



**Lavois Campbell, CIA,
CISA, CFE, CGA
Chief Audit Executive**

June 2023

**DeKalb County Government
Finance Department**

**AUDIT OF THE DEKALB COUNTY
PAYROLL PROCESSES**

FINAL REPORT

Audit Report No. 2021-018-FN

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Chief Audit Executive

FINANCE DEPARTMENT
AUDIT OF PAYROLL PROCESSES
REPORT NO. 2021-018-FN

FINAL

HIGHLIGHT SUMMARY

<p>Why We Performed the Audit</p> <p>In accordance with the Office of Independent Internal Audit (OIIA) Annual Audit Plan, we conducted a performance audit of the County's payroll processes. The objective of this audit was to determine whether internal controls over payroll processes are adequately designed and operating as intended.</p> <p>How We Performed the Audit</p> <p>Our audit focused on selected payroll transactions and processes performed during the audit period of December 2021 through September 2022.</p> <p>Our methodology included, but was not limited to, the following:</p> <ul style="list-style-type: none"> Reviewed relevant policies, procedures, and standards. Examined supporting documentation to assess the effectiveness of controls in place. Interviewed appropriate County personnel and external parties. Performed testing for a sample of transactions. <p>Background</p> <p>The County's payroll process is centralized within the Payroll Administration, Risk Management & Employee Services division of the Finance Department. The user departments' payroll coordinators are also a key part of the process. Payroll Administration prepares and distributes the salary, wage, and County pension plan benefit payments to over 6,000 County employees and officials. In addition, they process reports and distribute (deposit or pay appropriate third party) various commission-approved, per-pay cycle deductions: for pension, employee benefits, credit union, and or saving bonds programs.</p>	<p>What We Found</p> <p>Detailed audit results begin on page 7 of this report. Below is a summary of the audit results per testing objectives.</p> <table border="1"> <thead> <tr> <th data-bbox="678 678 1336 772">Audit Objectives</th> <th data-bbox="1336 678 1492 772">Results</th> </tr> </thead> <tbody> <tr> <td data-bbox="678 772 1336 867">1. Determine whether the employee's profile information in the Human Resource (HR) master file is accurate.</td> <td data-bbox="1336 772 1492 867"></td> </tr> <tr> <td data-bbox="678 867 1336 993">2. Determine whether employees' information (hours and pay codes) entered Kronos was accurate prior to sending it to Payroll Administration for processing.</td> <td data-bbox="1336 867 1492 993">Finding #1 Finding #3</td> </tr> <tr> <td data-bbox="678 993 1336 1077">3. Determine whether employee payroll rate and pretax/voluntary deductions were accurate.</td> <td data-bbox="1336 993 1492 1077"></td> </tr> <tr> <td data-bbox="678 1077 1336 1161">4. 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BACKGROUND AND INTRODUCTION

DeKalb County’s total salary and benefits payments were \$527 million for 2021, which is 41% of the County’s budget of \$1.3 billion, according to 2021 payroll data. We noted that employee salary and benefit amounts ranged from \$484 million in 2017 to \$527 million in 2021, indicating percentage changes of 9%, -9%, 5%, and 4% (See Figure 1). During the same period, active employees increased yearly from 5,636 in 2017 to 6,188 in 2021. In addition, percentage changes over this period were 2%, 4%, 4%, and -1% (See Figure 2).

Figure 1

Source: YTD Daily Inquiry File - DeKalb County Budget Department

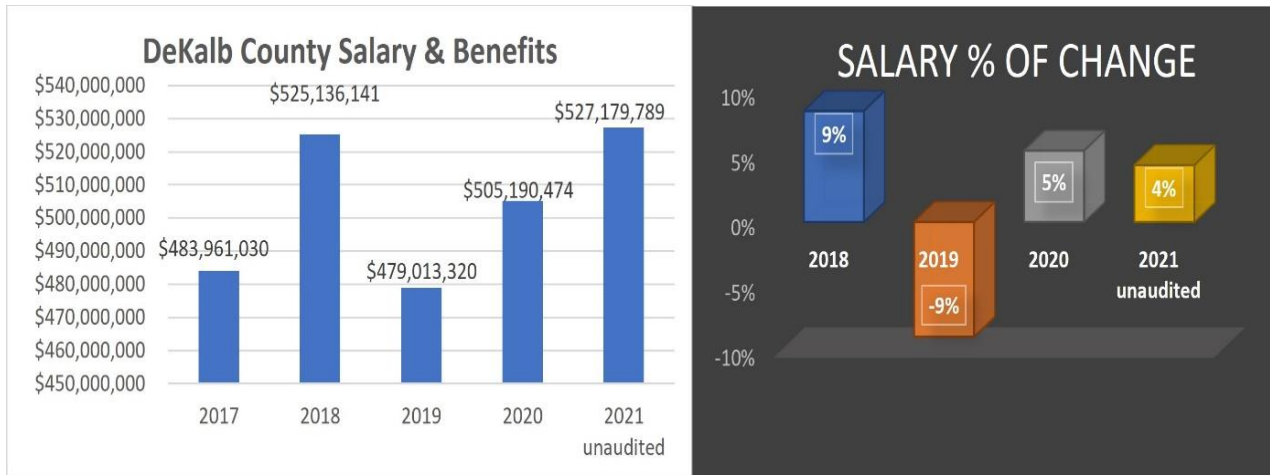
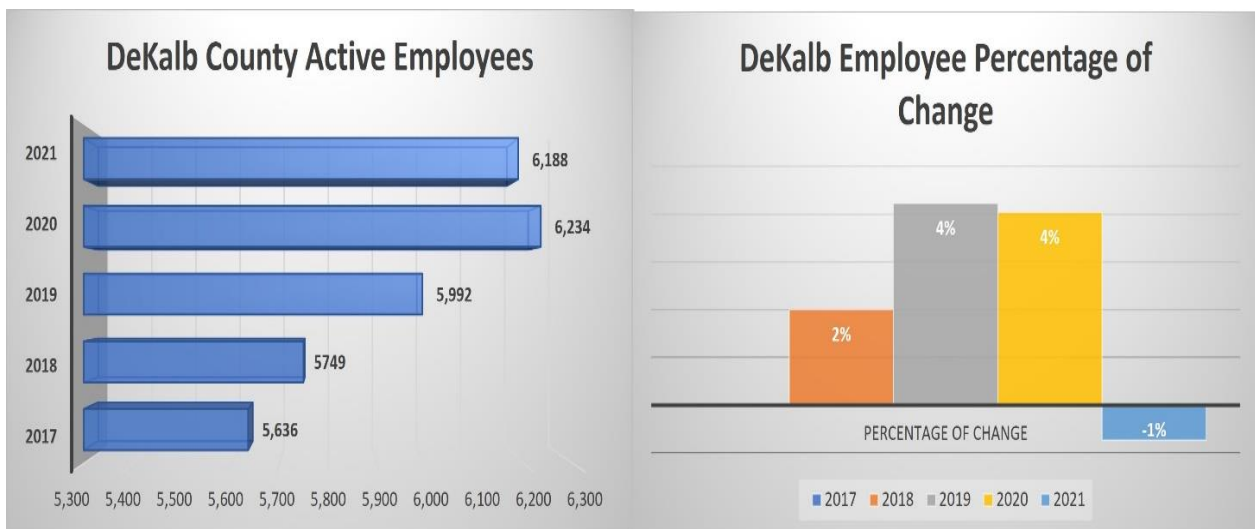


Figure 2

Source: DeKalb County, Georgia’s Annual Comprehensive Financial Report (ACFR) 2017, 2018, 2019, 2020, and 2021 number of active employees.





The payroll process involves the Payroll Administration, Finance Department, user departments, and Human Resources and Merit System (HR) Department.

The County Payroll Administration (Payroll) is a function of the Finance Department's Risk Management & Employee Services Division. Payroll prepares and distributes biweekly and monthly salaries for all County employees. In addition, they process payments for voter election payrolls and off-cycle payrolls. User departments' payroll coordinators maintain employees' daily labor hours in the Kronos timekeeping system (Kronos); the hours are uploaded to CloudVergent360 (CV360) (formally, PeopleSoft) for payroll processing. CV360 is an Oracle cloud Human Capital Management application that serves as a virtual hub for all things related to employee payroll, benefits, and other HR related items.

Payroll's responsibilities include:

- Ensuring that all taxes and other deductions that are withheld from salary and wage payments are reported and paid to the appropriate taxing authorities, benefit carriers, and other payees. Payroll is also charged with processing over 6,700 W-2 forms each January.
- Processing reports and distributing (deposits or pays appropriate third parties) various commission-approved pay-cycle deductions for pension, employee benefits, credit union, and/or savings bond programs.
- Processing pay-related court-ordered deductions such as child support, wage garnishment, student loan repayment, tax levies, etc.

Payroll uses Automatic Data Processing, LLC (ADP), a payroll service provider, to generate employee paystubs and to annually produce, and distribute W2 and 1099 data to state and federal taxing authorities, employees, retirees, and pension beneficiaries.

The County is required to adhere to the Fair Labor Standards Act (FLSA), which describes minimum wage, record maintenance, overtime pay, and youth employment standards. The County is also governed by State of Georgia legislation, including the state's Minimum Wage Law. Also, state codes prescribe requirements for record-keeping and recovery of wages for employees paid less than minimum wage. Relevant County policies and procedures include the Payroll Policy Manual, which describes payroll accounting policies and procedures, and the Kronos Policy, which covers the use of the Kronos application.

The user department payroll coordinators are responsible for establishing the employee profile in Kronos, configuring approved work schedule and FLSA status in Kronos, verifying that the time recorded in Kronos uses appropriate pay codes, and making necessary approved edits/corrections to employee timecards.

The HR department is responsible for setting policies related to employee bonuses and covid incentive payments and configuring approved employee profiles and pay rates in CV360.

Wage/Salary Payment Process

Employees can receive wage/salary payments in one of three forms: direct deposit, prepaid debit card, or physical paycheck. Fair Labor Standard Act (FLSA) non-exempt employees can earn overtime (OT) pay at a rate of one and one-half times their wage



rate for hours worked greater than 40 hours per week. Hours worked by non-exempt employees are recorded in Kronos, by clocking in and out (swiping) their ID badge, or their hours are entered manually into Kronos. FLSA-exempt employees don't clock in or out using Kronos or any other timekeeping system. Exempt employees' Kronos timecards will automatically be populated with 40 hours for each week. Appendix IV shows an overview of the payroll process using Kronos.

Scope, Objectives, and Methodology

Given that payroll is a significant cost to the County and impacts the thousands of County employees, and because of the higher risks of fraud, error, and other unauthorized transactions, it is important to have effective internal controls in place to help ensure the accuracy of payroll transactions.

The audit objective was to determine whether internal controls over the County payroll processes are adequately designed and operating as intended to help ensure accuracy. As such, we interviewed key personnel and reviewed supporting documentation to:

- Understand the various payroll processes.
- Test for payroll accuracy.
- Verify compliance with federal and state regulations and County policies.

The audit scope included selected pay periods from December 2021 to September 2022. However, the following was not included in the audit scope:

- Off-cycle payroll payments (i.e., payments made outside regular payroll cycles) were previously audited during 2021.
- Pension payments to former County employees.
- Taxes and other involuntary deductions.

We selected the following departments (see Table 1) based on some or all of the following factors: high salary budgets, employees that provided essential services during the COVID pandemic, and/or generated overtime costs. Our sample size consisted of 100 randomly selected employees.

Table 1-Departments in audit scope

Source: 2020 audited financial statements and PeopleSoft records.

Department by Salary				
Department	Total Cost per Dept	% of Salary per Dept	Sample Size	# of Employees (filled positions)
Police	70,844,101	39%	37	756
DWM	50,616,611	28%	29	671
Sanitation	34,074,369	19%	19	568
State Court	17,919,239	10%	10	230
Parks	8,426,778	5%	5	188
Totals	\$ 181,881,099	100%	100	2413



Our audit procedures included interviews with management and staff and a review of related policies and procedures to gain an understanding of the County's payroll processes. In addition, to determine the effectiveness and accuracy of these processes, we reviewed samples of employee payroll transactions from different user departments. We also surveyed a sample of user department payroll coordinators to further our understanding of the internal controls over payroll processes.

AUDIT RESULTS

As a result of our audit work, we determined that the requirements and guidance provided by the County's Payroll Manual were consistent with minimum best practices for a payroll function. In addition, based on our sample, no exceptions were noted for processes related to the accuracy of payroll benefit deductions, payroll-related reconciliations, and processes to ensure only active employees are on the payroll.

While performing our audit, we found no evidence of fraudulent activity related to payroll. However, we identified exceptions and other opportunities for management to strengthen controls within the payroll process, which if not addressed, could increase the risk of fraudulent activities and errors occurring and going undetected. We noted the following findings:

1. Fair Labor Standards Act (FLSA) exempt employees inappropriately received overtime (OT) payments.
2. Terminated employees owe incentive pay bonuses.
3. COVID incentive pay was incorrectly calculated.
4. User departments (UD) were not always compliant with standard operating procedures.

Details of our findings and recommendations are outlined in the following pages.

FINDING 1: FLSA Exempt Employees Inappropriately Received Overtime (OT) Payments.

FLSA exempt employees are generally not allowed to earn overtime compensation. The DeKalb County Kronos policy states, exempt employee Kronos timecards are automatically populated with 40 hours per week, and an exempt employee timecard should not exceed 40 hours per week. Failure to do so could lead to potential conflicts with labor laws and rulings.¹ However, the County's Kronos policy allows exempt employees to be granted "compensatory" time on an hour-for-hour basis, at the employee's hourly salary rate at the discretion of the department head. "All compensatory time documentation for FLSA exempt personnel must be maintained separately at the department level and not in the Kronos system."¹

We analyzed the entire population of employee regular payroll payments during pay periods ending (PPE) December 10, 2021, through PPE September 16, 2022. Our analysis identified **24 exempt employees** (See Appendix V) from ten (10) user departments that inappropriately **received overtime (OT) payments², at one and one-half (1 ½) hours for every extra hour worked, totaling \$10,215**. The payments were received during the three pay periods ending December 10, 2021, December 24, 2021,

¹ DeKalb County Kronos Policy, "FLSA Exempt Employees", Pg. 2.

² Entered using the Kronos overtime pay code "002"



and January 7, 2022, that is prior to the implementation of CV360. The following table 2 gives a summary of the total OT payments made to exempt employees per department.

Table 2 - Total OT Payments made to exempt employees per department.

Total OT Payments Made to Exempt Employees (PPE 12/10/21 - 12/24/21 and 1/7/22)	
Department	OT Earned
Animal Services	\$177.21
Clerk, Superior Court	\$1,011.53
Dept of Watershed Management	\$100.96
Finance	\$459.58
Magistrate Court	\$257.92
Parks & Recreation	\$888.64
Public Defender	\$106.44
PW-Sanitation	\$3,045.80
Sheriff's Office	\$275.48
State Court	\$3,890.97
Grand Total	\$10,214.54

Source: DeKalb County payroll data compiled by the Department of Innovation & Technology (DoIT).

If the employees were granted compensatory time for hours worked more than 40 weekly hours, they should have only been paid on an hour-for-hour basis in accordance with the Kronos policy and the FLSA, which would have totaled \$6,810. Accordingly, as indicated in Table 3, the employees were overpaid by \$3,405.

Table 3 - Total overpayments for the 24 Employees

OT Payments Received -calculated at one and one-half pay rate.	Compensation is calculated on an hour-for-hour basis	Overpayment (Difference)
\$10,214.54	\$6,809.69	\$3,404.85

Source: DeKalb County payroll data compiled by the Department of Information Technology (DoIT).

In addition, for PPE from January 21, 2022, through September 16, 2022, after the implementation of CV360, **the timecards for 98 exempt employees exceeded 40 hours per week**, which does not comply with the Kronos policy. Even though we discovered one State Court exempt employee who owes \$405.94 for an OT overpayment incurred during PPE on September 16, 2022, we noted CV360 application controls helped



ensure that OT hours for 97 of these exempt employees were paid on an hour-for-hour basis at the employee’s hourly salary rate.

We determined through discussion with the Kronos system administrator and the payroll services manager, and review of documentation, that some exempt employees’ profiles were not configured correctly in Kronos by the user department, or the OT pay code and hours were manually entered into the employee’s Kronos timecard by the payroll coordinator. In addition, we noted that neither the Payroll Policy Manual nor the Kronos Policy and application procedures require supervisory review and approval of timecards of employees.

Recommendations:

We recommend the following:

- In addition to the instances identified by our audit, Payroll, Finance management should review, including but not limited to, January 2020 through November 2021 pay periods to identify any additional instances of overpayments that exempt employees may owe the County. Payroll management should work with the user departments to implement measures to recover the overpayments.
- Department of Innovation & Technology (DoIT) should collaborate with HR management and application vendors to implement application controls to help ensure an employee’s FLSA classification in Kronos is synchronized with the employee’s FLSA classification established in CV360 by HR. In addition, DoIT should inquire of the Kronos application vendor about the feasibility of installing application controls to prevent manual overrides, which would result in exempt employee timecards exceeding 40 hours per week.
- HR management should collaborate with DoIT to ensure the Kronos policy is revised to require a supervisory review of employee hours, including exempt employees, to help ensure exempt employee timecards do not exceed 40 hours per week and do not include overtime pay codes. Also, implement procedures requiring the documentation of the justification and authorization for any exception to Kronos policy’s requirement of 40 hours per week for exempt employees.
- HR management should collaborate with Payroll management to remind UD payroll coordinators (e.g., at the HR Policy Council) that all compensatory time records and documentation for FLSA-exempt employees be maintained separately at the department level and not in the County’s official timekeeping records (Kronos application.)

Management Response (Payroll, Finance Management):

Management Agreement	Description of Management’s Action Plan to Address Finding	Estimated Timeline to Implement Action Plan
<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree	Exempt employees that received overpayments will be notified and given the opportunity to determine a repayment plan via payroll deduction. The deduction amount will be limited as to maintain the minimum wage rules. Pending legal review.	Communications are to be sent in July with deductions starting in August.



Management Response (HR Management):

Management Agreement	Description of Management's Action Plan to Address Finding	Estimated Timeline to Implement Action Plan
<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree	HR Concur with audit suggestions where feasible, as stated in DoIT's response. HR has removed the outdated Kronos policy from the HR policies page and will incorporate relevant wording into appropriate sections of the Administrative Procedures manual to address comp time. Additionally, HR will continue to remind department leaders and admin staff regarding the proper method to track comp time for exempt employees in our training sessions and policy council meetings.	HR will incorporate updated wording in the Administrative Procedures Manual by 4th quarter 2023 or the next time the Admin Procedures are updated and published.

Management Response (DoIT Management):

Management Agreement	Description of Management's Action Plan to Address Finding	Estimated Timeline to Implement Action Plan
<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree	<p>While we concur with the recommendation, it is not feasible. Kronos is driven by pay rules and not by classification. There is not a field in the Kronos demographic section for classification. We contacted the vendor about the feasibility of installing application controls, and they have indicated that it is not possible.</p> <p>With the implementation of CV360, the system prevents exempt employees from inappropriately receiving overtime payments. We will begin our Kronos modernization project in 2024 and will investigate the feasibility of implementing tighter controls at such time. In the interim, we have devised two new reports that will assist in identifying problems:</p> <ul style="list-style-type: none"> A report will be generated in Kronos to identify all exempt employees using pay code 002, which is for overtime. This report will be automated and sent via email to the Payroll Manager every Monday and Tuesday at 8 am. The payroll team will then verify that the employees are approved to receive overtime. Additionally, a quarterly audit report will be created, including employee details, job codes, FLSA status, and pay rule assignments. This report will be emailed to the HRIS Manager, who will review and confirm the information. <p>We also agree that the payroll policy needs to be revised, and Finance has agreed to do so. We will also remove the Kronos Policy from HR intranet site as this policy is obsolete. Larry Jacobs concurs with this option.</p>	<p>The system has been fixed so it cannot receive overtime payments. Tighter policies will be reviewed when Kronos is modernized in 2024.</p> <p>Defer to Finance</p>



FINDING 2: Terminated Employees Owe Retention Incentive Bonuses.

We determined that, upon leaving the County, 11 employees repaid only \$9,994 of the \$20,937 retention bonuses received during the audit period. As such, these **employees still owe the County \$10,943, or 52%, of retention bonuses received.**

HR policy requires terminated employees who voluntarily separate from the County less than a year after receiving the bonus to repay the retention bonuses received, as per the following schedule:

Months of Service After Date of Incentive Payment	% Incentive Reimbursement Due to County
Under 6 months	100%
6 months - under 9 months	50%
9 months - under 12 months	25%

Source: DeKalb County Human Resources Retention Bonus Memo dated August 5, 2021

Typically, the amounts are deducted from the employee’s available annual leave balance payout. However, when the annual leave balance is insufficient, there is no process in place to recover any remaining retention incentive bonuses due to the County. Furthermore, employees were not required to sign/agree to the repayment terms as a condition of receiving the bonus.

Failure to recover the full amount required to be repaid by employees, for violation of the retention bonus terms, mitigates the incentive of the retention bonuses.

Recommendations:

We recommend that Payroll, Finance management collaborate with the County’s Law Department (Law) to determine if the outstanding funds are recoverable. If applicable, Payroll management should work with impacted user department management to help ensure all outstanding amounts owed to the County are fully recovered.

HR management should consult with Law to implement a policy requiring employees to sign a “consent to repay” agreement for funds owed to the County or for unrecovered County property. For example, consider whether employees can sign a “consent to repay” agreement during onboarding and or prior to accepting any future retention bonus payments.

Management Response (Payroll, Finance Management):

Management Agreement	Description of Management’s Action Plan to Address Finding	Estimated Timeline to Implement Action Plan
<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree	A memo was sent to Legal requesting guidance on this issue. See response to Finding 1.	4th Quarter 2023 Pending Law Review and Concurrence



Management Response (HR Management):

Management Agreement	Description of Management’s Action Plan to Address Finding	Estimated Timeline to Implement Action Plan
<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree	HR agrees that it would be helpful to have employees sign that they agree to repay funds that are owed to the County, including any overpayment, or and incentives, tuition reimbursement, etc., that require a service commitment which is not fulfilled. Since recovering money for excess payment in payroll, pay incentives, or for missing county equipment is a function of the payroll department, HR suggests that additional wording be added to the direct deposit form completed by all new employees that clearly specifies that employees understand they must pay back any funds that were incorrectly provided to them or for which they owe due to not completing specific work requirements, including equipment turn-in. Suggested wording has been provided to Finance/Payroll for inclusion in the Direct Deposit Form.	4th Quarter 2023 Pending Law Review and Concurrence

FINDING 3: COVID Incentive Pay Was Incorrectly Calculated.

According to a DeKalb County Chief Executive Officer (CEO) memorandum dated December 7, 2021, front-line workforce employees are entitled to incentive pay in addition to their regular pay. The COVID incentive pay is calculated at “regular pay plus 6.25% admin pay based on regular hours worked” on the “front line.”

We selected a sample of 100 employee payroll transactions from the January 7, 2022, payroll register. Utilizing the Kronos timecards and information provided by the payroll coordinators, we validated that the COVID incentive pay was correctly paid for 76 of 100 (76%) employees. Twenty-one, or 21% of sampled employees did not receive incentive pay as they did meet the criteria.

However, we identified three (3) exceptions in which employees received overpayments of COVID incentive payments totaling \$124. The overpayments were due to the 6.25% rate being applied to ineligible hours entered into Kronos for each of the employees. Ineligible hours relate to hours not worked on the front-line and/or hours not having prior approval.

Recommendations:

We recommend that Payroll management work with user department payroll coordinators to implement procedures to identify all incorrectly calculated COVID incentive amounts before confirming the payroll register and correcting the issue to prevent overpayment. In addition, remind payroll coordinators of the criteria for determining eligible hours for COVID incentive pay.



Management Response (Payroll, Finance Management):

Management Agreement	Description of Management's Action Plan to Address Finding	Estimated Timeline to Implement Action Plan
<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree	Finance will create a tutorial to assist PC's with the correct calculation of hazard pay. Tutorial will include a checklist that prompts the PC to calculate the total hours worked by the appropriate percentage as approved by the administration. Payroll will run a query to identify any payments in excess of the approved percentage. The query will identify hazard pay overpayments.	The tutorial will be added to the CV360 learning center by 12/31/2023.
Reason For Disagreement:		

FINDING 4: User Departments Not Always Compliant with Standard Operating Procedures.

We surveyed 18 user department (UD) payroll coordinators to get an understanding of their knowledge of payroll policies and procedures. Of the 18 surveyed, 13 (72%) coordinators responded. Based on the responses provided, we noted the following:

- **54%** stated that other than the County Payroll Manual, the department does not have documented standard operating procedures (SOPs) to help ensure the department payroll function can be maintained and operated if key personnel separates from the County or is temporarily absent.
- **15%** stated that their department does not have adequate cross-training on department standard operating procedures so that payroll processes can continuously function if key personnel separates from the County or is temporarily absent.

In addition, responses indicated that conflicting duties were not always appropriately separated:

- **46%** said that the same employee who processed time in Kronos/CV360 also approved hours or distributed paychecks.
- **54%** said that if a supervisor is not available, hours worked can be approved and processed by the payroll coordinator.

Not separating conflicting activities or implementing mitigating controls, such as supervisory review, increases the risk that errors and irregularities could occur and go undetected in payroll processing. For example, as described in Finding 1, we noted that the Payroll Policy Manual and Kronos policy do not specifically require supervisory review of employee hours worked; consequently, instances of exempt employees inappropriately receiving OT payments went undetected.

In addition, if the department-specific payroll processing SOPs are not documented, and other department staff are not cross-trained on the payroll coordinator duties, then this limits succession planning and knowledge transfer. Additionally, the payroll process is at high risk for fraud, the third highest most common type of fraud scheme in the Government sector, according to the 2022 Report to the Nations by the Association of Certified Fraud Examiners: *“If employees are familiar with each other’s duties and take*



over when a co-worker calls in sick or takes a vacation, it creates a system of checks and balances that may help deter dishonest behaviors.³”

Recommendations:

We recommend that the Payroll, Finance management collaborates with UD payroll coordinators to:

- Update the current Payroll Policy Manual to reflect the current processes and the impact of the CV360 implementation and provide ongoing training on the *updated* Payroll Policy Manual.
- Update the Payroll Policy Manual to require the documentation of UD standard operating procedures and cross-training of backup UD payroll coordinators on payroll functions processes, including but not limited to training on the separation of conflicting duties, eligibility for overtime payments based on FLSA employee classification, and appropriate use of Kronos pay codes.

Management Response (Payroll, Finance Management):

Management Agreement	Description of Management’s Action Plan to Address Finding	Estimated Timeline to Implement Action Plan
<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree	<p>Finance concurs with this finding. Updates to the payroll manual have begun. The updates are driven by current and evolving CV 360 system requirements and input from UD payroll coordinators. The updated Payroll Policy Manual currently includes UD SOP’s.</p> <p>The updated Payroll Manual points users to the Learning portal in CV 360 to address specific payroll functions and new processes. The updated manual will more clearly outline the separation of duties. OT payments are initiated at the department level. The updated Payroll Manual will provide detail on the correct use of the pay codes. In our view, eligibility for OT is determined outside of the payroll function.</p>	<p>Updating the Payroll Manual is an ongoing function. The document is not intended to be static. Critical operational updates will be made on a monthly basis.</p>
<p>Reason For Disagreement:</p>		

³ <https://www.kpmcpa.com/covid-19-the-importance-of-cross-training-your-accounting-staff/>



APPENDICES

Appendix I – Purpose, Scope, and Methodology

Purpose

The objective of this audit was to determine whether internal controls over the Payroll Activity processes are adequately designed and operating as intended.

Scope and Methodology:

The audit focused on current internal controls in place over the accuracy and completeness of the County's regular payroll and final payouts, including gross pay and related deductions. The scope of this audit did not include off-cycle payroll or pension payments to County retirees. These areas may be addressed by separate audits.

The audit period focused on payroll transactions from December 2021 to September 2022.

Our methodology included but was not limited to the following:

- Reviewed relevant policies and procedures, and standards.
- Examined supporting documentation to assess the effectiveness of controls in place.
- Interviewed appropriate County personnel and external parties.
- Performed sample tests of transactions.



Appendix II – Management Response

DEPARTMENT OF
INNOVATION & TECHNOLOGY



OFFICE OF CIO & DIRECTOR
JOHN A. MATELSKI

DeKalb County Government
3630 Camp Circle, Room 213 | Decatur, GA 30032 | 404.371.6210

June 2, 2023

Lavois Campbell
Chief Audit Executive
Office of Independent Internal Audit
1300 Commerce Drive, Suite 300
Decatur, Georgia 30030

RE: **Management Response to “Audit of the DeKalb County Payroll Processes”**

Dear Mr. Campbell:

On behalf of the Finance Department, Human Resources Department and the Department of Innovation & Technology, and in accordance with DeKalb County, Georgia – Code of Ordinances / Organizational Act Section 10A- Independent Internal Audit, this is our response to the finding and recommendations in the OIIA’s Audit of the DeKalb County Payroll Process. As required by the ordinance, our response includes 1) a statement regarding our agreement or disagreement along with reasons for any disagreement, 2) our plans for implementing solutions to issues identified, and 3) the timetable to complete such plans.

If you have any questions about this response, please contact the appropriate Leadership team member, or you can coordinate through me.

Sincerely,

Signed by: John A Matelski
John Matelski



Appendix III – Definitions and Abbreviations

Acronyms and Abbreviation

ADP: Automatic Data Processing, LLC

OT: Overtime

HR: Human Resources and Merit System

ACFR: Annual Comprehensive Financial Reports

CEO: Chief Executive Officer.

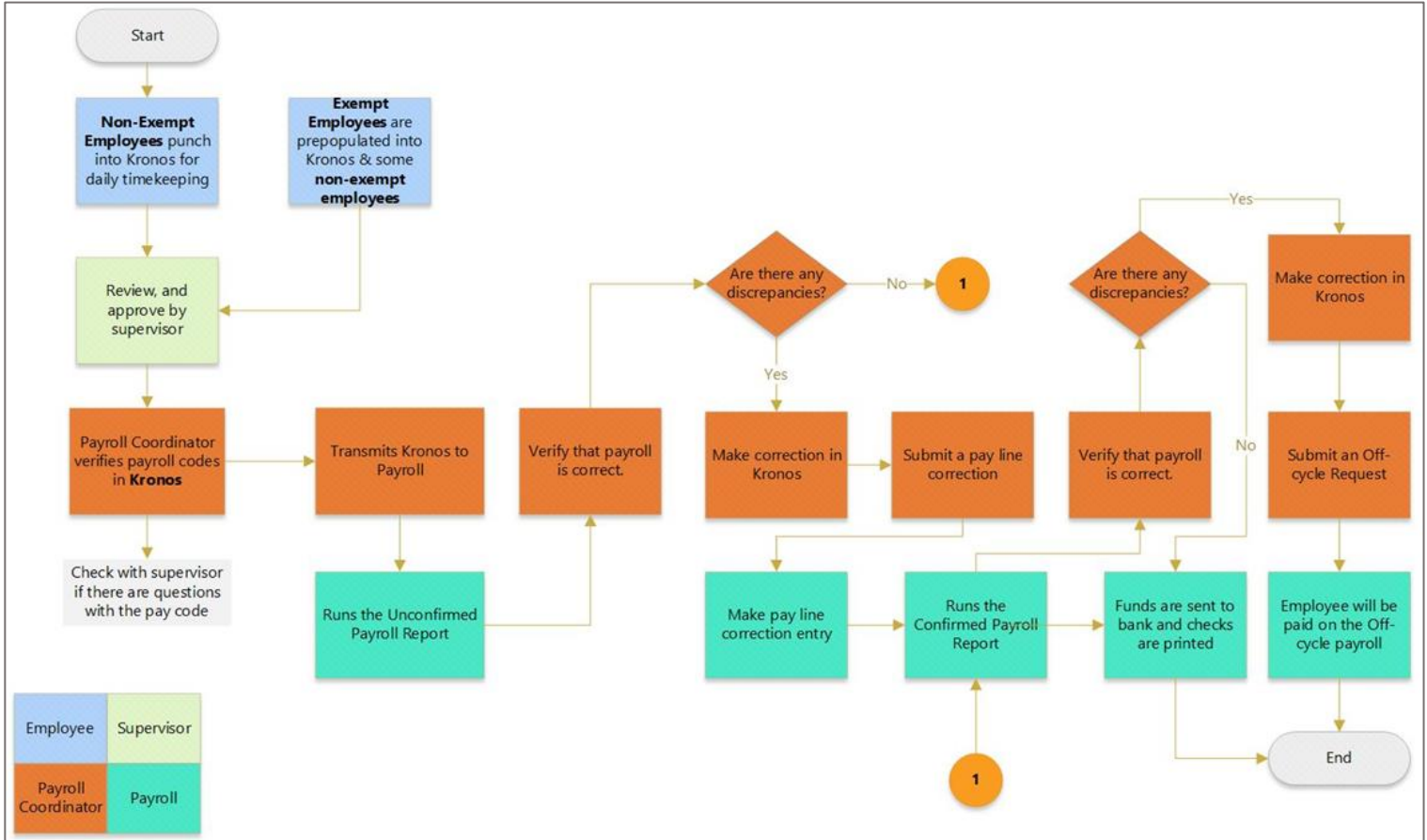
CV360: A CloudVergent360 (CV360) Oracle Cloud HCM system. It is the County Personnel Management Application that was developed to provide DeKalb County users with a more streamlined and user-friendly method to access and update HR information.

FLSA - The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers in the private sector and in Federal, State, and local governments.



Appendix IV - Kronos Payroll Process for Exempt and Non-exempt Employees

Source: Flowchart verified by the Payroll Manager and Kronos System Administrator





Appendix V - FLSA Exempt Employees Inappropriately Received Overtime Payments.

PPE - 12/10/22, 12/24/21, and 1/7/22.

(See Finding #1)

Employee	OT Payments Received -calculated at one and one-half pay rate.	Compensation -calculated on an hour-for-hour basis	Overpayment (Difference)
Employee #1	\$183.76	\$122.51	\$61.25
Employee #2	\$141.53	\$94.35	\$47.18
Employee #3	\$156.27	\$104.18	\$52.09
Employee #4	\$106.44	\$70.96	\$35.48
Employee #5	\$1,298.08	\$865.38	\$432.69
Employee #6	\$257.92	\$171.95	\$85.97
Employee #7	\$117.81	\$78.54	\$39.27
Employee #8	\$119.21	\$79.48	\$39.74
Employee #9	\$1,571.00	\$1,047.33	\$523.67
Employee #10	\$400.19	\$266.79	\$133.40
Employee #11	\$154.94	\$103.29	\$51.65
Employee #12	\$151.53	\$101.02	\$50.51
Employee #13	\$204.81	\$136.54	\$68.27
Employee #14	\$177.21	\$118.14	\$59.07
Employee #15	\$100.96	\$67.31	\$33.65
Employee #16	\$387.29	\$258.19	\$129.10
Employee #17	\$168.94	\$112.63	\$56.31
Employee #18	\$398.89	\$265.93	\$132.96
Employee #19	\$150.87	\$100.58	\$50.29
Employee #20	\$2,259.62	\$1,506.41	\$753.21
Employee #21	\$866.95	\$577.97	\$288.98
Employee #22	\$308.05	\$205.37	\$102.68
Employee #23	\$346.93	\$231.28	\$115.64
Employee #24	\$185.33	\$123.55	\$61.78
Total	\$10,214.54	\$6,809.69	\$3,404.85

Source: DeKalb County payroll data (PeopleSoft and CV360) compiled by the Department of Information Technology (DoIT).



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Felecia Green, Deputy CIO, Department of Innovation & Technology



PROJECT TEAM

This report was submitted by:

Audrey D. Pogue
Audrey Pogue
Internal Auditor
Office of Independent Internal Audit

6/15/2023
Date

Lawrence Clark
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Internal Auditor, Senior.
Office of Independent Internal Audit

6/15/2023
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6/15/23
Date

The report was approved by:

Lavois Campbell
Lavois Campbell, CIA, CFE, CISA, CGA-CPA
Chief Audit Executive
Office of Independent Internal Audit

6.15.23
Date



STATEMENT OF ACCORDANCE

Statement of Accordance

The mission of DeKalb County is to make the priorities of the citizens of DeKalb County; the priorities of County government - by achieving a safer DeKalb, building stronger neighborhoods, creating a fiscally accountable and more efficient County government and uniting the citizens of DeKalb County.

The mission of the Office of Independent Internal Audit is to provide independent, objective, insightful, nonpartisan assessment of the stewardship or performance of policies, programs and operations in promoting efficiency, effectiveness and integrity in DeKalb County.

This performance audit was prepared pursuant to DeKalb County, Georgia – Code Ordinances/Organizational Act Section 10A- Independent Internal Audit. We conducted this performance audit 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.

This report is intended for the use of the agency to which it was disseminated and may contain information that is exempt from disclosure under applicable law. Do not release without prior coordination with the Office of Independent Internal Audit.

Please address inquiries regarding this report to the Office of Independent Internal Audit at 404-831-7946.