services.

Title	Discussion Point	Risk	Recommendation
Bill Rates Exceeded Allowed Amounts*	<p><u>General Government</u> Seven of 149 (5%) TempForce invoices were approved for bill rates over \$1 above contracted rates without appropriate city management approval.</p> <p><u>GRU</u> No TempForce invoices were assessed bill rates \$1 above contract.</p>	<p><u>General Government</u> Higher personnel expenses for the city.</p>	<p><u>General Government</u> Consider: Centralizing the purchasing process.</p> <p>Appointing a specific purchasing staff person to process all temporary employment purchase orders.</p>
Longevity	<p>51 of 110 (46%) TempForce employees used by the City (30 GG and 21 GRU) during FY20 had been in their most recent temporary assignment more than six months.</p> <p>(End dates for HR temporary employees were not tracked in the HRIS system)</p>	<p>Utilizing the contract to provide labor for extended periods may appear to bypass HR hiring practices possibly leading to hiring equity concerns.</p>	<p>Consider: Enhancing monitoring to ensure that HR and City Management identify, review and approve third party temporary employment assignments greater than 6 months.</p>
Invoices Not Paid Timely**	<p><u>General Government</u> 81 of 149 (54%) of TempForce invoices for GG services tested were paid more than 30 days after the date of invoice, as specified in the TempForce contract. The invoices were paid an average of 50 days after invoice date.</p> <p><u>GRU</u> All GRU invoices tested were paid within 30 days after invoice date.</p>	<p><u>General Government</u> City could incur late fees, place unnecessary demands on Accounts Payable staff, and place strains on third party relations.</p>	<p><u>General Government</u> Consider: Having the vendor send invoices directly to Accounts Payable staff who would facilitate department approval of invoice to ensure adequate services were provided and correctly billed before invoice is paid in a timely manner.</p>
Improperly Supported Purchase Orders	<p><u>General Government</u> Eight of 43 (19%) of GG purchase orders issued to procure TempForce services were missing job descriptions, and 28 (65%) were missing a copy of the 2020 Pay Plan.</p>	<p><u>General Government</u> Personnel may submit a purchase order for an incorrect rate resulting in additional costs to the City.</p>	<p><u>General Government</u> Consider: Centralizing the purchasing process and appointing purchasing staff as main point of contact to process all temporary employment purchase orders and increase compliance.</p>

*See Chart 10

**See Chart 11

We also noted the following:

- There is no process or procedure for updating temporary pay rates for TempForce services when new pay plans are released.
- One GG temporary employment vendor payment was paid using a City issued procurement card, which was inconsistent with other invoice payment processes.

Please see the Appendix for analytics of temporary employment utilization across the City.

Internal Audit Team

Ginger Bigbie, CPA, CFE, City Auditor

Eileen Marzak, CPA, CFE, Interim Assistant City Auditor

Vincent Iovino, CISA, CRISC, IT Audit Manager

Brecka Anderson, CIA, CFE, CGAP, Internal Audit Manager (Lead Auditor for this engagement)*

Gregory Robeson, CPA, CIA, CFE, Senior Internal Auditor*

Patrick Keegan, CISA, Senior IT Auditor

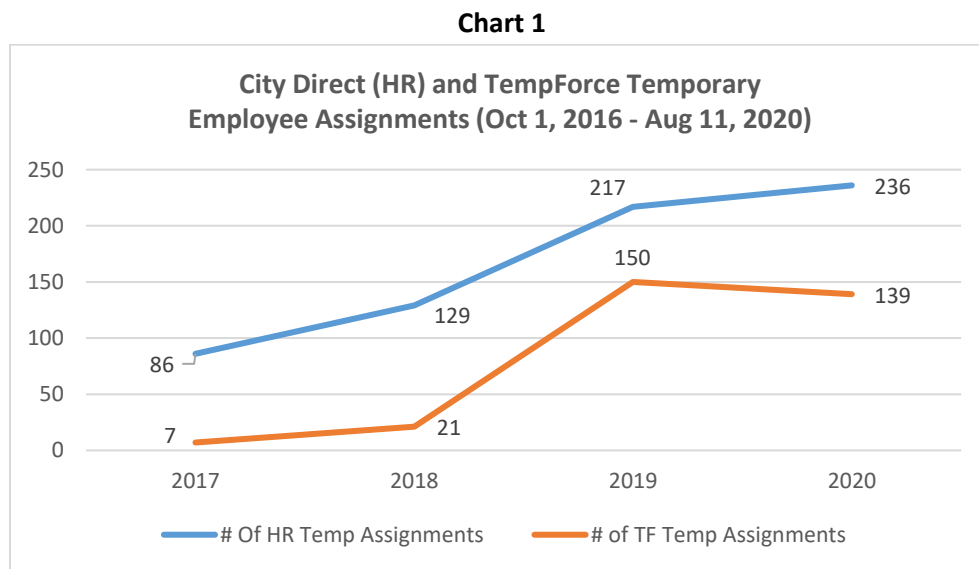
**Denotes primary auditors on this engagement*

Appendix

Temporary Employment Utilization

We analyzed citywide temporary employment utilization to provide tools and resources for management. We obtained fiscal year 2017-2020 third party temporary employment services utilization data from TempForce. We obtained fiscal year 2017-2020 direct temporary employment utilization data from the City HRIS system. We also obtained third party temporary employment services pay data (January 2020 – June 2020) from General Government’s financial system and GRU’s financial system. Figures provided are estimates with a 1-5% variance due to timing differences.

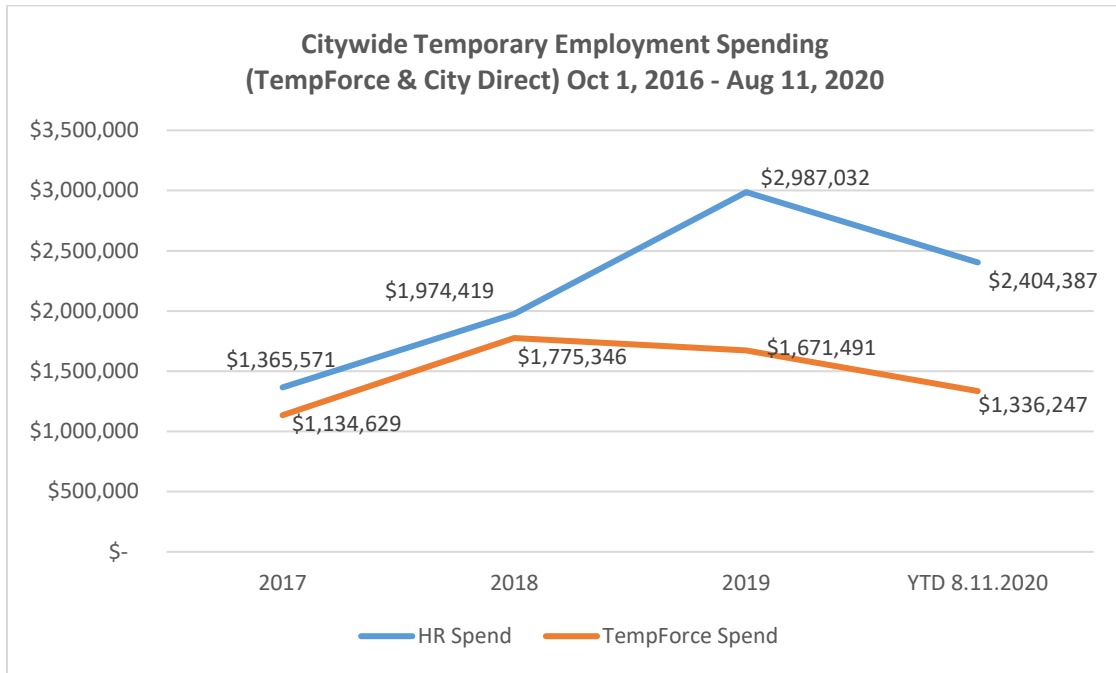
Chart 1 trends the total number of temporary employment assignments with active payments during fiscal years 2017 – 2020 through City direct hires and through the TempForce contract. The City utilized 985 temporary employment assignments over the 4-year period.



Sources: City HRIS System & TempForce

Chart 2 displays a comparative trend analysis of citywide temporary employment spending through Human Resources and spending through TempForce, third party vendor. City direct temporary employment hire spending increased significantly from 2017 to 2019 and is trending towards a decline in 2020, while TempForce temporary employment services utilized slightly declined from 2018 – 2019 and is trending towards a decline in 2020.

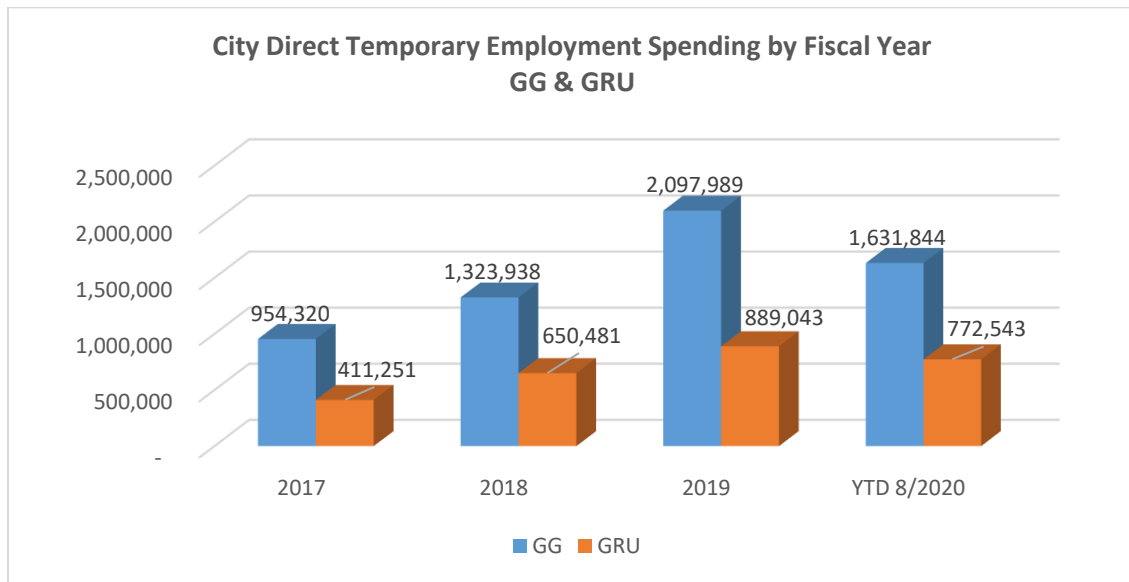
Chart 2



Sources: City HRIS System & TempForce

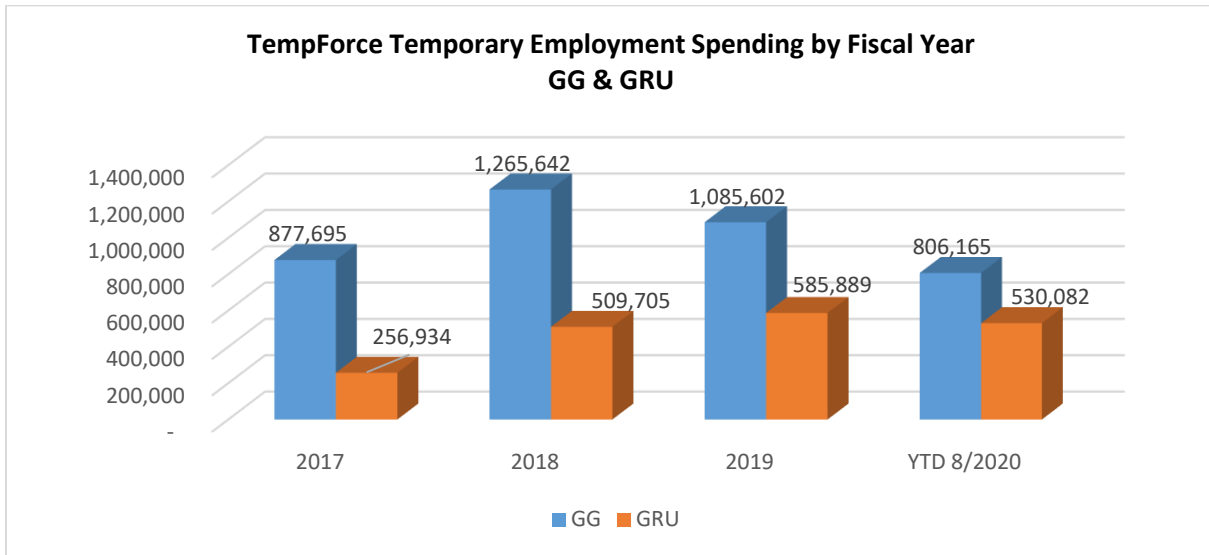
Charts 3 and 4 display temporary employment utilization by division (General Government and GRU) during fiscal years Oct 1, 2016 - Aug 11, 2020.

Chart 3



Source: City HRIS System

Chart 4



Source: TempForce

Chart 5 displays temporary employment utilization during Oct 1, 2019 - Aug 11, 2020 by GG department.

Chart 5

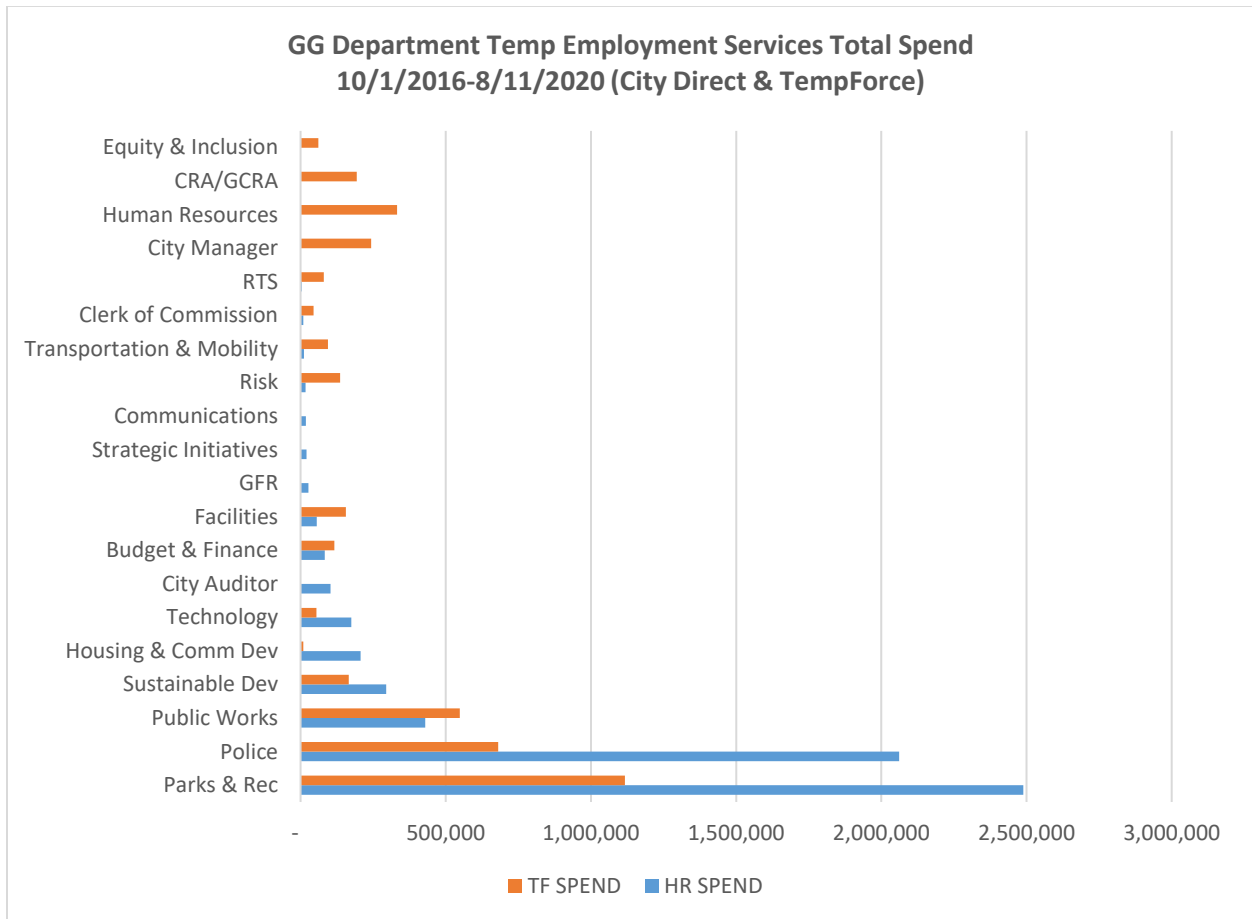
**GG Number of Temp Employees from Oct 1, 2019 - August 11, 2020
(City Direct & TempForce)**

GG DEPARTMENT	Number of City Direct Temps	Number of TF Temps
Budget & Finance	3	2
City Auditor	1	0
City Manager	0	4
Clerk of Commission	2	1
CRA/GCRA	0	1
Communications	1	0
Facilities	1	0
GFR	2	0
Housing & Comm Dev	3	1
HR	0	4
Parks & Rec	123	35
Police	47	12
Public Works	6	9
Risk	1	3
RTS	1	1
Strategic Initiatives	2	0
Sustainable Dev	3	2
Technology	2	1
Transportation & Mobility	2	0
Totals	200	76

Source: City HRIS System & TempForce

General Government total temporary employment spending by department over 4 fiscal years (Chart 6) is highest in the Parks and Recreation Department where summer seasonal employees are heavily utilized.

Chart 6



Sources: City HRIS System & TempForce

Charts 7 – 9 – TempForce Employee Longevity – Oct 1, 2019 - Aug 11, 2020 - Most Current Assignment

We analyzed TempForce employee longevity by their current assignment. Fifty-one of 110 TempForce employee position assignments exceeded 6 months, of which 19 exceeded 18 months. (We did not analyze longevity of City direct temporary assignments as position end dates were not tracked).

Chart 7 – Citywide TempForce Employee Longevity – Oct 1, 2019 - Aug 11, 2020 Most Current Assignment

DIVISION	< 6 Months	6 - 18 Months	> 18 Months	Grand Total
City of Gainesville	46	19	11	76
Gainesville Regional Utilities	13	13	8	34
Grand Total	59	32	19	110

Sources: TempForce

Chart 8 – GG TempForce Employee Longevity – Oct 1, 2019 - Aug 11, 2020

Most Current Assignment

GG DEPARTMENTS	> 6 Months	> 18 Months
Budget & Finance	0	0
City Manager	3	0
Clerk of Commission	0	0
CRA/GCRA	1	1
Housing & Comm Dev	0	0
HR	2	0
Parks, Rec & Cultural Affairs	5	1
Police	9	5
Public Works	5	2
Risk	2	1
RTS	1	1
Sustainable Dev	1	0
Technology	1	0
Total	30	11

Source: TempForce

Chart 9 – GRU TempForce Employee Longevity – Oct 1, 2019 - Aug 11, 2020

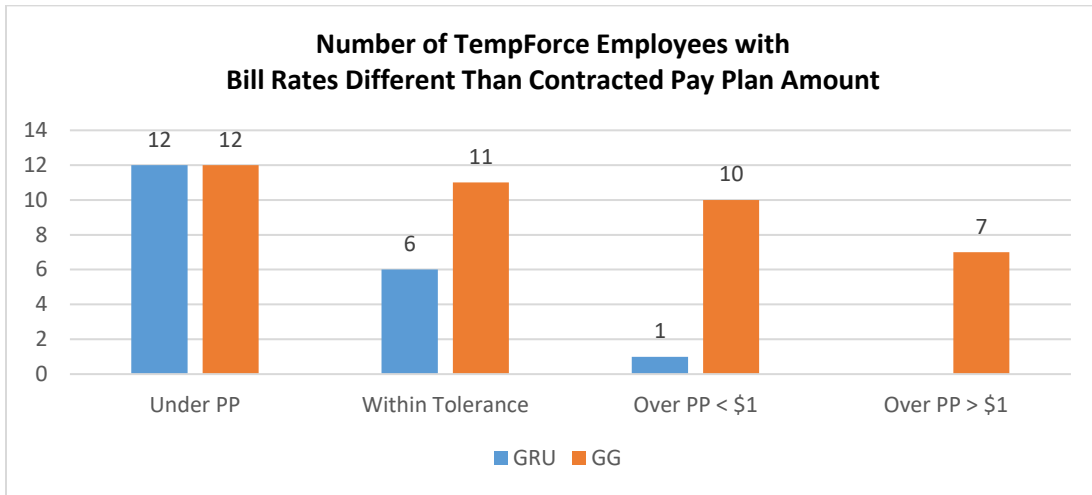
Most Current Assignment

GRU DEPARTMENTS	> 6 Months	> 18 Months
Billing & Records	2	0
Budget, Finance, & Acctg	1	0
Customer Service	9	4
Electric Systems Controls	0	0
Energy Delivery	0	0
Energy Supply	0	0
Facilities	1	0
GRUCom	5	2
Information Technology	2	1
Water Wastewater Systems	1	1
Total	21	8

Sources: TempForce

Chart 10 displays the number of citywide TempForce employees whose services were procured at different rates than specified by the TempForce contract.

Chart 10

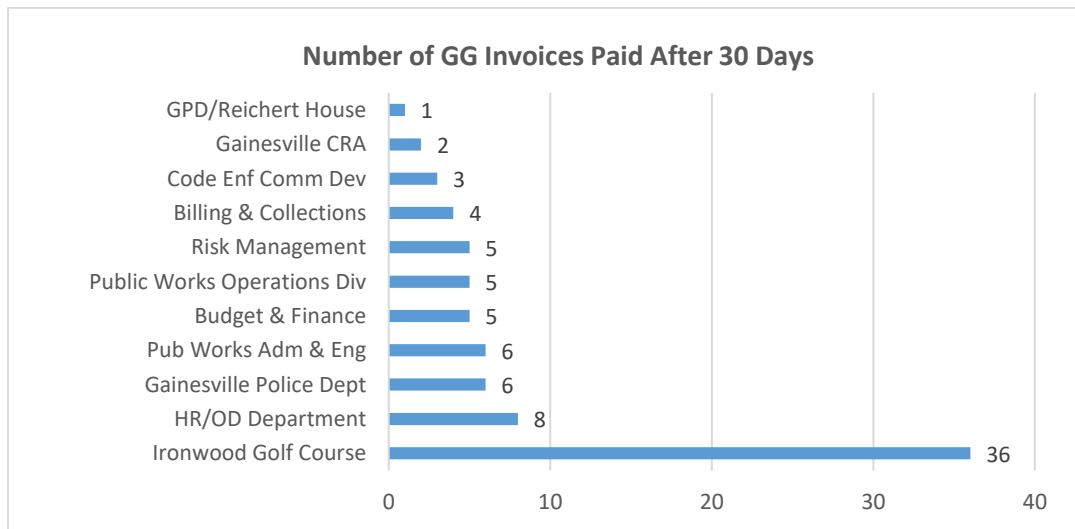


Source: TempForce

Bill rates less than \$1 above pay plan do not require additional management approval.

Chart 11 displays the number of General Government invoices paid after 30 days. GRU invoices were all paid within 30 days.

Chart 11



Sources: GG Financial System

Chart 12 is the total temporary employment dollars spent citywide on third party vendors and the dollars spent directly through the City’s Human Resources Department for specified periods.

Chart 12 – Citywide Temporary Employment Spend All Sources

Temporary Employment Spending Snapshot	GG	GRU	Total
Third Party Vendor Spend (TempForce & other vendors) Jan 1, 2020 – June 30, 2020	\$ 427,789	\$ 343,371	\$ 771,160
City Direct Temp Spending Oct 2019 – August 2020	\$ 1,631,844	\$ 772,543	\$ 2,400,101
Total Temp Spending for Periods Reviewed	\$ 2,059,633	\$ 1,115,914	\$ 3,175,547

Sources: GG & GRU Accounting Systems, City HRIS System