

**Post-Audit Review 21-02:
Time Clock System**

November 2022

City Auditor

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

November 4, 2022

To: Mayor Tim Kelly
City Council Members

Subject: Post-Audit Review of Time Clock System Audit Report 21-02

Dear Mayor Kelly and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2021 Time Clock System report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. Finance should ensure nonexempt employee hours are tracked accurately and as required;
2. Procedures should be developed to ensure leave requests are properly approved in the time clock system; and,
3. Human Resources (HR) should ensure nonexempt employees are properly classified in the time clock system to track hours worked.

The audit had seven recommendations to improve controls over employee's time clock records and to ensure nonexempt employees are correctly coded in the time clock system. At the time of this Post-Audit Review, three recommendations were not implemented, two were partially implemented, and two were implemented. Recommendations partially implemented and not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: Audit Committee Members
 Joda Thongnopnua, Chief of Staff
 Brent Goldberg, Chief Financial Officer
 Ryan Ewalt, Chief Operating Officer
 Julia Bursch, Deputy Chief Operating Officer
 Mande Lawrence, Chief Human Resources Officer
 Jim Arnette, TN Local Government Audit

RECOMMENDATIONS NOT IMPLEMENTED (3)

Recommendation	Actions Taken
4 We recommended Finance ensure adjustments to employees pay records are approved and maintained as required.	A review of Time Clock Plus edits during the period 9/12/22 to 9/20/22 was performed. We found some edits were not supported with notes, as required. Finance, in partnership with the Mayor's Office, has started developing a new procedures manual for payroll clerks, which will provide detail steps on how to properly document adjustments in each time clock system.
5 We recommended Finance remove the ability for pay clerks to edit Time Clock Plus entries.	Currently, there are two-time clock systems in use by employees. Time Clock Plus, which covers 350-400 employees, allows pay clerks to alter time. Other non-exempt City employees use the Oracle Time and Labor system. The Oracle system has the ability to prevent pay clerks from altering time records. However, this ability has not been activated.
7 We recommended Finance investigate the pending leave requests identified in the audit and any current pending requests. Finance should adjust the employee's leave balance accordingly.	Finance has reviewed some of the pending leave requests and will adjust if applicable. In some instances, employees have left the City, employees may have lost leave due to the carryover limit and in some cases there is a time limit on correcting pending leave requests.

RECOMMENDATION PARTIALLY IMPLEMENTED (2)

Recommendation	Actions Taken
3 We recommended Finance ensure pay clerks and supervisors follow the required Finance policies and procedures for tracking nonexempt employees time worked.	Finance, in partnership with the Mayor's Office, has started developing a new procedures manual for payroll clerks, which will include time keeping requirements. Currently all regular non-exempt employees are required to use a time clock system. In the event paper records are kept, time must be entered into a time clock system.
6 We recommended Finance develop and implement a written procedure requiring pay clerks ensure pending leave requests are cleared/approved prior to finalizing each payroll run.	In the new Oracle system, finalization of payroll cannot be completed until all leave requests have been approved, rejected or withdrawn. Further, when an employee submits a leave request their leave balance is reduced at that time. The unapproved pending leave requests remain an issue in the Time Clock Plus system. A procedure is expected to be developed for pay clerks to identify these requests.

RECOMMENDATIONS FULLY IMPLEMENTED (2)

Recommendation	Actions Taken
1 We recommended the Human Resources Department ensure nonexempt employees are correctly coded in the City's time clock system.	<p>HR ensures when adding or reclassifying a job that the Federal Labor Standards Act (FLSA) status is correct. On a weekly basis, they review Oracle data for active employees to ensure their FLSA status and time clock data correspond among other reviews. In addition, HR is in the process of conducting an audit of job classifications and corresponding FLSA status. They are notifying employees where FLSA status corrections are needed.</p> <p>We reviewed active employees in Oracle who have the FLSA status non-exempt to verify if they were also required to use a timecard. The review found all non-exempt employees were required to use a timecard in Oracle.</p>
2 We recommended the Human Resources Department ensure the twelve nonexempt employees identified as exempt in our audit are correctly coded in Time Clock Plus.	HR has made the appropriate corrections in Oracle to the identified employees from the audit. The nonexempt employees are now using time clock.

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