

**CITY OF BUFFALO
DEPARTMENT OF AUDIT AND CONTROL**

**AUDIT REPORT
PAYROLL PROCEDURES OF THE DEPARTMENT OF
COMMUNITY SERVICES**

**MARK J.F. SCHROEDER
COMPTROLLER**



**ANNE FORTI-SCIARRINO
FIRST DEPUTY COMPTROLLER**

**KEVIN J. KAUFMAN, CPA
CITY AUDITOR**

APRIL 2014

Preface

In accordance with the goals set forth in the Annual Audit Plan, we conducted an audit of the payroll and payroll processing functions within the City of Buffalo Department of Community Services and Recreational Programming. The audit covered the time period from July 1, 2013 to December 31, 2013.

The City Charter lists the following controls over the payroll process. Section 16-5a., states “a claim for salary or wages of a person in the employ of a City agency shall be set forth in a written payroll, on the forms approved by the Comptroller, prepared and certified as correct by the head of the City agency.” Section 16-5b., states “Each Payroll shall be supported by a written timesheet prepared on forms approved by the Comptroller and certified as correct by a person having knowledge of the facts.”

The Department of Community Services and Recreational Programming’s goals are to achieve and firmly establish for the residents of the City of Buffalo, a habitat conducive to personal well-being, advance the equality of opportunity and improve quality of life in the City of Buffalo through the creation and execution of a comprehensive plan for development and implementation of human service programs and projects. To achieve these goals the Department staff consists of 28 employees and has an annual payroll budget of \$1.6 million. The Department is broken up into different divisions: Division for Seniors, Division of Youth, Commission of Citizens Rights, Recreational Programming, Workforce Employment and Training, and the administrative staff.

Audit Objectives

The objectives of the audit are to document and evaluate the internal controls of the payroll process within the Department of Community Services and to determine the accuracy and validity of the payroll transactions within the Department.

To achieve these objectives the following procedures were performed:

- Interview personnel involved in the payroll process and document payroll procedures in place including internal controls.
- Review employee timesheets and determine if hours recorded agree to hours paid.
- Verify that hours recorded on timesheets are reviewed and approved by a supervisor.
- Determine if paid time off (PTO) is properly tracked and approved by a supervisor.

Audit Findings

1. Payroll Procedures

After interviewing personnel the following payroll procedures were noted. Each staff member is responsible for filling out their time sheet on a daily basis. When an employee calls off, they are instructed to call their timekeeper who records it in the timekeeper's log book. Bi-weekly the timekeeper submits timesheets along with paid time off (PTO) and auto allowance paperwork to be signed off by the Deputy Commissioner or the Direct Supervisor in each division. Once signed off, the timekeeper enters the hours into the Timekeeper Software (TK Software). Once the timekeeper inputs the bi-weekly payroll, the Group Report for the pay period is generated. The Group Report summarizes employee hours for the pay period. The Group Report along with a Certification of Payroll form is forward to the Deputy Commissioner for review and approval. The Group Report is then submitted to the Payroll/Audit department for review.

2. Timesheets Not Uniform

There is not a standardized timesheet utilized throughout the department. The timekeeper has to review timesheets in several different formats to compile the payroll data.

3. Timesheets Not Complete

Timesheets were not completely filled out by employees. All timesheets were handwritten. Many timesheets did not document total hours worked. There were instances where employees would sign in and not sign out, or not sign in at all. It was often unclear if employees left the office to work at a different location, if time off was engaged, or if work was performed. In these instances, employees were still compensated for the entire day, even though there is no documentation that an entire day was worked.

4. Supervisor Approval Not Documented

All timesheets have a field for approval by a supervisor. The majority of employee timesheets were not signed by a supervisor. Therefore, it is unknown if supervisor review and approval occurred.

5. Review and Approval of PTO by a Supervisor Does Not Match the Group Report

The authorization for time off form is used to track PTO (PTO Form). The PTO form should match the paystub, the Group Report, and have a supervisor's signature. There was an instance where more sick time was recorded on the paystub than on the PTO Form.

6. Timesheets Do Not Agree to Paystubs

There were occurrences where hours recorded on timesheets do not agree to paystubs. This was mainly due to incomplete timesheets being submitted to the timekeeper.

7. Exempt Employees Timesheets

Exempt employees were not consistent in submitting timesheets with the timekeeper. This group of employees is subject to the requirements listed in Section 16-5 of the City Charter requiring timesheets to be filed.

Audit Recommendations

1. Automate Time Entry System

Conduct an evaluation of the cost/benefit of adopting a standardized automated time entry system whereby employees enter their own time worked via hand scanner, time clock or other means. Such a system should improve efficiency in the payroll process and reduce the risks of data entry errors and fraudulent transactions.

2. Use of a Standardized Timesheet

Until an automated time system is in place, a standardized timesheet must be utilized throughout the Department. The timesheet must be an accurate and complete record of hours worked and match to paystub. (See Exhibit A)

3. Timesheets Must Be Certified

In accordance with Chapter 16-5 of the Charter of the City of Buffalo, timesheets must be certified as correct by a person having knowledge of the facts. At the conclusion of each pay period, the employee and supervisor should be required to document the accuracy of the timesheet. A certification of accuracy, containing an original signature of both the employee and supervisor would provide sufficient documentation. Not requiring this hinders accountability of employees as to work performed.

4. Document Authorization of PTO Hours

The timekeeper should only enter the PTO hours in TK Software after reviewing documentation of authorization by supervisor and sign-off by employee.

5. All Employees Required to Complete Timesheets

All employees should complete timesheets as required by Chapter 16-5 of the Charter of the City of Buffalo, including exempt employees. The department timekeeper would then be able to ensure that all time is accounted for, before entering the hours into the Timekeeper software.



Department of Community Service

Pay period start date: 3/10/2014
 Pay period end date: 3/23/2014

Biweekly Time Sheet

Employee: _____ Division: _____
 Supervisor: _____

	Monday 3/10/14	Tuesday 3/11/14	Wednesday 3/12/14	Thursday 3/13/14	Friday 3/14/14	Saturday 3/15/14	Sunday 3/16/14	Monday 3/17/14	Tuesday 3/18/14	Wednesday 3/19/14	Thursday 3/20/14	Friday 3/21/14	Saturday 3/22/14	Sunday 3/23/14
Time In		7:00 AM	7:00 AM	7:00 AM				7:00 AM	7:00 AM	7:00 AM	7:00 AM	7:00 AM		
Time Out		12:00 PM	8:00 AM	8:00 AM				8:00 AM	8:00 AM	8:00 AM	8:00 AM	8:00 AM		
Time In	12:00 PM		9:00 AM	9:00 AM				9:00 AM	9:00 AM	9:00 AM	9:00 AM	9:00 AM		
Time Out	2:00 PM		10:00 AM	10:00 AM				10:00 AM	10:00 AM	10:00 AM	10:00 AM	10:00 AM		
Time In	1:00 PM		11:00 AM	11:00 AM				11:00 AM	11:00 AM	11:00 AM	11:00 AM	11:00 AM		
Time Out	3:00 PM		12:00 PM	12:00 PM				9:00 PM	5:00 PM	5:00 PM	5:00 PM	5:00 PM		
Hours Worked	4.00	5.00	3.00	3.00	-	-	-	12.00	8.00	8.00	8.00	8.00	-	-
Paid time Off	4.00	2.00	5.00	1.00	4.00									
PTO Code	Vacation	Sick	Vacation	Comp	Personal									
Paid time Off		1.00		4.00	4.00									
PTO Code		Comp		Personal	Vacation									
Paid time Off														
PTO Code														
Total Hours	8.00	8.00	8.00	8.00	8.00	-	-	12.00	8.00	8.00	8.00	8.00	-	-
Overtime								4.00						
Auto Allowance		8.00	8.00	16.00					8.00	8.00				

Employee signature - I hereby certify under penalty of perjury that I have worked solely for the City of Buffalo during all the hours listed on this timesheet. Any overtime worked was approved by my supervisor prior to being worked. _____ Date

Supervisor signature - I certify that I have personal knowledge of the correctness of the hours reported herein. _____ Date

Timesheet Summary

Hours Worked	59.00
Holiday	-
Personal	8.00
Vacation	13.00
Sick	2.00
Comp	2.00
Other	-
Total Hours Paid	84.00
Overtime	4.00
Auto Allowance	48.00



BYRON W. BROWN
MAYOR

CITY OF BUFFALO
DEPARTMENT OF COMMUNITY SERVICES
& RECREATIONAL PROGRAMMING



OTIS T. BARKER, SR.
DEPUTY COMMISSIONER

May 12, 2014

Mr. Kevin Kaufman
City Auditor
Department of Audit and Control
1225 City Hall
Buffalo, New York 14202

Dear Mr. Kaufman:

This letter is to confirm that we have received the Audit Report on The Payroll Procedures of the Department Community Services and in response to the findings of the report, we are in agreement with the suggestions to streamline our process. We request an opportunity for our timekeeper to be properly trained as well as department heads to maintain uniformity in our process.

Thank you, and if we can provide any additional information, please feel free to contact us.

Sincerely,

A handwritten signature in blue ink that reads "Otis T. Barker".

Otis T. Barker
Deputy Commissioner
Dept. of Community Services and Recreational Programming