

2023-01E Payroll Performance Audit - Part A - SECOND Follow-up



City Manager's Office
Internal Audit Division

Status of Corrective Action Plans
As of July 2024
External Auditors' Original Report Issuance - August 2023
Follow-up result: All recommendations have been implemented. No further follow-up is scheduled.

Finding #	Priority	Audit Recommendation	Management Responses / Responsive Measures Human Resources Department
1.3	Low	BerryDunn recommends Central Payroll periodically review payroll reports from New World and audit for accuracy and completeness. Central Payroll and the Department of Information should clearly define payroll reporting requirements and help ensure that the payroll system is configured to capture and report the necessary data for monitoring and helping to ensure payroll compliance.	The City is aware of the configuration and functionality limitations of its current technology solution, especially as it relates to the system's reporting capabilities. By September 2023, the City will confer with its current payroll system provider to determine if there are reporting and configuration upgrades that can be made. Absent system upgrades by the system vendor, the City will not be able to implement this recommendation.
Feb. 2024	<p><u>Follow-up Status:</u> This is in progress. The City has submitted requests for configuration and reporting upgrades to the technology vendor. To date, the vendor has not provided resolution.</p> <p><u>Audit Comment to Follow-up Status:</u> Additional follow-up will be conducted for this finding in six months.</p>		
July 2024	<p><u>2nd Follow-up Status:</u> This is in progress. The City has submitted requests for configuration and reporting upgrades to the technology vendor. To date, the vendor has not provided resolution. Requested escalation during meeting with vendor's business agent.</p> <p><u>Audit Comment to Follow-up Status:</u> Audit has been reasonably assured that the management has implemented the recommendation as much as is reasonably possible with the software currently un use; no additional follow-up is scheduled. This finding is closed.</p>		
1.4	Low	Technology should clearly define payroll reporting requirements and help ensure that the payroll system is configured to capture and report the necessary data for monitoring and helping to ensure payroll compliance.	The City is aware of the configuration and functionality limitations of its current technology solution, especially as it relates to the system's reporting capabilities. By September 2023, the City will confer with its current payroll system provider determine if there are reporting and configuration upgrades that can be made. Absent system upgrades by the system vendor, the City will not be able to implement this recommendation.
Feb. 2024	<p><u>Follow-up Status:</u> This is in progress. The City has submitted a request for functionality upgrades to the technology vendor. To date, the vendor has not provided resolution.</p>		
July 2024	<p><u>2nd Follow-up Status:</u> This is in progress. The City has submitted requests for configuration and reporting upgrades to the technology vendor. To date, the vendor has not provided resolution. Requested escalation during meeting with vendor's business agent.</p> <p><u>Audit Comment to Follow-up Status:</u> Audit has been reasonably assured that the management has implemented the recommendation as much as is reasonably possible with the software currently un use; no additional follow-up is scheduled. This finding is closed.</p>		

Finding #	Priority	Audit Recommendation	Management Responses / Responsive Measures Human Resources Department
2.1	High	BerryDunn recommends that Central Payroll work with its system vendor to identify any available updates or changes to the New World system that would help avoid the risk of having to perform manual or retroactive rate increases.	The City is aware of the configuration and functionality limitations of its current technology solution, especially as it relates to retroactive rate increases. By September 2023, the City will confer with its current payroll system provider to determine if there are system updates/improvements that can be implemented to reduce the number of manual processes. Absent system updates/improvements by the system vendor, the City will not be able to implement this recommendation.
Feb. 2024	<p><u>Follow-up Status:</u> This is in progress. The City has submitted a request for functionality upgrades to the technology vendor. To date, the vendor has not provided resolution.</p> <p><u>Audit Comment to Follow-up Status:</u> Additional follow-up will be conducted for this finding in six months.</p>		
July 2024	<p><u>2nd Follow-up Status:</u> This is in progress. The City has submitted requests for configuration and reporting upgrades to the technology vendor. To date, the vendor has not provided resolution. Requested escalation during meeting with vendor's business agent. Central Payroll continues to work with the vendor on alternative solutions outside of system functionality upgrades in an effort to reduce manual processes. A recent, one-time solution was developed with the vendor for mass G/L updates as a part of fiscal year conversion, which eliminated the need for Central Payroll to manually re-key over 900 G/L changes in the system, that effectively addressed this area, albeit as a one-off.</p> <p><u>Audit Comment to Follow-up Status:</u> Audit has been reasonably assured that the management has implemented the recommendation as much as is reasonably possible with the software currently un use; no additional follow-up is scheduled. This finding is closed.</p>		
2.2	Low	BerryDunn recommends that the City train all staff involved in payroll processing on the record retention policy and each employee's responsibilities related to payroll record retention and disposal.	Central Payroll is in the process of cross-training amongst the members of the team and crafting a standardized desk manual to enhance the consistency in payroll processing procedures, including standards related to employee responsibilities and record retention. The anticipated timeframe for the completion of Central Payroll's standardized desk manual is December 2023. By September 2023, Central Payroll will initiate quarterly training for Departmental Payroll Clerks.
Feb. 2024	<p><u>Follow-up Status:</u> This is in progress. Quarterly trainings for Departmental Payroll clerks has been implemented. The Central Payroll desk manual is anticipated to be complete by end of Q2 2024. The City has undertaken a project to revamp it's record keeping system to make automated records destruction an option.</p> <p><u>Audit Comment to Follow-up Status:</u> Examined the scope of work for HR's OnBase Revamp Project dated October 20, 2023, it includes information related to payroll record retention and disposal. The standardized desk manual noted in management responses has not been finalized; additional follow-up will be conducted for this finding in six months.</p>		
July 2024	<p><u>2nd Follow-up Status:</u> This is in on-going. OnBase Revamp Project is in the queue for FY 25, which includes a records retention framework. The Central Payroll desk manual has been developed and is regularly being updated.</p> <p><u>Audit Comment to Follow-up Status:</u> Audit examined the desk manual titled City of Reno Payroll Processing Checklist provided by management. The 46 page document represents the formal payroll procedures to ensure consistency. This finding is closed.</p>		

Finding #	Priority	Audit Recommendation	Management Responses / Responsive Measures Human Resources Department
3.1	High	BerryDunn recommends that the City separate the duties of entering and removing employees from New World from Central Payroll's responsibilities. HR should assign the function to an employee who does not approve timecards or process payroll for City employees. We recommend that Central Payroll should also regularly monitor and audit employee information and payroll data to identify terminated employees who are still listed as active in the payroll system	The City is in the process of separating the duties of entering new employees and employee changes in New World from Central Payroll's responsibilities. The timeline for completion of the separation of duties is not yet available. With the assistance of the Internal Audit Division, Central Payroll will regularly monitor and audit employee information and payroll data for terminated employees.
Feb. 2024	<p>Follow-up Status: This is in progress. Separation of duties workflow improvements is in the planning stage. Data sets have been requested and provided to Internal Audit.</p> <p>Audit Comment to Follow-up Status: Additional follow-up will be conducted for the separation of duties efforts in six months. Also, in collaboration with HR / Payroll, The City of Reno's Internal Audit Divisional staff conducted the spot audit checks that were recommended by the external audit report for the November 2023 quarterly and biannual spot audits. Ongoing spot audits are scheduled for the quarterly and biannual spot audit by the Internal Audit Division.</p>		
July 2024	<p>2nd Follow-up Status: This is on-going. Separation of duties workflow improvements have been initiated with the HR Technicians entering new hires into the system. IT has helped Internal Audit prepare reusable reports to conduct spot checks.</p> <p>Audit Comment to Follow-up Status: Separation of duties has improved with the addition of HR Technicians processes. Quarterly spot checks by Internal Audit Division are ongoing; this finding is closed.</p>		
3.2	High	BerryDunn recommends that the City formally adopt a set of payroll procedures that are maintained and updated by the payroll manager to help ensure consistent procedures are being followed by the payroll technicians, payroll clerks, department supervisors/directors, and City employees.	Central Payroll is in the process of cross-training amongst the members of the team and crafting a standardized desk manual to enhance the consistency in payroll processing procedures. The anticipated timeframe for the completion of Central Payroll's standardized desk manual is December 2023. By September 2023, Central Payroll will initiate quarterly training for Departmental Payroll Clerks.
Feb. 2024	<p>Follow-up Status: This is in progress. Quarterly trainings for Departmental Payroll clerks have been implemented, first occurred Q4 2023, next will occur Q1 2024. The Central Payroll desk manual is anticipated to be complete by end of Q2 2024.</p> <p>Audit Comment to Follow-up Status: Examined Payroll's scheduling email for the October 26, 2023 training for departmental payroll clerks and examined the presentation contents. The presentation materials and the October 26, 2023 training session recording was provided to the departmental payroll clerks. The standardized desk manual noted in management responses has not been finalized; additional follow-up will be conducted for this finding in six months.</p>		
July 2024	<p>2nd Follow-up Status: This is on-going. Quarterly trainings for Departmental Payroll Clerks have been implemented. The Central Payroll desk manual has been developed and is regularly being updated. In addition, as of March 1, 2024, each member of the Central Payroll team is spending a 4-month rotation serving as a team lead and training under the Payroll Manager on the higher-level and more complex elements of payroll processing.</p> <p>Audit Comment to Follow-up Status: Audit examined the desk manual titled City of Reno Payroll Processing Checklist provided by management. The 46 page document represents the formal payroll procedures to ensure consistency. This finding is closed.</p>		

Finding #	Priority	Audit Recommendation	Management Responses / Responsive Measures Human Resources Department
3-3	Medium	BerryDunn recommends that City staff who have a role in processing payroll, including payroll clerks, supervisors and Central Payroll staff, be provided with training on established payroll policies and procedures to help ensure consistent implementation of payroll procedures.	Central Payroll is in the process of cross-training amongst the members of the team and crafting a standardized desk manual to enhance the consistency in payroll processing procedures. The anticipated timeframe for the completion of Central Payroll's standardized desk manual is December 2023. By September 2023, Central Payroll will provide quarterly training for Departmental Payroll Clerks.
Feb. 2024	<p>Follow-up Status: This is in progress. Quarterly trainings for Departmental Payroll clerks have been implemented, first occurred Q4 2023, next will occur Q1 2024. The Central Payroll desk manual is anticipated to be complete by end of Q2 2024.</p> <p>Audit Comment to Follow-up Status: The standardized desk manual noted in management responses has not been finalized; additional follow-up will be conducted for this finding in six months.</p>		
July 2024	<p>2nd Follow-up Status: This is on-going. Quarterly trainings for Departmental Payroll Clerks have been implemented. The Central Payroll desk manual has been developed and is regularly being updated.</p> <p>Audit Comment to Follow-up Status: Audit examined the document titled City of Reno Payroll Processing Checklist provided by management. The 46 page document represents the formal payroll procedures to ensure consistency. This finding is closed.</p>		
4.1	Medium	BerryDunn recommends that the City implement access control policies and procedures to limit employee access to PII to only those with a legitimate need to access it.	The City is aware of the use of PII as the primary source of interface for technology solution integrations. By September 2023, the City will confer with its current payroll system vendor to determine if there is a way to limit end user access to PII without impacting automated integration with other systems currently utilized for payroll processing.
Feb. 2024	<p>Follow-up Status: This is in progress. The City has submitted a request for functionality upgrades to the technology vendor. To date, the vendor has not provided resolution. The City has undertaken a project to disassociate employee records from PII in the City's record keeping system.</p> <p>Audit Comment to Follow-up Status: Additional follow-up will be conducted for this finding in six months.</p>		
July 2024	<p>2nd Follow-up Status: This is in progress. The City has submitted requests for configuration and reporting upgrades to the technology vendor. To date, the vendor has not provided resolution. Requested escalation during meeting with vendor's business agent. IT has been able to limit access to PII in the City's payroll reporting database. As a result of this change, there are two different levels of access, one that eliminates user access to PII.</p> <p>Audit Comment to Follow-up Status: Audit has been reasonably assured that the management has implemented the recommendation as much as is reasonably possible with the software currently un use; no additional follow-up is scheduled. This finding is closed.</p>		