Post-Audit Review 14-02: Finance Time Clock Procedures

July 2015

City Auditor
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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

July 31, 2015

To: Mayor Andy Berke
        City Council Members

Subject: Post-Audit Review of Finance Time Clock Procedures (Report #14-02)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2014 Time Clock Procedures report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. The Time Clock Plus system is being used throughout the City but there were a few departments that have not implemented the system.

2. Time Clock policies and procedures need to be consolidated and updated to increase controls in the system.

The audit had 10 recommendations to improve efficiency and controls in the Time Clock system. At the time of this Post-Audit Review, one recommendation was not implemented, two were partially implemented, and seven were implemented. Recommendations partially implemented and not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: Audit Committee Members
             Travis McDonough, Chief of Staff
             Brent Goldberg, Chief Operating Officer
             Daisy Madison, Chief Financial Officer

RECOMMENDATION NOT IMPLEMENTED (1)

Recommendation	Actions Taken
4 We recommended the Finance Department collaborate with the IT Department to develop computer matches which would generate automatic exception reports. We also recommended the Payroll Division, via formal written policy; require a review of the exception reports prior to processing the payroll. The review should ensure the exceptions are properly documented.	The Payroll Division has submitted a request to the IT Department for developing an exception report. However, the report has not been developed. The Payroll Division has worked on enhancing the *Payroll Time Detail Report* to provide grand totals which could be used to compare against the final *Payroll Register*.

RECOMMENDATIONS PARTIALLY IMPLEMENTED (2)

Recommendation	Actions Taken
6 We recommended the Finance Department ensure payroll clerks and Time Clock Editors are blocked from editing their own time records in the Time Clock. Further, we recommended the Finance Department work with the IT Department to determine a solution for Oracle users not to have the ability to edit their own records in the system.	The Payroll Division has verified all payroll clerks and Time Clock Editors are blocked from editing their time in the Time Clock system. The issue of Oracle users having the ability to adjust their own pay records has not been resolved yet. Currently, IT is working on a solution.
10 We recommended the Finance Department implement the Time Clock Plus system to the fullest extent possible by working with IT and city departments to determine the specific needs of departments not utilizing the system. This includes purchasing and installing modules for sworn employees. We recommended the Finance Department help expedite the implementation of the Time Clock system for Police Department civilian employees. At a minimum, the Finance Department should, via a formal written policy, require all City employees not on the Time Clock system to submit either a digital or manual time sheet which represents the actual hours worked by the employee. The time sheets should be reviewed and signed (manually or digitally) by the employee's direct supervisor authorizing payment of the hours.	Recently, non-exempt Library and civilian Police employees were added to the Time Clock system. Fire and sworn Police employees are the only individuals not fully utilizing the Time Clock system. The Payroll Division developed and issued *Time Clock Guidelines and Policy for Non-Exempt Employees and Time Clock Users Responsibilities and Procedures* which requires the use of, employee prepared and supervisor signed, manual time sheets for all non-exempt employees not utilizing Time Clock. However, we found the sworn police are not submitting manual time sheets with their supervisor's authorization/signature. There is no clear audit trail providing accountability with regard to time worked by sworn police officers.

RECOMMENDATIONS FULLY IMPLEMENTED (7)

Recommendation	Actions Taken
1 We recommended the Finance Department, via formal written policy, require manual time sheets be used when the Time Clock system is not available. The time sheet should be signed by the employee and supervisor, and retained with the pay records.	The Payroll Division developed and issued *Time Clock Guidelines and Policy for Non-Exempt Employees* and *Time Clock Users Responsibilities and Procedures* which addresses this recommendation.
2 We recommended the Finance Department, via formal written policy, require adjustments made to an employee's pay record be substantiated, documented and retained.	The Payroll Division developed and issued *Time Clock Guidelines and Policy for Non-Exempt Employees* and *Time Clock Users Responsibilities and Procedures* which addresses this recommendation.
3 We recommended the Finance Department require, via formal written policy, a direct supervisor review and authorize an employee's time record prior to it being processed. This signed document should be retained with the pay records.	The Payroll Division developed and issued *Time Clock Guidelines and Policy for Non-Exempt Employees and Time Clock Users Responsibilities and Procedures* which addresses this recommendation.
5 Until the exception reports are available as described in recommendation #4, we recommended the Payroll Division require Department payroll clerks to compare Time Clock hours to Oracle hours to verify the hours match. Any exceptions should be investigated prior to processing the final Payroll Time Detail Report (PRTD). Any exceptions should be supported with written documentation and accompany the final PRTD. We recommended the Payroll Division retain the written exceptions provided along with the final PRTD.	The Payroll Division developed and issued *Time Clock Guidelines and Policy for Non-Exempt Employees and Time Clock Users Responsibilities and Procedures* which addresses this recommendation. The policies require payroll clerks to match the final Time Clock hours to the PRTD report. If any exceptions occur, then a Payroll Override form is authorized by the department supervisor explaining the difference.
7 We recommended the Finance Department update their Time Clock procedures manual, consolidating information from all related policies and procedures, to be comprehensive. The manual should include, but not be limited to, requirements for time adjustments documentation, supervisor approval of employee's time records, exception reports review, record retention guidelines, etc.	The Payroll Division developed and issued *Time Clock Guidelines and Policy for Non-Exempt Employees and Time Clock Users Responsibilities and Procedures* which addresses this recommendation.

Recommendation	Actions Taken
8 We recommended the Finance Department ensure all official procedures and user manuals are issued to appropriate staff and posted to the City's Intranet. We also recommended the Finance Department continue to document the receipt of procedures manuals and training when provided to payroll clerks.	The Payroll Division has posted the *Time Clock Guidelines and Policy for Non-Exempt Employees* and *Time Clock Users Responsibilities and Procedures* to the City's Intranet. They also have signed acknowledgment receipts which document the payroll clerks and Time Clock Editors have received the new policies and training.
9 We recommended the Finance Department provide formal training to new payroll clerks and Time Clock Editors prior to activation in the systems.	The Payroll Division provides the new policies and training to all new payroll clerks and Time Clock Editors before they have access to the system. They also added a requirement in their procedures to ensure new payroll clerks and Time Clock Editors receive proper training.