Arlington County, Virginia
Internal Audit Report – Timekeeping and Payroll

Report Date: April 24, 2017
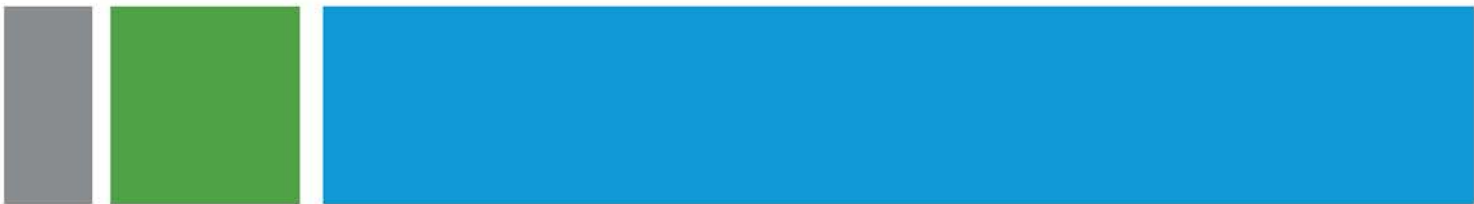
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April 24, 2017

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Pursuant to the contract and related statement of work for Arlington County, Virginia ("the County"), we hereby present the Internal Audit of Timekeeping and Payroll. Our report is organized in the following sections:

Executive Summary	This section includes a background summary of the function and a detailed description of the observations noted during this internal audit, recommended actions, and management's corrective action plan, including the responsible party and estimated completion date.
Background	This section provides an overview of the function(s) within the process(es) and pertinent operational control points and related compliance requirements.
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
Process Maps	This section illustrates process maps, which identifies data flow, key control points and any identified gaps.

As described in our objectives and approach outlined on pages 21 and 22 of this report, the observations noted are based on our analysis of the processes, documents, records and information provided to us by the County. This internal audit focused on evaluating the soundness of internal control policies to safeguard assets and on reviewing compliance with County policies. We offer no assurances that schemes or fraudulent activities have not been, or are not currently being perpetrated by any person within the areas reviewed.

We would like to thank the staff and all those involved in assisting RSM US LLP in connection with this Internal Audit of the Timekeeping and Payroll process.

Respectfully Submitted,

RSM US LLP

RSM US LLP

Executive Summary

Executive Summary

Timekeeping and payroll are County-level processes/functions that involves all departments within the County. As such, this was a County-level audit, which was designed to gain economies of scale by taking an enterprise-wide view of the processes /functions and evaluating best practices and standards across the enterprise as a whole, rather than making department or function-specific recommendations that may not be consistently interpreted or applied.

A significant portion of Arlington County's Fiscal Year ("FY") 2016 budget is comprised of payroll costs and the concomitant taxes and benefits. The County's timekeeping and payroll processes include over 14 departments and 100 time locations. Each department has varying pay scales, benefit offerings, laws and regulations it must comply with and, as such, their policies and procedures can be significantly different from each other. Employees are subject to a variety of complex compensation structures, such as salaried, hourly, temporary, seasonal, and other compensation arrangements. Pay types include work time, sick leave, premiums, bonus, overtime, annual leave, holidays, shift, standby/callback pay, etc.

Timekeeping is the process by which an employee's time and paid leave is recorded. Because of the unique ways an employee's time is recorded and, ultimately, how their pay is determined, timekeeping processes are decentralized and maintained at the department level.

Payroll processing, however, is performed by a sub-group within the County's Human Resources Department. This sub-group will be referred to as "Payroll" in this report. Payroll processing includes converting an employee's time into pay, and calculating proper tax withholdings and other deductions, pension contributions, etc. The payroll processing function includes record keeping, verifying time entry and pay data, processing paychecks, withholding of proper taxes, insurance, and other deductions, preparing payroll reports and remitting taxes and other deductions as required.

The scope of the internal audit includes timekeeping and payroll processing for the following Departments, Divisions and Work Units for the period June 1, 2015 through June 30, 2016 (the Period):
- Office of Emergency Management: Emergency Communications Center Division ("ECC");
- Fire Department ("Fire");
- Department of Parks and Recreation: Sports and Recreation Division ("SPREC");
- Police Department ("Police"); and
- Department of Environmental Services: Water Sewer Streets Bureau ("WSS").

The primary objective of the internal audit is to evaluate and assess whether the internal control structure over timekeeping and payroll processing for the Department or divisions is appropriately designed and operating sufficiently to safeguard County assets. The timekeeping and payroll processes have been subjected to an evaluation of the processes and the design of related process controls, and testing of the operating effectiveness of the identified controls.

The County has adopted Administrative Regulation 2.7 and the Overtime Compensation and Premium Pay (formerly known as Administrative Regulation 2.12) to guide policies and procedures for timekeeping, leave, overtime and compensatory time, etc.

A detail of the observations identified and their relative risk ratings is provided below, including recommendations and management's response(s). We have assigned relative risk factors to each observation identified. This is the evaluation of the severity of the concern and the potential impact on the operations. There are many areas of risk to consider in determining the relative risk rating of an observation, including financial, operational, and/or compliance, as well as public perception or 'brand' risk. Items are rated as High, Moderate, or Low.
- *High Risk Items* are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner.
- *Moderate Risk Items* may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible.
- *Low Risk Items* could escalate into operational issues, but can be addressed through the normal course of conducting business.

Executive Summary – continued

Observation	Risk Rating
1. Segregation of Duties/User Access	**High**

We reviewed user access rights within PRISM over the segregation of duties as it relates to edit access to the employee masterfile, time entry and payroll processing, noting that eleven (11) individuals have edit access to each one of those functions.

Payroll reviews the following exception reports each pay period:
- Changes made by individuals in Payroll, among others to their own pay. This review is not documented. Therefore, we were unable to determine if changes made by an individual in Payroll to their own pay, were independently reviewed.
- Those employees with pay variances greater than 20% from the previous pay period as compared to the current pay period ("Over Variance Report"). Individuals with conflicting edit access review this variance report. The design of this compensating control is inadequate due to 1) it is self-reviewed and could include themselves, and 2) excludes individuals with conflicting access with less than a 20% pay variance as compared to the previous pay period.

Per discussion with the Payroll office, the pay for all of these eleven (11) employees is checked after every payroll is processed by an employee outside of their "chain of command". We received documentation of this review for three (3) of five (5) pay periods selected for testing. The individual performing the documented review and the individual receiving the documented review are individuals that have employee creation and pay rate change access; these individual are not independent.

Without the proper segregation of duties/user access, including effective detective compensating controls as noted above, surrounding the employee masterfile, time entry and payroll processing, the opportunity of the following could occur without being detected in a timely manner, if at all:
- Human error,
- Misappropriation of payroll funds,
- Fraudulent time reporting, or
- Other types of irregularities.

Recommendation

We recommend the following:
- Reassess the access rights of the eleven (11) individuals identified with conflicting edit access rights.
- If it is determined that individuals are required to have edit access to the employee masterfile, time entry and payroll processing either 1) because of system limitations or 2) if the need is required based on job role/responsibility (should be on an exception basis – minimal number of persons), all edits/changes made by those individuals should be reviewed and verified by an independent designated employee (someone who does not have conflicting edit access within HR/Payroll) each pay period.
- The independent designated person with responsibility to review edits/changes made by persons with conflicting segregation of duties/user access should only have edit access as it relates to time entry, at the most. This designated person should not have edit access to both the employee masterfile and payroll processing. The designated person should complete and document all verification of time entry prior to payroll processing.
- Review and monitor segregation/user access for appropriateness and pertinence, at least annually, especially when there are changes in job / function.

Executive Summary – continued

Observation	Risk Rating
1. Segregation of Duties/User Access - continued	**High**
Management's Response	

Response: An audit is conducted yearly of PRISM responsibilities assigned to all County employees. At that time, a review is conducted of the need and appropriateness for each assigned responsibility and that review includes an evaluation of those assigned to the 11 employees. At this time, we have determined that, due to the limits of the ORACLE system and the small number of staff who are responsible for these functions as well as the need to have experienced backups for each function that it is necessary for these employees to have the access currently assigned.

This number (11) includes 3 employees in the Department of Technology Services who provide technical support for the system and are 2nd level technical support for highly complex, often time sensitive issues that need resolution. They also perform extensive maintenance, configuration, and testing for the multiple modules of the system. Without these responsibilities, they couldn't do their job. The pay for all of these 11 employees is checked after every payroll is processed by an employee outside of their "chain of command". The pay statements for the eleven employees are reviewed for any pay change and if there is an unanticipated change (i.e. merit award, off-cycle pay change) it is raised by the reviewer to ensure it was authorized and intended. Each reviewer documents that the review has been conducted.   We have never found an unauthorized change by anyone in this group of 11 and employees are specifically told that they may not change their own record in any mode except employee self service. To provide additional review, a report will be developed that includes all changes done by the 11 for any employee in each pay period. This report will be reviewed by an employee outside of the chain of command of these 11 employees.

Responsible Party: Compensation Division Chief

Estimated Completion Date: July 1, 2018

Executive Summary – continued

Observation	Risk Rating
2. Timesheet Accuracy, Verification, and Authorization	**High**

Timesheet Accuracy
We tested a sample of 65 employees over five (5) pay periods and noted the following:
- Four (4) employees with unexplained instances (ECC three (3) employees; Police one (1) employee) where the time documented per the PRISM timecard differed from the external time records.
- One (1) employee with an unexplained instance (WSS) where the time documented per the PRISM timecard differed from the payroll register.
- Six (6) employees (WSS, related to standby premium pay) where explanations were received from Payroll and WSS in which there were instances of differences between time documented per PRISM differed from payroll register. Limited documentation was provided by Payroll and WSS to substantiate that the standby premium pay requirement was adequately met. We requested, but have not received, additional follow-up in order to adequately test and validate that standby premium pay was appropriately met.

Timesheet Verification by Employee
For the departments/divisions whose employees do not enter their own time in PRISM, County policies and procedures do not require these employees to certify to the best of their knowledge that the information is true and correct regarding the payroll hours worked and reported on their respective timesheets.
- Fire and Police –The Fire and Police Departments utilize an automated staffing solution (TeleStaff) as the reporting system of record. Per discussion with management, supervisory-level persons approves updates to employee base schedules within TeleStaff, in which employees are not required to certify their hours worked. Each pay period, the TeleStaff file is uploaded and transferred into PRISM, via a programed crosswalk, for payroll processing. There is no systematic supervisory-level approval of time performed in either TeleStaff or PRISM, or in manual form.
- WSS: Utilizes manual timesheets, in which the employees are not required to certify the accuracy of what is being documented as time worked. The Timekeeper performs the time entry into PRISM, and the respective supervisor performs systematic review and approval of employee time entered.

Timesheet Authorization by Supervisor
The County's Administrative Regulation 2.7, Chapter 6, §2 states *"The Department Director is responsible for the attendance of all employees of the department and for the accurate, timely reporting of attendance."* In addition, the Timekeeper Manual maintained by Payroll states that supervisory-level approval is required for all employee time either via PRISM or in hard copy form via a manual timesheet.

Currently, no workflow exists in TeleStaff that documents supervisory-level approval of time reported. Supervisors review the schedules in TeleStaff and modify where needed. Per inquiry with Police, a workflow was implemented for those instances where a change is made to an employee's schedule in TeleStaff. The supervisor receives a notification that a change as made, but the notification does not delineate what change was made. The supervisor unmarks the "request" field and that is the inherent approval of the un-delineated change. The audit trail is tracked/modified as "last modified by" within TeleStaff. Per inquiry with both Fire and Police, the supervisory-level approval is inherent within the supervisors' review of TeleStaff and modification where needed. There is no audit trail of supervisory-level approval of time if a modification is not made.

Effective documented supervisory-level review and approval of time is an important control measure that will help detect and minimize payroll errors, whether intentional or not.

Executive Summary – continued

Observation	Risk Rating
2. Timesheet Accuracy, Verification, and Authorization - continued	**High**

Recommendation

To further strengthen accountability of the employees and Supervisors for time reporting, we recommend the County perform the following:
• For those departments/divisions that utilize manual timesheets or other external time tracking mechanisms, require a documented reconciliation between the manual timesheet or other external time tracking mechanism (such as TeleStaff) to the PRISM timecard. The manual timesheets and other external timekeeping mechanisms act as supporting documentation to what has been entered into PRISM. The purpose is to identity errors or other irregularities that may have occurred during manual entry or upload into PRISM.   The respective Timekeeper that performs the upload can perform this reconciliation.
• Employees should be required to enter their own time in PRISM (except for those whose time is reported via TeleStaff). Instances where employees do not enter their own time in PRISM should be on an exception basis.
• For those employees who do not enter their own time in PRISM, implement a requirement for employees to certify that the hours worked and reported on their respective timesheets (manual timesheet or PRISM records) each pay period is accurate.
• Implement a workflow within TeleStaff that allows for documentation of independent supervisory-level review and approval of employee time prior to submission for payroll processing. Options for a workflow could include:
    o Systematic review and approval in PRISM once the time data has been uploaded from TeleStaff;
    o Systematic review and approval in TeleStaff; or
    o Manual documented review and approval.

Management's Response
Response: We will further examine the current systems and processes to identify methods for improving both employee and supervisory levels of review and approval and will explore options that could be implemented to encourage direct entry. We will explore the use of a reconciliation process between manual timesheets and PRISM timecards at ECC and WSS. Currently in ECC the Timekeeper (TK) prepares an excel spreadsheet with the employee's normal schedule. The spreadsheet is reviewed by the supervisor and updates as needed which is then sent to the TK. The TK also provides timesheet to each employee who makes updates as needed. Their signed record is compared with what supervisor submits.   The printouts are also signed by the supervisor. TK reconciles and sends email to supervisor to verify who then responds back to TK verifying accuracy. Resource requirements may exceed our ability to immediately implement such a system in WSS and our long-term plan includes implementing a timeclock system that would allow direct entry into PRISM. In routine reviews, we have found that the electronic upload of TeleStaff hours to PRISM for Police and Fire employees effectively eliminates the occurrence of data entry errors and irregularities. Transitioning employees from manual timekeeper entry to self service has been an on going goal since PRISM was implemented and approximately 75% of employees utilize self service time entry, 18% have time submitted through Telestaff and the remaining percentage (7%) have time entered manually by a timekeeper. Regarding the statement that "one (1) unexplained instance (WSS) where the time documented per the PRISM timecard differed from the payroll register." The payroll register is a report that shows the pay and deductions for each employee. We do have routines that will cause time records to differ from the payroll records such Fire pay levelling or because of the manner in which a problem has to be fixed – ie directly into an employees pay record rather than updating the time record so that the employee will receive pay in the current pay period. Given the complexities and variances in work and shift schedules, overtime categories including hours worked on weekends at the end of the pay period and very short turn-around time for payroll processing, premium pays, and use of shared computers, direct accurate time entry into PRISM would be a difficult option for some employees without providing additional technical or staff resources.

Observation	Risk Rating
2. Timesheet Accuracy, Verification, and Authorization - continued	**High**
Management's Response – continued	

Response: Each of the four departments noted in this issue will explore potential methods of obtaining employee verification for accuracy of hours worked and reported in a pay period prior to each pay date. At WSS, employees "punch in" utilizing Time Clocks Plus which provides validation of the hours worked in the pay period. There is a currently a daily compilation of hours (with task and accounts) which is printed and posted into Time Log notebooks available for employee review and potential written employee verification. ECC proposes to require an email sign-off from staff to supervisor and timekeeper as a verification that the timesheet is correct. Similarly, FIRE proposes to utilize one of their current communication systems to engage their employees in a feasible time reporting verification process. This has been implemented by sending bi-weekly emails to employees. Police timekeepers currently send emails reminding employees to review hours . They will explore the feasibility of requiring some kind of verification from employees but this is not a simple task to achieve in a time effective manner due to their shift work schedules. All the departments/work units are working on the best means of having employees verify their hours. We are working on interim solutions in order to at least have a sampling of employees verify hours.

Responsible Party: Payroll Manager and Departmental HR Liaisons/Timekeepers

Estimated Completion Date: July 1, 2018

Executive Summary – continued

Observation	Risk Rating
3. Changes to Time Post Supervisor Approval, but Pre Payroll Processing	High

After time has received supervisory-level approval in PRISM and before payroll is closed for processing, there is a 22-24 hour window in which select Timekeepers and Payroll, who also have timekeeping and payroll processing access, have the ability to make changes to employee time that has previously been approved.   In addition, there is a 24-26 hour window in which only Payroll, who also have timekeeping and payroll processing access, can make changes to employee time that has been previously approved.

As a compensating control, all payroll changes/adjustments during the time window(s), including retroactive changes, are required to be supported by a completed Employee Action Form ("EAF"). The EAF is completed and signed by the designated timekeeper.

As another compensating control, each pay period Payroll reviews the time and pay of each of the individuals who have the ability to make changes in the time window. Payroll has the ability to make changes to employee time that has previously been approved. As such, it is self-reviewed and could include themselves. This only captures potential irregularities that individuals would have made to their own time; however, it does not show any changes made to other employees' time.

We tested a sample of changes and noted the following:
- Fire: Three (3) of three (3) changes sampled were not supported by an EAF, nor was there any alternative documentation supporting the change.
- WSS: One (1) of five (5) changes sampled was not supported by an EAF, nor was there any alternative documentation supporting the change.
- Emails are accepted as support in lieu of an EAF, but do not require approval by the employee's supervisor.

Not having effective mitigating controls in place to monitor changes, increases the risk of misappropriation of funds, or other types of irregularities occurring without being detected or resolved in a timely manner.

Recommendation

We recommend the following:
- Update policies and procedures to document the EAF process and documentation requirements, including approval requirement for all changes, including retroactive changes.
- Payroll perform periodic reviews of changes made during the 22-26 hour window in which changes can be made to previously approved time, to supporting EAFs for completeness and accuracy.
- See the recommendations under Observation #1 in regards to the Over Variance Report. This Over Variance Report is an additional compensating control.

Management's Response

Response: The timekeepers' manual will be updated to include specific requirements and instructions for documenting approval for time changes including retroactive changes. Agencies may also have their own internal change control processes which will be permitted and as long as they include documented supervisory approval. Once approved by central payroll these processes will be included as an addendum to the timekeepers' manual.

A report is generated every pay period post time transfer and pre payroll processing that provides the name of employee, timekeeper, and the change. The purpose of this report is to track changes that occur in this time frame. The report can contain a high number of changes when the payroll schedule is moved up due to holidays, inclement weather, or special weekend events resulting in a short turn around for time entry, approval, and actual payroll processing. We will explore automating distribution of this report as it is resource and time prohibitive to manually send it out pre payroll processing. We will also explore developing a plan for a regular audit program to review these changes and ensure that they are supported by documented supervisory approval.   A plan will be developed with an implementation time frame within Fiscal Year 2018.

Responsible Party: Payroll Manager

Estimated Completion Date: July 1, 2018

Observation	Risk Rating
4. Pre-Approval of Various Compensation Categories	**Moderate**

Per County policy, various aspects of compensation require pre-approval, but the varying policies do not identify how the pre-approval is required to be documented or addressed. We tested a sample of 65 employees over five (5) pay periods and noted the following:

Overtime
The County's Overtime Compensation and Premium Pay Policy (previously known as AR 2.12) Section 6, states "*Requests for employees to work overtime must be approved in advance by the employee's supervisor except in the case of an emergency."* During our testing of overtime, four (4) of the five (5) departments/divisions had employees with overtime within the sample selection; none of the four (4) departments/divisions had documented pre-approval of overtime.

- ECC: Four (4) of ten (10) employees sampled were paid for overtime (20 occurrences); these occurrences were not emergency related. Time was approved as earned by the Supervisor's documented review and approval of the time records, which is post-occurrence.
- Fire: Eight (8) of fifteen (15) employees sampled were paid for overtime (19 occurrences); these occurrences were not emergency related. Currently, no workflow exists in TeleStaff that documents supervisory-level approval of time reported. Supervisors review the schedules in TeleStaff and modify where needed. Per inquiry with both Fire and Police, the supervisory-level approval is inherent within the supervisors' review of TeleStaff and modification where needed. There is no audit trail of supervisory-level approval of time if a modification is not made. See Observation #2
- Police: Six (6) of fifteen (15) employees sampled were paid for overtime (21 occurrences); these occurrences were not emergency related. Supervisors review the schedules in TeleStaff and modify where needed. The audit trail in TeleStaff is documented as "last modified by" within the system. Per inquiry with both Fire and Police, the supervisory-level approval is inherent within the supervisors' review of TeleStaff and modification where needed. There is no audit trail of supervisory-level approval of time if a modification is not made. See Observation #2
- WSS: Twelve (12) of fifteen (15) employees sampled were paid for overtime (32 occurrences); these occurrences were not emergency related. Time was approved as earned by the Supervisor's documented review and approval of the time records, which is post-occurrence.

Without proper controls in place to pre-approve overtime, the County could inadvertently pay employees for unnecessary overtime.

Compensatory Leave
The County's Overtime Compensation and Premium Pay Policy (previously known as AR 2.12) Section 7.4 states "*Those employees who have been designated as exempt from the provisions of FLSA (*Fair Labor Standards Act) *are eligible to receive compensatory leave, on a straight hour for hour basis, for hours in excess of their normally scheduled hours in a pay period, with approval of the Department Director."*

The County's Administrative Regulation 2.7, Chapter 9, §4.3 states *"An employee must request Compensatory Leave in advance from his or her supervisor following departmental procedures. An employee must receive approval before taking leave."*

During our testing of compensatory leave, all five (5) of the departments/divisions had employees with compensatory leave used within the sample selection, and none of the five (5) departments had documented request for use of compensatory leave in advance.

- ECC: One (1) of ten (10) employees sampled was paid for compensatory leave (2 occurrences). Time was approved by the Supervisor's documented review and approval of the time records, which is post-occurrence.

Executive Summary – continued

Observation	Risk Rating
4. Pre-Approval of Various Compensation Categories – continued	**Moderate**

Compensatory Leave – continued
- Fire: Seven (7) of fifteen (15) employees sampled were paid compensatory leave (11 occurrences), but did not have documented approval. Supervisors review the schedules in TeleStaff and modify where needed. Per inquiry with both Fire and Police, the supervisory-level approval is inherent within the supervisors' review of TeleStaff and modification where needed.   There is no audit trail of supervisory-level approval of time if a modification is not made. See Observation #2
- Police: Six (6) of fifteen (15) employees sampled were paid compensatory leave (9 occurrences), but did not have documented approval. Supervisors review the schedules in TeleStaff and modify where needed. The audit trail in TeleStaff is documented as "last modified by" within the system. Per inquiry with both Fire and Police, the supervisory-level approval is inherent within the supervisors' review of TeleStaff and modification where needed.   There is no audit trail of supervisory-level approval of time if a modification is not made. See Observation #2
- SPREC: One (1) of ten (10) employees sampled was paid for compensatory leave (1 occurrence). Time was approved by the Supervisor's documented review and approval of the time records, which is post-occurrence.
- WSS: One (1) of fifteen (15) employees sampled was paid for compensatory leave (2 occurrences). Time was approved by the Supervisor's documented review and approval of the time records.

Vacation Leave
The County's Administrative Regulation 2.7, Chapter 9, §2.2 states *"An employee must request Vacation Leave in advance from his or her supervisor following departmental procedures. An employee must receive approval before taking leave."*

During our testing, all five (5) of the departments/divisions had employees with vacation leave taken within the sample section, and none of the five (5) departments/divisions had documented pre-approval of the request for use vacation leave.
- ECC: Five (5) of ten (10) employees sampled were paid for vacation leave (8 occurrences). Time was approved by the Supervisor's documented review and approval of the time records, which is post-occurrence.
- Fire: Eight (8) of fifteen (15) employees sampled were paid for vacation leave (16 occurrences). Supervisors review the schedules in TeleStaff and modify where needed. Per inquiry with both Fire and Police, the supervisory-level approval is inherent within the supervisors' review of TeleStaff and modification where needed.   There is no audit trail of supervisory-level approval of time if a modification is not made. See Observation #2
- Police: Ten (10) of fifteen (15) employees sampled were paid for vacation leave (31 occurrences), but did not have documented approval before taking vacation leave. Supervisors review the schedules in TeleStaff and modify where needed. The audit trail in TeleStaff is documented as "last modified by" within the system. Per inquiry with both Fire and Police, the supervisory-level approval is inherent within the supervisors' review of TeleStaff and modification where needed. There is no audit trail of supervisory-level approval of time if a modification is not made. See Observation #2
- SPREC: Two (2) of ten (10) employees sampled were paid for vacation leave (3 occurrences). Time was approved by the Supervisor's documented review and approval of the time records, which is post-occurrence.
- WSS: Thirteen (13) of fifteen (15) employees sampled were paid for vacation leave (46 occurrences). Time was approved by the Supervisor's documented review and approval of the time records, which is post-occurrence.

Observation	Risk Rating
4. Pre-Approval of Various Compensation Categories – continued	**Moderate**

Flex-time Work Arrangements
The County's Administrative Regulation 2.7, Chapter 6, §1.2 states *"The Department Director may approve alternative work schedules and locations when appropriate to the County's interests, the nature of the work and, to the extent consistent with the Department Director's determination of the needs of the County, (and) the preferences of the employee. Telework and flex time work arrangements are particularly encouraged."*

During our testing, two (2) of the five (5) departments/divisions sampled had employees with alternative work schedules within the sample selection, and neither had documentation of the alternative work schedule.   These were not "one-off" changes in work schedules.
- Fire: Two (2) of fifteen (15) employees sampled were granted a flex-time work arrangement.
- Police: One (1) of fifteen (15) employees sampled was granted a flex-time work arrangement.

Without proper controls in place to facilitate agreed upon alternative working arrangements, assigned job responsibilities could be compromised.

Recommendation

We recommend that the County enhance the current policies and procedures related to the pre-approval of the various compensation categories to better document and provide more specific standardized requirements for compliance. Options for the County could include, but are not limited to:
- Determine if documented supervisory-level review and approval on the timesheet (whether through PRISM or hard copy) is sufficient for the approval of the various leave requests.
- Develop a workflow to document and standardized pre-approval requests (compensatory leave, vacation leave, overtime – including advance notification to the employee, call back etc) that require the employees and supervisors to complete, sign off and date. This workflow, including, documented completion review and approval, could be via manual form or via PRISM, if the system allows for this automation.
- Total overtime/comp time/etc should be reviewed by the Department Director on a periodic basis.

Management's Response

Response: The County's administrative regulations require approval in advance for overtime, compensatory time used, and vacation time used. The auditor when looking for the approval, in several instances could not find written documentation of pre-approval. Additionally, the report says for those agencies that use TeleStaff (Police and Fire) there is no required workflow to show that leave was pre-approved. The administrative regulations do not specify that <u>written</u> approval is required and the intent of the regulation is to require that employees notify supervisors in some way. In most cases, leave is verbally approved and the supervisor is considered to have approved leave through the timecard approval process. It is our intent to allow verbal approval as well as written approval followed by time card approval. Our policies will be revised to document our current practices.   In Fire vacation and comp leave for the shift employees is approved in December for the entire coming year. In January, this leave is on a first come based upon available leave slots for the day requested.

The only way that leave can be entered into Telestaff is for the supervisor to update the employee schedule otherwise the leave cannot be recorded. There is a date and time stamp recorded when this is done in Telestaff. This does then leave an approval trail that can be audited. For shift employees (80%+ of the workforce) their approved schedule is set and unchangeable except by a transfer which is documented in a departmental order issued out of the Fire Chief's Office. We will review this system in more depth and determine if an additional work flow is doable.

Estimated Completion – Administrative Regulation 2.7 is currently under revision and review. Upon final review and County Manager approval, this revision will be implemented into our policy. The further documentation of supervisory approvals for Telestaff will be explored and a plan for addressing the issue will be developed by December 2017.

Observation	Risk Rating
4. Pre-Approval of Various Compensation Categories – continued	Moderate
Management's Response – continued	

Response: Employees regularly enter time reflecting their actual work schedule. If an employee works a flexible schedule and/or telecommutes, the supervisor does approve the time reported every pay period, therefore it is assumed the work was approved.   Department Directors will be reminded of the need to have approved plans in place.

Reported overtime is included in regular reports reviewed by financial staff in each agency who monitor ongoing expenditures through the financial modules of PRISM. This responsibility will be formalized and an employee designated in each department to review the balances. To facilitate this process, a new report will need to be developed along with a plan for implementation. HR Payroll and HR IT will work with the DTS PRISM team to incorporate this new request into the PRISM pipeline for prioritization. A more detailed plan will be developed by July 1, 2018 to document the process including identifying reviewers and timeframes for review along with training on use of the report by agency staff.

Responsible Party: Payroll Manager, HR IT Staff, Departmental Financial Staff

Estimated Completion Date: July 1, 2018

Response: A recommendation was also made to develop a workflow to document and standardize pre-approval requests that requires the employees and supervisors to complete, sign off, and date via manual form or via PRISM if the system allows for this automation.   Timekeepers regularly review leave, overtime, and compensatory time entries to ensure that it was approved. The County does have the capability through SharePoint, to establish a system for electronic requesting and approval of leave. Some departments already use this system. We will encourage departments to use such a system for maintaining records of approval. The revision of our administrative regulations to allow for written or verbal approval should address some of the concerns regarding written documentation.

Responsible Party: Payroll Manager, HR IT Staff

Estimated Completion Date: July 1, 2018

Observation	Risk Rating
5. Post Payroll Review & Reconciliation	**Moderate**

After the period end payroll is processed, Payroll emails post-payroll reports (*High Gross Reports including all dollar variances, and Hours over 80*) to department/division representatives who either save the reports on the shared drive or submit them to their respective Department Directors for review. We were unable to validate that the Department Directors or designee is performing a post payroll review, as the reviews are not documented. We also noted that this post payroll review is not a documented requirement.

Without a complete review process, the County's payroll records are more likely to contain errors, which may not be properly detected in a timely manner.

Recommendation

We recommend that the County formally require Department Directors, or appropriate level designee (for example Budget Analyst or Administrative Officer), to perform a formal post payroll review by, at least, comparing aggregate totals on post payroll reports to the applicable department's internal timekeeping records to verify accurate and complete processing. Any discrepancies identified from this review should be reported back to Payroll in a timely manner, if there are no discrepancies, nothing needs to be reported back to Payroll. The post payroll review should be documented, so that there is a trail of the review and accountability. The documented review could include an electronic sign off, with the review date and saved to the shared drive. This will aid in the identification of payroll time entry errors, if any.

Management's Response

Response: Response: Annual reports are already compiled showing overtime earning for each employee. Additionally a report is available that provides information on overtime hours and compensatory time earned that can be shared on a regular basis with departments. An appropriate level designee and distribution schedule will be identified in each department to review these reports. Expenditure review including payroll expenses is already done in many departments through the financial reporting system. Financial Analysts in many of the departments already review data on overtime, look for trends, and notify Department Directors when something is noteworthy or unexpected. The process will be formalized, with specific measures (i.e. pay totals, number of employees paid) identified for review, and a system for documenting that review will be established. Assistance will be required from DTS to design and develop a report that can be quickly and easily reviewed within appropriate time frames in the pay week.

Responsible Party: Compensation Division Chief, HR IT Staff, Departmental Designee

Estimated Completion Date: July 1, 2018

Executive Summary – continued

Observation	Risk Rating
6. Policies and Procedures, Timekeeper Manual	**Moderate**

County Policies

Although the County has documented policies and procedures regarding the many facets of timekeeping, the following areas have been identified as needing inclusion or updating:

- Timesheet verification and authorization; See Observation #2
- Pre-approval of compensation categories; See Observation #4
- Changes to time post supervisor review and pre payroll processing; See Observation #3
- Post payroll review; See Observation #5

Timekeeper Manual

We reviewed the Timekeeper Manual, on a limited basis, and compared it to current practices in place within the selected department/divisions noting the following:

- The section in the Timekeeper Manual, *Making Time Reporting Changes to Prior Pay Periods,* is outdated and does not include the current requirement of the EAF for changes made to time records post supervisor review and pre payroll processing. See Observation #5
- Per inquiry with Payroll, the Timekeeper Manual was last updated in 2016, but the document does not reference the date of revision. The last documented date of revision occurred in 2014.
- Each of the department/divisions selected have varying facets of timekeeping requirements due to the nature of their responsibility and tasks. The Timekeepers have institutional knowledge of the procedural requirements of those areas that are not addressed in the County's policies and procedures or the Timekeeper Manual.   We observed processes in place and functioning that are intricate to the sampled departments; however, the procedures have not been reduced to written terms by all of the sampled departments.

Additionally, Payroll noted that new hire training is required for all new employees and Timekeepers however, no additional scheduled training is available. Timekeepers answer employees′ questions and provide employees informal training on an as needed basis.

Centralized, standardized, and documented procedures provide vital information to employees in the event of absence and employee turnover, and assist with succession/back up planning or other occurrences. Documented policies and procedures provide detailed instruction to help ensure accurate and consistent process functioning, monitoring and reporting. This practice also provides management with a benchmark to monitor against to ensure that staff performs processes that are consistent, accurate, on schedule, and that are properly reviewed, where applicable.

Consistent standardized policies and procedures reduce errors, number of corrections needed, opportunities for misuse or fraud, and strengthens the ability to provide proper management over timekeeping and payroll processing.

Recommendation

We recommend the following:

- Update respective policies, procedures, and manuals to further enhance, specify and standardize requirements for compliance as noted above. This enhancement should also include definitions of the various roles as it relates to timekeeping and payroll: Employee, Timekeeper, Supervisor, Department Director/Designee, Payroll, etc. The updated policies, procedures, and manuals should include how the records are to be maintained and for how long.
- Review policies and procedures, at least, annually and update, as needed (include the revised date within the document).
- Provide training, once policies and procedures have been updated and approved. This initial re-training should be mandatory, with updates on a periodic basis or as needed. The periodic training for updates should be attended by new persons involved in the process and as a refresher to existing persons. Training attendance should be maintained for each employee that attends to ensure all personnel with timekeeping responsibilities complete the necessary training.
- Require departments/divisions to develop documented procedures detailing respective intricacies associated with time reporting of that department/division.

Observation	Risk Rating
6. Policies and Procedures, Timekeeper Manual - continued	Moderate
Management's Response	

Response: The timekeeper manual was last updated approximately six months ago in November 2016. It will be reformatted to indicate the "date" and "by whom" all future updates are made to the document. We will add a section regarding roles of employees, timekeepers, supervisors, and other staff involved in timekeeping and reporting. It will also be expanded to include documentation of timekeeping procedures unique to various departments within the County and record keeping requirements in accordance with the County's records management policies. We will also increase access to the manual through posting on AC Commons.

While most of our timekeepers are very experienced, there is a need to provide more comprehensive and structured training for new timekeepers. We will implement a new mandatory training program to provide knowledge and ensure a thorough understanding of our timekeeping system, policies and procedures. All employees who have timekeeping responsibilities will be required to receive training. We will also include a requirement that timekeepers sign a form acknowledging they have 1) received training; 2) read the manual; and 3) that they understand their responsibility for accurate time reporting.

Responsible Party: Payroll Manager

Estimated Completion Date: July 1, 2018, with training to be completed within Fiscal Year 2018

Executive Summary – continued

Observation	Risk Rating
7. Social Security Number Mismatch	**Moderate**

At our instruction, HR verified employee names and Social Security numbers ("SSN") with similar information maintained by the Social Security Administration ("SSA"). This exercise was performed via an on-line portal offered by the SSA. RSM observed the Payroll Manager execute this task. In total, 5,016 SSNs were submitted. This included seasonal, temporary and occasional employees. Twenty-two (22) instances identified by the SSA where the SSN per County records did not match SSA records. Two (2) of these employees are no longer employed with the County. Upon research by Payroll, two (2) had transposed numbers and three (3) had incorrect birthdates. HR is following SSA's recommended steps to resolve the remaining fifteen (15) employees' errors.

Instances where employer records do not match SSA records can be caused by a myriad of reasons including: an employee's SSN is not on file (never issued) with SSA, an employee's name matches SSA records however his/her date of birth does not, or the name does not match.

SSN mismatches are common, but often innocuous and easily explained. If the mismatch is a true exception, the County could be at risk for paying a fraudulent employee. In addition, recording names and SSNs correctly is the key to successful processing of annual wage reports. It saves the employer and the administration processing costs and allows SSA to properly credit employees' earnings record. Credits to employees' earnings record are important in determining their future eligibility and payment of SSA's retirement, disability and survivor benefits.

Recommendation

We recommend that the County follow the SSA's recommended steps toward resolving the fifteen (15) instances identified by the SSA where the SSN per County records did not match SSA records.   They are as follows:
1. *Compare the failed SSN with your employment records. If you made a typographical error, correct the error and resubmit the corrected data. If the name is hyphenated, consider trying different versions of the name.*
2. *If your employment records match your submission, ask your employee to check his/her Social Security card and inform you of any name or SSN difference between your records and his/her card. If your employment records are incorrect, correct your records and resubmit the corrected data.*
3. *If your employment record and the employee's Social Security card match, ask the employee to check with any local Social Security Administration Office to resolve the issue. Once the employee has contacted the SSA Office, he/she should inform you of any changes. You should correct your records accordingly and resubmit the corrected data.*
4. *If the employee is unable to provide a valid SSN, you are encouraged to document your efforts to obtain the correct information. (Documentation should be retained with payroll records for a period of three (3) years.)*
5. *If you are unable to contact the employee, you are encouraged to document your efforts.*
6. *If you have already sent a Form W-2 with an incorrect name and/or SSN, then submit a Form W-2c (Corrected Wage and Tax Statement) to correct the mismatch. W-2c services are available through* <u>*BSO Wage Reporting*</u>*. There is no need to re-register for your Business Services Online User Identification Number.*

We also recommend that this SSN verification be performed and documented at least annually so that any anomalies or errors may be caught in a timely manner. Additionally, any seasonal, occasional or temporary employees should be moved to a suspense status when not active. If they are inactive for over 12 months, they should be terminated from the system.

Executive Summary – continued

Observation	Risk Rating
7. Social Security Number Mismatch – **continued**	**Moderate**
Management's Response	
Response: All of the Social Security Administration recommendations for handling mismatched numbers were followed and properly documented prior to the issue of W2 forms in January 2017. All issues found were due to either a change in employee name or provision of incorrect numbers. No fraud was apparent in any of the situations. We have incorporated this process into our standard year-end project plan. In addition, the recommended "suspense" status for inactive seasonal, occasional, or temporary employees was recently implemented in April 2017. This review is conducted on a quarterly basis and if these employees have no earnings over a 12-month period, their employment will be terminated. **Responsible Party:** Payroll Manager **Estimated Completion Date:** Immediately	

Executive Summary – continued

Observation	Risk Rating
8. Negative Leave Balances	**Low**

It was noted that, within PRISM, employees have the ability to take more leave (vacation, sick, compensatory, and floating holiday) than is appropriately available to them.

The County's Administrative Regulation 2.7, Chapter 9, §2.5 states *"A Department Director may approve up to ten (10) days of Advance Vacation Leave for a permanent employee who has worked continuously for the County for at least one (1) year. An employee's combined total of Advanced Vacation and Advanced Sick Leave in a calendar year may not exceed ten (10) days."*

Currently, there are seventy (73) County employees with negative leave balances within the varying leave categories (vacation, sick, compensatory, and floating holiday). Of those seventy-three (73) employees, twenty-one (21) employees have a total overall negative leave balance. Of the twenty-one (21) employees with an overall negative leave balance, the highest accumulation of negative leave for an employee is fort-four (44) hours, which is within the limit under the County's Administrative Regulation 2.7, Chapter 9, §2.5.

The following was noted:
- Per inquiry, Payroll staff requests written documentation that indicates Director approval from the departments upon identifying negative leave balances. Payroll also receives calls from the departments asking for guidance on the vacation leave advance process, so they are aware of the need to get the approval.
- Per inquiry, On Monday of a pay week, Payroll provides a pre-payroll time edit report to the departments/divisions Timekeepers that identifies those individuals with negative leave balances.
- Payroll reviews the negative leave balances on a periodic basis, and submits to the respective departments/divisions.
- We were unable to validate performance of the above review, or follow-up procedures between Payroll and the departments/divisions, as documentation was not provided.

Recommendation

We recommend that the pre-payroll time edit report that identifies those individuals with negative leave balances be submitted to the individuals, Supervisors, Timekeepers and Department Directors with documented follow-up on those individuals with total/overall negative leave.

We also recommend that the County's Administrate Regulation 2.7 Chapter 9, §2.5 be updated to include the documentation requirement for the approval of Advance Vacation Leave by Department Directors.

Management's Response

Response: Our administrative regulations allow employees to go into limited negative leave status with Department Director approval. In these instances, departments are required to forward a copy of the written approval to central payroll. Employees with negative leave balances show up on an error report which is sent to the departments and reviewed by timekeepers. As previously noted, this report is being automated and will require verification that it has been reviewed and time has been corrected as needed. The requirement for approval by the Department Director will be included in the Timekeepers Manual. Less than .5% of total employees have negative balances and final wage payouts are adjusted if employees terminate employment with negative balances.

Responsible Party: Payroll Manager

Estimated Completion Date: July 1, 2018

Executive Summary - continued

Improvement opportunities are provided as a means of providing additional "best practice" suggestions, but have not been assigned a rating and do not require management's response.

Improvement Opportunity
Manual Timekeeping Process: The County has a timekeeping process with both manual and automatic components in place to permit timekeeping for payroll processing. For example, the County currently utilizes PRISM for timekeeping and payroll processing, in which time entry and approval can occur in the following methods, depending on the department/division: • Within PRISM: Time is entered by respective employee and systematically approved by respective Supervisor; or • Via a manual timesheet: A manual timesheet is completed for each employee, and approved by designated Supervisor (for some departments/divisions). Employees are not required to sign off on the timesheet. Manual time entry into PRISM is performed by the Timekeeper and systematically approved by a designated supervisory-level approver. Manual timesheets are utilized by some department/divisions due to the intricacies of the varying pay categories. Manual procedures in a timekeeping process cause additional procedures which decreases workflow efficiency – manual steps; time spent interpreting unreadable timesheets; follow up on missing timesheets; recalculation of totals; tracking down supervisor approval; corrections; and dealing with other errors or irregularities in the source documents provided. Manual procedures in a timekeeping process increase the risk of (1) human error in data entry, (2) fraudulent time reporting, and (3) processing of unauthorized employee time, which can result in under/over payment of time worked.
Recommendation The County should consider the cost/benefit of implementation of solutions to further automate the timekeeping process to enhance the collecting, processing and monitoring of County employees' time, attendance, and productivity.   Notable benefits of an automated timekeeping system can include the following: • Reducing the amount of paper utilized and printing/distribution costs; • Recording time immediately and accurately, based on supervisor and upper management approvals; • Reducing risk of errors of recording and calculating employee time and leave of absence; • Applying applicable/appropriate pay rules and policies consistently to all employees including employees working more than one position in the County, employees covered by union rules (where applicable), hourly employees' overtime tracking, varying pay categories etc.; • Allowing ability for systematic review and pre-approval of varying leave requests; • Allowing staff real-time access to track and monitor leave of absences and prohibit overpayments; • Providing audit trails for any adjustments or changes made to employee records; • Providing relevant ad hoc management reports (i.e. time and attendance, accruals, overtime, and employee data etc.); • Proper budgeting and monitoring (budget vs. actual analysis) of funds across all areas as mandated by the County; and • Assists in compliance with Federal Rules and Regulations.

Background

Background

Overview
Tracking and paying the County's workforce is voluminous, complex, highly decentralized, has a significant budget impact (~44% of the County budget as of FY 2016) and thus is inherently a high-risk function. It should be recognized that at any given time there are more than 14 departments (over 100 timesheet locations) operating independently throughout the County. Multiple County departments have employees covered under a variety of different compensation structures, such as salaried, hourly, temporary, seasonal, and other compensation arrangements. Pay types include work time, sick leave, premiums, bonus, overtime, annual leave, holidays, shift, standby/callback pay etc.

Timekeeping Process
Depending on the department/division, time is entered into the County's integrated human resource and financial information system "PRISM" (Oracle's e-Business Suite) either directly by an employee, by a Timekeeper or by a file that is uploaded from a separate time and attendance application. For example, the Fire and Police Departments employ an automated staffing solution, TeleStaff, as their system of record for time reporting. Each pay period, the data captured in TeleStaff is uploaded into PRISM. Each County employee's time and attendance record, regardless of his/her department/division's application, requires supervisory-level approval for each pay period. The supervisor's approval is documented either through the approval function in PRISM or on a manual timesheet.

Payroll Process
The County's payroll office reviews a variety of exception reports for irregularities and approval of time records prior to processing payroll. All employees are paid via direct deposit. All employees can review their payroll records by logging into PRISM.

Financial and Other Statistical Data
Salary expenses and payroll related data for Fiscal Years (FYs) ending June 30, 2012 – 2016 are as follows:

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Salary & Fringe* Expense	$327,573,878	$338,886,006	$353,963,211	$398,424,841	$410,186,595
Full-time[1] Employees	3,286	3,243	3,299	3,297	3,368
Part-time[2] Employees	220	218	200	202	193
Temporary[3] Employees	820	904	900	850	838
TOTAL	**4,326**	**4,365**	**4,399**	**4,349**	**4,399**

*Includes: FICA, defined benefit, 457 match, 41a contribution, and health, dental and life insurance
[1]Includes: Limited Term Full Time, Over-strength Full Time, and Permanent Full Time
[2]Includes: Board Member, Limited Term Part Time, Magistrate and Permanent Part Time
[3]Includes: Temporary Occasional, Temporary Regular, and Temporary Seasonal

Current Policies and Procedures
The Federal government has many laws that the County must comply with regarding timekeeping, hourly pay and labor related issues. They include, but are not limited to, the Fair Labor Standards Act ("FLSA") of 1938 and Family & Medical Leave Act ("FMLA") of 1993.

The County also follows County Administrative Regulation 2.7 and the Overtime Compensation and Premium Pay (formerly known as Administrative Regulation 2.12) that dictate County policies and procedures for timekeeping, leave, overtime and compensatory time. The County created a Timekeeper Manual that outlines various time and attendance procedures necessary for effective timekeeping, which is maintained by Payroll. Payroll also maintains a detailed Payroll Week Processing Guide utilized for the payroll process.

Objectives and Approach

Objectives and Approach

Objectives
The primary objective of the Timekeeping and Payroll Process audit was to evaluate and assess whether the internal control structure over timekeeping and payroll processing is appropriately designed and operating effectively to safeguard County assets.   For the period July 1, 2015 to June 30, 2016, we have evaluated the process and controls design of the timekeeping and payroll processes and tested their operating effectiveness.

Approach
Our audit approach consisted of the following phases:

Understanding and Documentation of the Processes
As part of our understanding and documentation of the processes, we performed the following:
- Conducted an entrance conference with those involved in the timekeeping and payroll processes for the audited Department or divisions and with Human Rescores to discuss the scope and objectives of the audit work, to obtain preliminary data, establish working arrangements, and to obtain an understanding of the unique aspects of each Department or division;
- Reviewed the applicable County policies, laws, regulations and documentation;
- Performed walk-throughs of the processes to validate our understanding; and
- Developed department/division level flowcharts of the process(es), which are included in the report.

Evaluation of the Process and Controls Design and Testing of Operating Effectiveness
Our process and control evaluation phase consisted of an evaluation of the internal control structure design and then tested it for its operating effectiveness. We performed walkthroughs and detailed testing using sampling and other auditing techniques necessary to meet our audit objectives. Specific procedures performed included the following:

Timekeeping (Department/Divisional level)
- Identified and assessed segregation of duties and user access controls necessary for proper monitoring and appropriateness over timekeeping and the employee masterfile;
- Assessed the location and security of employee records;
- Verified that time and attendance information (overtime, leave, compensatory time, premium pay, etc.) agreed to appropriately approved and authorized supporting documentation;
- Determined that the records and documentation for timekeeping are sufficient to establish an audit trail for transactions involving employee time;
- Determined if any payroll changes/adjustments (including changes/adjustments after time has been approved by the Supervisor) were properly supported, authorized, and verified;
- Reviewed appropriateness of time approval;
- Verified that hours paid agree to the supporting documentation (timesheets), and are mathematically accurate and reasonable;
- Reviewed the performance and adequacy of pre- and post-payroll report monitoring and verified that it is being performed by the appropriate persons; and
- Reviewed and assessed policies and procedures for timekeeping and reviewed for completeness, including whether they reflect current practices.

Payroll Processing
- Assessed the location and security of employee records;
- Determined performance and adequacy of pre- and post-payroll processing reconciliation and monitoring and verified that they were performed by appropriate persons;
- Determined any payroll changes/adjustments (including changes/adjustments after time has been approved by the Supervisor) were appropriately supported, authorized, and verified;

Objectives and Approach - continued

Approach - continued

Payroll Processing – continued
- Traced pay rates to properly approved supporting documentation, and recalculated gross pay;
- Trace statutory deductions (i.e. taxes), direct deposit authorization and benefits to supporting documentation;
- Determined that payroll tax and other withholdings are proper and remitted when required;
- Reviewed terminated employees as of a specific period and verified no additional pay checks were issued to them;
- Determined that monthly payroll bank account reconciliations were prepared on a timely basis and reviewed by a properly designated employee who is independent of payroll records and does not have access to cash; and
- Determined that payroll accrual calculations were accurately calculated and based on reasonable and appropriate methodology.

Other
- Reviewed Oracle e-Business Suite's Standards for Attestation Engagements ("SSAE") 16 report(s) issued by Ernst & Young.   Specifically, we reviewed the SSAE 16 as it relates to its reporting of the testing of controls over Oracle's processing of updates to the County's payroll applications;
- Determined if the SSAE 16 reports are received and reviewed by appropriate parties.
- Verified that changes to employee compensation (pay increases and bonus etc.) are properly approved, accurately input, reviewed by a properly designated employee, and processed timely;
- Verified that the County's timekeeping and payroll policies and procedures are complete and reflect current practices; and
- Determined if compensation is in accordance with the County's Overtime Compensation and Premium Pay (formerly known as Administrative Regulation 2.12) and Administrative Regulation 2.7.

Computer Assisted Audit Techniques
Analyzed current employees for the following attributes:
- Same or similar name and /or social security number ("SSN"), address or telephone number;
- Missing SSNs;
- No withholdings;
- Not on County email system; and
- Compared SSN to Social Security Administration list: www.ssa.gov/employer/ssnv.thml.

Reporting
At the conclusion of this audit, we vetted the facts and exceptions noted with the cognizant Departmental process owners as well as with the Department of Management and Finance ("DMF"). The draft report was submitted and reviewed by Payroll and DMF, and then submitted to Management of the respective sampled Departments. Exit meetings were held with Payroll, sampled Departments and DMF to review and discuss the draft report and modify accordingly.

Management's corrective action plan with estimated completion dates has been provided and included in the report. Follow-up procedures will be performed after the completion date noted by Management. Follow-up typically occurs after ample time has passed with the new control / procedure in place (generally six months) to verify and report the implementation status of the recommendations and Management's action with regard to the previously reported observations.   Objectives of the overall follow-up procedures are to determine if open observations from this audit report has been properly remediated. Follow-up is meant to validate, on a sample basis, the effectiveness of the remediated controls of the previously reported open observations

Process Maps

Process Maps

Week 1: Monday (process begins on Monday and occurs repeatedly throughout the week)   **Week 2:** Monday   Tuesday   Friday

Lane	Steps
Employee	Start → Work hours → Employee signs off on manual timesheet, certifying that time reported is accurate ... Receive paycheck via direct deposit
Timekeeper	Input pre-determined schedule into Excel pay sheet → Input time from Excel pay sheet to PRISM daily → Documented reconciliation between Excel pay sheets and PRISM → Input needed changes into PRISM → Submit time to payroll → Submit approved EAF to payroll to authorize any necessary corrections to pay to Payroll **NOTE 1**
Supervisor	Input daily changes to pre-determined schedule on Excel pay sheet → Systematically review and approve time in PRISM
Payroll	Payroll Process
Department Director/Designee	Documented review of post payroll reports → End

Note 1: This can also occur during the payroll process.

Legend:

Process Step	Key Control	Design Gap

Flowchart Legend:

Start/End	Off-page Connector	Decision	Process / Control Point

23

Process Maps - continued

Fire Department – Timekeeping Process   1 of 1

| | **Week 1:** Monday   **Week 2:** Monday | Tuesday | Friday |

Employee

- Work hours
- Certifies that time reported in TeleStaff is accurate **Note 1**
- Receive paycheck via direct deposit

Timekeeper

- Start
- Enter recurring schedule on hire date for each employee into TeleStaff
- Adjustments? — Yes / No
- Review all submitted time and any adjustments
- Changes needed? — Yes / No
- Notify Battalion Aides via email of needed changes
- Review all submitted time and any additional changes
- Generate complete time report from Telestaff and upload to PRISM server
- Receive PRISM notification of data transfer to server
- Documented reconciliation between TeleStaff and PRISM
- Submit approved EAF to payroll to authorize any necessary corrections to pay to Payroll **NOTE 2**

Battalion Aides

- Enter schedule adjustments for shift employees daily
- Enter changes into TeleStaff
- Documented review and approval of time

Manager

- Enter schedule adjustments for 40-hour a week employees daily

Payroll

- Payroll Process

Department Director/ Designee

- Documented review of post payroll reports
- End

Note 1: Those employees who do not enter their own time into TeleStaff.
Note 2: This can also occur during the payroll process.

Legend:
| Process Step | Key Control | Design Gap |

Flowchart Legend:
- Start/End
- Off-page Connector
- Decision
- Process / Control Point

Process Maps - continued

Department of Parks & Recreation: Sports and Recreation Division - Timekeeping Process

Week 1: Wednesday	Thursday		Friday			

Employee

- Start
- Enter hours worked and save time in PRISM by 5pm on Wednesday of non-pay week
- Notified via email or phone of adjustments **NOTE 1**
- Makes necessary adjustments in PRISM

Timekeeper

- Review entered time Thursday morning
- Export time to Excel pay sheet for review by 12:30pm Thursday
- Review corrections
- Submit time for approval on Friday
- Yes
- Notified via email or phone of errors if employee fails to correct errors
- Manually correct errors
- Sports & Rec page 2

Supervisor

- Review Excel pay sheet (performed outside of PRISM for efficiency)
- Contact employee/Timekeeper for any necessary corrections
- Systematically review time in PRISM
- Adjustments?
- No
- Approve and submit time by 5pm Friday

Note 1: SPREC HR staff documents all changes in writing.

Legend:

Process Step	Key Control	Design Gap

Flowchart Legend:

- Start/End
- Off-page Connector
- Decision
- Process / Control Point

Process Maps - continued

Department of Parks & Recreation: Sports and Recreation Division – Timekeeping Process

| Week 2: Monday | Tuesday | Friday |

Employee

Receive paycheck via direct deposit

Timekeeper

Sports & Rec cont'd

Review time on Monday morning for errors

Submit unscheduled time in PRISM for employees who worked over the weekend

Submit approved EAF to payroll to authorize any necessary corrections to Payroll
NOTE 1

Supervisor

Review time submitted in PRISM for unscheduled work over the weekend

Approve unscheduled weekend time in PRISM

Payroll

Payroll Process

Department Director/ Designee

Documented review of post payroll reports

End

Note 1: This can also occur during the payroll process.

Legend:
| Process Step | Key Control | Design Gap |

Flowchart Legend:

Start/End

Off-page Connector

Decision

Process / Control Point

Process Maps - continued

Police Department – Timekeeping Process

	Week 1: Monday	Week 2: Monday	Tuesday	Friday

Employee
- Work hours
- Enter any adjustments into TeleStaff, including weekend hours, on a timely on daily basis
- Certifies that time reported in TeleStaff is accurate **Note 1**
- Receive paycheck via direct deposit

Timekeeper
- Start
- Enter recurring schedule on hire date for each employee into Telestaff
- Pay period adjustments? — No
- Review time input into Telestaff
- Generate complete time report from Telestaff and upload to PRISM server
- Receive PRISM notification of data transfer to server
- Documented reconciliation between TeleStaff and PRISM
- Submit approved EAF to payroll to authorize any necessary corrections to pay to Payroll **NOTE 2**

Supervisor
- Reviews adjustments made by employee every two days in TeleStaff
- Documented review and approval of time

Payroll
- Payroll Process

Department Director/Designee
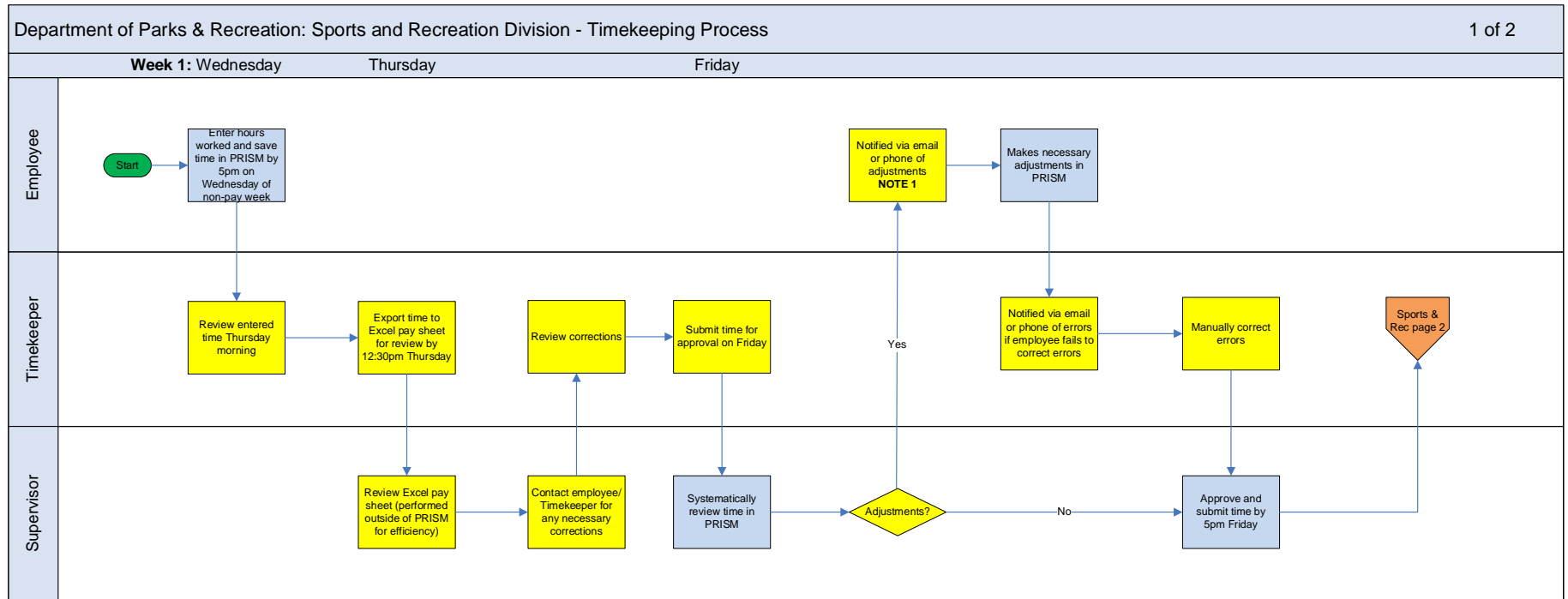- Documented review of post payroll reports
- End

Note 1: Those employees who do not enter their own time into TeleStaff.
Note 2: This can also occur during the payroll process.

Legend:
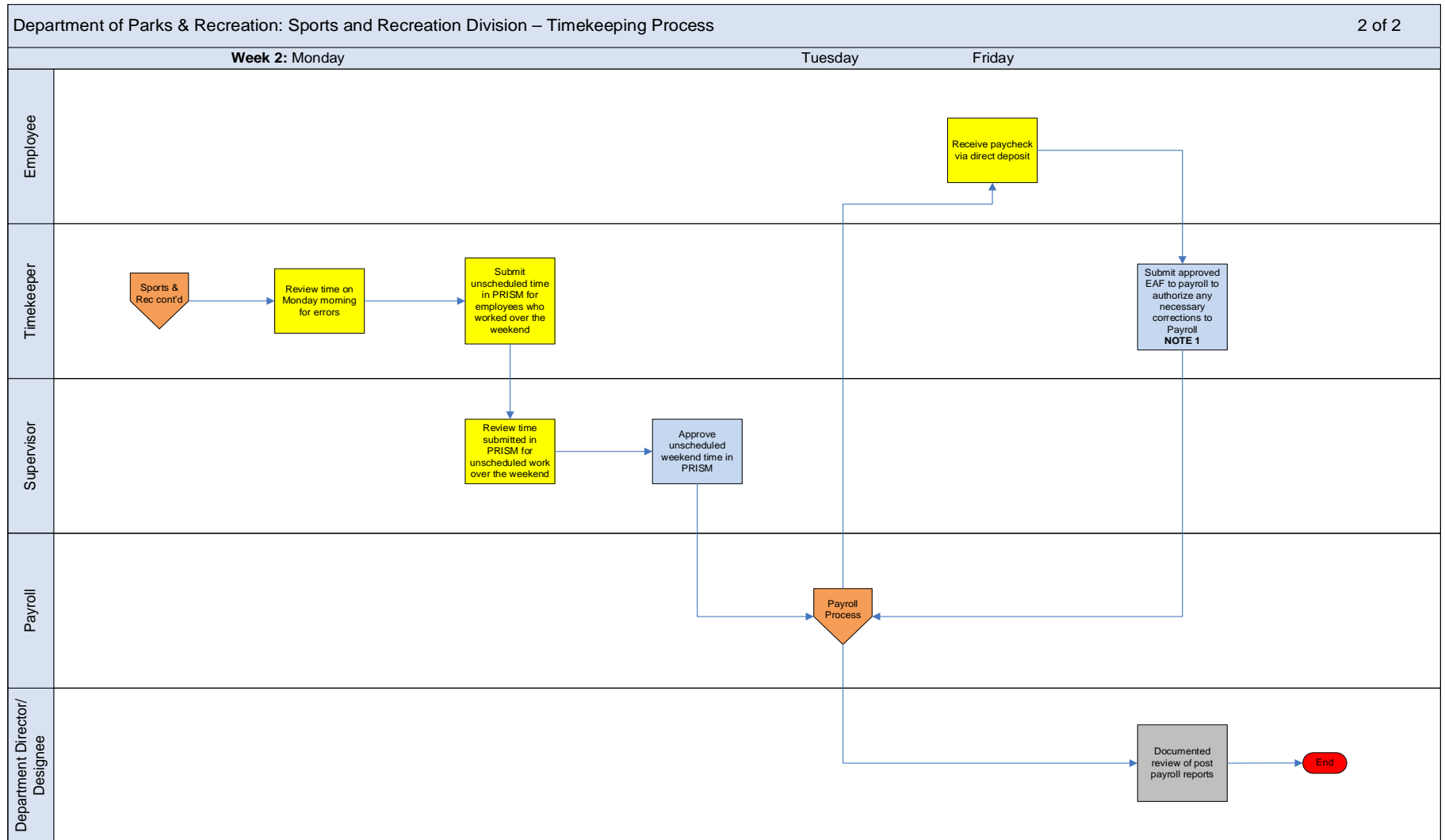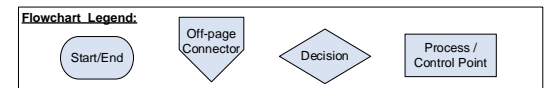
Process Step	Key Control	Design Gap

Flowchart Legend:

Start/End	Off-page Connector	Decision	Process / Control Point

Process Maps - continued

	Week 1: Monday (process begins Monday and occurs repeatedly throughout the week)			Week 2: Monday	Tuesday	Friday

Employee: Start → Work hours → Employees with PRISM access input time daily → Employees without PRISM access log time daily via Timeclox → Certifies that time reported in PRISM is accurate **Note 1** → Receive paycheck via direct deposit

Supervisor: Print out and review "Weekly Punch Report" on a daily basis → Manually input time from "Weekly Punch Report" into Excel pay sheet on a daily basis → Review and approve their staff's time in PRISM

WSS Timekeepers: Time entered into PRISM by assigned timekeeper → Export time from Excel pay sheet to PRISM system → Documented reconciliation between Excel pay sheets and PRISM → Submit approved EAF to payroll to authorize any necessary corrections to Payroll **NOTE 2**

DES Timekeeper: Review submitted time in PRISM

Payroll: Payroll Process

Department Director/ Designee: Documented review of post payroll reports → End
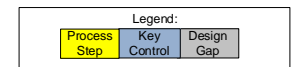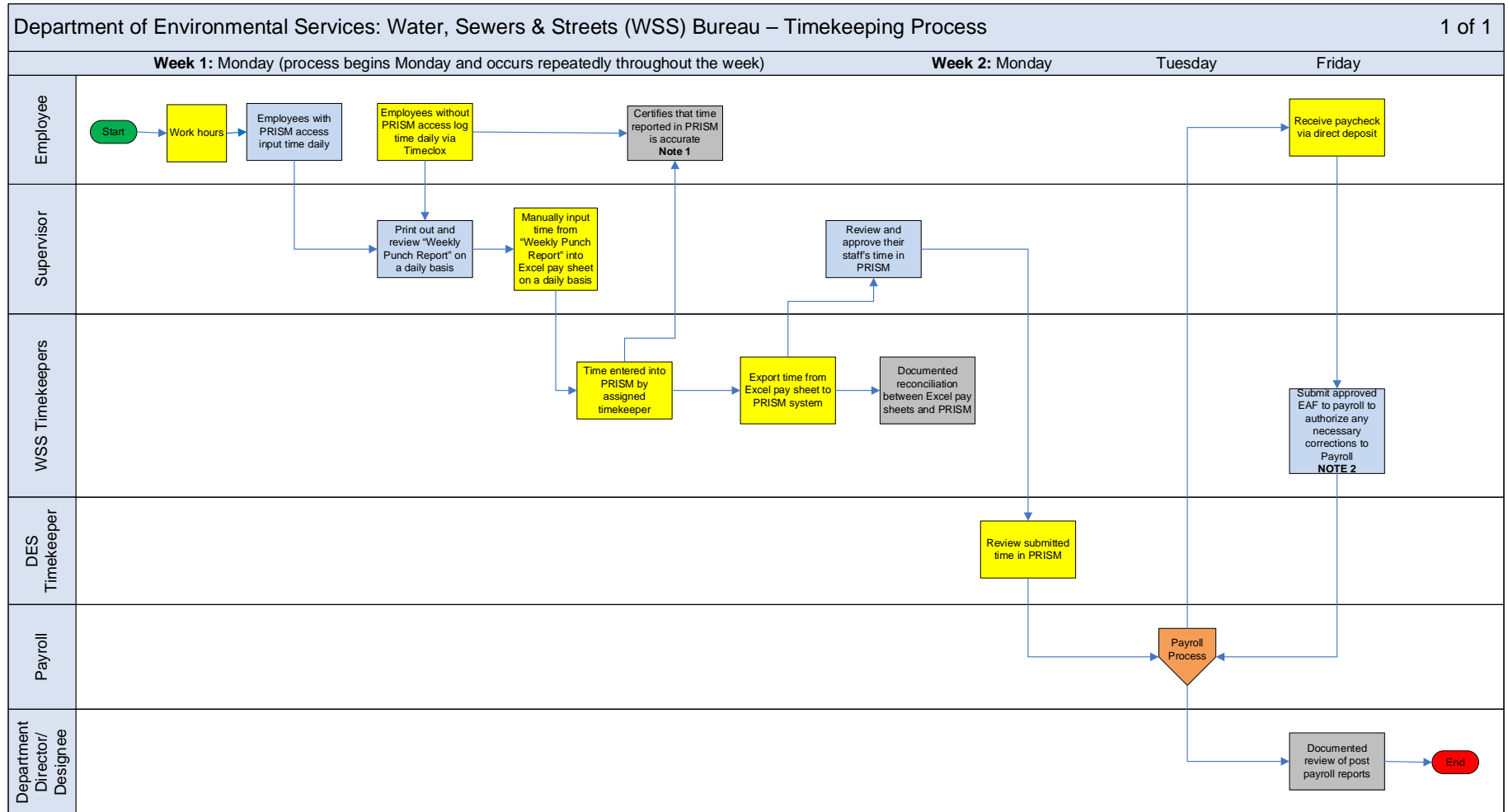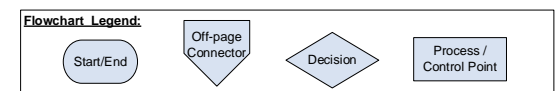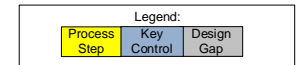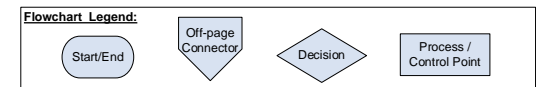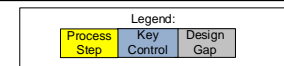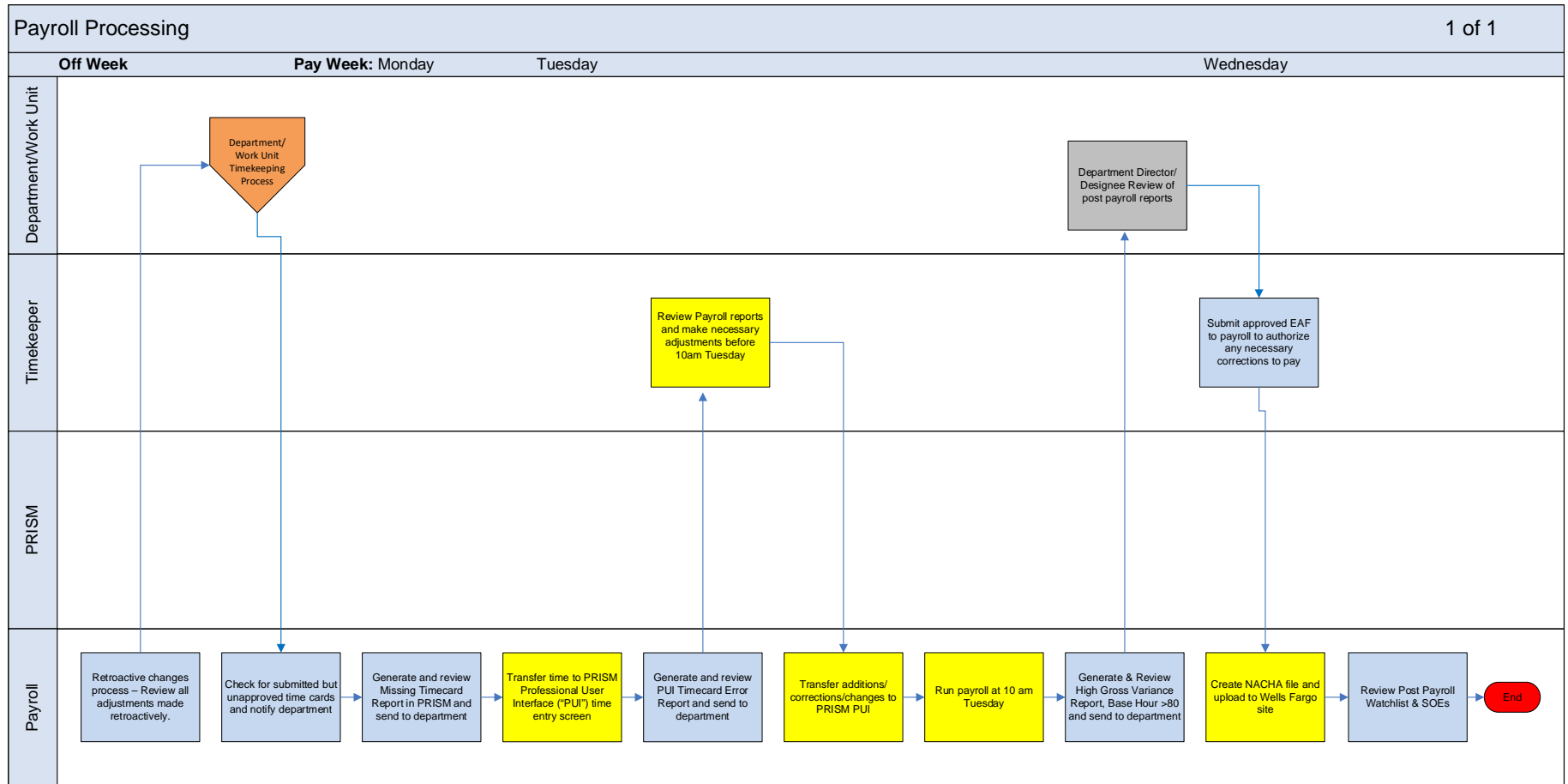
Note 1: Those employees who do not enter their own time into PRISM.
Note 2: This can also occur during the payroll process.

Legend:
Process Step	Key Control	Design Gap

Flowchart Legend:
- Start/End
- Off-page Connector
- Decision
- Process / Control Point

Process Maps - continued

Off Week	**Pay Week:** Monday	Tuesday	Wednesday

Department/Work Unit

- Department/Work Unit Timekeeping Process
- Department Director/Designee Review of post payroll reports

Timekeeper

- Review Payroll reports and make necessary adjustments before 10am Tuesday
- Submit approved EAF to payroll to authorize any necessary corrections to pay

PRISM

Payroll

- Retroactive changes process – Review all adjustments made retroactively.
- Check for submitted but unapproved time cards and notify department
- Generate and review Missing Timecard Report in PRISM and send to department
- Transfer time to PRISM Professional User Interface ("PUI") time entry screen
- Generate and review PUI Timecard Error Report and send to department
- Transfer additions/corrections/changes to PRISM PUI
- Run payroll at 10 am Tuesday
- Generate & Review High Gross Variance Report, Base Hour >80 and send to department
- Create NACHA file and upload to Wells Fargo site
- Review Post Payroll Watchlist & SOEs
- End

Legend:

Process Step	Key Control	Design Gap

Flowchart Legend:

Start/End	Off-page Connector	Decision	Process / Control Point

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