AUDIT REPORT

Payroll Division, Controller's Office

Payroll System Conversion and Internal Controls

September 2017

Office of the Auditor
Audit Services Division
City and County of Denver

Timothy M. O'Brien, CPA
Denver Auditor

The Auditor of the City and County of Denver is independently elected by the citizens of Denver. He is responsible for examining and evaluating the operations of City agencies and contractors for the purpose of ensuring the proper and efficient use of City resources and providing other audit services and information to City Council, the Mayor, and the public to improve all aspects of Denver's government.

The Audit Committee is chaired by the Auditor and consists of seven members. The Audit Committee assists the Auditor in his oversight responsibilities regarding the integrity of the City's finances and operations, including the reliability of the City's financial statements. The Audit Committee is structured in a manner that ensures the independent oversight of City operations, thereby enhancing citizen confidence and avoiding any appearance of a conflict of interest.

Audit Committee

Timothy M. O'Brien, CPA, Chairman
Rudolfo Payan, Vice Chairman
Jack Blumenthal
Leslie Mitchell
Florine Nath
Charles Scheibe
Ed Scholz

Audit Management

Timothy M. O'Brien, CPA, Auditor
Valerie Walling, CPA, CMC®, Deputy Auditor
Heidi O'Neil, CPA, CGMA, Director of Financial Audits
Kevin Sear, CPA, CIA, CISA, CFE, CGMA, Audit Manager

Audit Team

Jeremy Creamean, CPA, Audit Supervisor
Vilma Balnyte, CPA, Lead Auditor
Drew Jeffries, Senior Auditor
Roberta Holbrook, CPA, CGMA, Senior Auditor
Ronald F. Keller, CIA, CFE, Senior Auditor
Alexandra Green, Staff Auditor

You can obtain copies of this report by contacting us:

Office of the Auditor
201 West Colfax Avenue, #705
Denver CO, 80202
(720) 913-5000 ◆ Fax (720) 913-5247

Or download and view an electronic copy by visiting our website at: www.denvergov.org/auditor
Audit report year: **2017**

City and County of Denver

201 West Colfax Avenue, #705 • Denver, Colorado 80202

720-913-5000 • Fax 720-913-5253 • www.denvergov.org/auditor

Timothy M. O'Brien, CPA
Auditor

September 21, 2017

AUDITOR'S REPORT

We have completed an audit of the Payroll System Conversion and Internal Controls. Workday is the City's new enterprise resource system, supporting the payroll function, which was transferred from the previous enterprise resource system PeopleSoft at the beginning of 2017. The objectives of the audit were to assess whether the internal control framework surrounding the City's payroll process effectively ensures that payroll is processed completely and accurately, and to evaluate the effectiveness of the City's conversion process of its payroll functions to Workday. We evaluated how key payroll processes and internal controls aligned with best practices, and to what extent payroll was accurate for the period tested.

As described in the attached report, our audit revealed that the payroll process, under the direction of the Payroll Division within the Controller's Office, and certain processes that interface with the Office of Human Resources, have internal control deficiencies. Specifically, we found that the Controller's Office and the Office of Human Resources need to strengthen policies and procedures related to incident resolution and reporting, prepare written payroll processing procedures, improve employee and manager timesheet approvals, enhance payroll system controls, and ensure timeliness of employment termination processing. Our audit also revealed that although the City's conversion of its payroll process to Workday was successful, generally following established project management standards, there are opportunities to apply lessons learned to other phases of Workday conversion.

Through stronger policies and procedures, implementation/creation of payroll exception reports along with required manager and agency reviews, the Controller's Office will be better positioned to ensure that payroll errors will be prevented or detected in a timely manner. Our report lists several related recommendations.

This performance audit is authorized pursuant to the City and County of Denver Charter, Article V, Part 2, Section 1, *General Powers and Duties of Auditor*, and was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We extend appreciation to the Controller's Office, Office of Human Resources, Technology Services, and the personnel who assisted and cooperated with us during the audit.

Denver Auditor's Office

Timothy M. O'Brien, CPA
Auditor

REPORT HIGHLIGHTS

Payroll System Conversion and Internal Controls
September 2017

Objective

The first objective of the audit was to assess the effectiveness of the internal control framework surrounding the City's payroll process to ensure that payroll was processed completely and accurately from January 2017 through May 2017. The second objective was to assess the effectiveness of the City's process to convert its payroll-related functions to the new enterprise resource planning (ERP) system, Workday.

Background

The Controller's Office, working closely with the Office of Human Resources and Technology Services, and Sierra-Cedar, a third-party consulting firm, converted the payroll and human resources functions to Workday on January 1, 2017.

The Payroll Division is responsible for uploading and reconciling employee time worked through the approval of the payment process.

Annual 2016 citywide payroll costs were about $1.2 billion. There are approximately 11,000 full-time equivalent employees, or 13,652 individuals, as of January 2017.

Highlights

In our assessment of the payroll process and the conversion to Workday, we had two findings. First, we found that the City's payroll process has internal control deficiencies, as follows:

1. Eleven percent of employee timecards were not approved by supervisors, which creates a risk that employees may be paid incorrectly or for time not worked.
2. There is no effective mechanism to monitor, categorize, and report to management approximately 3,800 monthly employee payroll-related inquiries and requests. There is also no process to modify training and job aids to help reduce the volume of such inquiries and requests.
3. The Payroll Division does not have updated formal written procedures for processing payroll, which could result in undetected errors.
4. Internal controls over the payroll system are inadequate. For example, Workday lacks some important business process rules that would assist in preventing errors. Additionally, several deficiencies were noted relating to the reports used by the Payroll Division to review payroll data for accuracy.
5. Some employees are not terminated timely and stay active in the City's payroll and timekeeping systems, which may result in overpayments.

Second, we noted that the City's conversion of its payroll process to Workday was accomplished successfully. However, lessons learned can be applied to the conversion to Workday for Financial Processes. We identified two issues as follows:

1. There was no single record-keeping repository requirement, and documentation of test phase results and other key documents were not readily available or updated timely.
2. Ninety-one percent of supervisors completed the initial Workday training. Workday training is not mandatory for new employees.

Based on these issues, we conclude that with development of stronger policies and procedures, the Payroll Division will be better positioned to ensure effective oversight.

For a copy of this report, visit www.denvergov.org/auditor or contact the Auditor's Office at 720.913.5000.

TABLE OF CONTENTS

BACKGROUND **1**

OBJECTIVE **4**

SCOPE **4**

METHODOLOGY **4**

FINDING 1 **5**

The City's Payroll Process Has Internal Control Deficiencies 5

Payroll Incident Resolution and Communication Could Be Improved 5

There Are No Updated Written Procedures for Workday Payroll Processing 8

Employee Timecard Review, the Key Internal Control in the Payroll Process, Is Not Functioning Effectively 9

Payroll System Controls Are Inadequate 13

Some Employees Are Not Terminated Timely in Workday and Kronos 16

FINDING 2 **23**

The City's Conversion of Its Payroll Process to Workday Was Successful, but Lessons Learned Can Be Applied During the Conversion to Workday for Financial Processes 23

The City's Conversion to Workday Was Successful, Based on the Project Management Framework 23

Workday Training for Employees and Supervisors Could Be Improved 26

AGENCY RESPONSE **31**

APPENDICES **41**

Appendix A – Green Book Requirements 41

Appendix B – Select City Systems 42

BACKGROUND

Payroll is an important and complex function within any organization. 2016 payroll annual costs were about $1.2 billion.[1] The City's 11,000 employees must be compensated timely and accurately for their work.[2,3] Doing so every pay period requires a great deal of procedural efficiency and accuracy on behalf of the City's payroll personnel.

Additionally, payroll calculations are very complex. Each employee's time should be reviewed and approved every two weeks. Then, each employee's pay must be calculated along with the related deductions and federal and state tax withholdings based on the employee's specific information. In this process, the City must comply with various federal, state, and local laws, rules, regulations, and policies governing various payroll elements such as minimum wage, deductions, vacation, or final pay. For example, Internal Revenue Service requires the City to deposit employment taxes within one week or less of each pay period date. Coordination and cooperation among City agencies within a short timeframe is required to consistently meet these deadlines.

Agencies Involved in Payroll Processing

Several agencies share responsibilities which affect the City's payroll process. The key players in this process are the Controller's Office, its Payroll Division, Office of Human Resources, and Denver Technology Services.

Controller's Office

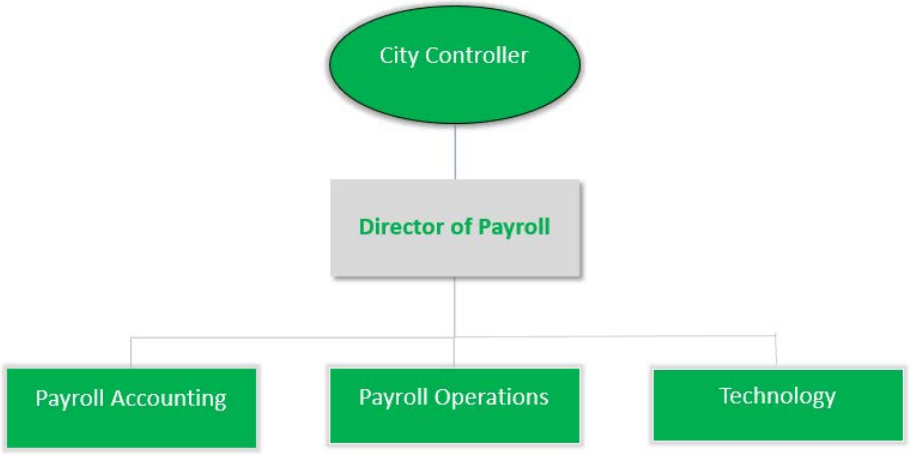
Payroll is managed within the Controller's Office, the primary responsibility of which is to ensure the integrity of the City's financial statements and maintain sound internal controls. More specifically, the office establishes and enforces citywide financial policies, procedures, and internal controls, maintains the City's ledgers and books, manages payroll and accounts payable, provides accounting services, and produces the annual financial report that includes the audited financial statements of the City. Payroll-specific functions are managed by the Payroll Division.

Payroll Division

The Payroll Division (Payroll) manages payroll for all City agencies and provides tools for timekeeping, leave management, and activities allocation. Payroll has 28 full-time employees and comprises three sections: payroll accounting, payroll operations, and payroll technology. Figure 1 shows this high-level organizational structure within the Controller's Office.

[1] Amount is calculated by including all payroll accounts.
[2] Approximate full-time equivalent employee count. For example, two 20-hour per week employees would count as one full-time equivalent employee.
[3] City and County of Denver, *Comprehensive Annual Financial R*eport (2016), p. 191.

FIGURE 1. Controller's Office, Payroll Division Organizational Chart



Source: Organizational chart was prepared by the Auditor's Office based on the City's website on 8/7/17.

The Payroll Division is responsible for many aspects of the City's payroll process. One process Payroll Division performs is verification that the time employees report in Kronos, the City's timekeeping system, is imported correctly into Workday, the City's new payroll system, ensuring that pay is calculated correctly. Another is to monitor and help resolve employee payroll questions received through a tracking system called Salesforce. Third, Payroll gives the final approval for the transfer of City money to the bank for payment of wages and taxes. These are just a few examples of the overall responsibilities of the Payroll Division.

Office of Human Resources and Denver Technology Services

Two other City agencies play important roles in the payroll process: The Office of Human Resources (OHR) and Denver Technology Services (TS). OHR oversees the City's personnel system and the majority of its employees, excluding elected officials, appointees, and uniformed police and fire. This oversight includes job recruitment and hiring processed in NeoGov system, separations, compliance with the competitive merit system, and administration of benefit and wellness packages.[4] TS is the central information technology department for the City. TS and its Project Management Office provide project management and guidance in selection and implementation of new technology systems.

Technology Helps Organizations Streamline Payroll Processes

As technology has advanced, organizations have been able to adopt enterprise resource planning (ERP) systems to help streamline their payroll processes. These systems may include numerous functions, one of which is to help payroll departments calculate employees' wages accurately and quickly. The use of a software platform to automate payroll reduces manual processes, strengthens controls, and enhances operations with tools that produce reports and generate data to enhance decision making. The City has recently moved to a new ERP system called Workday.

[4] NeoGov is the city's human resource software that automates the hiring process.

The City Recently Converted to Workday for Payroll Processing

The City signed a contract with Workday in July 2015 to replace PeopleSoft, the City's previous ERP system. The contract term is from July 2015 to December 2019 and includes the City as well as Denver International Airport. Workday is a cloud-based Software as a Service (SaaS) ERP solution, which is used to manage payroll as well as the City's human resources, financial, and procurement business processes. City employees can use Workday to manage their benefits, pay-related information such as direct deposits and W-4s, and personal information such as home addresses, mobile phone numbers, and emergency contacts.

Workday, Inc., is responsible for maintaining the infrastructure and software, while the City and Workday, Inc. are jointly responsible for support of the application. Additionally, the City contracted with Sierra-Cedar, Inc., to help implement Workday, as well as to provide professional services related to organizational change management and business process realignment. The City also plays an important role in implementing this new system, such as testing data integrity and signing off on project milestones as they are achieved. The new software and processes are expected to redefine how the affected departments do business, impacting all employees citywide.Payroll, OHR, and TS played key roles in the payroll conversion process.

Workday was implemented for the payroll and human resource functions for the first pay period of 2017. Statistics for the first City's payroll processed in Workday are presented in Table 1. The City went live with Workday for Financial Processes in August 2017.

TABLE 1. Activity Processed for the First Payroll in Workday

Employee earnings	$33.4 million
Employee withholdings/deductions	$12.2 million
Employer-paid benefits	$12.7 million
Number of employees	13,652

Source: City's payroll processed in Workday for period ending 1/7/17.

Note: Number of employees includes all part-time and on-call employees paid during the period, therefore, this number is higher than the number of full-time equivalent employees.

OBJECTIVE

The objectives of the audit were:

- To assess the effectiveness of the internal control framework surrounding the City's payroll process in place to ensure that payroll is processed completely and accurately
- To assess the effectiveness of the City's process to convert to the new enterprise resource planning (ERP) system as it relates to the payroll function

SCOPE

The audit assessed the effectiveness of the City's payroll process under Workday, the new enterprise resource planning software that the City recently implemented to manage the human resources and payroll functions.

METHODOLOGY

We used several methodologies to gather and analyze information related to the audit objectives. The methodologies included the following:

- Reviewing prior City audit reports and other background documentation related to the City's payroll policies, procedures, and processes
- Conducting interviews with key Payroll, TS, and OHR personnel
- Documenting the internal controls over the payroll process
- Obtaining critical documentation to perform testing of City payroll data for the period from December 25, 2016, through May 27, 2017
- Performing various tests of payroll data for the period from December 25, 2016, through May 27, 2017
- Obtaining and reviewing various documents related to the conversion from PeopleSoft to Workday
- Performing various tests to assess the payroll conversion process
- Reviewing Project Management Body of Knowledge and the Green Book for guidance and best practices for project management and internal control systems

FINDING 1

The City's Payroll Process Has Internal Control Deficiencies

In assessing the effectiveness of the City's payroll process, we found that improvement is needed in five areas to strengthen the internal control framework. First, we identified inefficiencies in the incident resolution process. Second, there are no updated written procedures detailing the payroll process under the Workday system. Third, employees and their supervisors are not always reviewing and signing off on their timesheets. Fourth, some business process rules and audit reports used to prevent or detect errors are not effectively functioning, audit reports are not effective, and agencies are not required to review payroll data to identify errors.[5] Finally, it appears that employees are not always removed from the City's timekeeping and payroll systems after separating from the City. We offer 14 recommendations to remedy these internal control deficiencies that, if implemented, will increase the likelihood that payroll is processed completely and accurately.

Payroll Incident Resolution and Communication Could Be Improved

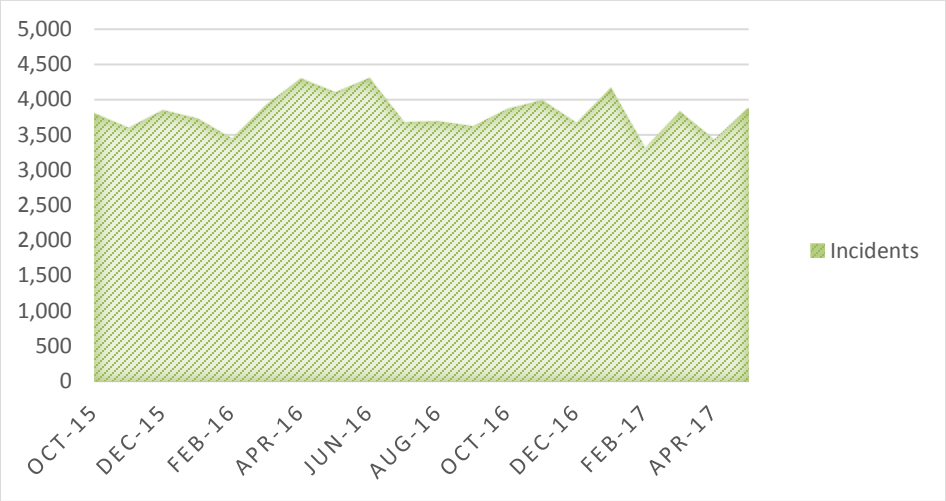
As part of our audit testing, we assessed how the Payroll Division (Payroll) handles questions and issues related to the payroll process. Payroll receives approximately 3,800 inquiries per month from employees, most of which come in through emails and are recorded in the Salesforce system.[6] These inquiries, or "incidents," range from routine questions about the payroll process to requests to investigate unique payroll issues.

Although we expected to potentially see a moderate increase in incidents following the conversion to Workday, the average volume of incidents reported per month remained steady from October 2015 through May 2017. Figure 2 shows the volume of Payroll incidents during this period.

[5] Audit reports are used in Workday Payroll process to identify and help resolve unusual items and exceptions.

[6] Many questions and requests do not come through the designated email box, but rather may come via emails or phone calls directly to specific Controller's Office employees. Therefore, the list of Salesforce incidents is not an all-inclusive repository of payroll-related incidents. Also note that not all incidents are unique in Salesforce, as follow up questions for an incident typically get a new incident number.

FIGURE 2. Salesforce Incidents Routed to Payroll Division, October 2015 – April 2017



Source: The chart was created by the Auditor's Office based on data provided by the Controller's Office.

Considering the volume of incidents directed to Payroll each month, we were interested in understanding not only how Payroll responds to these inquiries but whether any sort of tracking and trending is performed to identify and remedy systemic issues. We learned that the Controller's Office does not have a system in place to monitor Payroll incidents for recurring or significant problems, or to elevate systemic problems to higher levels of management.

Based on differences between our analysis of incidents logged during the Workday conversion and management's understanding of these incidents, we determined that the lack of monitoring and upward communication may be a problem. Specifically, the Controller's Office indicated that it was aware of fewer than 10 system issues with payroll payments since the implementation of Workday. It was generally aware that there are many other issues and inquiries, but not of incident types or quantities. One incident example was a new hire paid for two pay periods before she began working for the City, indicating potential weaknesses in the internal controls surrounding new hire input and payroll review processes. We also identified many instances of the same questions posed by multiple users. For example, we noted a high volume of inquiries related to merit pay increases granted to certain employees resulting from 2016 performance reviews. Many of these employees expected their merit-based pay increases to take effect on January 1, 2017, but they were processed in mid-March. There were also questions about timing of the lump-sum back payments resulting from the delayed merit pay increases.

When assessing why recurring issues are not being tracked, elevated, and remedied, we determined that the Controller's Office does not have a plan to classify, categorize, and review incidents to improve payroll processes. Further, the City's contract for the Workday system did not include a plan within the scope of work to help identify and report the most common user issues.

Effective oversight of an internal control system requires sufficient communication. In fact, the Standards for Internal Control in the Federal Government (Green Book) lists five components of

effective oversight, one of which is a mechanism to monitor and report recurring issues.[7] The guidance specifies that an entity's management should receive information that "flows up the reporting lines from personnel to help management achieve the entity's objectives."[8]

Without a way to categorize and classify payroll-related incidents, no useful reports can be made to inform management of trends that may indicate systemic problems. Lack of communication could lead to missed opportunities to develop or enhance training to improve the payroll process. Management may also be missing opportunities to modify Workday parameters or business process rules to improve system functionality. Without taking advantage of these opportunities, changes cannot be implemented to relieve the administrative burden on Payroll employees and improve process efficiency.

RECOMMENDATION 1.1

The Controller's Office should develop a method in Salesforce for categorizing recurring incidents accompanied by policies and procedures for using incident data.

Agency Response: Agree – November, 2017

RECOMMENDATION 1.2

The Controller's Office should determine the appropriate level of management for regular review of Salesforce incidents and develop procedures for identifying recurring problems and devising resolutions.

Agency Response: Agree – November, 2017

RECOMMENDATION 1.3

The Controller's Office should develop training to help implement policies and procedures for appropriate level of management to regularly review Salesforce issues to identify recurring problems and take steps to resolve them.

Agency Response: Agree – November, 2017

[7] U.S. Government Accountability Office, Standards for Internal Control in the Federal Government, GAO-14-704G (Washington, D.C., 2014), 26, accessed August 1, 2017, http://www.gao.gov/assets/670/665712.pdf.
[8] *Ibid.*, 61.

There Are No Updated Written Procedures for Workday Payroll Processing

Based on interviews, we found that the Payroll Division does not have updated formal written procedures for the biweekly processing payroll or for the daily off-cycle payroll process in Workday. The procedures necessary to prepare payroll and process related information for the City's approximately 13,000 employees are complex. We obtained a generic Workday training manual that describes how to make entries in Workday. However, it does not address specific duties for each role in the Payroll Division. Additionally, when we asked Payroll personnel whether they had written procedures, only one employee mentioned this manual during our audit, which indicates that employees either are not aware of it or they do not consider it an authoritative manual for payroll processes and procedures.

According to the Green Book, management should implement policies to clarify each organizational unit's responsibility for their operational objectives. Management can then further define those policies through day-to-day procedures, depending on changes that occur within the organization and the complexity of the related processes. To this end, the guidance specifically states that, when there is a significant change in an entity's process, management should review the process in a timely manner to ensure that the control activities are designed and implemented appropriately. Changes necessitating a periodic review could be in personnel, operational processes, or information technology.[9] The Green Book also states that management should design and develop an internal control documentation system to establish and communicate procedure details including the, "...who, what, when, where and why," to help retain organizational knowledge. Documentation would allow management to meet operational needs and monitor and evaluate the controls.[10] Such activities are within the realm of the Controller's Office's responsibilities, which include establishing and enforcing citywide financial policies, procedures, and internal controls.[11]

When complex organizational operations lack up-to-date written procedures, and processes are not well-defined, several negative effects can occur:

- Required payroll process steps may be missed without any fallback to identify missed procedures.
- Adequacy of procedures, as well as potential efficiencies and/or missing controls, may be difficult to assess.
- Errors and omissions may not be prevented or detected and corrected in a timely manner.
- Challenges may exist for succession planning should a critical employee leave the organization.
- Possible segregation of duties issues may not be identified.

[9] U.S. Government Accountability Office, Standards for Internal Control in the Federal Government, GAO-14-704G (Washington, D.C., 2014), Sections 12.01-12.05, 62, accessed August 1, 2017, http://www.gao.gov/assets/670/665712.pdf.
[10] *Ibid.,* 29.
[11] City and County of Denver website, Department of Finance, https://www.denvergov.org/content/denvergov/en/denver-department-of-finance/contact-us.html, accessed August 8, 2017.

RECOMMENDATION 1.4

The Controller's Office should develop detailed written procedures regarding the Workday payroll process, from initiation of the process to recording the final journal entries. This should be a living document, subject to revision as the City's payroll process under Workday evolves.

Agency Response: Agree – November, 2017

RECOMMENDATION 1.5

The Controller's Office should develop and provide additional training to ensure that employees are aware of all the procedures that are required for their position as well as to ensure that employees are aware of the job requirements of positions for which they are the back-up.

Agency Response: Agree – November, 2017

Employee Timecard Review, the Key Internal Control in the Payroll Process, Is Not Functioning Effectively

During our assessment of the timecard approval process that occurs within City agencies prior to the payroll process, we discovered that hours worked are not always being approved before payroll is run. At the end of every other week, most City employees are required to approve their timecards for time worked in one of two systems: Kronos and Telestaff.[12] In Kronos, nonexempt employees are required to enter their time worked and are only paid for hours entered. Exempt employees record their hours worked or record time on an exception basis, depending on an individual agency's choice.[13] Reporting on an exception basis means that an employee would not enter any time if he or she worked regular hours and there were no paid time off, sick time, or any other unusual time categories during the pay period. Employees must submit timecards by 6 p.m. on Saturday at the end of each biweekly payroll period. The Monday following employee timecard approvals, managers review their employees' timecards. At this point, managers may request that adjustments be made prior to approval. All adjustments must be made and approved by both the employee and manager in Kronos by 10 a.m. on Monday. The Payroll Division ultimately accepts all time in preparation of loading it into Workday.

Most City employees record and approve their time worked in the Kronos system. However, uniformed officers in the Department of Public Safety record their time in the Telestaff system. If uniformed employee timecards are approved in Telestaff by the supervisor, their time is uploaded

[12] Some City employees, such as those using Telephone Time Entry function in Kronos, are not required to approve their time beyond the initial input of time worked.

[13] Exempt employees are not eligible for overtime compensation and are typically salaried employees. Non-exempt employees are eligible for overtime compensation and are typically hourly employees. In the City, some salaried Department of Public Safety employees are also non-exempt.

into Kronos. If not approved, which is quite common, the time is not uploaded into Kronos. Another difference is a one-week delay in reported time compared to all other employees. All Department of Public Safety uniformed employees, including hourly and nonexempt salaried employees, are set up as salaried employees in Workday and are paid every pay period based on their pay rate and standard hours unless there are exceptions such as paid time off or overtime reported in Telestaff.

If time in Telestaff is not reviewed and approved timely, exceptions are processed in payroll later as historical adjustments. Unlike uniformed employees, the way that non-uniformed Department of Public Safety employees are set up in Workday reflects their actual position, either hourly or salaried. Due to complexities of accounting for uniformed employee time, difficulties in reconciling the numbers of employees, and inability to fully verify the process of how the Controller's office Kronos timecard approval reports are generated, we conclude that the Department of Public Safety employee timecard approval data in the provided reports may be inaccurate. Therefore, we have excluded uniformed and nonuniformed Department of Public Safety employee data from this timecard approval review. The Controller's Office stated that Department of Public Safety employee time approval reports have been accurate prior to January 2017 and the Controller's Office is working on finding a solution to ensure their accuracy going forward.

Through our review of Kronos approval reports, we found that approximately 11 percent of timecards are not being approved timely. Although this is an improvement since 2012, when we found through a previous payroll audit that 28 percent of timecards lacked supervisor approval, it is still quite high.[14] Table 2 highlights the top 10 noncompliant agencies, excluding Department of Public Safety agencies, and shows the numbers of unapproved timecards during the test period.

[14] The 28 percent calculated for the 2012 audit report included Department of Safety employees, who were excluded from this audit's calculations. Thus, the rates are not directly comparable, but auditors still recognize the 11 percent rate as an improvement.

TABLE 2. Timecard Supervisor Approvals in Kronos, Top 10 Agencies Highlighted, December 25, 2016 – May 27, 2017

Agency	Total Timecards	Unapproved by Supervisor	Percent Unapproved	Average Timecards Per Pay Period	Average Timecards Unapproved by Supervisor
Emergency Management	100	31	**31%**	9	3
City Council	448	112	**25%**	41	10
911 Emergency Services	1,157	243	**21%**	105	22
Excise and License	398	81	**20%**	36	7
Parks and Recreation	15,255	2,909	**19%**	1,387	264
Office of Special Events	54	10	**19%**	5	1
Human Services	12,263	1,801	**15%**	1,115	164
General Services	6,698	871	**13%**	609	79
Office of the Independent Monitor and Human Rights Office	406	51	**13%**	37	5
Aviation	14,198	1,585	**11%**	1,291	144
Other City Agencies Combined	25,558	1,401	**5%**	2,451	127
Total	90,324	10,191	**11%**	8,211	926

Source: Auditors' analytics of Kronos Timecard Manager Approvals provided by Payroll

Notes: Based on averages over the payroll periods ending 1/7/17 – 5/27/17. Calculations excluded approval information for any employees terminated as of 5/27/17 who were active at some point during the period 1/1/17 – 5/27/17. Calculations also excluded Department of Safety employees from both the total number of employees and those who failed to approve.

The Controller's Office does not have a procedure for reviewing and acting on missing approvals for every pay period. The Controller's Office does generate a quarterly report of citywide timecard approval rates listed by agency. Segments of the report are then sent to each agency. Where there is a significant number of missing approvals, approval detail by employee is also included. This information is intended to help agencies act on the missing approvals in a manner they deem appropriate by, for example, discussing the issue with the delinquent supervisors. However, there is no enforcement mechanism in place to ensure that agencies use the provided information to improve their compliance with timekeeping approval requirements. (A.1.12, p. 2) In addition, we concluded that the Controller's Office does not appear to have a reliable timecard approval report for all Department of Public Safety employees since January 2017. A.1.15 p.2

Even though the Payroll Division considers the approval of timecards by employees and managers to be its most important internal control, approval of timecards is not required for paychecks to be released. Supervisors' performance evaluations and merit increases under the old payroll system could be affected by not performing timecard reviews. However, after the conversion to Workday, timecard approval is no longer a required element in the performance management module.

The City's Fiscal Accountability Rules (FARs) provide some guidance on the importance of timecard review and approval. FAR 10.13 was added in 2013, stemming from a 2012 audit

recommendation, establishing time and attendance guidelines and procedures for employee and manager time tracking, submission and approval policies, and leave of absence. Both employee and manager approvals are attestations that the employee performed the work for which they are being paid. However, the rule offers no guidance regarding timecards that are not submitted or approved for a specific period of time. This rule applies to all City employees.

Another source of guidance applicable to timecard procedures comes from the Green Book, which states that management is responsible for holding individuals accountable for their responsibilities to enforce internal controls.[15] Payroll staff recognize timecard approvals as the key internal control in the payroll process. More specifically, the Payroll Fraud Risk Assessment produced by the Association of Certified Fraud Examiners includes a requirement that supervisors verify and sign time timecards for each pay period.

Without the attestation of work performed, City employees may be paid for hours they did not work. Less likely but possible without sufficient internal controls, an individual could be receiving payment under a fictitious employee profile set up in the Workday system. Beyond potential effects, we found evidence of employees being paid weeks before or weeks after they are effectively hired or terminated, respectively. For example:

- A new employee was paid for two pay periods before the employee's effective start date. Fortunately, the future employee reported the mistake and the money was recovered.
- A terminated employee was paid for multiple pay periods after the individual's termination date.

Instances such as these can be easily avoided with proper and timely timecard approval procedures.

RECOMMENDATION 1.6

The Controller's Office should review and revise policies and procedures related to enforcement of timecard approval requirements.

Agency Response: Agree – November, 2017

RECOMMENDATION 1.7

The Controller's Office should develop and provide additional training related to payroll approvals.

Agency Response: Agree – November, 2017

[15] U.S. Government Accountability Office, Standards for Internal Control in the Federal Government, GAO-14-704G (Washington, D.C., 2014), 61, accessed August 1, 2017, http://www.gao.gov/assets/670/665712.pdf

RECOMMENDATION 1.8

The Controller's Office should ensure that accurate reports for timecard approval rates are available for the Department of Public Safety employees.

Agency Response: Agree – October, 2017

Payroll System Controls Are Inadequate

Based on interviews and other audit procedures performed, we found that the Workday system does not currently include certain automated controls, referred to as *business process rules*, in Workday. These missing rules would otherwise help prevent errors that may result in employees receiving excess pay amounts. Where a "business process rules," cannot be used, Payroll is using audit reports to identify potential issues. Based on a review of reports used by Payroll employees to detect errors in payroll data, we found that the reports appear to be inadequate for performing their functions. Finally, based on interviews, we found that the City does not require key agency personnel to review key payroll register data for accuracy.

Appropriate business process rules or reports in Workday or Kronos would detect unusual hours worked, compensated absence hours claimed, and/or unusual fluctuations in gross pay. The City does not have any policies or procedures in place to require agency-level reviews of actual payroll data. Agencies can "opt in" to receive copies of their payroll registers, and then agency management can decide what to do with the data received, if anything. Finally, the audit reports utilized by the Payroll Division to validate payroll data prior to releasing funds to pay City personnel may be too expansive to allow for an effective, adequate review in a timely manner. We reviewed the exception reports being generated and noted that in one report there were 1,909 exceptions, of which 518 appeared to have been reviewed.

The Green Book states it is the responsibility of management to design, implement and test the system on internal controls taking into consideration the objectives, risks, systems and the required quality of data. As part of the internal control structure, management should:

- Design control activities to achieve objectives and respond to risks.
- Design the entity's information system and related control activities to achieve objectives and respond to risks.
- Use quality information to achieve the entity's objectives.
- Internally communicate the necessary quality information to achieve the entity's objectives.[16]

See Appendix A for a more detailed description of the Green Book criteria pertinent to this section.

We noted several causes for these conditions. First, we found that not all available business process rules had been activated as of the time Workday was brought online. Furthermore, the Workday

[16] U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C., 2014), 58, accessed August 1, 2017, http://www.gao.gov/assets/670/665712.pdf

Issues Log identified that one business process rule affecting payroll was still not active at the time that we completed our audit.[17]

Second, we noted that certain reports identified by the City and the Workday implementation consultant as required reports for the City had not been built out at the time Workday went live. In some cases, the reports were still not available at the time we completed our audit. More specifically, we found seven open items on the Workday Issues Log related to payroll or to payroll-related reports at the time we completed our audit.

Finally, in reviewing the reports utilized by the Payroll Division during our audit, we noted that some reports did not appear to be adequately developed to effectively identify high risk items. These reports flagged many "false positive" exceptions that create an administrative burden to clear in a timely manner, or result in a volume of exceptions so high that many exceptions cannot be cleared timely. We also found that the City does not currently have a policy in place requiring any review of payroll report data by knowledgeable agency or OHR staff after payroll is run for a given pay period.

We noted many issues that could have been prevented with a combination of stronger preventive controls, such as business process rules, and stronger detection controls, such as reports and reviews by knowledgeable personnel. The following are specific examples of issues resulting from inadequate internal controls:

- One employee incorrectly received an extra 80 hours of sick pay in one pay period.
- One employee was set up with his annual pay rate input as his biweekly pay rate, causing his first paycheck to be significantly overstated.
- One employee had an incorrect pay grade change that was not detected timely.
- One employee was paid more than the top amount for their pay grade range due to an error in entering pay rate.
- Three employees were paid less than the lowest amount for their pay grade range due to data entry errors.
- One employee was not terminated timely and continued to be paid for several pay periods before the error was detected.
- One employee started receiving her paychecks two pay periods prior to her start date.
- Pay grade was incorrect for three position codes in the pay grade table in Workday, which affected a total of 395 employees. However, the actual pay to these employees was correct.

In addition to those known effects, we noted several potential effects that could result from the problems we identified. First, employees may be paid incorrectly due to errors in hours, compensated absences, and incorrect pay rate. Second, a lack of timely review of payroll data at the appropriate level with appropriate detail may result in undetected errors related to pay rate changes, terminated employees, and other unusual fluctuations. Finally, the City may be exposed to financial losses due to these types of errors.

[17] Issues log was used during payroll process conversion from PeopleSoft to Workday system to manage issues, such as missing reports or incorrect pay calculation, noted during this process.

RECOMMENDATION 1.9

The Controller's Office should evaluate current risks and controls related to payroll register reviews and add or revise reports to better identify high risk transactions, such as pay rate changes, new employees, terminated employees, employees paid at a rate outside their pay range, zero pay employees, excessive hours, and other payroll-related risks.

Agency Response: Agree – September, 2017

RECOMMENDATION 1.10

The Controller's Office should ensure that reports that detail significant changes from one pay period to the next are reviewed and approved by personnel with direct knowledge of agency payroll details, such as human resources personnel assigned to the agency or senior agency management.

Agency Response: Agree – November, 2017

RECOMMENDATION 1.11

The Office of Human Resources should take necessary steps to ensure that employee compensation falls within their pay range, unless there is a valid exception.

Agency Response: Agree – October, 2017

RECOMMENDATION 1.12

The Controller's Office should develop and implement policies and procedures to routinely review the Payroll Division's internal control structure, including business process rules, to determine when further enhancements can be made.

Agency Response: Agree – November, 2017

Some Employees Are Not Terminated Timely in Workday and Kronos

When a person's employment ends with the City, either voluntarily or involuntarily, procedures need to be followed to notify OHR. The employee's supervisor or appropriate designee at the agency notifies OHR with an effective date for the termination. OHR works with Payroll Division and TS to carry out important tasks related to the separation, such as removing the employee from IT systems and processing the final payout calculation.

To test whether terminations were being processed in a timely manner, we selected a random sample of 60 terminations from all 995 terminations processed during January 2017 through the end of May 2017. Of the 60 in our sample, we found seasonal employees who were active in Kronos and Workday for weeks and months after they stopped working. Nineteen seasonal employees who never worked in 2017 were active in the system for a period of 23-131 days in 2017, an average of 75 days, before being terminated. Two other seasonal employees worked in 2017, but also were not terminated timely, 32 and 102 days past their last pay date.

Additionally, we tested four consecutive biweekly pay periods in April and May 2017 to identify any employees who may not have been terminated timely. Audit work uncovered 420 employees (5 percent) with timecards that showed no approval from the employee or his or her supervisor for the entire period. We tested 30 individuals from this population, and were unable to confirm that nine of those 30 people were active employees as of August 17, 2017. Note that this analysis excludes uniformed Department of Public Safety employees from both the total number of employees and the numbers of nonapprovals. Although the Controller's Office is aware that non-approval rates for the Department of Public Safety are high, no accurate data was available for our analysis.

It appears that the City does not have a formal policy or procedures for termination or deactivation of employees who are not working. In addition, there is no process in place to audit employees without approved timecards or without pay to identify those who should have been terminated. Auditors also asked employees in the Controller's Office why employees are not always terminated timely. The Controller's Office stated that this mostly applies to seasonal employees. It appears that some agencies do not want to terminate seasonal employees due to the complexity of rehiring and processing in the system. This process is not only time consuming, but also discourages such employees from completing the hiring process. Terminations are done when and if a supervisor realizes that the employee is not returning, they will no longer need the person, or there is a funding cut eliminating the position. OHR terminates employees as soon as it receives appropriate information from agencies.

Untimely employee terminations are typically considered to be a high-risk area for potential fraud. The Green Book suggests that management should consider the potential for fraud, including fraudulent payments. Management should consider three fraud risk factors: incentive, opportunity, and rationalization, to identify fraud risks and then effectively mitigate them. In this instance, the lack of timely terminations may create an opportunity to commit fraud.[18] We also reviewed the Payroll Fraud Risk Assessment guidance prepared by the Association of Certified Fraud Examiners. It recommends payroll be compared periodically to termination records to

[18] U.S. Government Accountability Office, Standards for Internal Control in the Federal Government, GAO-14-704G (Washington, D.C., 2014), 40-42, accessed August 1, 2017, http://www.gao.gov/assets/670/665712.pdf.

ensure that terminated employees are removed from payroll and that supervisors would verify and sign timecards for each pay period.

Leaving a position open for months at a time, along with many supervisors not always reviewing and approving time for their employees, provides an opportunity for potential payroll fraud issues such as "ghost employees" and collecting pay for inactive employees.[19]

RECOMMENDATION 1.13

The Office of Human Resources should terminate or inactivate all nonworking employees in relevant systems within a specified timeframe.

Agency Response: Agree – December, 2017

RECOMMENDATION 1.14

The Office of Human Resources should implement policies and procedures addressing specific circumstances defining when terminations or inactivation should be done and provide training to help enact such policies.

Agency Response: Agree – December, 2017

[19] "A ghost employee is someone recorded on the payroll system, but who does not work for the business. The ghost can be a real person who knowingly or not is placed on the payroll, or a fictitious person invented by the dishonest employee." https://brisbaneacfe.org/library/occupational-fraud/ghost-employees-frauds-payroll-frauds/, accessed on 8/9/17.

RECOMMENDATIONS

We make the following recommendations to the Controller's Office and the Office of Human Resources to improve internal controls over payroll process:

1.1 **Incident Management Process**—The Controller's Office should develop a method in Salesforce for categorizing recurring incidents accompanied by policies and procedures for using incident data.

Auditee Response: Agree, Implementation Date – November, 2017

Auditee Narrative: The Controller's Office will explore alternate methods to categorize cases that allows us to use the data to identify issues. Management will review the case statistics monthly and determine the appropriate actions.

1.2 **Review of Incidents**—The Controller's Office should determine the appropriate level of management for regular review of Salesforce incidents and develop procedures for identifying recurring problems and devising resolutions.

Auditee Response: Agree, Implementation Date – November, 2017

Auditee Narrative: The Controller's Office will develop a monthly report listing the types of cases. Payroll supervisors and the Payroll Director will review the monthly report looking for reoccurring incidents. We will develop procedures to communicate and remediate issues. In addition, we will continue to work with the Office of Human Resources to resolve issues.

1.3 **Training for Incident Review**—The Controller's Office should develop training to help implement policies and procedures for appropriate level of management to regularly review Salesforce issues to identify recurring problems and take steps to resolve them.

Auditee Response: Agree, Implementation Date – November, 2017

Auditee Narrative: The Controller's Office will develop procedures for the Payroll Supervisors to review the developed reports monthly at which time any reoccurring issues will be addressed.

1.4 **Updated Written Procedures**—The Controller's Office should develop detailed written procedures regarding the Workday payroll process, from initiation of the process to recording the final journal entries. This should be a living document, subject to revision as the City's payroll process under Workday evolves.

Auditee Response: Agree, Implementation Date – November, 2017

Auditee Narrative: The Controller's Office is in the process of updating all Payroll procedures to reflect the move to Workday. We have identified the team and they are actively working on the process to use. The team will put a process in place to keep current.

1.5 **Employee Training on Written Procedures**—The Controller's Office should develop and provide additional training to ensure that employees are aware of all the procedures that are required for their position as well as to ensure that employees are aware of the job requirements of positions for which they are the back-up.

Auditee Response: Agree, Implementation Date – November, 2017

Auditee Narrative: The Controller's Office will provide training for all team members. All procedures and rules will be addressed according to the applicable functions. Additionally, the team will be given procedures if acting in a back-up role for another position in payroll.

1.6 **Timecard Approval Requirements**—The Controller's Office should review and revise policies and procedures related to enforcement of timecard approval requirements.

Auditee Response: Agree, Implementation Date – November, 2017

Auditee Narrative: The Controller's Office will review and revise the policies and procedures related to timecard approval requirements. We will use a multi-faceted approach to the enforcement. We will continue to send bi-weekly reminders to all Supervisors and Managers that all timecards must be approved. We will revise the current communication to highlight the approval message.

We currently provide quarterly reports to Department heads informing them of their approval percentages. This practice had a direct impact in improving ratings from a low of 62% to the current 89%. In addition to these reports we will begin providing more targeted reports to those with low compliance.

While the above items will be completed by November 30, 2017 we will upgrade to Kronos Cloud version 8.0 in 2018. This will improve the system functionality that discourages some supervisors from accessing the system. We will work with Kronos to develop workflow notifications to Supervisors that will identify specific timecards with issues as well as those that still need approval.

1.7 **Payroll Approvals Training**—The Controller's Office should develop and provide additional training related to payroll approvals.

Auditee Response: Agree, Implementation Date – November, 2017

Auditee Narrative: The Controller's Office has worked with the Office of Human Resources and will include the Supervisor timecard approval training on City University. We will populate the City University training plans for new managers to include the online Supervisor Timecard Approval training to the new supervisors. In addition, we will send a communication that includes the link to this training to all supervisors.

1.8 **Department of Public Safety Timecard Reports**—The Controller's Office should ensure that accurate reports for timecard approval rates are available for the Department of Public Safety employees.

Auditee Response: Agree, Implementation Date – October, 2017

Auditee Narrative: The Controller's Office has updated and is testing the report to ensure it is only returning Career Service employees in the Department of Safety. This report will be ready for the 3rd quarter reporting. The report will not include safety uniforms who approve time in Telestaff.

1.9 **Payroll Reports**—The Controller's Office should evaluate current risks and controls related to payroll register reviews and add or revise reports to better identify high risk transactions, such as pay rate changes, new employees, terminated employees, employees paid at a rate outside their pay range, zero pay employees, excessive hours, and other payroll-related risks.

Auditee Response: Agree, Implementation Date – September, 2017

Auditee Narrative: The Controller's Office will continue to evaluate the risks and controls related to audits and reports. When we implemented Workday we utilized the delivered audit reports and have continued to refine and improve the process. We currently have reports that identify the high-risk areas. In addition, we will annually review all reports to ensure they are relevant to the rules and procedures as they are revised.

1.10 **Payroll Review by Agencies**—The Controller's Office should ensure that reports that detail significant changes from one pay period to the next are reviewed and approved by personnel with direct knowledge of agency payroll details, such as human resources personnel assigned to the agency or senior agency management.

Auditee Response: Agree, Implementation Date – November, 2017

Auditee Narrative: The Controller's Office will explore options to report significant changes to agency personnel. We centralized payroll in 2007 with the express purpose of removing agency personnel from the process because of the control risks and confidentiality. Agencies stopped reviewing payroll registers for these areas, but used them as a budgeting and analytical forecasting tool or to allocate payroll expenses. Agencies no longer have payroll staff or the right staff to know if the information is

accurate. Due to the tight timeframe of payroll, any report or review will not be completed prior to closing payroll.

1.11 **Compensation Pay Range**—The Office of Human Resources should take necessary steps to ensure that employee compensation falls within their pay range, unless there is a valid exception.

Auditee Response: Agree, Implementation Date – October, 2017

Auditee Narrative: The Workday business process is now set to flag and warn when proposing compensation that is outside of the pay range. The office of Human Resources will implement a practice of entering compensation pay range changes within five business days of approval.

1.12 **Periodic Reviews of Internal Controls**—The Controller's Office should develop and implement policies and procedures to routinely review the Payroll Division's internal control structure, including business process rules, to determine when further enhancements can be made.

Auditee Response: Agree, Implementation Date – November, 2017

Auditee Narrative: We review and update policies and procedures with CSA Rule changes that impact payroll or any other regulatory change. Workday will upgrade twice a year and these upgrades will require payroll to monitor and assess the internal control structure including business process rules regularly. We will formalize this process as a part of our updated procedures.

1.13 **Timely Terminations**—The Office of Human Resources should terminate or inactivate all non-working employees in relevant systems within a specified timeframe.

Auditee Response: Agree, Implementation Date – December, 2017

Auditee Narrative: The Office of Human Resources agrees that terminating or inactivating non-working employees should happen within a specific time period and we will communicate to each agency to ensure that they are processing terminations for all unlimited, limited and on-call status employees when they are no longer working. This will be handled through a comprehensive communication plan.

1.14 **Policies and Procedures for Terminations**—The Office of Human Resources should implement policies and procedures addressing specific circumstances defining when terminations or inactivation should be done and provide training to help enact such policies.

Auditee Response: Agree, Implementation Date – December, 2017

Auditee Narrative: The Office of Human Resources has started a process improvement effort aimed at streamlining and modernizing the process for dealing with on-call seasonal employees. This work will inform and guide the work that we do to address this recommendation.

FINDING 2

The City's Conversion of Its Payroll Process to Workday Was Successful, but Lessons Learned Can Be Applied During the Conversion to Workday for Financial Processes

Technology Services, the Office of Human Resources, and the Controller's Office established a project management framework in conjunction with Sierra-Cedar, Inc. (Sierra-Cedar). We reviewed the project framework and approach outlined in the Statement of Work (SOW) produced by Sierra-Cedar for the City to follow during the conversion of its payroll function. The SOW also included the scope for the Financial phase of the conversion, which was not included within the scope of this audit. While Sierra-Cedar's methodology in conjunction with the City's involvement helped ensure the planned payroll implementation, we identified several lessons that can be applied to other conversion phases.

The City's Conversion to Workday Was Successful, Based on the Project Management Framework

In 2015, the City initiated its conversion from PeopleSoft to Workday. This conversion of the City's payroll system was successfully completed on January 3, 2017. During our audit, we found that the payroll conversion was successful. However, measures need to be implemented to strengthen the project management process.

The Workday Payroll Conversion Used Established Project Management Standards

The conversion of the payroll from PeopleSoft to Workday was a very complex process. It required moving more than 13,000 employees and all of their related payroll detail, including their addresses, Social Security numbers, pay, pensions, individual deductions, and payroll withholding taxes to Workday and then making sure all of the related payroll calculations were correct. This required significant coordination between Payroll, TS and Sierra-Cedar.

In assessing the success of the Workday payroll conversion, we compared the SOW to guidance established by the Project Management Institute (PMI), which is a professional organization that develops standards in project management. PMI's Project Management Body of Knowledge (PMBOK) identifies project management phases or components that are generally recognized as good practice. Although "good practice" means that there is general agreement that the correct application of these skills, tools, and techniques can enhance the chances of success of different projects, it recognizes that the nature and complexity of projects vary. Therefore, it is the responsibility of a project management team to determine what is appropriate for any given project. Accordingly, our review focused on affirming the selection of appropriate project management mechanisms rather than performing a detailed analysis of their implementation.

We used several other commonly accepted best practices applied to software implementations to assess the City's conversion process. These practices are represented by the following documents:

- Meeting requirements that were outlined by the SOW document, which included the following deliverables and guiding documents:
    - Project Charter

- Payroll/Human Resources Scope Statement
- Business Process Alignments
- Project Work Plan
- Project Communication Plan
- Business Impact Analysis
- Project Data Migration Strategy
- Training Strategy and Training Needs Assessment

- The conversion was completed on the planned effective date of January 3, 2017
- Executive Sponsor approval was granted, as documented by completion of conversion data migration test phases and a signed Project Acceptance Certificate as required by the SOW
- Acceptable tolerances were established and documented in the Parallel Testing Strategy. An acceptable tolerance is an allowable variation. For example, an acceptable tolerance for a benefit deduction is +/-$0.01 to allow for rounding differences
- The conversion was completed within project budget framework and without significant known change orders with a financial impact

Based on our review of the conversion documents listed above, we concluded that the Payroll software system change from PeopleSoft to Workday was successful.

Tests Help Provide Assurance of Successful Implementation

We also reviewed other documents and performed tests to provide additional assurance that the Workday payroll conversion was implemented as planned, including:

Blackout Period Testing—In December 2016, the month before the payroll conversion, most changes to the City's payroll were performed manually. To transition from PeopleSoft, it was necessary to shut down or "freeze" the majority of human resources and payroll transactions that are performed in PeopleSoft during the conversion. We tested a sample of payroll additions and deletions performed during this "blackout period" and found that all additions, deletions, and changes were processed and approved properly.

Payroll Deduction Methodology—We reviewed the City's list of tax deductions provided by Payroll. We determined that the method used by the City to identify and calculate before/after tax deductions was appropriate.

Employee Reported incidents—We reviewed employee reported payroll incidents during the period January – May 2017. Based on our tests, we found no significant incidents or change in the pattern of reported incidents that would indicate any specific problems attributable to the payroll conversion.

Executive Sponsor Meetings—We reviewed selected meeting minutes and found that meetings occurred routinely where issues were presented and discussed; there was coordination among meeting members, and issues were resolved and voted upon, when necessary.

End-User Training—The End User Training Curriculum is a detailed listing and narrative that describes each course for end users, or the individuals who will actually use the software**.** The end user training curriculum and supporting courseware developed for the project focuses on impacted job roles. Specifically, the goal of this training is to ensure that the end user can become self-sufficient in the operation of the system**.**

Despite some assurance provided by the above tests and the project management framework, some improvements can be made.

Improvements Should be Made Related to Project Record-keeping and Maintenance of Issue Logs

Project Document Repositories—Project Document repositories are used to organize project critical-related documentation including the project charter, scope statement, business process alignment, project work plan, project communication plan, business impact analysis, project data migration strategy, issue logs, training strategy, and training needs assessment.[20] Multiple document repositories were used for the Workday implementation. Sierra-Cedar established a SharePoint site that contained testing documentation including test scripts and logs, the issues log, and other official documents. During our audit, we noted that this site did not have the payroll-related detail, and it appeared to have been removed or archived. At the beginning of the project, a folder on the City's shared drive was used as a second location to store documents. City employees working on the project used this shared drive to store various project-related documents, including presentations that were made to the executive sponsors. Partway through the project, TS implemented SharePoint. The Project Management Office required all project managers use SharePoint to store project documents. The Workday project managers stopped using the shared folder and began using the SharePoint site. Finally, secured servers were used to store files containing personal identifiable information.

Given the size of the conversion and implementation efforts, clear communication and a consistent approach to storing project documents is critical to the success of the project. The Sierra-Cedar SharePoint site appeared to be the primary document repository for the payroll implementation effort. The removal of the payroll project documents six months after the implementation effort was largely complete, creates a risk that any follow-up efforts for enhancements to the payroll system will be hampered.

Issue Log—Issue logs are used to capture any issues brought forward, communicate the issues to the project team and stakeholders, establish categories and priorities of all issues, assign responsibility to each issue, and ensure that each issue is resolved with minimal impact to the project's performance. Logs should be reviewed, updated, and communicated by the project team regularly to ensure issues are being resolved. For example, the Project Data Migration and Validation Strategy requires that a log of migration issues at the end of each test phase be maintained. This is in alignment with the requirements of the Federal Information System Controls Audit Manual (FISCAM), which provides information system guidance indicating that all auditable events, including all access to and changes to sensitive or critical system resources must be logged.[21]

[20] The project data migration strategy is the plan for obtaining, testing and converting all relevant payroll data from PeopleSoft to Workday.

[21] U.S. Government Accountability Office, *Federal Information System Controls Audit Manual (FISCAM)*, GAO-09-232G (Washington, D.C., 2009), 254.

We requested the Project Issue Log which is used by various team members, including the project's executive sponsors, who provide guiding principles and help resolve issues that cannot be resolved at the Project Team level. We obtained the Project Issue Log as of July 25, 2017. The issue log is an ongoing record of all issues for the project and included items related to payroll, human resources, and finance. Of the 559 payroll and human resources issues, there were 144 issue items that were open or required retesting. All items except one were from 2016 prior to the effective date of the payroll conversion on January 3, 2017**.** Based on our review and follow-up discussions with project staff, we found that many of these open/retest items may have been resolved at various points prior to July 25, 2017. However, the resolution date in the log was not updated timely.

Combined Efforts Help Assure Payroll Implementation

Controller's Office, OHR, and TS, with assistance of Sierra-Cedar, completed a successful conversion as planned. However, improvement could be made in the maintenance of issue logs and the accessibility and availability of records to enhance implementation of the Financial phase.

RECOMMENDATION 2.1

The Technology Services Project Management Office should ensure that project and test issue logs are documented, maintained, and updated timely.

Agency Response: Agree – September, 2017

RECOMMENDATION 2.2

The Technology Services Project Management Office should reassess the project's record repository to ensure records are available and accessible.

Agency Response: Agree – September, 2017

Workday Training for Employees and Supervisors Could Be Improved

In preparation for human resources and payroll functions migrating from PeopleSoft to Workday, Sierra-Cedar, with the help of the City, prepared a training strategy dated March 2016. The strategy serves as a framework for detailed training plan and training roles and responsibilities of the City's and Sierra-Cedar training team members. Sierra-Cedar also prepared a high-level training needs assessment dated July 2016. The assessment reviewed training risks and considerations, such as employees not having user ID/password, year-end timing of the training, communication to agencies about training, and locations that may not have computers. This document does not discuss whether training should be mandatory or optional.

Two training modules on Workday functionality were made available prior to conversion: one for employees and one for supervisors. OHR met with most agencies, encouraging their employees, especially managers, to complete the training. There was no deadline for completion. We found that, as of May 15, 2017, 2,037 managers (about 91 percent) and 6,624 non-managers (about 57

percent) had completed Workday training. We also noted that OHR has not surveyed employees or reviewed the SupportNow incidents to determine further Workday training needs.[22]

The Green Book provides useful criteria relevant to the importance of training employees to be competent in the areas for which they are responsible. One of the control environment principles is commitment to competence. Management should continually assess the training needs to ensure that employees have the required knowledge and skills to achieve organizational goals. Additionally, the training strategy for the City's Workday deployment prepared by Sierra-Cedar in conjunction with the City states that Workday training will be needed for new users, such as new employees, or employees with new roles.

When determining why training completion rates were below 100 percent, auditors noted that training was not mandatory. When asked why the Workday training was not mandatory, OHR representatives told auditors that the process of making a training mandatory requires approvals of the manager of compliance in OHR and Career Service Board, which appeared to be too cumbersome a procedure for this training. Another way to ensure high completion rates is to make training completion a condition for granting access to Workday. However, this inconveniences City employees. Additionally, there may have been an assumption that Workday functionality is intuitive.

By not making training mandatory, Payroll personnel may be fielding more questions than necessary. During our testing of Salesforce incidents directed to Payroll in January-May 2017, we noted that City employees submitted many questions relating to routine Workday processes, such as how to obtain documents or how to make benefit changes, indicating that the training provided may not have been adequate. Responding to such incidents places a high administrative burden on OHR and Payroll employees. Additionally, the lack of adequate training for Workday may result in reduced efficiency for employees and supervisors when trying to locate an item or fix errors.

RECOMMENDATION 2.3

The Office of Human Resources should evaluate Workday training needs and best methods for new employees and supervisors.

Agency Response: Agree – October, 2017

RECOMMENDATION 2.4

The Office of Human Resources should conduct employee surveys to identify potential additional Workday training needs.

Agency Response: Agree – December, 2017

[22] SupportNow is the City's automated customer relationship management platform used by employees to request services or report issues related to information technology and human resources.

RECOMMENDATION 2.5

The Office of Human Resources should continue reviewing current training offerings and, if needed, revise to ensure that common Workday-related issues or questions are addressed.

Agency Response: Agree – September, 2017

RECOMMENDATIONS

We make the following recommendations to the Technology Services Project Management Office and the Office of Human Resources to apply lessons learned to the ongoing Finance Workday conversion:

2.1 **Project and Test Documentation**—The Technology Services Project Management Office should ensure that project and test issue logs are documented, maintained, and updated timely.

Auditee Response: Agree, Implementation Date – September, 2017

Auditee Narrative: Technology Services agrees with this recommendation and will ensure that project and test issue logs are maintained and archived in the project SharePoint site.

2.2 **Project Record Repository**—The Technology Services Project Management Office should reassess the project's record repository to ensure records are available and accessible.

Auditee Response: Agree, Implementation Date – September, 2017

Auditee Narrative: Technology Services agrees with this recommendation and will reassess the PMO SharePoint repository to ensure that the appropriate access is granted and that the project artifacts are accessible.

2.3 **New Employee Workday Training Needs**—The Office of Human Resources should evaluate Workday training needs and best methods for new employees and supervisors.

Auditee Response: Agree, Implementation Date – October, 2017

Auditee Narrative: The Office of Human Resources will continue to evaluate methods to ensure that new employees and supervisors receive adequate training and support to perform necessary functions in Workday. We have already begun populating the City University training plans for new employees and managers to include the online Workday training modules.

2.4 **Training Needs Surveys**—The Office of Human Resources should conduct employee surveys to identify potential additional Workday training needs.

Auditee Response: Agree, Implementation Date – December, 2017

Auditee Narrative: The Office of Human Resources will add a survey component to its current strategy for determining what types of training is needed to support the organization. We currently work through the HR Business partners throughout the organization to understand needs and we regularly review calls and tickets in the HR Service Center to determine where the additional training and or job aids can be added to help users to better utilize the system.

2.5 **Training Revisions**—The Office of Human Resources should review current training offerings and, if needed, revise to ensure that common Workday-related issues or questions are addressed.

Auditee Response: Agree, Implementation Date – September, 2017

Auditee Narrative: The Office of Human Resources is in the process of updating online training for employees and managers and will publish the updated training prior to 9/30/17. Additionally, job aids for common processes are being added and amended on a regular basis and we will add a full quarterly review of all job aids to ensure they are up to date and addressing common issues.

AGENCY RESPONSE

DENVER
THE MILE HIGH CITY
Michael B. Hancock
Mayor

DEPARTMENT OF FINANCE
BETH MACHANN
CITY CONTROLLER

201 W. Colfax Avenue, Dept 1010
Denver, CO 80202
p: (720) 913-5515
f: (720) 913-5599
www.denvergov.org/finance

September 1, 2017

Auditor Timothy O'Brien, CPA
Office of the Auditor
City and County of Denver
201 West Colfax Avenue, Dept. 705
Denver, Colorado 80202

Dear Mr. O'Brien,

The Office of the Auditor has conducted a performance audit of Payroll System Conversion and Internal Controls.

This memorandum provides a written response for each reportable condition noted in the Auditor's Report final draft that was sent to us on August 22, 2017. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code (D.R.M.C.).

AUDIT FINDING 1
The City's Payroll Process Has Internal Control Deficiencies

RECOMMENDATION 1.1
The Controller's Office should develop a method in Salesforce for categorizing recurring incidents accompanied by policies and procedures for using incident data.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	11/30/17	Bonnie Johnson, Payroll Director 720-913-5205

Narrative for Recommendation 1.1
The Controller's Office will explore alternate methods to categorize cases that allows us to use the data to identify issues. Management will review the case statistics monthly and determine the appropriate actions.

RECOMMENDATION 1.2
The Controller's Office should determine the appropriate level of management for regular review of Salesforce incidents and develop procedures for identifying recurring problems and devising resolutions.

311 for City Services
Denver gets it done!

DENVER
THE MILE HIGH CITY

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	11/30/17	Bonnie Johnson, Payroll Director 720-913-5205

Narrative for Recommendation 1.2
The Controller's Office will develop a monthly report listing the types of cases. Payroll Supervisors and the Payroll Director will review the monthly report looking for reoccurring incidents. We will develop procedures to communicate and remediate issues. In addition, we will continue to work with the Office of Human Resources to resolve issues.

RECOMMENDATION 1.3
The Controller's Office should develop training to help implement policies and procedures for appropriate level of management to regularly review Salesforce issues to identify recurring problems and take steps to resolve them.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	11/30/17	Bonnie Johnson, Payroll Director 720-913-5205

Narrative for Recommendation 1.3
The Controller's Office will develop procedures for the Payroll Supervisors to review the developed reports monthly at which time any reoccurring issues will be addressed.

RECOMMENDATION 1.4
The Controller's Office should develop detailed written procedures regarding the Workday payroll process, from initiation of the process to recording the final journal entries. This should be a living document, subject to revision as the City's payroll process under Workday evolves.

311 for City Services
Denver gets it done!

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	11/30/17	Bonnie Johnson, Payroll Director 720-913-5205

Narrative for Recommendation 1.4
The Controller's Office is in the process of updating all Payroll procedures to reflect the move to Workday. We have identified the team and they are actively working on the process to use. The team will put a process in place to keep current.

RECOMMENDATION 1.5
The Controller's Office should develop and provide additional training to ensure that employees are aware of all the procedures that are required for their position as well as to ensure that employees are aware of the job requirements of positions for which they are the back-up.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	11/30/17	Bonnie Johnson, Payroll Director 720-913-5205

Narrative for Recommendation 1.5
The Controller's Office will provide training for all team members. All procedures and rules will be addressed according to the applicable functions. Additionally, the team will be given procedures if acting in a back-up role for another position in payroll.

RECOMMENDATION 1.6
The Controller's Office should review and revise policies and procedures related to enforcement of timecard approval requirements.

DENVER
THE MILE HIGH CITY

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	11/30/17	Bonnie Johnson, Payroll Director 720-913-5205

Narrative for Recommendation 1.6
The Controller's Office will review and revise the policies and procedures related to timecard approval requirements. We will use a multi-faceted approach to the enforcement. We will continue to send bi-weekly reminders to all Supervisors and Managers that all timecards must be approved. We will revise the current communication to highlight the approval message.

We currently provide quarterly reports to Department heads informing them of their approval percentages. This practice had a direct impact in improving ratings from a low of 62% to the current 89%. In addition to these reports we will begin providing more targeted reports to those with low compliance.

While the above items will be completed by November 30, 2017 we will upgrade to Kronos Cloud version 8.0 in 2018. This will improve the system functionality that discourages some supervisors from accessing the system. We will work with Kronos to develop workflow notifications to Supervisors that will identify specific timecards with issues as well as those that still need approval.

RECOMMENDATION 1.7
The Controller's Office should develop and provide additional training related to payroll approvals.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	11/30/17	Bonnie Johnson, Payroll Director 720-913-5205

Narrative for Recommendation 1.7
The Controller's Office has worked with the Office of Human Resources and will include the Supervisor timecard approval training on City University. We will populate the City University training plans for new managers to include the online Supervisor Timecard Approval training to the new supervisors. In addition, we will send a communication that includes the link to this training to all supervisors.

311 for City Services
Denver gets it done!

DENVER
THE MILE HIGH CITY

RECOMMENDATION 1.8 The Controller's Office should ensure that accurate reports for timecard approval rates are available for the Department of Public Safety employees.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
Agree	10/1/17	Bonnie Johnson, Payroll Director 720-913-5205

Narrative for Recommendation 1.8
The Controller's Office has updated and is testing the report to ensure it is only returning Career Service employees in the Department of Safety. This report will be ready for the 3nd quarter reporting. The report will not include safety uniforms who approve time in Telestaff.

RECOMMENDATION 1.9 The Controller's Office should evaluate current risks and controls related to payroll register reviews and add or revise reports to better identify high risk transactions, such as pay rate changes, new employees, terminated employees, employees paid at a rate outside their pay range, zero pay employees, excessive hours, and other payroll-related risks.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
Agree	9/30/2017	Bonnie Johnson, Payroll Director 720-913-5205

Narrative for Recommendation 1.9
The Controller's Office will continue to evaluate the risks and controls related to audits and reports. When we implemented Workday, we utilized the delivered audit reports and have continued to refine and improve the process. We currently have reports that identify the high-risk areas. In addition, we will annually review all reports to ensure they are relevant to the rules and procedures as they are revised.

311 for City Services
Denver gets it done!

DENVER
THE MILE HIGH CITY

RECOMMENDATION 1.10 The Controller's Office should ensure that reports that detail significant changes from one pay period to the next are reviewed and approved by personnel with direct knowledge of agency payroll details, such as human resources personnel assigned to the agency or senior agency management.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
Agree	11/30/17	Bonnie Johnson, Payroll Director 720-913-5205

Narrative for Recommendation 1.10
The Controller's Office will explore options to report significant changes to agency personnel. We centralized payroll in 2007 with the express purpose of removing agency personnel from the process because of the control risks and confidentiality. Agencies stopped reviewing payroll registers for these areas, but used them as budgeting and analytical forecasting tool or to allocate payroll expenses. Agencies no longer have payroll staff or the right staff to know if the information is accurate. Due to the tight timeframe of payroll, any report or review will not be completed prior to closing payroll.

RECOMMENDATION 1.11 The Office of Human Resources should take necessary steps to ensure that employee compensation falls within their pay range, unless there is a valid exception.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
Agree	10/31/17	Chris Longshore 720-913-5657

Narrative for Recommendation 1.11
The Workday business process is now set to flag and warn when proposing compensation that is outside of the pay range. The Office of Human Resources will implement a practice of entering compensation pay range changes within five business days of approval.

DENVER
THE MILE HIGH CITY

RECOMMENDATION 1.12 The Controller's Office should develop and implement policies and procedures to routinely review the Payroll Division's internal control structure, including business process rules, to determine when further enhancements can be made.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
Agree	11/30/17	Bonnie Johnson, Payroll Director 720-913-5205

Narrative for Recommendation 1.12
We review and update policies and procedures with CSA Rule changes that impact payroll or any other regulatory change. Workday will upgrade twice a year and these upgrades will require payroll to monitor and assess the internal control structure including business process rules regularly. We will formalize this process as a part of our updated procedures.

RECOMMENDATION 1.13 The Office of Human Resources should terminate or inactivate all non-working employees in relevant systems within a specified timeframe.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
Agree	12/31/17	Chris Longshore 720-913-5657

Narrative for Recommendation 1.13
The Office of Human Resources agrees that terminating or inactivating non-working employees should happen within a specific time period and we will communicate to each agency to ensure that they are processing terminations for all unlimited, limited and on-call status employees when they are no longer working. This will be a handled through a comprehensive communication plan.

RECOMMENDATION 1.14 The Office of Human Resources should implement policies and procedures addressing specific circumstances defining when terminations or inactivation should be done and provide training to help enact such policies.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	12/31/17	Chris Longshore 720-913-5657

Narrative for Recommendation 1.14
The Office of Human Resources has started a process improvement effort aimed at streamlining and modernizing the process for dealing with on-call seasonal employees. This work will inform and guide the work that we do to address this recommendation.

AUDIT FINDING 2
The City's Conversion of Its Payroll Process to Workday Was Successful, but Lessons Learned Can Be Applied During the Conversion to Workday for Financial Processes

RECOMMENDATION 2.1
The Technology Services Project Management Office should ensure that project and test issue logs are documented, maintained, and updated timely.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	9/1/17	Andrea Denis 720-913-4810

Narrative for Recommendation 2.1
Technology Services agrees with this recommendation and will ensure that project and test issue logs are maintained and archived in the project SharePoint site.

RECOMMENDATION 2.2
The Technology Services Project Management Office should reassess the project's record repository to ensure records are available and accessible.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation

Agree	9/30/17	Andrea Denis 720-913-4810

Narrative for Recommendation 2.2
Technology Services agrees with this recommendation and will reassess the PMO SharePoint repository to ensure that the appropriate access is granted and that project artifacts are accessible.

RECOMMENDATION 2.3 The Office of Human Resources should evaluate Workday training needs and best methods for new employees and supervisors.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
Agree	10/31/17	Patti Rowe 720-913-5727

Narrative for Recommendation 2.3
The Office of Human Resources will continue to evaluate methods to ensure that new employees and supervisors receive adequate training and support to perform necessary functions in Workday. We have already begun populating the City University training plans for new employees and managers to include the online Workday training modules.

RECOMMENDATION 2.4 The Office of Human Resources should conduct employee surveys to identify potential additional Workday training needs.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
Agree	12/31/17	Chris Longshore 720-913-5657

Narrative for Recommendation 2.4
The Office of Human Resources will add a survey component to its current strategy for determining what types of training is needed to support the organization. We currently work through the HR Business partners throughout the organization to understand needs and we regularly review calls and tickets in the

DENVER
THE MILE HIGH CITY

HR Service Center to determine where additional training and or job aids can be added to help users to better utilize the system.

RECOMMENDATION 2.5 The Office of Human Resources should review current training offerings and, if needed, revise to ensure that common Workday related issues or questions are addressed.		
Agree or Disagree with Recommendation	**Target date to complete implementation activities (Generally expected within 60 to 90 days)**	**Name and phone number of specific point of contact for implementation**
Agree	9/30/17	Patti Rowe 720-913-5727

Narrative for Recommendation 2.5
The Office of Human Resources is in the process of updating online training for employees and managers and will publish the updated training prior to 9/30/17. Additionally, job aids for common processes are being added and amended on a regular basis and we will add a full quarterly review of all job aids to ensure they are up to date and addressing common issues.

Please contact me at 720-913-5515 with any questions.

Sincerely,

Beth Machann

Beth Machann, CGFM
City Controller

cc: Valerie Walling, Deputy Auditor, CPA,CMC
Heidi O'Neil, CPA, CGMA, Director of Financial Audits
Kevin Sear, CPA, CIA, CISA, CFE, CGMA, Audit Manager
Jeremy Creamean, CPA, Audit Supervisor
Brendan Hanlon, Chief Financial Officer
Karen Niparko, Executive Director, Office of Human Resources
Chris Binnicker, Deputy Chief Information Officer
Bonnie Johnson, Director of Payroll
Chris Longshore, Director of Technology and Innovation, Office of Human Resources

311 for City Services
Denver gets it done!

APPENDICES

Appendix A – Green Book Requirements

The United States Government Accountability office has issued a set of standards for how the internal control over financial process should be designed and implemented. For the internal control section of this audit, specific requirements that we refer to are as follows:

The Green Book explains the nature of control activities, which include policies and procedures, techniques, and other mechanisms that allow management to achieve the organization's goals and address risks related to those goals. Some common categories of control activities, as defined by the Green Book, include top-level reviews of actual performance, reviews by management at the functional or activity level, proper execution of transactions, and appropriate documentation of transactions and internal control, amongst others.[23]

The Green Book also discusses the objectives of an effective information system, which allows management to obtain and process information to meet the organization's operational processes, as well as assist management in addressing risks and meeting goals. Management should evaluate the information processing objectives to meet the defined information requirements. One objective of information processing is accuracy—transactions are recorded at the correct amount in the right account on a timely basis.[24]

The Green Book notes that information systems should be designed with application control activities in mind. An application control activity is also referred to as a business process control. Business process controls are incorporated directly into computer applications as a preventive control, helping ensure the validity, completeness, accuracy, and confidentiality of transactions and data input.[25]

The Green Book also establishes that management have quality information available. The internal control system developed by management should identify information requirements in an iterative and ongoing process. Management should change information requirements in response to changes in the organization and its objectives and risks. Quality information is defined as information that is appropriate, current, complete, accurate, accessible, and provided on a timely basis.[26]

Finally, the Green Book states that quality information should be shared by management down and across reporting lines. This helps ensure information necessary to achieving the organization's goals is available to key personnel. This also ensures key personnel have access to quality information to help address risks and to support the overall internal control system.[27]

[23] U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, DC, 2014), 58, accessed August 1, 2017, http://www.gao.gov/assets/670/665712.pdf
[24] *Ibid., 75*
[25] *Ibid., 52*
[26] *Ibid., 60*
[27] *Ibid., 60*

Appendix B – Select City Systems

NeoGov—City's Human Resource software, which automates the hiring process.

Telestaff—Scheduling software for the City's Department of Public Safety uniformed employees, also used for timekeeping.

Kronos—Timekeeping software for all City employees. It is used to calculate and import data into the Workday payroll processing system.

Workday—City's new enterprise resource system, used to process payroll.

PeopleSoft—City's previous enterprise resource system used to process payroll.

Salesforce—City's automated customer relationship management platform. Among other items, it is used to track payroll-related questions and issues.

SupportNow—City's automated customer relationship management platform used by employees to request services or report issues related to information technology and human resources.

SharePoint—A proprietary, web-based document repository utilized by the City for various purposes that allows users to share documents.