



PRINCE WILLIAM COUNTY, VIRGINIA

Prince William County, Virginia
Phase 2 - Internal Audit of Payroll/Timekeeping

Prepared By:
Internal Auditors

December 20, 2013



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December 20, 2013

The Audit Committee of
Prince William County, Virginia
1 County Complex Court
Prince William, Virginia 22192

Pursuant to the approved internal audit plan for fiscal year (FY) 2013/2014 for Prince William County, Virginia (the "County"), we hereby present Phase 2 - Internal Audit of Payroll/Timekeeping for the County. We will be presenting this report to the Audit Committee of Prince William County at the next scheduled meeting on February 11, 2014. Our report is organized in the following sections:

Executive Summary	This provides a summary of the issues and observations related to our internal audit of timekeeping.
Background	This provides an overview of the timekeeping process.
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.
Issues Matrix	This section gives a description of the items noted during our internal audit and recommended actions as well as management's response, responsible party and estimated completion date.
Process Map	This section provides a process map depicting the flow of the County's timekeeping process.

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with the Phase 2 - Internal Audit of Payroll/Timekeeping.

Respectfully Submitted,

INTERNAL AUDITORS

Executive Summary

Executive Summary

Tracking and paying the County's workforce is voluminous, complex, highly decentralized, has a significant budget impact (~54% of County budget) and thus is inherently a high risk function. It should be recognized that at any given time there are at least 32 departments (116 timesheet locations) operating independently throughout the County. Multiple County departments have employees covered under a variety of different compensation structures, such as salary, hourly, and seasonal. Pay types include work time, sick time, annual time, holidays, shift differentials and the like. The County's current process entails the use of manual timesheets and data entry into the Human Resources Information System (HRIS) by designated timekeepers in each department. Designated approvers in each department authorize time within the HRIS system (this is an automated process). As time entry is manually intensive it increases the risk of the function with opportunities for inefficiencies in the use of workforce production, increased risk of human error or mistakes, and the potential for fraudulent reporting. We would like to highlight that although the function is high risk we did not note any instances of fraud during our testing.

The objective of this audit was to assess whether the system of internal controls over timekeeping is adequate and appropriate for promoting and encouraging the achievement of management's objectives for accurate and efficient tracking and reporting of employee time. We selected 5 County departments for the execution of our detailed testing as follows: Police, Parks and Recreation, Social Services, Economic Development, and Public Works. The departments were selected based on size and level of varying work schedules and pay types.

Financial and Other Statistical Data

Salary expenses and payroll related dated for Fiscal Years (FYs) ending June 30, 2011 – 2013, and as of December 31, 2013 are as follows:

	FY 2011	FY 2012	FY 2013	FY 2014*
Salary & Fringe Expense	\$289,937,709	\$302,007,546	\$329,820,312	\$163,649,524
Full-time Employees	3,333	3,393	3,580	3,588
Part-time Employees	305	301	306	312
Temporary Employees	314	357	1,507	970
TOTAL	3,952	4,051	5,393	4,870

*July 1, 2013 – December 31, 2013

It should be noted that FYs 2011 and 2012 do not include the Department of Parks and Recreation as they were not on the County's payroll until January 1, 2013.

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) and Family & Medical Leave Act (FMLA) of 1993.

In addition to the above, the County follows Personnel Policies 11, 15, and 16 that dictate requirements for timekeeping, leave, overtime and compensatory time. The County's timekeeping guidance also includes a detailed procedure manual covering the bi-weekly time entry posting process in the HRIS system. This manual is intended for use by the Payroll Office and County department personnel responsible for entering and approving time in the HRIS system.

Executive Summary - continued

The following section provides a summary of the issues identified during our procedures. We have assigned relative risk factors to each issue identified. A summary of issues identified and their relative risk rating is provided below. 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 including financial, operational, and/or compliance as well as public perception or 'brand' risk when determining the relative risk rating. 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.

The details of these issues are included within the Issues Matrix section of this report.

Issues	Risk Rating
1. Timesheet Accuracy, Verification and Authorization	High
<p>We noted the following during our testing of 60 employee timesheets at the 5 selected departments:</p> <p><u>Accuracy of Employee Timesheets</u></p> <ul style="list-style-type: none"> • One employee was paid \$559.12 for 23.25 hours that were not worked. The employee reported 48.25 hours worked from 7/20/13 to 7/28/13, but was paid for 71.5 hours. The department submitted the personal action form timely to HR, but the employee's profile was not updated as terminated. A post payroll review would have identified this overpayment, see Issue #2. <i>Note: As of January 2014, the funds have been repaid by the employee.</i> • One department had the following errors in 1 timesheet: <ul style="list-style-type: none"> ○ Explanations for compensatory time were not provided. ○ Hours in HRIS and hours paid were correct (75 hours), but hours calculated on time sheet were incorrect (77 hours). Employee used 2 hours of compensatory time, but still entered 7.5 hours (full day) in the Regular Hours column. Employee should have entered 5.5 hours in the Regular Hours column and 2 hours in the compensatory time column. ○ Employee entered "AL" (Annual Leave) in the Leave Type column, but "CL" (Compensatory Leave Used) should have been entered because the employee used compensatory time. <p><u>Timesheet Review and Approval</u></p> <ul style="list-style-type: none"> • Two departments had 1 and 2 timesheets that were not signed by a supervisor. • One department had 1 employee that earned and recorded 10 hours of compensatory time without documented approval. Verbal approval was provided by the department director prior to earning the compensatory time. <p><u>Employee Sign off on Timesheet</u></p> <ul style="list-style-type: none"> • One department does not require employees to certify that the information provided on the time card is correct, per County Personnel Policy 16.18. Based on our conversations with department personnel, the department is in the process of automating timekeeping, and the new system will have electronic verification of employee time. <p>Due to the manually intensive timekeeping process, adherence to County policies and procedures including the review of the timesheets to supporting documentation, time verification and post payroll review is critical in detecting erroneous time reporting and over/under payments, which may not be properly detected within a timely manner.</p>	

Executive Summary - continued

Issues	Risk Rating
2. Post Payroll Review and Reconciliation	High
<p>After payroll is processed for the pay period, the Payroll Office submits post payroll reports to the departments. We noted that none of the departments selected for testing are performing a post payroll review, as this procedure is not required.</p> <p>As identified in <i>Issue #1</i> above, an employee was overpaid for time not worked. The department submitted the personal action form timely to HR, but the employee's profile was not updated as terminated. A post payroll review would have identified this overpayment.</p> <p>We recommend that the County require department heads/managers perform a formal post payroll review by, at least, comparing aggregate totals on post payroll reports to the department's internal timekeeping records to verify accurate and complete processing. Without the proper review process, the County's payroll records could inadvertently contain errors which may not be properly detected in a timely manner.</p>	
3. Manual Timekeeping Process	High
<p>The County has a quasi automated timekeeping system in place to assist in efficient and accurate timekeeping and payroll processing. The County currently utilizes HRIS for timekeeping and payroll processing, which entails the use of manual timesheets, manual leave forms, manual sign off of supervisor review on the timesheet and leave forms, manual key entry by timekeeper, and system approval of batch time entries by a direct report of the department head. The County should consider the cost/benefit of implementation of solutions to further automate the timekeeping processing to enhance the collecting, processing and monitoring of County employees' time, attendance and productivity. There will no longer be a need for manual key entry of exceptions by the timekeepers, which will also enhance segregation of duties over payroll entry and processing.</p>	
4. User Access	Moderate
<p>Appropriate segregation of duties should include separating authorizing, recording, and reconciling functions. These duties are typically owned by different departments. Timekeeping entry should be limited to those persons necessary at each department. Although user access roles in HRIS are appropriately segregated and controlled, in which a person with timekeeping edit access cannot be an approver during a payroll cycle, we did note the following timekeeping edit access issues:</p> <ul style="list-style-type: none"> • One department does not have a backup approver identified in HRIS. • One department should only have 4 employees with timekeeping access (2 primaries, 2 alternates), but 6 have access. The same department should only have 2 approvers (1 primary, 1 alternate), but 3 have access. <p>Improper segregation of duties and user access increases the risk of fraud and errors.</p>	
5. Compensatory Leave Calculations	Moderate
<p>We noted that the HRIS timekeeping system does not automatically calculate compensatory time earned. Currently, timekeepers must manually calculate compensatory time earned using the appropriate accrual rate (time and a half or straight time) and then enter the total hours earned into HRIS for each payroll cycle. The current process is unnecessarily manual and increases the risk of erroneous entries due to human errors or ambiguous documentation.</p>	

Background

Background

Overview

Timekeeping is the tracking and documentation of employment related hours for all employees at the County. The process is inherently high risk, due to the size of the County's workforce, volume of transactions and decentralization of the timekeeping process. It should be recognized that at any given time, there are at least 32 departments (116 timesheet locations) operating independently throughout the County. The County's employees are covered under a variety of work schedules and compensation structures, such as salary, hourly, full time, part time, and seasonal employees. Pay types include work time, overtime, compensatory time, sick leave time, annual leave time, holidays, shift differentials and other employment related time. The County's current process entails the use of various time collection methods and manual data entry into the Human Resources Information System (HRIS) by designated timekeepers in each department. Designated approvers at each department authorize time within the HRIS system. The departments are responsible for tracking and documenting employment-related hours for all employees within the department. The County Payroll Office is responsible for processing payroll, after verifying that all departments have entered and approved time. As the timekeeping process is manually intensive, it increases the risk of inefficiencies in workforce production, increased risk of human error or mistake, and the potential for fraudulent reporting. We would like to highlight that although the function is high risk, we did not note any instances of fraud during our testing.

Financial and Other Statistical Data

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In addition to these, the County also follows Personnel Policies 11, 15, and 16 that dictate requirements for timekeeping, leave, overtime and compensatory time. The County's timekeeping guidance also includes a detailed procedure manual covering the bi-weekly time entry posting process in the HRIS system. This manual is intended for use by the Payroll Office and County department personnel responsible for entering and approving time in the HRIS system.

Objectives and Approach

Objectives and Approach

Objectives

The objectives of this internal audit of timekeeping were to:

- Validate that controls over timekeeping at the departments include procedures and documents to assess that the data used to generate payroll disbursements are adequate and in compliance with County policies and procedures.
- Evaluate controls to assess the accuracy and completeness of time calculated and entered into HRIS.
- Identify and assess the effectiveness of accounting, administrative and user access controls over timekeeping and reporting at the departments.
- Determine that the records and documentation for timekeeping at the departments is sufficient to establish an audit trail for all transactions involving employees' time.
- Identify differing practices for timekeeping at individual departments and identify best practices for the timekeeping and reporting process.

Approach

Our audit approach consisted of the following three phases:

Understanding and Documentation of the Process

During this phase, we conducted interviews with the County's Deputy Finance Director and Payroll Manager to discuss the scope and objectives of the audit work, obtained preliminary data, and established working arrangements. We also obtained copies of and reviewed policies, procedures and other documents applicable to the timekeeping function. We then interviewed the timekeeping process owners to obtain an understanding of their duties, identify risks, identify applicable controls, and develop our test plan. We selected 5 County departments for the execution of our detailed testing as follows: Police, Parks and Recreation, Social Services, Economic Development, and Public Works. The departments were selected based on size and level of varying work schedules and pay types.

Detailed Testing

The purpose of this phase was to test compliance and internal controls based on our understanding of the timekeeping process. During this phase, we conducted interviews with responsible personnel at the selected departments who have responsibilities related to timekeeping and documented their respective roles in the process. The phase also included the execution of applicable tests of compliance and controls around time records and transactions for the departments selected. The time period covered by testing was January 1, 2013 through October 30, 2013. Our fieldwork was conducted at the department sites where we utilized sampling and other audit techniques to meet our objectives outlined above. Specific procedures performed include:

- Assessing timekeeping at the departments:
 - On-site visit and inquiry of department personnel to obtain detailed documentation of the process.
 - Testing of employee time tracking methods, practices, documents and procedures.
 - Testing of overtime approval, documentation and reporting.
 - Testing of leave time and compensatory time tracking and approval process.
 - Review of forms utilized.
 - Testing of monitoring of overall time worked by the Department Heads/Managers.
- User access testing:
 - Verified access is restricted to appropriate department personnel.
 - Testing of access levels (e.g., timekeeper versus approver).
 - Testing of user rights (e.g., edit rights versus read only rights).

Reporting

At the conclusion of this audit, we summarized our findings related to the timekeeping process. We have reviewed the results of our testing with the Finance Director, Deputy Finance Director, Payroll Manager and the selected departments.

Issues Matrix

Rating	Issues
High	<p>1. Timesheet Accuracy, Verification and Authorization</p>
	<p>Timesheets currently used are manually completed and then manually input into the system. Due to the manually intensive timekeeping process, the Department Manager/Head review of the timesheets to supporting documentation is a key step in detecting erroneous time reporting and over/under payments that may be caused by human error either in the completion of the timesheet or the entry of time into HRIS. We noted the following during our testing of 60 employee timesheets at the 5 selected departments:</p> <p><u>Accuracy of Employee Timesheets</u></p> <ul style="list-style-type: none"> • One employee was paid \$559.12 for 23.25 hours that were not worked. The employee voluntarily terminated employment with the County on 7/28/13, and the County's payroll cycle ran from 7/20/13 to 8/02/13. The department submitted the personal action form timely to HR, but the employee's profile was not updated as terminated. A post payroll review would have caught this overpayment. See Issue #2. • One department had the following errors in 1 timesheet: <ul style="list-style-type: none"> ○ Explanations for compensatory time were not provided. ○ Hours in HRIS and hours paid were correct (75 hours), but hours calculated on time sheet were incorrect (77 hours). Employee used 2 hours of compensatory time, but still entered 7.5 hours (full day) in the Regular Hours column. Employee should have entered 5.5 hours in the Regular Hours column and 2 hours in the compensatory time column. ○ Employee entered "AL" (Annual Leave) in the Leave Type column, but "CL" (Compensatory Leave Used) should have been entered because the employee used compensatory time. <p><u>Timesheet Review and Approval</u></p> <ul style="list-style-type: none"> • Two departments had 1 and 2 timesheets that were not signed by a supervisor. • One department had 1 employee that earned and recorded 10 hours of compensatory time without documented approval. Verbal approval was provided by the department director prior to earning the compensatory time. <p><u>Employee Sign off on Timesheet</u></p> <p>Per County Personnel Policy 16.18, "Each employee shall be required to certify by signature that the information provided on the time card is correct." We observed a department that has a specific timekeeping process designed to accommodate a large staff and significant amount of time cards. Timekeeping is centralized and supervisors at each division complete master timesheets with data for all employees at each supervisor's respective location. Employees sign leave forms and track their time on a master schedule, but they do not submit or sign a timesheet. Based on our conversations with department personnel, the department is in the process of automating timekeeping, and the new system will have electronic verification of employee time.</p> <p>Due to the manually intensive timekeeping process, adherence to County policies and procedures including the review of the timesheets to supporting documentation, time verification and post payroll review is critical in detecting erroneous time reporting and over/under payments, which may not be properly detected within a timely manner.</p>

Rating	Issues
High	1. Timesheet Accuracy, Verification and Authorization - continued
	<p data-bbox="776 279 1003 304" style="text-align: center;">Recommendation</p> <p data-bbox="358 327 1430 478">The County's current timekeeping process entails the use of manual timesheets and manual entry of time by identified timekeepers in the field. As it is manually intensive it increases the risk of the function with opportunities for inefficiencies in the use of workforce production, increased risk of human error or mistakes, and the potential for fraudulent reporting.</p> <p data-bbox="358 510 1430 661">We recommend that all department managers/heads and timekeepers receive the results of this internal audit, which should include re-educating and providing additional training and communication to departments to ensure compliance with existing policies and procedures and the importance of the controls needed and required over the timekeeping process.</p> <p data-bbox="358 693 1430 814">The County should enhance their current policies and procedures over timekeeping for the inclusion of verification, review and approval of time entry and payroll data in HRIS. This would include the process around time entry input verification and post payroll review/approval, including segregation of duties requirements.</p> <p data-bbox="358 846 1430 905">The above will help strengthen accountability of the employees, supervisors and department managers/heads to help ensure accurate reporting of employee time.</p>
	<p data-bbox="727 926 1052 951" style="text-align: center;">Management's Response</p> <p data-bbox="358 974 1430 1367">Response: The Finance Department concurs with this finding and believes this overpayment was an isolated incident. The overpayment was the result of an untimely separation of a Department of Parks & Recreation (DPR) employee from the County's payroll system. The Personnel Action Form (PAF) used to separate the employee from the Payroll system was routed via interoffice mail by DPR to Human Resources (HR) in accordance with County procedure. The separation PAF was approved by HR on 7/23/2013, in advance of the employee's separation date of 7/28/2013. Once HR approved the PAF, it was routed via interoffice mail to the Payroll Office for processing. In this particular instance, the PAF was not received in Payroll until 8/7/2013, ten (10) days after the employee's separation date. (Note: The Payroll Office date/time stamps all incoming mail upon receipt). It is unknown as to the cause of the delay. Because the separated employee was a full-time, scheduled employee, the employee was erroneously paid for days not worked according to their "scheduled" hours.</p> <p data-bbox="358 1398 1430 1457">Upon learning of this error, efforts were made to recoup the funds from the employee. As of January 2014, the funds have been repaid by the employee.</p> <p data-bbox="358 1488 1430 1734">In addition, as of 9/23/2013, the HR Office now electronically scans all PAF paperwork destined for the Payroll Office. These scans are batched at least twice a day and emailed as an attachment to two (2) separate Payroll staff members to print off and distribute to the remaining payroll staff members for processing. The Payroll staff member who opens the batch email sends a reply to the HR staff sender confirming receipt. The email file is also transferred from an incoming email box to an archived completed email box. This new procedure accounts for all mail being sent between HR and Payroll and eliminates any issues of mail being lost or otherwise delayed.</p>

Rating	Issues
High	1. Timesheet Accuracy, Verification and Authorization - continued
	<p data-bbox="654 279 1125 310">Management's Response - continued</p> <p data-bbox="358 327 1432 417">Response - continued: Finally, DPR has also instituted a procedure to verify that a termination date exists in the payroll system for any of their full-time employee terminations that occur between payroll cycles.</p> <p data-bbox="358 449 1432 751">The Finance Department will also add an additional written procedure to the "Bi-Weekly Time Entry Posting Guide", the payroll input and approval instruction manual used by payroll processors, to instruct each Department to perform a post payroll review and reconciliation using the payroll reports already distributed to them each payroll cycle in an effort to further catch, identify and reduce errors. In addition, the Payroll Office plans to communicate the results of this audit to all departments, identifying the common mistakes and errors departments should be cognizant of. In addition, the Internal Control Council will devote an article in an upcoming <i>IC Brief</i> newsletter about the payroll audit and common mistakes and errors. The Payroll Office will offer to conduct training for any County department on the payroll process.</p> <p data-bbox="358 783 1114 814">Responsible Party: Payroll Office and Human Resource Office</p> <p data-bbox="358 831 623 863">ECD: March 31, 2014</p>

Rating	Issues
High	<p>2. Post Payroll Review and Reconciliation</p>
	<p>After payroll is processed for the pay period, the Payroll Office submits post payroll reports to the departments. We noted that none of the departments selected for testing are performing a post payroll review, as this procedure is not required.</p> <p>As identified in <i>Issue #1</i> above, an employee was overpaid for time not worked. The department submitted the personal action form timely to HR, but the employee's profile was not updated as terminated. A post payroll review would have identified this overpayment.</p> <p>Without the proper review process, the County's payroll records could inadvertently contain errors which may not be properly detected in a timely manner.</p>
	<p style="text-align: center;">Recommendation</p>
	<p>We recommend that the County require department heads/managers perform a formal post payroll review by, at least, comparing aggregate totals on post payroll reports to the department's internal timekeeping records to verify accurate and complete processing. Any discrepancies identified from this review should be reported back to the Payroll Office in a timely manner. To facilitate appropriate segregation of duties, the person performing the post payroll review should not have access/authorization to enter time into HRIS.</p> <p>This will aid in the identification of payroll time entry errors, if any.</p>
	<p style="text-align: center;">Management's Response</p>
	<p>Response: The Finance Department concurs with this finding. While it has always been an expectation that the post payroll reports sent to the departments should be used for verification and post-audit purposes, the Payroll Office will add an additional <u>written procedure</u> to the "Bi-Weekly Time Entry Posting Guide," the payroll input and approval instruction manual used by payroll processors. This new procedure will instruct each Department to perform a post payroll review and reconciliation using the payroll reports already distributed to them each payroll cycle in an effort to further catch, identify and reduce errors. This new procedure will be communicated to all departments by the Payroll Office.</p> <p>Responsible Party: Payroll Office</p> <p>ECD: March 31, 2014</p>

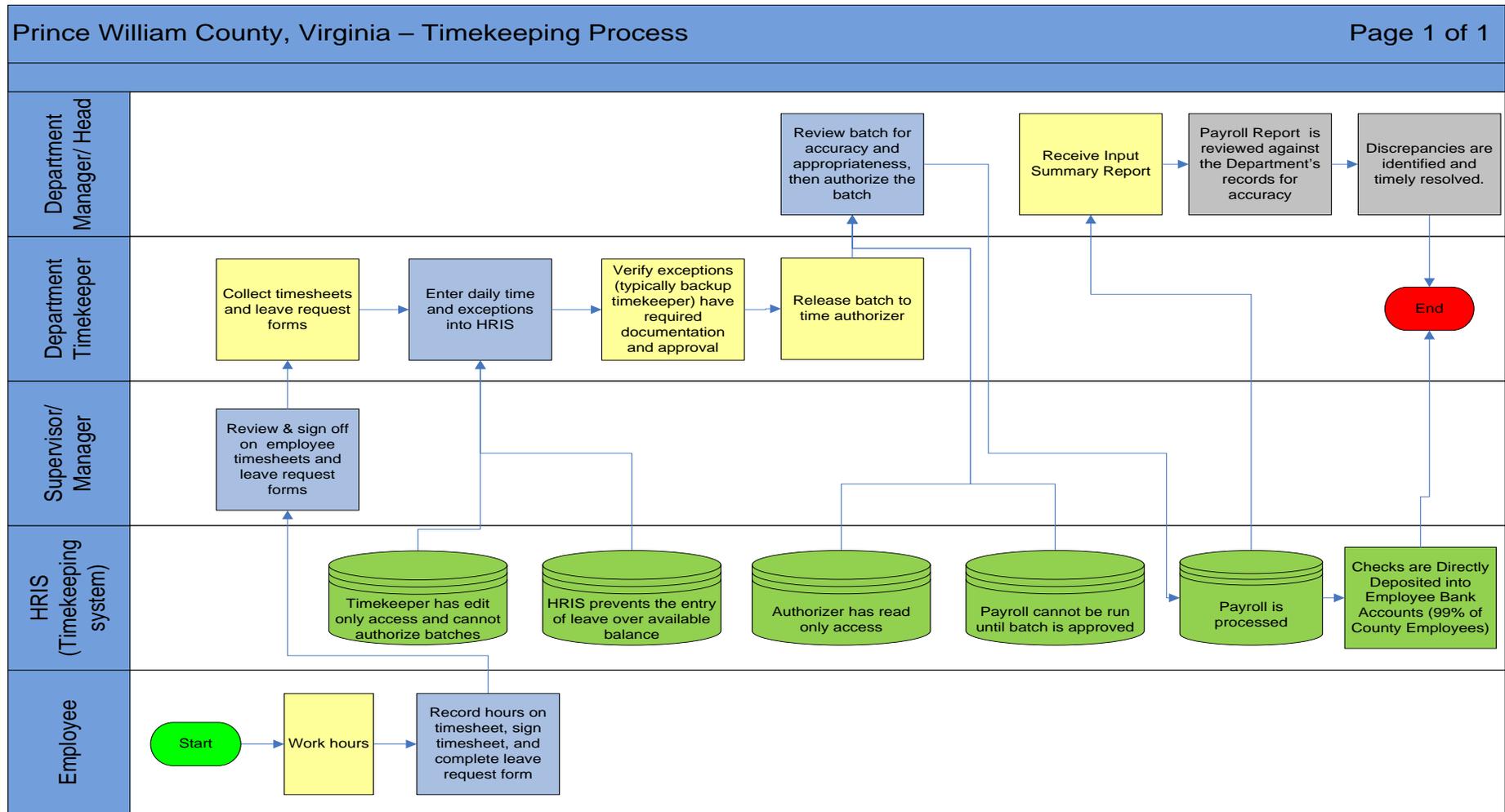
Rating	Issues
High	<p>3. Manual Timekeeping Process</p>
	<p>The County has a quasi automated timekeeping system in place to assist in efficient and accurate timekeeping and payroll processing. The County currently utilizes HRIS for timekeeping and payroll processing, which entails the use of manual timesheets, manual leave forms, manual sign off of supervisor review on the timesheet and leave forms, manual key entry by timekeeper, and system approval of batch time entries by a direct report of the department head.</p>
	<p style="text-align: center;">Recommendation</p>
	<p>The County should consider the cost/benefit of implementation of solutions to further automate the timekeeping processing to enhance the collecting, processing and monitoring of County employees' time, attendance and productivity. There will no longer be a need for manual key entry of exceptions by the timekeepers, which will also enhance segregation of duties over payroll entry and processing. Furthermore, automated timekeeping systems are capable of tracking employee and time attendance through magnetically encoded identification badges that are scanned into the time keeping machines. The systems then calculate the number of hours worked each day by hourly employees and interfaces with the payroll modules. This increases the effectiveness and efficiency in time required for the Payroll Office to process payroll. Other notable benefits of an automated timekeeping system include the following:</p> <ul style="list-style-type: none"> • 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; • Allowing staff real-time access to track and monitor leave of absences and ensure no overpayments; • 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, etc; • 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; • Allows employees to access their own time and attendance data and other personnel information in real time from personal computers; and • Assists in compliance with Federal Rules and Regulations.
	<p style="text-align: center;">Management's Response</p>
	<p>Response: The Finance Department concurs that automated processes would create efficiencies and reduce risk of error. However, the County's current payroll system is highly customized and therefore it becomes costly to create automated processes within the system and often the cost far exceeds the benefit. However, to the extent possible, the Finance Department, in conjunction with HR and the Department of Information Technology, will explore additional automation of the current system being mindful of the current budgetary and resource constraints. On a strategic front, the County is currently in the process of procuring a new financial management system and will also be evaluating an optional HR/Payroll module for consideration for future implementation.</p> <p>Responsible Party: Finance Department</p> <p>ECD: Deferred</p>

Rating	Issues
Moderate	4. User Access
	<p>Appropriate segregation of duties should include separating authorizing, recording, and reconciling functions. These duties are typically owned by different departments. Timekeeping entry should be limited to those persons necessary at each department. Although user access roles in HRIS are appropriately segregated and controlled, in which a person with timekeeping edit access cannot be an approver during a payroll cycle, we did note the following timekeeping edit access issues:</p> <ul style="list-style-type: none"> • One department does not have a backup approver identified in HRIS. • One department should only have 4 employees with timekeeping access (2 primaries, 2 alternates), but 6 have access. The same department should only have 2 approvers (1 primary, 1 alternate), but 3 have access. <p>Improper segregation of duties and user access increases the risk of fraud and errors.</p>
	Recommendation
	<p>We recommend that all departments be required to periodically review and monitor user access for appropriate segregation of duties and access levels, especially when there are job/function changes. This should occur on, at least, an annual basis. The appropriate number of timekeepers depends on the size of the department/location. This will help ensure the independence of the review of time entered and will aid in the identification of inappropriate user access, as noted above.</p>
	Management's Response
	<p>Response: The County concurs with this finding. The Human Resource (HR) Office and Finance department sends out a report annually to each department identifying all of their employees with HRIS and Performance user roles. The report is designed so that the department head must either confirm the correctness fo the report or may request a change or update to their employee's roles. While user role updates to HRIS and Performance are routinely made throughout the year as employees come and go, this particular procedure is designed to ensure that on an annual basis the roles are correct.</p> <p>It is also County practice to require each department to have back-up payroll initiators and approvers. Many departments are large, with multiple locations, necessitating the need for multiple individuals with initiator and approval function.</p> <p>Responsible Party: Payroll Office and Human Resource Office</p> <p>ECD: Bi-Annually (June and December)</p>

Rating	Issues
Moderate	<p>5. Compensatory Leave Calculations</p>
	<p>We noted that the HRIS timekeeping system does not automatically calculate compensatory time earned. The current process is unnecessarily manual and increases the risk of erroneous entries due to human errors or ambiguous documentation. Per County Personnel Policy Section 16.4, certain employees earn compensatory time at time and a half and other employees earn compensatory time on an hour for hour basis (“straight time”).</p> <p>Currently, timekeepers must manually calculate compensatory time earned using the appropriate accrual rate (time and a half or straight time) and then enter the total hours earned into HRIS for each payroll cycle. This manual calculation is prone to errors, especially if an employee does not provide the actual hours worked over their normal schedule and the supporting documentation for those hours. Also, if an employee enters their extra hours worked in the wrong section of the timesheet (e.g., hours are put in the straight time column when they should go into the time and a half column) the timekeeper could enter an incorrect amount of compensatory time earned into HRIS.</p>
	<p style="text-align: center;">Recommendation</p>
	<p>The County should consider enhancing HRIS to automate the compensatory time calculation functionality. The system requirements would be similar to those in place for overtime calculations. A timekeeper enters the actual amount of overtime hours worked, and then the system calculates overtime earned using the appropriate rate. This proposed system modification would also require the system to track compensatory time calculation rates for each employee. Based on our understanding of the overtime feature, HRIS has this capability because it tracks employees that receive overtime at rates higher than time and a half, such as police officers on incentive programs.</p>
	<p style="text-align: center;">Management’s Response</p>
	<p>Response: The Finance Department concurs with this finding. However, this is not functionality that currently exists in the County’s HRIS system. The Finance Department will reach out to the third-party software provider to ascertain the cost to modify the HRIS system to automate the calculation of compensatory time. In the interim, the Payroll Office will remind timekeepers to be extra cautious when calculating and entering compensatory time.</p> <p>Responsible Party: Payroll Office</p> <p>ECD: Deferred</p>

Process Maps

Process Maps



“Exceptions” are those hours that the employee does not work (e.g. sick or annual leave) or hours over the employee’s normal schedule (e.g., over time). Since the system pre-populates the time based on the employee’s status (FT or PT) only the exceptions to the hours are entered.

“Batch” is all of the time data entered for a department



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