



# ***City of Albuquerque***

## **Office of Internal Audit**

FOLLOW-UP OF THE  
PAYROLL AUDIT-  
DEPARTMENT OF MUNICIPAL DEVELOPMENT  
**Report#21-17-104F**  
Date: October 20, 2021

### **INTRODUCTION**

The Office of Internal Audit (OIA) issued Audit No. 17-104, Payroll Audit- Department of Municipal Development on April 25, 2019. OIA has completed a follow-up to determine the corrective actions that the Department of Municipal Development (DMD) has taken in response to the report. The report contains two recommendations, all of which have been implemented and are now closed.

### **BACKGROUND**

OIA completed a performance audit of DMD'S payroll for fiscal years (FY) 2017 and 2018. KRONOS Workforce Central (KRONOS) and Oracle PeopleSoft Enterprise Resource Planning (Peoplesoft) are the systems used to process payroll for DMD. This audit was included in OIA's fiscal year (FY) 2017 audit plan following the completion of the annual OIA risk assessment. The audit objectives were to determine:

- Does DMD maintain documentation to support the approval of leave and special pay requests?
- Are DMD employees and managers approving timesheets in KRONOS before the data is locked and uploaded into PeopleSoft?
- Are the timecard changes completed in PeopleSoft, following the upload of timecard data from KRONOS but up to payroll processing, supported and approved?
- Does DMD maintain documentation to support adjustments made to employee timecard data in PeopleSoft after payroll is processed?

Further information pertaining to the audit objectives, scope, limitations and methodology can be found in Appendix A of the original audit report.

OIA considered applicable internal controls of DMD in performing procedures relative to the four audit objectives. The results of the audit procedures identified opportunities for internal control improvements, such as maintaining time card documentation and approval, and approval of time cards by both the employee and supervisor.

### **OBJECTIVE**

The objective of this follow-up was to determine whether DMD has taken the corrective actions recommended in OIA'S April 25, 2019 audit. Consistent with Government Auditing Standards, Section 9.08, promulgated by the U.S. Government Accountability Office, the purpose of audit reports includes facilitating a follow-up to determine whether appropriate corrective actions have been taken. This field follow-up is a non-audit service. Government Auditing Standards do not cover non-audit services, which are defined as professional services other than audits or

attestation engagements. Therefore, DMD is responsible for the substantive outcomes of the work performed during this follow-up and is responsible to be in a position, in fact and appearance, to make an informed judgment on the results of the non-audit service. OIA limited our scope to actions taken to address our audit recommendation from the final audit report dated April 25, 2019 through the submission of actions on September 15, 2021.

### **METHODOLOGY**

To achieve the objective, OIA:

- Obtained documentary evidence from DMD.
- Corresponded with DMD to understand and verify the status and nature of the corrective actions taken.
- Verified the status of the recommendations that DMD had reported as implemented

### **RESULTS**

Of the two recommendations addressed in the original audit report, all have been closed. See ATTACHMENT 1

Follow-Up  
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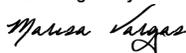
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## ATTACHMENT 1

Recommendation	Responsible Agency	Department Response	OIA Conclusion	OIA Use Only Status Determination
<p>1. DMD should review internal controls, develop internal control processes, and assign responsibility to maintain documentation and approvals for each of the phases in which payroll data can be altered as outlined below:</p> <ul style="list-style-type: none"> <li>• KRONOS system prior to the end of each pay period.</li> <li>• PeopleSoft after the data is pushed from KRONOS until the date of payment.</li> <li>• PeopleSoft after the payment date by the Administration's Payroll staff.</li> </ul>	<p><b>Department of Municipal Development (DMD)</b></p>	<p>DMD continues to monitor KRONOS prior to the end of each pay period by the Supervisors and timekeepers of each division.</p> <p>Each division timekeeper verifies the information and provide comments on “why” changes are made in PeopleSoft.</p> <p>(See attached Payroll/Timekeeper Duties and Auditing Payroll documentation)</p> <p>Documentation are submitted as it pertains to specific pay codes and uploaded to the City's X drive since KRONOS is unable to accept scanned documentation.</p> <p>A Time Card Detail (TCD) report is audited after payroll closes for accuracy.</p> <p>(See sample of attached TCD report)</p>	<p>Effective July 21, 2017 Central Payroll, which is a Division of Department of Finance &amp; Administrative Services (DFAS), implemented the Timekeeper Training Manual and training slides. The training slides emphasized on basic definitions, rules and deadlines, destination of entries, code pairs, leave accruals, most common errors encountered, and reports.</p> <p>The Office of Internal Audit (OIA) verified with DMD that the department follows the policy and procedures of Central Payroll, which can be located at the links below.</p> <p><a href="https://sharepoint.cabq.gov/dfas/accounting/payroll/layouts/15/starrt.aspx#/Training/Forms/AllItems.aspx">https://sharepoint.cabq.gov/dfas/accounting/payroll/layouts/15/starrt.aspx#/Training/Forms/AllItems.aspx</a></p> <p><a href="https://www.cabq.gov/humanresources/city-of-albuquerque-employee-rules-regulations">https://www.cabq.gov/humanresources/city-of-albuquerque-employee-rules-regulations</a></p> <p><a href="https://www.cabq.gov/humanresources/bargaining-unit-contracts">https://www.cabq.gov/humanresources/bargaining-unit-contracts</a></p> <p>Specially, OIA reviewed the internal controls of the Timekeeper Training Manual and</p>	<p><input type="checkbox"/> Open</p> <p><input checked="" type="checkbox"/> Closed</p> <p><input type="checkbox"/> Contested</p>

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<p>2. The CAO should develop a policy to clarify the process for reviewing and approving time for both employees and supervisors in KRONOS.</p> <p>DMD should:</p> <ul style="list-style-type: none"> <li>• Ensure employees and supervisors are reviewing and approving KRONOS timecards by the end of each pay period prior to payroll processing.</li> <li>• Review approval reports and communicate to employees and supervisors that are not approving timecards.</li> </ul>		<p>OIA discerned that this recommendation was met with the creation of the timekeeper training. As such, a response was not requested from the CAO.</p> <p>Per DMD: All employees receive an email directly from KRONOS to remind them to approve timesheets at the end of the pay period.</p> <p>DMD timekeepers also remind employees and supervisors that they need to review and approve their time in KRONOS on a regular basis. Supervisors receive ongoing training on payroll processes and procedures as needed. This includes the process of approving timecard.</p>	<p>and Training slides as they pertained to the recommendations. The Timekeeper Training Manual and training slides contained detailed instructions and responsibilities for the timekeeper prior to the end of each pay period such as running queries and to checking for errors. The Timekeeper Training Manual further details instructions on approving payable time. OIA considers this recommendation closed.</p>	
	<p><b>Department of Finance and Administrative Services (DFAS)</b></p>		<p>OIA verified the Timekeeper Training Manual included a step by step process for reviewing and approving time for both employees and supervisors in Peoplesoft.</p> <p>OIA obtained a copy of a KRONOS timesheet approval reminder email that is sent to all employees at the end of the pay period. In addition, DMD provided OIA with a sample of the TCD report that is ran at the end of the pay period, a summary of payroll auditing responsibilities, and a summary of timekeeper responsibilities. OIA considers this recommendation closed.</p>	<p><input type="checkbox"/> Open  <input checked="" type="checkbox"/> Closed  <input type="checkbox"/> Contested</p>

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		<p>(See attached Auditing Payroll documentation)</p> <p>DMD timekeepers also remind employees and supervisors that they need to review and approve their time in KRONOS on a regular basis.</p> <p>Supervisors receive ongoing training on payroll processes and procedures as needed. This includes the process of approving timecard. (See attached Auditing Payroll documentation)</p>		