



Angelina “Angel” Colonnese

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

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MEMORANDUM

TO: Angelina “Angel” Colonnese, Clerk of the Circuit Court and Comptroller

FROM: Lori Stephens, Inspector General *Lori Stephens*

DATE: September 11, 2020

RE: ACL Payroll Testing Follow-up Audit #1

The Division of Inspector General has completed a follow-up audit of fraud detection tests performed on Manatee County’s payroll system based on the audit report dated September 27, 2019. This follow-up audit consisted of reviewing and testing the management action plans included in the original audit report to ensure that corrective actions have been implemented. The scope of the follow-up audit included the 12-month period ending March 13, 2020.

The County’s payroll recording and disbursement process is managed through WorkForce, an automated time and attendance management system, and ONESolution, an integrated financial accounting system. Employees record their work hours in WorkForce, and once approved by management, the hours are exported into ONESolution for payroll processing. Payroll disbursements are processed bi-weekly by the Clerk of the Circuit Court’s Payroll Division (Payroll), and employees are paid via direct deposit ACH transactions or by check.

The Division of Inspector General utilizes the proprietary software ACL for computer assisted testing. ACL is a data extraction and analysis tool that can query 100% of the data, whereas traditional audits typically test only a sample of the data. The WorkForce and ONESolution payroll data files were loaded into ACL and the program queried the data to identify whether employees’ holiday and leave hours were recorded and paid correctly.

We are pleased with the corrective actions taken by management since the original audit. Work orders were submitted to WorkForce by the Human Resources Department (HR) to incorporate additional system controls to help prevent employees from incorrectly recording leave. These additional controls include the following: Holiday time can only be recorded on a County Holiday; “Holiday” and “Holiday Not Scheduled” hours cannot be recorded on the same day; and single leave time entries cannot exceed 24 hours in a day. In addition, HR provided updates to, and training on its Holiday Pay Procedures. Furthermore, Payroll is now processing all time sheet amendments and retaining the paperwork in the OnBase system enabling payroll hours to be reconciled between ONESolution and WorkForce.

During the July 23, 2020, exit meeting, management and staff of HR and Payroll, together with the Division of Inspector General, discussed areas where further improvements are still needed and agreed on the following corrective action plans:

“Pride in Service with a Vision to the Future”

Clerk of the Circuit Court – Clerk of Board of County Commissioners – County Comptroller – Auditor and Recorder

Holiday Pay

The County recognizes 11 paid holidays each calendar year. Depending on an employee's position and work schedule, the number of hours recorded on a holiday varies. Employees are assigned by work schedule to either the Actual Holiday or the Observed Holiday calendar, as per the Holiday Pay Procedures Manual. Additionally, if an employee also works on the assigned holiday, they are compensated for the Holiday hours, plus Holiday Premium pay (regular pay rate times 1.5) for the hours worked. The Holiday pay data for the period tested consisted of 374,446 Holiday hours paid to 2,601 employees.

Our testing found instances where Holiday hours were not recorded and paid correctly. Some of the errors identified occurred prior to the additional controls being implemented in WorkForce, and are no longer occurring. These errors included:

- Holiday hours were recorded on days that were not County holidays.
- Holiday and Holiday Not Scheduled hours were recorded on the same day.
- Single time entries in excess of 24 Holiday Worked hours were recorded on the same day.

Other errors identified, which have not yet been addressed with additional system controls, included the following:

- Holiday Worked hours were recorded on days that were not County holidays.
- Duplicate time entries of Holiday Worked hours, totaling more than 24 hours, were recorded on the same day. (These errors involved employees who recorded multiple entries in one day due to shift work.)
- Holiday hours were recorded on days which were not the employees' assigned holidays.
- Holiday hours were recorded on both the actual and observed holidays.

Most of these exceptions resulted in overpayments to employees, 68 exceptions totaling 730.17 hours or \$9,092.65; while others resulted in underpayments, 2 exceptions totaling 51 hours or \$501.00.

Management Action Plan

To be consistent with the management action plan from the original audit, current employees found to have been underpaid will be compensated for the underpayment. Repayment will not be sought from those employees found to have been overpaid in this test due in part to system configuration limitations.

Required time and attendance training for all managers, supervisors, and timekeepers has already started and will continue to be rolled out to all departments.

HR will continue to work with WorkForce to develop controls to ensure Holiday Worked hours only populate on the timesheet according to the employee's assigned holiday work schedule (actual/observed) as recorded in the system.

Workforce is not able to eliminate the duplicate time entries from occurring through programming; therefore, HR will implement manual audits to monitor this, as well as other known timekeeping errors.

The expected implementation date is December 31, 2020.

Personal Holiday Pay

Employees are entitled to three (3) full-day Personal Holidays per calendar year. The number of hours recorded for a Personal Holiday is based on the employee's work schedule for the respective day. The Personal Holiday pay data for the period tested consisted of 13,587 days paid to 2,240 employees.

Our testing found 11 employees who took more than the three (3) personal holidays during the year, totaling 108 hours or \$2,831.08 of overpayments. In most cases (10 of 11) the employees were able to take an extra Personal Holiday during the last week of the year because WorkForce had been programmed to reset the personal holidays as of 12/31. This has been corrected and will reset as of 1/1, which will eliminate the error from occurring in the future. For the remaining case, the employee separated employment and was rehired in the same calendar year, resulting in three (3) extra Personal Holidays being taken. Workforce cannot be reprogrammed to reset to zero within the calendar year to account for re-hires.

Management Action Plan

To be consistent with the management action plan from the original audit, repayment will not be sought from those employees found to have been overpaid in this test due in part to system configuration limitations.

HR has updated its internal procedures to include a step to check for prior usage and adjust the balance accordingly in WorkForce for someone re-hired during the same calendar year.

Additional training has been provided to HR staff and will continue to ensure HR Specialists are monitoring the issue. HR will implement manual audits to account for this as well.

The expected implementation date is December 31, 2020.

Vacation Payout at Separation

Employees earn vacation leave hours each pay period based on their length of employment. Any unused hours can be carried over to subsequent years, up to a maximum of 400 hours. Unused vacation hours, up to 400 hours, are paid out when an employee separates from employment (ex. resignation, retirement). The vacation payout data for the period tested consisted of 52,648 hours paid to 540 employees.

Our testing found 4 employees who were paid over the maximum 400 hours totaling 195.05 hours or \$5,838.38 of overpayments. In all cases the employee received a payout when they entered the Deferred Retirement Option Program (DROP) and then another payout of their full balance at retirement which together exceeded 400 hours.

Management Action Plan

To be consistent with the management action plan from the original audit, repayment will not be sought from those employees found to have been overpaid in this test.

HR will provide additional training to staff to ensure the Leave Payout at Termination Report is run and the vacation hours to be paid out are correctly recorded on the termination Pay Assignment Form (PAF). HR has also requested Payroll to inform them when the prior balance is not included on the form.

The expected implementation date is December 31, 2020.

Payroll has updated its leave payout template spreadsheet to include the amount of any prior payout in the calculation. Additionally, Payroll is thoroughly reviewing all vacation payouts to employees who retire and have been in DROP (per CHD codes).

We appreciate the attention the HR and Payroll staff have given to the audit findings and the assistance given to the Division of Inspector General staff during the audit. Another follow-up audit will be scheduled after implementation of the management action plans.

LJS/BJW/GDR

cc: Board of County Commissioners
Cheri Coryea, County Administrator
John Osborne, Deputy County Administrator
Karen Stewart, Deputy County Administrator
Mitchell Palmer, County Attorney
Kim Stroud, Human Resources Department Director
Kathy Cremaschi, Finance Department Director, Clerk of the Circuit Court