

# **Final Audit Follow-up**

*As of November 30, 2015*



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City Auditor

## **Audit of Selected Departments' Leave and Attendance Processes and Transactions**

*(Report #1218 issued September 5, 2012)*

**Report #1605**

**January 13, 2016**

### **Summary**

This is the third and final follow-up on the Audit of Selected Departments' Leave and Attendance Processes and Transactions, Report #1218, issued September 5, 2012. During the original audit, we noted that overall, recorded leave and attendance transactions tested were materially accurate. However, we also noted several instances of noncompliance with City policies, most of which had no monetary impact. Management developed 16 action plan steps to address the report recommendations. As of November 30, 2015, each of those 16 steps had been completed. Thirteen steps were completed in the prior two follow-up periods and three were completed during this follow-up period. The three steps finalized during this follow-up period relate to capabilities of the newly implemented time and attendance system and related training.

The final three action steps completed during this third follow-up period include:

- 1) The new time and attendance system recently implemented by the City allows employees to enter their own time worked and prevents negative leave balances, which previously occurred as employees were able to enter leave without having an adequate leave balance in the prior system.
- 2) Provided training to timekeepers on how to apply applicable laws, rules, and policies related to timekeeping responsibilities.

- 3) Provided training to department timekeeping staff and supervisors on the processing of pre-approved personal (PAPER) leave. The Department of Management and Administration (DMA) coordinated that training, along with training on timekeeping laws, rules, and policies, with the implementation of the new time and attendance system.

We appreciate the cooperation and assistance provided by key City staff during this audit follow-up, particularly in Accounting Services and Human Resources.

### **Scope, Objectives, and Methodology**

We conducted this audit follow-up in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit follow-up to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit follow-up objectives.

### **Original Report #1218**

The scope of report #1218 was to evaluate the internal controls related to leave and attendance processes for three selected City departments (Electric; Public Works; and Parks, Recreation, and Neighborhood Affairs or PRNA) and one division (Hilaman Golf Course).

Specifically, our objectives were to determine whether:

- 1) Leave and attendance processes and recorded transactions complied with governing laws, rules, and policies and procedures; and
- 2) Transactions were recorded accurately in the City’s financial and human resources records.

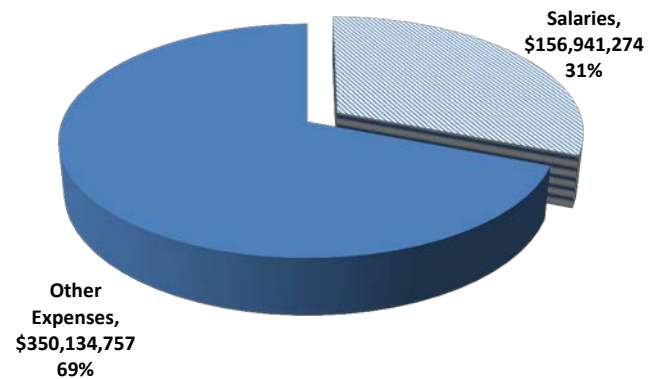
**Report #1605**

This is our third and final follow-up on action plan steps identified in audit report #1218. The purpose of this follow-up audit is to report on the progress and status of efforts to complete remaining action plan steps due for completion as of September 30, 2015. To determine the status of the action plan steps, we inquired of and interviewed staff and reviewed relevant documentation.

**Background**

The City of Tallahassee (City) is a full-service city providing a variety of services to its citizens, including police and fire services; public transportation, including an international airport and bus transit system; public works and services; electric generation, transmission, and distribution; natural gas distribution; water production and distribution; sewer collection and treatment; stormwater/flood control; planning; building permitting; and other community services, such as parks and recreation, and economic and community development. As reported in the initial audit report, in fiscal year (FY) 2011, the City employed 2,846 full-time equivalent (FTE) employees. Salaries and wages made up 31% of the City’s 2011 operating expenditures, excluding fuel costs, allocated costs, and contributions to other funds (\$157 million of \$507 million).

**Figure 1  
FY 2011 Salaries and Wages of the City’s Expenditures**



Source: FY 2011 City Financial System Accounting Reports

Among the over 2,800 FTEs in the City, there are a variety of position classifications eligible for assorted compensation and leave benefits and numerous laws, rules, and policies and procedures related to pay for employees’ attendance (time at work), leave, and retention of compensation-related documentation. Examples of such laws and policies include:

- Fair Labor Standards Act (FLSA)
- Florida Statutes Chapter 440, “Workers’ Compensation Law”
- Florida General Records Schedule GS1-SL
- City Personnel Policy Chapter 706, “Working Conditions”
- City Personnel Policy Chapter 704, “Compensation”
- City Personnel Policy Chapter 703, “Temporary Employment”
- City Personnel Policy Chapter 708, “Types of Leave”
- City Administrative Policy and Procedures 630, “Internal Controls”

Leave and attendance encompasses the development and management of human resources policies and procedures, employees performing work and taking leave, and entry of type and amount of work performed and leave taken for

each employee into the City’s time and attendance system. This information is then used in the preparation and disbursement of payroll to employees. These duties are performed in different departments and divisions throughout the City, starting with employees working (or taking leave) through the distribution of payroll.

The development and management of human resources policies and procedures are centralized within the City’s Human Resources Division, located in DMA. This division is responsible for providing comprehensive human resource services including personnel management, classification and pay, benefits administration, labor relations, safety, employee data in PeopleSoft Human Resource Management System (HRMS), human resource policy and procedures and training, and organizational development and strategic planning support.

On October 31, 2015, the City implemented MyTime, the new electronic time and attendance system. Prior to this date, designated timekeepers recorded employee time and attendance activity. Employees first recorded the type and number of hours worked and leave taken on a timesheet, either on paper or through an electronic timesheet recording system. A timekeeper within the various

departments and divisions would then enter employees’ leave and attendance activity into HRMS. With implementation of MyTime, employees in the job classifications of Non-Exempt, Supervisory 1 and 2, and Professional 1 are now responsible for entering their own time worked and leave taken into MyTime. These employees enter time daily by either clocking in and out or logging into MyTime and recording a timestamp. Time worked and leave taken for all City employees must be approved by both employees and supervisors at the end of each pay period.

***Previous Conditions and Current Status***

In report #1218, we provided recommendations to City management in areas related to the management of leave and attendance. To address our recommendations, City management developed an Action Plan consisting of 16 action plan steps. Thirteen steps were completed during the prior two follow-up periods as reported in our follow-up reports #1317 and #1403. The remaining three steps were completed as of November 30, 2015, as explained in Table 1 below.

**Table 1**  
**Action Plan Steps from Audit Report #1218**  
**Due as of September 30, 2015, and Current Status**

Action Plan Steps Due as of September 30, 2015	Current Status as of November 30, 2015
<i>To improve compliance with governing laws, rules, and policies and procedures.</i>	
<ul style="list-style-type: none"> <li>Human Resources to provide training to timekeepers on how to apply applicable laws, rules, and policies related to timekeeping responsibilities. <i>[Report #1218 Action Plan Step A.1]</i></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Completed.</b> On October 31, 2015, DMA launched MyTime, the City’s new electronic time and attendance system. Prior to implementation of MyTime, training on applicable timekeeping laws, rules, and policies was provided to all employees and supervisors, with the exception of certain temporary PRNA employees. Using a “train the trainer” model, training on the new timekeeping system was decentralized, with individual departments responsible for ensuring their employees received the requisite training. User manuals have incorporated FY 2016 policy changes resulting from the conversion to MyTime. Additionally, FLSA laws and rules were embedded in the new MyTime system during development of that system.</li> </ul>
<ul style="list-style-type: none"> <li>Each of the audited four areas (Electric, Public Works, PRNA, and Hilaman) to ensure employees sign their own name on timesheets asserting to the accuracy of recorded time worked and leave taken. <i>[Report #1218 Action Plan Step A.2]</i></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Completed</b> as reported in audit follow-up reports #1317 and #1403.</li> </ul>
<ul style="list-style-type: none"> <li>Each of the four audited areas to ensure supervisors consistently review and approve employee timesheets indicating they concur with employee assertions of time worked and leave taken. <i>[Report #1218 Action Plan Step A.3]</i></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Completed</b> as reported in audit follow-up reports #1317 and #1403.</li> </ul>
<ul style="list-style-type: none"> <li>PRNA work with Human Resources and Payroll to define a new pay code to pay lifeguards the appropriate rate of pay for the actual number of hours they work. <i>[Report #1218 Action Plan Step A.4]</i></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Completed</b> as reported in audit follow-up report #1317.</li> </ul>

<ul style="list-style-type: none"> <li>• Payroll notify either the department director or immediate supervisor of the employees with negative leave balances in their department for them to address and prevent from reoccurring. <i>[Report #1218 Action Plan Step A.5]</i></li> </ul>	<p>✓ <b>Completed</b> as reported in audit follow-up reports #1317 and #1403.</p>
<ul style="list-style-type: none"> <li>• Each department to implement a process to regularly check the leave balances for employees in their departments to prevent employees from having negative leave balances. <i>[Report #1218 Action Plan Step A.6]</i></li> </ul>	<p>✓ <b>Completed</b> as reported in audit follow-up report #1317.</p>
<ul style="list-style-type: none"> <li>• DMA, during their evaluation of a new time and attendance system, ensure that the new system has the capability of preventing leave entries when there are not adequate leave balances so negative leave balances will not exist. <i>[Report #1218 Action Plan Step A.7]</i></li> </ul>	<p>✓ <b>Completed.</b> On October 31, 2015, DMA implemented MyTime, the City’s new electronic time and attendance system. We determined Accounting Services has taken appropriate measures to ensure MyTime has the capability to prevent negative leave balances from occurring. MyTime disallows leave accrual overdraft for personal leave, personal leave – carryover exception, sick leave, personal day leave, compensatory leave, leave donation, leave pool, catastrophic leave, and compensatory overflow leave. In the event one type of leave is depleted, a cascading event is triggered in which leave is automatically deducted from the next available leave type until all available leave is exhausted (e.g., the timekeeping system will use personal leave if all sick leave is exhausted). When all appropriate and available leave is exhausted, MyTime will charge the employee with Leave Without Pay (LWOP).</p>
<ul style="list-style-type: none"> <li>• Human Resources provide training to department timekeeping staff and supervisors as to what pre-approved personal (PAPER) leave is and how it is to be used. <i>[Report #1218 Action Plan Step A.8]</i></li> </ul>	<p>✓ <b>Completed.</b> As previously noted, on October 31, 2015, DMA launched MyTime, the City’s new time and attendance system. Prior to implementation of MyTime, training on applicable timekeeping laws, rules, and policies was provided to all employees and supervisors, with the exception of certain temporary PRNA employees. During development of the new timekeeping system, FLSA laws and rules were embedded in the new timekeeping system. However, MyTime does not have the capability to make determinations regarding the use of pre-</p>

	<p>approved personal (PAPER) leave for the purposes of computing overtime. Accordingly, it is the responsibility of supervisors to ensure the proper use and coding of PAPER leave.</p> <p>All supervisors received training on PAPER leave as part of their MyTime training. The Human Resources training manual used to train new supervisors incorporates the newly revised MyTime policy changes for FY 2016, to include clarifications on PAPER leave.</p>
<ul style="list-style-type: none"> <li>Human Resources revise policy to address instances when employees are eligible and not eligible for on-call duty pay, such as when employees are out on leave unless responding to emergency conditions. <i>[Report #1218 Action Plan Step A.9]</i></li> </ul>	<p>✓ <b>Completed</b> as reported in audit follow-up report #1317.</p>
<p><b><i>To improve the accuracy of leave and attendance transactions.</i></b></p>	
<ul style="list-style-type: none"> <li>Hilaman management should consider utilizing a timesheet with existing calculations to assist staff and supervisors accurately calculate time worked. <i>[Report #1218 Action Plan Step B.1]</i></li> </ul>	<p>✓ <b>Completed</b> as reported in audit follow-up report #1317.</p>
<ul style="list-style-type: none"> <li>Hilaman staff to take more care in calculating hours worked or implement a different method of recording time to ensure that employees are paid correct amounts. <i>[Report #1218 Action Plan Step B.2]</i></li> </ul>	<p>✓ <b>Completed</b> as reported in audit follow-up report #1317.</p>
<ul style="list-style-type: none"> <li>UBCS should work with Human Resources to resolve the overpayment issue related to the incorrect payout of compensatory time. <i>[Report #1218 Action Plan Step B.3]</i></li> </ul>	<p>✓ <b>Completed</b> as reported in audit follow-up report #1403.</p>
<ul style="list-style-type: none"> <li>Electric to work with Payroll to implement a new leave code for reporting of “rest time.” <i>[Report #1218 Action Plan Step B.4]</i></li> </ul>	<p>✓ <b>Completed</b> as reported in audit follow-up report #1317.</p>
<p><b><i>To improve the internal controls related to recording time and attendance transactions.</i></b></p>	
<ul style="list-style-type: none"> <li>DMA/Payroll to implement system access controls to prevent timekeepers from entering their own leave and attendance transactions, or alternatively, implement compensating controls</li> </ul>	<p>✓ <b>Completed</b> as reported in audit follow-up report #1317.</p>

<p>to adequately monitor leave and attendance transactions related to timekeepers. [Report #1218 Action Plan Step C.1]</p>	
<ul style="list-style-type: none"> <li>• Payroll to develop and make available a query for departments to monitor the leave balances of their employees to ensure that employees have leave balances before recording leave taken, or to enter leave without pay. [Report #1218 Action Plan Step C.2]</li> </ul>	<p>✓ <b>Completed</b> as reported in audit follow-up report #1317.</p>
<ul style="list-style-type: none"> <li>• The Budget Office and UBCS should work together to change the cost center for golf courses to the correct department. [Report #1218 Action Plan Step C.3]</li> </ul>	<p>✓ <b>Completed</b> as reported in audit follow-up report #1317.</p>

**Table Legend:**

- Issue to be addressed from the original audit

✓ Action Step Completed

**Conclusion**

As described above, each of the 16 action plan steps developed to address issues identified in our initial audit has been completed as of November 30, 2015. As shown in Table 1 above, thirteen steps were completed as reported in prior audit follow-up reports #1317 and #1403, and the final three steps were completed during this follow-up period. The three steps resolved during this follow-up period relate to:

- Ensuring MyTime prevents leave entries for employees that do not have adequate leave balances.
- Providing training to timekeepers on the application of applicable laws, rules, and policies related to timekeeping.
- Providing training to timekeepers and supervisors as to what PAPER leave is and how it is to be used.

We appreciate the cooperation and assistance provided by key City staff during this audit follow-up, particularly in Accounting Services and Human Resources.

**Appointed Official's Response**

**City Manager:**

The City Auditor's Office has completed their third and final follow-up on the Audit of Selected Departments' Leave and Attendance Processes and Transactions. I am pleased to see that the final follow-up indicates that City Departments have completed all sixteen (16) action steps established to address issues identified in the audit report. Additionally, I am pleased that the overall scope of the audit indicated that recorded leave and attendance transactions tested were materially accurate. I would like to thank the City Auditor's Office as well as all of the departments for their work and follow-up on this audit.

Copies of this final audit follow-up #1605 or the original audit report #1218 may be obtained from the City Auditor's website (<http://talgov.com/auditing/auditing-auditreports.aspx>) or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (Office of the City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail ([auditors@talgov.com](mailto:auditors@talgov.com)).

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