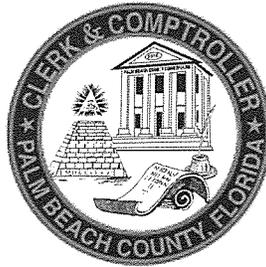


**CLERK & COMPTROLLER
PALM BEACH COUNTY
PAYROLL DEPARTMENT
COUNTY & PALM TRAN PAYROLL PROCESSING**



SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

Division of Inspector General

Audit Services Unit

June 13, 2014



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Clerk & Comptroller
Palm Beach County

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The Honorable Sharon R. Bock, Esq.
Clerk & Comptroller

We conducted an audit of County and Palm Tran Payroll Processing.

The objectives were to: obtain an understanding of the County and Palm Tran Payroll processes, perform a risk assessment to identify risks and vulnerabilities impacting these processes, evaluate the overall effectiveness and efficiency of the processes and related internal controls to mitigate the risks, verify compliance with pertinent laws and regulations as well as established policies, and compare processes with accepted standards and best practices.

Our audit was neither designed nor intended to be a detailed study of every process, procedure, transaction or system in each area. Accordingly, the observations and recommendations included in this report are not all-inclusive.

The Payroll Department provides timely, accurate service to County and Palm Tran employees. The audit identified various control weaknesses and improvement opportunities. Information security controls and practices as well as the segregation of employee roles and responsibilities required improvement. Opportunities were noted to conduct periodic payroll audits to ensure accurate disbursements, strengthen controls over the distribution of the approximately 730 hard copy payroll checks, update written procedures and implement performance measures.

We appreciated the cooperation of management and staff during the course of this audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Roger Trca".

Roger Trca CIG, CPA, CIA, MBA
Inspector General & Audit Director
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Executive Summary

An audit of County and Palm Tran Payroll was performed by the Clerk & Comptroller's Division of Inspector General. This regularly scheduled audit was included on the annual audit plan.

The Payroll Department, residing within the Finance function, is responsible for three distinct payrolls: Clerk & Comptroller, Board of County Commissioners (County), and Palm Tran. The Clerk & Comptroller payroll functions were not included in the scope of this audit. The Payroll Department is responsible for processing the bi-weekly payroll for approximately 6,200 County and Palm Tran employees.

The objectives were to: obtain an understanding of the County and Palm Tran Payroll processes, perform a risk assessment to identify risks and vulnerabilities impacting these processes, evaluate the overall effectiveness and efficiency of the processes and related internal controls to mitigate the risks, verify compliance with pertinent laws and regulations as well as established policies, and compare processes with accepted standards and best practices.

The Payroll Department provides timely, accurate service to County and Palm Tran employees. The audit identified various control weaknesses and improvement opportunities. Information security controls and practices surrounding user IDs and passwords and storage of sensitive data require improvement. Employee roles and responsibilities were not adequately segregated. Given the current environment of Payroll receiving exception-based time and attendance data through the Timeserver system and the reliance placed on County department heads for review and approval, opportunities exist to conduct periodic payroll audits to ensure accurate disbursements. Controls should be strengthened over the distribution and delivery of the approximately 730 hard copy payroll checks to County and Palm Tran employees. Certain written procedures require update and enhancement and performance measures were not fully in place.

The report contains six observations and twelve recommendations.

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Introduction

Overall Conclusion

Overall, the Payroll Department provides timely and accurate service to its customers – the County, the County’s and Palm Tran’s employees, and the various agencies and vendors who receive payments and reports generated by payroll processing. Responsibility and control over payroll is shared with the County as the Clerk & Comptroller’s Payroll Department is largely dependent on County department heads to review and approve time and attendance data that is reported on an exception basis via the County’s Timeserver system.

The Payroll audit identified various control weaknesses and improvement opportunities related to information security, segregation of employee roles and responsibilities, periodic payroll audits, delivery of hard copy payroll checks, written procedures, and performance metrics.

Objectives, Scope and Methodology

The Clerk’s Audit Services Unit of the Division of Inspector General conducted an audit of County and Palm Tran payroll processes. This regularly scheduled audit was included on the annual audit plan.

The objectives were to: obtain an understanding of the County and Palm Tran Payroll processes, perform a risk assessment to identify risks and vulnerabilities impacting these processes, evaluate the overall effectiveness and efficiency of the processes and related internal controls to mitigate the risks, verify compliance with pertinent laws and regulations as well as established policies, and compare processes with accepted standards and best practices.

More specifically, the scope included Payroll operations supporting external customers (County and Palm Tran employees). Payroll operations supporting Clerk & Comptroller employees were not included in the scope of this audit.

In order to meet these objectives, we conducted interviews and reviewed departmental policies and procedures. We obtained key contracts in place involving payroll

processes. We identified the pertinent Florida Statutes and other laws and regulations. We performed a risk assessment of the payroll processes by documenting workflows and activities, identifying key risks, and evaluating the adequacy of the internal control environment to mitigate the risks identified. We conducted testing of internal controls and transactions. Testing performed covered the period from January 1, 2012 through May 31, 2013. We enlisted the support of Clerk IT to apply automated data extraction software tools to evaluate large amounts of data against established criteria to more efficiently identify any possible exceptions or observations. In addition, we performed other procedures that were deemed necessary under the circumstances.

Background

The Payroll Department falls within the Finance function and has the responsibility of overseeing and producing three distinct payrolls: Clerk & Comptroller, Board of County Commissioners (County), and Palm Tran.

The Payroll Department is responsible for processing the bi-weekly payroll for County employees, including balancing the payroll function and reviewing employee data changes by Human Resources. This includes non-union and union shift employees (e.g., firefighters), who are paid bi-weekly over a 28-day cycle and employees with continually revised work schedules and timecards based on demand for service (e.g., Utilities and Road & Bridge, part-time and temporary employees). The Payroll Department is also responsible for processing and balancing the Palm Tran bi-weekly payroll and the semi-monthly payroll for the seven County Commissioners. There are approximately 6,200 total County and Palm Tran employees, of which approximately 730 employees receive hard copy payroll checks each pay period while the large majority receives direct deposits.

Measures of the Payroll Department's workload for County and Palm Tran employees are provided below for calendar years 2011 through 2013:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
County/PalmTran Employees Paid (1)	7,199	7,081	7,138
County/Palm Tran Gross Payments	\$393,004,938	\$389,972,270	\$393,043,801

(1) Includes new hires and terminations during the year

The Payroll Department uses and interfaces with several automated applications in addition to standard Microsoft Office applications to assist in its work. The applications include PeopleSoft within the Clerk's Office as well as the Human Resource Information System (HRIS), Risk Management Benefits System (RIMS) and Timeserver within the County.

Payroll is led by Helen Harvey - Manager, supported by two supervisors and 11 staff positions. The Payroll budget for FY 2013-2014 totaled \$1,009,400, with 97.6% allocated to departmental employee compensation and benefits.

Observations & Recommendations

1. Information security controls and practices require improvement.

The Payroll Department handles sensitive information in its normal course of business such as social security and bank account numbers and protected health information. This sensitive information is generally secured through limited access to storage drives and use of encryption protocols during transmission with external parties. However, we identified certain areas in which information security (IT) controls should be strengthened to ensure data was not compromised.

The following observations were noted during the audit.

- Nationwide retirement .txt files containing social security numbers were stored in the Payroll shared drive.
 - One former Payroll staff member who transferred to Financial Reporting in August 2011 still has access as a Payroll staff member.
 - The files were accessible by 114 user accounts, including 40 named individuals (some with multiple listings) and 64 user titles. This included six non-payroll Finance user accounts and 17 Payroll user accounts.
 - This access included 21 IT staff with 68 user accounts with “full control” access, 13 user accounts with “modify” access, and 12 user accounts with “special” access. These multiple roles may be related to separate functionality required by IT staff.
- The user ID and password to access the Nationwide retirement website was not secured as it was published in the PeopleSoft procedures.
- Procedures for assembling and transmitting quarterly unemployment (now reemployment) taxes on behalf of Palm Tran contained the user ID and password required to access the system, which is used to transmit data to the Florida Department of Revenue. The procedures also included a sample screen shot of the report with 34 employee social security numbers.

- Logical security over payroll information within the PeopleSoft Enterprise system was not designed and implemented in the most efficient and effective manner. PeopleSoft security can be established through either static or dynamic role assignments. The payroll administration was set up using static assignment. This has resulted in incremental permission lists (4,125 security lines assigned to the 14 employees), additional manual intervention, and a higher risk of human error in assignment of security. Payroll management characterized the current security environment as extremely difficult to manage. Alternatively, PeopleSoft dynamic role assignments can be programmatically assigned to user roles which: require less manual work for the PeopleSoft security administrator, are scalable, have a lower risk of human error, and require fewer help desk calls.

Best practices indicate that user IDs and passwords should be protected and only made available to those who need to know the information. Additionally, sensitive information should not be included in published procedures.

Recommendations:

- A. Review access rights to sensitive Payroll data and ensure access is restricted to the minimum number of users required for operational functionality.
- B. Review existing procedures and ensure user IDs, passwords, and sensitive data are not included in clear text or samples unless the actual information is redacted.
- C. Evaluate the opportunity to transfer security parameters from a static role to dynamic role assignment, engaging Clerk's IT as needed, to provide a more efficient and effective security maintenance process.

Management Responses:

- A. The Payroll Manager has been working with Enterprise Resource Planning (ERP)-IT and IT Desk Top to secure and limit access to certain files in the Payroll S: drive that contains sensitive payroll data. ERP-IT provided the PeopleSoft (PS) security access reports to the Payroll Manager, and they have met to review the access levels in PeopleSoft. The Payroll Manager is also working on a matrix that determines the business needs and processing requirements for the different access levels in PeopleSoft.

All Payroll staff members have access to view payroll information and certain basic job / benefit data information. ~~Depending on the tasks, access to make changes and run~~

files/reports is restricted to certain staff members that are responsible for that data. When the department has critical processing demands and projects that require additional assistance, Joseph Billi (as a fully trained and former member of the department) provides assistance and is assigned needed access to only County employee data. Currently, Mr. Billi is working on a Florida Retirement System (FRS) project that is estimated for completion by September 2014.

Target Completion Date: 9/30/14

- B. PeopleSoft production user IDs and passwords are protected and not published. Some of the common vendor user IDs used for uploading files were published in the procedures, which are in the process of being removed. Currently, common passwords are kept separately by staff members that need them to upload files. We are reviewing all of our procedures to ensure that sensitive data (e.g., SSN, HIPPA) is not included.

Target Completion Date: 7/31/14

- C. The assignment of roles and responsibility is based on a staff member's function in the Payroll Department. The difficulty with security set-up in PS is related to the current security tree; however, IT is reviewing opportunities for improvement that may exist in the PS 9.2 upgrade. Further discussions with the Division of Inspector General are needed to review the payroll function in PS and the role assignments. It should be noted that during the initial conversion to PS, best practice recommendations were made by the implementation partner, Oracle Consulting, and those recommendations led to the system configuration that exists today.

Target Completion Date: 9/30/14

2. Payroll roles and responsibilities are not adequately segregated.

Internal control best practices for segregation of payroll administration duties suggest that no one individual should be responsible for more than one task involving payroll preparation, disbursement, distribution, and reconciliation (source: Association of Certified Fraud Examiners). Various Payroll management and staff were assigned PeopleSoft authority levels to execute duties that were overlapping or incompatible, which increase the potential risk of undetected errors or fraud.

Our review of access capabilities of the 14 Payroll management and staff employees disclosed that:

- Seven employees can suppress direct deposit advices.
- Eight employees can create positive pay files and eleven employees can request direct deposits.
- Seven employees can create, encrypt, and send direct deposit files.
- Seven employees can create and print online checks.
- Seven employees can reverse and adjust paychecks.
- In addition, the Payroll manager, administrator and supervisor positions possess access capabilities that include tasks involving payroll preparation, disbursement, distribution and reconciliation.

Such access does not represent an adequate segregation of duties. Similarly, two Accountant II staff have multiple access rights (e.g., create positive pay files, encrypt and send direct deposit files, and update bank reconciliations and reconciliation reports) that provide elements of incompatible duties.

Recommendations:

- A. Review and adjust PeopleSoft security settings so that employee access privileges are limited to those required to perform their job responsibilities, with consideration given to ensuring adequate back-up support and cross training needs.
- B. Realign PeopleSoft security settings to ensure that, to the extent possible, no individual has system authority for more than one payroll function involving preparation, disbursement, distribution and reconciliation. Consideration should be given to reconfiguring PeopleSoft security settings so that, to the extent possible, the Payroll Manager and Payroll Administrator do not have the ability to add, update, or correct payroll data.

Management Responses:

- A. There are certain processes in PeopleSoft that require all or some staff members to have change access. For example, access to suppress payroll advices only suppresses printing since County went paperless, but does not suppress the actual processing of the direct deposit to the bank.

In addition, there are several staff members that can create duplicate processes and files that will not completely jeopardize the payroll data. We believe that the access

provided to staff is necessary to ensure adequate back up is available at any given moment due to day-to-day availability for certain processes.

Target Completion Date: Completed

- B. The Payroll Manager will work to provide the Division of Inspector General a better understanding of these PS processes and of the staff's access level in PS. Additional checks and balances also exist as some vendors have safeguards for duplicate files. An outline of these processes will be provided to the IG Division by August 2014.

As an additional safeguard, audit reports are in place, for review by management and others, to document all additions, changes, or updates made to payroll data by any staff member. Even though the Payroll Manager and Payroll Administrator can add, update or correct payroll data, this is only used when needed and for testing. Finance management can always review the changes made in production.

Target Completion Date: 8/31/14

Division of Inspector General Response: Based on management responses above, it is our opinion that a level of risk remains that management has chosen to accept. We will continue to work with Payroll management to minimize these risks to the extent possible and practical.

3. Opportunities exist to conduct periodic payroll audits of county department timekeeping and payroll processing.

Payroll receives exception-based time and attendance data on County employees through the Timeserver system currently used by the County. The Timeserver system requires significant manual verification and cross-checking of exceptions reported. Payroll is working with the County to move time and attendance reporting from Timeserver to the HRIS timekeeping application, which provides enhanced application level controls and a different method of transferring data to payroll. In addition, Palm Beach County Fire Rescue is negotiating the potential installation of Kronos for their timekeeping. Kronos is an on-line system with electronic signature and supervisory approval within the application, which would greatly enhance the processing of time recording for Fire Rescue. The Kronos application is currently successfully used by Clerk & Comptroller office.

The Payroll Department relies upon the County department representatives to review and approve employee work time and any absences. When exceptions are reported for processing, Payroll largely relies on the County department representatives to have ensured the exceptions are in accord with the County policies and procedures manual (PPM). County department accuracy has not been verified by on-site auditing of the County records in recent years though procedures were in place to conduct such audits in the past. The Payroll Department budget contains specific funding to allow these audits to be conducted. According to the Payroll Manager, the conversion to PeopleSoft and staff constraints have prevented them from conducting audits in the recent past. Payroll is currently developing updated procedures to document the purpose and conduct of such audits and plans to reinitiate the audits as soon as practicable.

The importance of these audits is accentuated as Payroll only receives exception reports of County employee time worked. This increases the risk of errors in reporting remaining undetected. Our audit testing identified the following observations that indicate County management is not sufficiently reviewing and approving time reporting prior to submission to the Payroll Department, which further supports the need for continuation of periodic audits.

- While Department representatives are required to sign biweekly final reports from the Timeserver recording system, certain signatures were affixed by signature stamp, weakening the intended control.
- The County PPM permits incentive leave of up to 20 hours per employee per calendar year and each department to award up to two hours times the number of full-time equivalent (FTE) employees per year. Our audit disclosed that four employees and two departments exceeded the incentive leave limitations during 2012.
- The County PPM allows 240 hours for military leave (MIL) for the calendar year and the Fire Rescue Unit (FRU) bargaining unit allows up to 384 hours of MIL for the fiscal year. Our audit disclosed two employees, one covered by the County PPM and one covered by the FRU bargaining agreement, exceeded the annual caps on MIL usage. The County employee cited was granted 296 hours (excess of 56) during calendar year 2012 and the FRU employee was granted 416 hours (excess of 32) during the first three months of fiscal year 2013.
- Positions which exist for more than six months are generally (not including positions reserved for students) considered covered by the Florida Retirement System (FRS) whether a single incumbent or multiple incumbents occupy the positions. Several employees occupying student, seasonal, or temporary positions worked sufficient hours during 2012 to indicate the positions occupied may have required payments to the FRS. Specifically, we identified two County employees in

our testing that were also included in the Department of Management Services Office of Inspector General report (issued September 27, 2013) as individuals who should have been covered

Recommendations:

- A. Fully develop and finalize procedures for conducting periodic payroll timekeeping audits. Initiate periodic audits of the County department payroll timekeeping and exception reporting to ensure accurate payroll disbursements.
- B. Continue coordination efforts with County management in an attempt to migrate from the Timeserver system to a more robust and efficient timekeeping system (e.g., HRIS or Kronos).

Management Responses:

- A. Last year, the Payroll Department added another staff accountant. The additional position will develop and conduct the periodic audits. We will revise the audit procedures by August 2014 and begin conducting audits at the County departments by October 2014. The staff accountant will also conduct audits to ensure the Payroll Department obtains the required signatures on all reports and TimeServer.

Additionally, while we have not conducted on-site audits recently, we did develop numerous audit reports from Timeserver and PeopleSoft over the past year to identify issues. However, the process is tedious as PS is not the system of record for information such as HRIS job / position data and leave - the County's HRIS system is. We are in the process of acquiring access to the HRIS data base in order to develop additional audit reports for incentive leave and other leave type balances.

The example above related to FRS highlights the issues occurring as a result of PS not being the system of record for much of the County's personnel data. Because HRIS is the system of record for position data, County HR requires the County departments to monitor their temp and on call position work hours. County HR (not the Payroll Department) then sets up the position, monitors the position assignments and establishes the FRS plan type code. However, with access to develop reports in HRIS, Payroll can monitor the year-to-date (YTD) hours or length of a position and then send County HR a copy of the report indicating the employees that may possibly be in question.

Target Completion Date: 10/31/14

- B. With regards to a migration from TimeServer, the Payroll Department and Finance Business Analysis group are continuing to meet with the County on the progress of the TimeServer replacement. However, at this time, the County only intends to provide an upgraded system that allows for the edit of exceptions, as opposed to our recommendation to implement a positive pay system for non-exempt employees that would be required to stamp in and out.

Target Completion Date: Ongoing

4. Opportunities exist to improve controls and efficiencies over payroll checks delivered to County and Palm Tran employees.

Approximately 730 County and Palm Tran employees still receive hard copy payroll checks each pay period. Thorough controls were in place over the production and printing of these checks. Opportunities exist to strengthen the controls over subsequent delivery of the checks. Alternatively, operating efficiencies would be gained if all payroll checks were converted to direct deposit.

Substantial incremental efforts are required to produce hardcopy payroll checks, which include:

- producing and approving separate data and print files,
- maintaining and securing check stock,
- securing special micro-encoding printers required for payroll checks,
- printing and sorting checks by County department,
- distributing checks to County department representatives prior to payday,
- producing “positive pay” files to reduce the risk of unauthorized payroll checks, and
- verifying employee claims for lost checks and printing replacement checks when lost.

Lists of the checks printed are created and provided to the Payroll staff who distribute the checks. These individual lists, segregated by County/Palm Tran department, contain the employee name, ID number, check number and the number of checks (and/or pay advices) produced for each department. The checks are distributed on the day prior to pay day by Payroll staff. Designated employees for departments located in Government Center come to the second floor lobby to sign for and pick up the payroll

checks. For departments at other locations, a courier (County employee) picks up the packages of checks.

We reviewed the distribution lists for the pay period ending July 12, 2013 and observed the following:

- Some of the designated employees' signatures were not legible. In the case of Palm Tran, a 33 page listing contained the signature of the designated individual 24 times, which was exactly identical (in shape and size) all 24 times, indicating a signature stamp was used rather than an actual signature.
- For the courier pickup, a separate listing is prepared showing the departments for which the courier picks up checks; a check mark is affixed by each department for which the courier picks up. This listing doesn't contain specifics about the checks or the number of checks picked up, instead relying on the individual department listings with corresponding check marks indicating the courier has picked up the checks. The courier initialed the pick-up listing instead of signing it.

The Payroll Department doesn't receive an indication of the ultimate delivery of pay checks to the entitled employees. While it can be expected that employees would complain if they didn't receive their checks, the audit trail to indicate why a check wasn't received is compromised by the lack of feedback to Payroll and the uncertainty of signatures on the lists produced. In addition, Payroll cannot verify that all pay checks produced were appropriately prepared on behalf of legitimate current employees.

Recommendations:

- A. Review the check distribution process and ensure actual, legible signatures are obtained for all checks distributed by Payroll to department representatives. Revise procedures accordingly.
- B. Initiate steps to include in its County department payroll audits unannounced direct delivery of payroll checks to individual employees on a spot basis throughout the year.
- C. Continue ongoing discussions with County management to eliminate issuance of printed payroll checks and move to 100% direct deposit payroll disbursement.

Management Responses:

- A. With regards to Palm Tran, the Palm Tran payroll supervisor is responsible for the distribution of paychecks. We provide a register of all checks issued so Palm Tran's payroll supervisors can ensure they receive all paychecks. It is then the responsibility of the Palm Tran Finance Department to deliver these paychecks to the Palm Tran employees and secure a signature documenting receipt of the check. Because Payroll staff is not responsible for delivery of the payroll checks, we are unable to control whether employees provide legible signatures on the register; however, Palm Tran staff can do so.

With regards to County checks, they are delivered by the County courier in a sealed envelope so the courier does not know how many checks are delivered. However, Payroll provides a paycheck register and it is the responsibility of each County department to verify the paychecks that are received. Should there be a discrepancy, the department contacts Payroll directly to resolve, including stop payment/re-issue of any missing check. Currently, it is not a requirement to have County departments obtain the employee's signature on the form and return it to Payroll. Typically, an employee would be required to sign for their paycheck upon receipt only during a payroll audit.

Additionally, while Payroll does currently provide a report by department that lists the employee's name and check number, the employee's signature, as mentioned above, is not obtained upon delivery of the check. Therefore, the report is not returned to the Payroll Department. Going forward, we will require that authorized County staff members obtain the employee's signature when receiving a paper paycheck. By July 1, 2014, the Payroll Manager will send out communications to the County departments related to this change.

Target Completion Data: 7/31/14

- B. The Payroll Manager is currently revising the procedures and scheduling an audit by September 2014. This audit must also include employees who receive direct deposit to ensure all employees are valid.

Target Completion Date: 9/30/14

- C. We concur with the recommendation and will continue to meet with the County to move toward 100% direct deposit payroll disbursement.

Target Completion Date: Ongoing

5. Some written procedures require update and enhancement.

The Payroll Department has numerous internal policies and procedures to guide employees, many of which are thoroughly completed. Certain procedures require preparation or enhancement to reflect current practices and ensure inclusion of key references to laws, regulations, and County PPMs. Best practices in internal controls indicate that written procedures help ensure accuracy and consistency in the quality of work. In addition, written procedures help define responsibilities, pertinent laws and regulations, systems involved, and how they are updated and distributed.

Well-designed procedures should include key elements such as: date prepared, author, purpose, statutory and regulatory references, implementation instructions, and persons/positions responsible for taking action and updating procedures. We observed the following during the audit.

- Various procedures were still in draft format. For example, the Bi-Weekly Payroll Interface to General Ledger procedures included a statement of purpose and overview, but no detailed procedures or sources for the listed reconciliation steps. Also, the Add New Vendor in PS draft included six screen prints but no instructions on what to do at each stage, nor a statement of purpose or definition of who or what positions were permitted to set up new vendors.
- Other procedures contained some elements of well-designed procedures, but not all. Examples include writ of garnishment procedures and personal usage for company car procedures, which lack certain elements (e.g., ownership, effective date, and update responsibility).
- Additional procedures were noted that were more representative of desk procedures for performing specific tasks, with print screens and lists of steps to be performed, while lacking written descriptions and purpose statements.

Recommendation:

- A. Continue the efforts to document payroll procedures in a standard format by ensuring inclusion of key elements such as preparation date, ownership/update responsibilities, and appropriate references.

Management Response:

A. Currently, the Payroll staff accountants are working with the Business Analysis group and Tracey MacNeney on the General Ledger interface and vendor processing procedures. Since March 2014, they have been reviewing the processes and reports as well as revising the procedures. This will be completed by September 30, 2014. Other payroll related processing procedures that are in draft form are also in the process of being finalized. This will be completed after the new Assistant Manager is hired.

Target Completion Date: 9/30/14

6. Performance measures are not complete.

Opportunities exist to expand the performance measures used to monitor payroll administration processes. Performance measures and related reporting add optimal value when linked to Clerk strategic objectives, operating department objectives, and compliance with laws and regulations.

There is an effort underway to identify and classify the information necessary to develop performance measures, but the current effort has thus far produced quantitative expressions of work performed without yet considering how effectiveness, timeliness, accuracy, and efficiency will be measured.

The Clerk's annual budget package for 2013 expressly states as long-term and short-term goals the need to "Measure performance to drive decision making." Many of the performance measures established in that budget package are quantitative workload measures gauging budget levels as goals in comparison with current and prior year levels. Payroll is by nature deadline driven and produces quantifiable outputs, the accuracy and timeliness of which are largely evaluated and commented on by the recipients.

An optimal performance management system should identify efficiencies for the various processes that take place in payroll in addition to timeliness and accuracy of outputs to assess how well they help the department achieve its major goals.

Recommendation:

- A. Continue development of key performance measures and the related Payroll Dashboard. Once the Payroll Dashboard is complete, develop correlations between measurements and resources devoted to them to allow assessment of efficiency and accuracy of individual staff efforts.

Management Response:

- A. Payroll currently has developed key performance reports and related Payroll Dashboard reports. The Payroll Manager is still in the process of refining the format.

Target Completion Date: 8/31/14