



Office of the City Manager

INFORMATION CALENDAR
December 11, 2012

To: Honorable Mayor and Members of the City Council
From:  Christine Daniel, City Manager
Submitted by: David W. Hodgkins, Director of Human Resources
Subject: Status Update: Implementation of Citywide Payroll Audit Recommendations

INTRODUCTION

This information report is submitted as a second interim status report on the City Auditor’s May 18, 1999 Consent Calendar report entitled “City-wide Payroll Audit.” The objectives of the City-wide Payroll Audit were to evaluate the quality of information produced by the payroll system, and to examine the effectiveness of the input process. The audit report can be found on the City’s website at [http://www.cityofberkeley.info/uploadedFiles/Auditor/Level_3 - General/Payroll%20Audit_1999.pdf](http://www.cityofberkeley.info/uploadedFiles/Auditor/Level_3_-_General/Payroll%20Audit_1999.pdf). The City-wide Payroll Audit had 45 recommendations concerning payroll processing operations in City departments. The last status report was presented to City Council on April 11, 2000. Prior to the status report now being presented, 39 recommendations had been fully implemented, 4 had alternative recommendations implemented, and two were partially implemented. The two partially implemented recommendations both involve the Human Resources Department. One also involves the Auditor’s Office Payroll Division and Information Technology Department. This status report is only reporting on the implementation status of audit recommendations that had not been fully implemented as of the last status report. After taking into consideration the audit implementation activity reported in this status report, only one recommendation remains partially implemented. Our next update to Council will be on December 17, 2013.

CURRENT SITUATION AND ITS EFFECTS

Finding PER1: Inconsistent Administrative Components in Memoranda of Understanding.

PER1 Recommendation: To the extent practicable, we recommend that the City Manager give high priority to making Memoranda of Understanding language uniform as contracts come open for renegotiation.

Status: Implemented. City Manager will give a higher priority to making the various Memoranda of Understanding language uniform as contracts have come up for negotiation. Going forward, the City will continue to abide by Council policy, adopted on

July 24, 2012, to consider uniformity across bargaining units to the extent this is compatible with state law, enhances transparency and is efficient to administer, while at the same time not resulting in an overall increase in costs. Consideration of uniform benefits will not be utilized as a preemptory tool to negotiate compensation or benefits, as such would be contrary to the spirit and intent of bargaining in good faith.

Finding PAY4: Paper-based Time Recording System.

PAY4 Recommendation: As HTE Payroll System processing improves, and time recording technology advances, the Office of the City Auditor and the Office of Information Systems should consider replacing the current timecard system with a state of the art system.

Status: Partially Implemented. Staff from Payroll, Human Resources, and Information Technology agree that an electronic time and attendance system would be more efficient than the City's current paper-based system. This project was placed on the Information Technology (IT) Master Plan in July 2008, but due to fiscal constraints and competing automation priorities, has not yet been fully funded. Partial funding has now been identified and, as a result, staff has been allocated starting March 2013 to begin business needs analysis and system comparisons.

BACKGROUND

The Auditor conducted a citywide payroll audit. The objective of the audit was specifically related to Payroll and related benefits. The payroll system, which is used to generate payment and to provide cost information for management control over these expenses, requires labor intensive inputs. The purpose of the audit was to evaluate the quality of information produced by the payroll system and to examine the effectiveness of the input process.

POSSIBLE FUTURE ACTION

The Information Technology Department continues to work with Auditor Payroll and City Manager's office to identify funding and other necessary resources to implement the outstanding audit recommendation. The next report to Council on the partially implemented recommendation will be on December 17, 2013.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

None at this time.

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