

INFORMATION CALENDAR December 17, 2013

To: Honorable Mayor and Members of the City Council

From: (Christine Daniel, City Manager

Submitted by: David Abel, Acting Director of Human Resources

Subject: Status Update: Implementation of Citywide Payroll Audit Recommendations

INTRODUCTION

This information report is submitted as a third and final status report on the 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.ci.berkeley.ca.us/uploadedFiles/Auditor/Level 3 -

General/Payroll%20Audit 1999.pdf. The City-wide Payroll Audit has 45 recommendations concerning payroll processing operations in City departments. The last status report was presented to City Council on December 11, 2012. Prior to the status report now being presented, 40 recommendations had been fully implemented, 4 had alternative recommendations implemented, and one was partially implemented. The one partially implemented recommendation involves the Auditor's Office Payroll Division and the 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.

CURRENT SITUATION AND ITS EFFECTS

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: Implemented. The City Auditor and the Department of Information Technology considered replacing the current timecard system and both agree that it must be replaced with a state-of-the-art system. The fiscal year 2014 budget for the Auditor's Office includes \$172,973 for electronic distributed time entry software and payroll module replacement. The Information Technology Department budget includes \$125,166 in part for the Government Finance Officers Association (GFOA) to conduct a

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business analysis for a new financial system. The City has begun consulting with the GFOA to implement a replacement system that will support automated timecard processes for all City departments and integrate with the City's core payroll and accounting functions.

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 and the Payroll Division of the Auditor's Office continue to work together to use the fiscal year 2014 budgeted funds to acquire and implement a state-of-the-art timecard and payroll distribution system.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

None at this time.

CONTACT PERSON

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