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SECTION 2.2-3705.2(2)&(14) (IT SYSTEMS SECURITY)**

Internal Audit Report on Payroll Processing

County of Henrico



*Proud of our progress;
Excited about our future*

**Internal Audit Report #260
May 5, 2017**

HENRICO COUNTY INTERNAL AUDIT
<http://henrico.us/audit>
4301 EAST PARHAM ROAD
P.O. BOX 90775, HENRICO, VIRGINIA 23273-0775

Internal Audit Report on Payroll Processing



Report #260
May 5, 2017

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Audit Summary


- Scheduled Audit
- **Conclusions on Audit Objectives**

▲	A. Review policies, procedures, and guidelines related to the Oracle HRMS bi-weekly payroll processes and determine their adequacy and completeness.
▲◆	B. Test major components of the bi-weekly processes and ensure the related controls are operating efficiently and effectively.
■	C. Review the before and after Interfaces and error reporting and ensure the related controls are operating efficiently and effectively.
■	D. Determine the costing processes and ensure error reporting and that they are balanced with accuracy and completeness.
▲◆	E. Evaluate system controls related to password, access, change management, and backup and recovery and ensure they are adequate.
- Exception Oriented
- 1 reportable Issue and 1 Other Observation
- 1 Action Plan from prior audit of business continuity/disaster recovery relates to the last objective above and is not yet fully resolved. See slide 30 for discussion.
- Management Action Plans have been developed to address all risks identified.

■ Sufficient
 ▲ Needs Improvement
 ◆ Insufficient – Needs Immediate Attention
 ◆ Risk previously identified & accepted by management


County of Henrico Internal Audit

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Contents

- Introduction and Background
- Scope, Internal Controls, and Methodology
- Conclusions on Audit Objectives
- Issues and Management Action Plans
- Implementation of Control Improvements
- Closing and Report Distribution




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Introduction

- IT Auditor III, Sharon Thornton, performed audit work
- Used professional auditing standards
- Examined controls & tested for selective compliance
- All exceptions given to Agency
- Reported control design issues & significant test exceptions
- Work for same Government we audit



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General Government Finance Payroll (G Payroll)


The Finance Payroll Section audits and approves payrolls, issues manual checks, payroll direct deposits, records all payroll deductions, deposits taxes withheld, and completes required reporting of such activity.

Finance Payroll processes approximately 22,255 payroll direct deposits per month.

Source: Finance Approved Budget 2016-2017

During FY16, Finance Payroll issued 155 manual paychecks to government and 477 manual paychecks to school employees.

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Responsibilities of Other Teams

	General Government Human Resources HRMS Team (G HR)	Henrico County Public Schools Finance – Payroll (S Payroll)
Timekeeping	✓	✓
Recordkeeping and functions related to payroll processing	✓ (for every County department and agency)	✓ (for every School including Transportation and Nutrition)
Timely and accurate completion of the bi-weekly and monthly payroll	✓	✓

*Schools use a third-party consultant for procedures compliance with regulations.

There are a number of sequential events that must be completed by both entities to avoid negatively impacting G Payroll and the transmittal of the interface files to the disbursing institutional bank and other third party administrators.

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Oracle HRMS

Oracle HRMS is the primary source of employee and employment related information and is the repository for all pertinent internal financial and non-financial employee information with regard to payroll.

The HRMS system is supported by a multifunctional team representing both the General Government and Schools. This team ensures the system is properly secured and that necessary changes are implemented properly.

System updates are provided by the Oracle vendor to facilitate compliance with certain legal requirements.

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Govt Payroll Calendar

FY 2015-16 Payroll Calendar
(June 15, 2015 through June 15, 2016)

County Holidays Include:
New Year's Day Independence Day Day after Thanksgiving
Lincoln's Birthday Labor Day Christmas Eve
Martin Luther King, Jr. Day Veterans Day Christmas Day
Memorial Day Thanksgiving Day Two Evening Holidays

General Government
Payroll is run bi-weekly

July 2015							August 2015							September 2015									
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S			
					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11

October 2015							November 2015							December 2015									
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S			
					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11

January 2016							February 2016							March 2016									
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S			
					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11

April 2016							May 2016							June 2016									
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S			
					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11

 Beginning of payperiod
 ● Payday
 County observed holiday (see list above)

Updated November 2014 Distributed by the Department of Human Resources

County of Henrico Internal Audit Source: HR Intranet

**County of Henrico
Internal Audit Report #260
Payroll Processing**



Schools Payroll Calendar

Biweekly OTL Reporting Calendar
2014-2015 / 2015-2016

Dates in Bold Reflect Changes From the Norm

Pay Period	Begins Sat	Ends Fri	Deadline for OTL Entries 11:00 AM	OTL Adjustments Due in Payroll	Reason for Adjustment To Normal Schedule	Retro Keying Period		Pay Day	
						Re-Open in OTL Wed	Close in OTL 4:30 PM Fri		
2014-2015									
B05	30-May	12-Jun	Thu, 11-Jun	Fri, 12-Jun		B05	Wed, 3-Jun	Fri, 5-Jun	Fri, 19-Jun
2015-2016									
B01	13-Jun	26-Jun	Wed, 24-Jun	Thu, 25-Jun	4 Day Work Week Independence Day	B01	Wed, 17-Jun	Fri, 19-Jun	Thu, 2-Jul
B02	27-Jun	10-Jul	Wed, 8-Jul	Thu, 10-Jul	4 Day Work Week	B02	Wed, 1-Jul	Mon, 6-Jul	Fri, 17-Jul
B03	11-Jul	24-Jul	Wed, 22-Jul	Thu, 23-Jul	4 Day Work Week	B03	Wed, 15-Jul	Fri, 17-Jul	Fri, 31-Jul
B04	25-Jul	7-Aug	Wed, 8-Aug	Thu, 6-Aug	4 Day Work Week	B04	Wed, 29-Jul	Fri, 31-Jul	Fri, 14-Aug
B05	8-Aug	21-Aug	Thu, 20-Aug	Fri, 21-Aug		B05	Wed, 12-Aug	Fri, 14-Aug	Fri, 28-Aug
B06	22-Aug	4-Sep	Thu, 3-Sep	Fri, 4-Sep		B06	Wed, 25-Aug	Fri, 28-Aug	Fri, 11-Sep
B07	5-Sep	18-Sep	Thu, 17-Sep	Fri, 18-Sep		B07	Wed, 9-Sep	Fri, 11-Sep	Fri, 25-Sep
B08	19-Sep	2-Oct	Thu, 1-Oct	Fri, 2-Oct		B08	Wed, 23-Sep	Fri, 25-Sep	Fri, 9-Oct
B09	3-Oct	16-Oct	Thu, 15-Oct	Fri, 17-Oct		B09	Wed, 7-Oct	Fri, 9-Oct	Fri, 23-Oct
B10	17-Oct	30-Oct	Thu, 29-Oct	Fri, 30-Oct		B10	Wed, 21-Oct	Fri, 23-Oct	Fri, 6-Nov
B11	31-Oct	13-Nov	Thu, 12-Nov	Fri, 13-Nov		B11	Wed, 4-Nov	Fri, 6-Nov	Fri, 21-Nov
B12	14-Nov	27-Nov	Wed, 25-Nov	Mon, 30-Nov	Thanksgiving	B12	Wed, 18-Nov	Fri, 20-Nov	Fri, 4-Dec
B13	28-Nov	11-Dec	Thu, 10-Dec	Fri, 11-Dec		B13	Wed, 2-Dec	Fri, 4-Dec	Fri, 18-Dec
B14	12-Dec	25-Dec	Wed, 16-Dec	Thu, 17-Dec	Winter Break				Thu, 31-Dec
B15	26-Dec	8-Jan	Thu, 7-Jan	Fri, 8-Jan	MLK Holiday	B15	Mon, 28-Dec	Tue, 6-Jan	Thu, 14-Jan
B16	9-Jan	22-Jan	Thu, 21-Jan	Fri, 22-Jan		B16	Wed, 13-Jan	Fri, 15-Jan	Fri, 29-Jan
B17	23-Jan	5-Feb	Thu, 4-Feb	Fri, 5-Feb		B17	Wed, 27-Jan	Fri, 29-Jan	Fri, 12-Feb
B18	6-Feb	19-Feb	Thu, 18-Feb	Fri, 20-Feb		B18	Wed, 10-Feb	Fri, 12-Feb	Fri, 26-Feb
B19	20-Feb	4-Mar	Thu, 3-Mar	Fri, 4-Mar		B19	Wed, 24-Feb	Fri, 26-Feb	Fri, 11-Mar
B20	5-Mar	18-Mar	Wed, 16-Mar	Thu, 17-Mar		B20	Wed, 9-Mar	Fri, 11-Mar	Fri, 25-Mar
B21	19-Mar	1-Apr	Thu, 29-Mar	Fri, 1-Apr		B21	Wed, 23-Mar	Fri, 25-Mar	Fri, 8-Apr
B22	2-Apr	15-Apr	Thu, 14-Apr	Fri, 17-Apr		B22	Wed, 6-Apr	Fri, 8-Apr	Fri, 22-Apr
B23	16-Apr	29-Apr	Thu, 28-Apr	Fri, 29-Apr		B23	Wed, 20-Apr	Fri, 22-Apr	Fri, 6-May
B24	30-Apr	13-May	Thu, 12-May	Fri, 13-May		B24	Wed, 4-May	Fri, 6-May	Fri, 20-May
B25	14-May	27-May	Thu, 26-May	Fri, 27-May		B25	Wed, 18-May	Fri, 20-May	Fri, 3-Jun
B26	28-May	10-Jun	Thu, 9-Jun	Fri, 12-Jun		B26	Wed, 1-Jun	Fri, 3-Jun	Fri, 17-Jun
2016-2017									
B01	11-Jun	24-Jun	Wed, 22-Jun	Thu, 23-Jun	4 Day Work Week	B01	Wed, 15-Jun	Fri, 17-Jun	Fri, 1-Jul

Payroll is run for some Schools employees (e.g. Construction and Maintenance, School Nutrition, and Central Office staff) on a biweekly basis.

Please be aware that the OTL deadline is now 11:00am.

B15 keying deadline falls on the day prior to the Thanksgiving Day Holiday.

B21 keying deadline falls during Spring Break.

HCPS TIMEKEEPER Biweekly Payroll OTL Reporting Calendar 2015-2016

6290015

Source: HCPS Intranet

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Schools Payroll Calendar

Monthly OTL Reporting Calendar
2014-2015 / 2015-2016

Dates in Bold Reflect Changes From the Norm

Pay Period	Month	Begins	Ends	Temp 2 Forms Due to Human Resources	SubFinder Export For OTL 12:00 Noon	Deadline for OTL Entries 11:00 AM	OTL Adjustments Due in Payroll	Retro Keying Period		Pay Day	
								Re-Open in OTL	Close in OTL 4:30 PM		
2014-2015											
M12	June	Sat, 16-May	Mon, 15-Jun	Mon, 1-Jun	Mon, 15-Jun	Tue, 16-Jun	Wed, 17-Jun	M11	Thu, 28-May	Wed, 10-Jun	Tue, 30-Jun
2015-2016											
M01	July	Tue, 15-Jun	Wed, 15-Jul	Wed, 1-Jul	Tue, 14-Jul	Wed, 15-Jul	Thu, 16-Jul	M12	Mon, 29-Jun	Thu, 9-Jul	Fri, 31-Jul
M02	August	Thu, 15-Jul	Sat, 15-Aug	Mon, 3-Aug	Thu, 13-Aug	Mon, 17-Aug	Tue, 18-Aug	M01	Tue, 29-Jul	Thu, 6-Aug	Mon, 31-Aug
M03	September	Sun, 16-Aug	Tue, 15-Sep	Tue, 1-Sep	Tue, 15-Sep	Thu, 17-Sep	Fri, 18-Sep	M02	Thu, 27-Aug	Thu, 10-Sep	Wed, 30-Sep
M04	October	Wed, 16-Sep	Thu, 15-Oct	Thu, 1-Oct	Thu, 15-Oct	Thu, 15-Oct	Fri, 16-Oct	M03	Mon, 28-Sep	Fri, 9-Oct	Fri, 30-Oct
M05	November	Fri, 16-Oct	Thu, 12-Nov	Mon, 2-Nov	Thu, 12-Nov	Thu, 12-Nov	Mon, 15-Nov	M04	Wed, 28-Oct	Sat, 7-Nov	Mon, 30-Nov
RETRO	November	Fri, 13-Nov	Sun, 15-Nov					M05	Tue, 24-Nov	Wed, 2-Dec	Fri, 18-Dec
M06	December	Mon, 16-Nov	Fri, 4-Dec	Tue, 1-Dec	Fri, 4-Dec	Mon, 7-Dec	Tue, 8-Dec	M06	Tue, 24-Nov	Wed, 2-Dec	Fri, 18-Dec
RETRO	December	Mon, 16-Nov	Tue, 15-Dec	Tue, 1-Dec				M06	Wed, 18-Dec	Tue, 12-Jan	Fri, 29-Jan
M07	January	Wed, 16-Dec	Fri, 15-Jan	Tue, 5-Jan	Fri, 15-Jan	Fri, 15-Jan	Tue, 19-Jan	M07	Wed, 18-Dec	Tue, 12-Jan	Fri, 29-Jan
M08	February	Sat, 16-Jan	Mon, 15-Feb	Mon, 1-Feb	Mon, 15-Feb	Tue, 16-Feb	Wed, 17-Feb	M07	Wed, 27-Jan	Wed, 10-Feb	Mon, 29-Feb
M09	March	Tue, 16-Feb	Tue, 15-Mar	Tue, 1-Mar	Tue, 15-Mar	Wed, 16-Mar	Thu, 17-Mar	M08	Thu, 25-Feb	Thu, 10-Mar	Thu, 31-Mar
M10	April	Wed, 16-Mar	Fri, 15-Apr	Fri, 1-Apr	Wed, 13-Apr	Thu, 14-Apr	Fri, 15-Apr	M09	Tue, 29-Mar	Wed, 6-Apr	Fri, 29-Apr
RETRO	April	Sat, 16-Apr	Fri, 15-Apr					M10	Thu, 28-Apr	Wed, 4-May	Tue, 31-May
M11	May	Sat, 16-Apr	Thu, 12-May	Thu, 29-Apr	Thu, 12-May	Thu, 12-May	Fri, 13-May	M10	Thu, 28-Apr	Wed, 4-May	Tue, 31-May
M11	May	Sat, 16-Apr	Sun, 15-May					M11	Thu, 26-May	Thu, 9-Jun	Thu, 30-Jun
M12	June	Mon, 16-May	Wed, 15-Jun	Wed, 1-Jun	Wed, 15-Jun	Thu, 16-Jun	Fri, 17-Jun	M11	Thu, 26-May	Thu, 9-Jun	Thu, 30-Jun
2016-2017											
M01	July	Thu, 16-Jun	Fri, 15-Jul	Thu, 30-Jun	Thu, 14-Jul	Mon, 18-Jul	Tue, 19-Jul	M12	Tue, 28-Jun	Mon, 11-Jul	Fri, 29-Jul

Payroll is run for some Schools employees (e.g. Teachers and Instructional Staff) on a monthly basis.

Time for Fri Nov 12th will need to be keyed as retro entries by December 2nd to be paid 12-18-16.
Time for Sat Dec 5th through Dec 15, will need to be keyed as retro entries by January 12th to be paid 1-30-16.
Time for Thu Apr 14 through Fri Apr 16 will need to be keyed as retro entries by May 6th to be paid on 5/11/16.
Time for Fri May 12th will need to be keyed as retro entries by Jun 6th to be paid on 6/21/16.
CTAP approval timelines will be sent out to approvers as email notices.

HCPS TIMEKEEPER Monthly Payroll OTL Reporting Calendar 2015-2016


6290016

Source: HCPS Intranet

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Payroll Processing**




Payroll Processes

Process Name	Responsibility	Description
OTL Transfer to BEE	G HR & S Payroll	This process creates batches for the transfer of employee time in Oracle Time and Labor (OTL) to be entered into elements for the batch element entries (BEE) process for payroll.
BEE Transfer to Element Entries	G & S Payroll	This is the actual transfer of the batch entries to the elements.
Retro Pay Process	G & S Payroll	This is the process of entering time updates from the prior pay period.
Custom Processes**	G Payroll	This is the process of interfacing entries of Fire Retro and Regular time from ██████████, Fire's separate system.
Payroll Process	G Payroll	This is the actual processing of the payroll run.
Payroll Review	G HR & S Payroll	This is the review of the payroll to ensure accuracy.
PrePayments	G Payroll	This is the process in preparation for NACHA file. It distinguishes between payments to be processed with a check and those to be processed through direct deposit.
Henrico NACHA Process	G Payroll	This is the process that creates the NACHA file that is transmitted to the bank for direct deposit payments.

G – Government
S – Schools

**Process is for General Government only

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Payroll Processes Cont.

Process Name	Responsibility	Description
Payroll Archive	G Payroll	This process preserves payroll run information so it can be used for accurate payroll reporting.
Populate Term Assignment Set**	G Payroll (biweekly)	This process creates paystubs for terminated employees paid after their termination date.
Check Writer	G Payroll	This is the process used for creating pay checks.
Deposit Advice only	G Payroll	This process runs multiple times for creating Deposit Advices by Assignment Sets for G & S Terminations, MH/DS and Registrar's Office.
Interfaces	G Payroll	This is the process used for creating files for several interfaces, i.e., Henrico Federal Credit Union, Deferred Compensation, Flexible Spending Accounts, VALIC, and Positive Pay.
Interface Reviews	G HR Benefits, G & S Payroll	This is the review of the interfaces to ensure accuracy.
Costing	G Payroll	This is the process that generates journal entries from the Payroll Process and transfers the costing data from Oracle HRMS to the Oracle General Ledger.

G – Government
S – Schools

**Process is for General Government only

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Audit Scope

In Scope:


- Finance
 - Payroll Accounting
 - Technology Support
- Human Resources
 - Benefits
 - Technology Support
- Systems
 - Oracle HRMS
 - Oracle Financials
- Henrico HR Interfaces
- General Government and Schools Payroll Processes

Out of Scope:

- Timekeeping controls other than the collection of timecards
- Federal and State taxes
- Oracle HRMS outbound interfaces not related to the payroll processes
- All other agencies, divisions, departments, systems, and processes




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Internal Controls

Objectives


- Reliability and integrity of information
- Compliance with policies, procedures, laws and regulations
- Safeguarding of assets
- Effectiveness and efficiency of operations




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 **Internal Controls Cont'd**
General Limitations of any Controls


- Errors and irregularities may go undetected
- Inherent limitations in any control structure
- Limitations include resource constraints, legislative restrictions, etc.
- Projection to future subject to risk of change in effectiveness
- Compliance may deteriorate




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 **Audit Methodology**

1. Evaluated applicable regulations, policies & procedures and sample tested for compliance
2. Performed walkthroughs to obtain an understanding of the application system processes
3. Validated processes through observations, sample testing and securing evidence



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 **Conclusions on Audit Objectives**





Objective	Conclusion
A. Review policies, procedures, and guidelines related to the Oracle HRMS bi-weekly payroll processes and determine their adequacy and completeness.	 (Other Observation 1, CI-1)
B. Test major components of the bi-weekly payroll processes and ensure the related controls are operating efficiently and effectively.	  ** (Issues 1, CI-3, CI-4)
C. Review the before and after Interfaces and error reporting and ensure the related controls are operating efficiently and effectively.	
D. Determine the costing processes and ensure error reporting and that they are balanced with accuracy and completeness.	
E. Evaluate system controls related to password, access, change management, and backup and recovery and ensure they are adequate.	  *** (CI-2, CI-5) +

Management documented business justification and mitigating controls and accepted previously identified risks as follows:


**Based on a prior special audit (Securing Confidential Information Outside the Office), management was previously made aware of an existing issue that related to this objective regarding segregation of duties with the Finance Technical Support Specialist running portions of the payroll processing.

***Based on a prior audit (System Development and Program Change Control), management was previously made aware of an existing issue that relates to this objective regarding lack of an automated change control system and ability of a developer to move changes into production.

+See Slide 30 for discussion of an open action plan from a relevant prior audit of business continuity, disaster recovery, and backups.

 Sufficient  Needs Improvement  Insufficient – Needs Immediate Attention  Risk previously identified & accepted by management


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 **Issues**

1. Enhance Processes When Timecards Not Approved by Direct Supervisors (*G HR*)

Other Observation


001. Review and Update the HRMS Process and Procedures (*G Payroll*)



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payROLL Issue 1

**Enhance Processes When
Timecards Not Approved by Direct
Supervisors**
(G HR)



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payROLL Issue 1

Condition


- 1) Timekeepers send emails to G HR Transactions to push timecards to other department supervisors for approval when direct supervisors are not available to approve them before the deadline.

All emails did not indicate to whom the timecards were to be pushed.

- 2) Timekeepers may also request G HR Transactions to push timecards for approval within the G HR Transactions team when department supervisors are not available.

The direct supervisor was not always copied on the request nor on the response from G HR Transactions. Additionally, the system approval notification only goes to the employee when the timecard is approved.

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Issue 1

Effect

1. G HR Transactions has to take time to look up alternate supervisors when they are not indicated by the timekeeper.
2. Direct supervisors may not be aware of incorrect time entered on the timecard and the need for a subsequent retroactive timecard to make corrections.
3. Limited documentation on G HR Transactions timecard approvals

Cause


Oversight in instructions to timekeepers and by G HR Transactions staff

Criteria

Supervisors should be aware that their direct reports enter appropriate time.

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Issue 1


Recommendation

G HR Transactions should:

1. Instruct timekeepers and gatekeepers that:
 - emails to G HR Transactions should clearly state to whom timecards should be pushed (e.g. name of alternate approver).
 - the Direct Supervisor should always be copied on the emails, if requesting another approver.
2. Reinforce including Direct Supervisor on email replies when G HR Transactions pushes for approval.

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 Issue 1


Management Action Plan

1. Require additional information from timekeepers regarding reason for push request and alternate approver.

Departmental timekeepers must provide detail information on push requests:

- Reason for push
- Name of alternate approver
- Name of Direct Supervisor

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 Issue 1

Management Action Plan

2. In the absence of an appropriate approver, G HR Transactions will document that the timecard was approved by HR on the push request follow up email which will include the Direct Supervisor.


By Whom: HRMS/Oracle Division Manager
When: 4/26/2017

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Other Observation

The following slides include an additional observation noted during our audit which was considered less critical in reaching our conclusions on the audit objectives.



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Other Observation 1


Review and Update the HRMS Process and Procedures (*G Payroll*)

The HRMS Process and Procedures document has not been kept up-to-date to consistently reflect the current environment. As such, users have no updated tool for reference and training purposes.

Changes observed since the last update on 5/9/2016 included, but may not be limited to, the following:

- Many names of people who are no longer with the County as well as suppliers who no longer provide services.
- 7.5 - Police, Fire, and Sheriff Time Processes - Police and Sheriff are no longer part of this process.
- 9.3 - Interfaces – Savings Bonds are no longer part of the Payroll process.
- 10.4 Costing & Appendix 4 – A known error and work around in the costing process related to multiple assignments are not mentioned.
- 10.5 Costing – Procedures reflect reports not currently used and do not mention the reports that are used.

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 Other Observation 1

Recommendation

Review and update the HRMS Process and Procedures document:

- Names of people should be changed to positions so they won't need updating as frequently.
- As processes change, the procedures should also change.
- An annual review should be initiated.
- Show date last updated, not date last saved.

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 Other Observation 1

Management Action Plan

Update the HRMS Process and Procedures document as time permits by removing names and updating screen shots to current version of Oracle.

By Whom: Payroll System Administrator
When: 9/30/2017


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Implementation of Control Improvements during the Audit

#	Entity	Control Weakness Observed	Control Improvement Implemented
CI 1	G HR	G HRMS' "Employee Change Validation Spreadsheet Procedure" did not accurately reflect the entire procedure.	The Employee Change Validation Spreadsheet Procedures were updated to reflect current status accurately
CI 2	G HR	G HRMS did not periodically review the Payroll Processed network folder (which contained files such as statements of earnings and payouts) to ensure it was accessible only by those with a need.	The Payroll Processed folder was reviewed and access without a need was removed. G HRMS Manager set a reminder to review the folder periodically.
CI 3	G Payroll	The record count in G & S Biweekly NACHA (bank deposit) File report was not correct.	Request was sent to Information Technology to correct the record count in the Biweekly NACHA File report
CI 4	S Payroll	The Schools' Payroll Checklist was not consistently completed with sign-off acknowledging responsibility for tasks completed.	Checklist was redesigned and management reinforced the need to complete the tasks with sign-off as there are multiple technicians using the checklist.
CI 5	Information Technology	The IT Project Manager [REDACTED] had unnecessary access to Payroll and Costing processing responsibilities.	Access to Payroll and Costing processes was removed from IT Project Manager [REDACTED]

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In-Progress Action Plans from Relevant Prior Audit

There is one action plan related to issues identified in a prior audit of Business Continuity, Disaster Recovery, and Backups which is relevant and still in progress at this time:


Condition	
<ul style="list-style-type: none"> No documented Business Continuity plan No planned Business Continuity testing 	
Recommendation	Status
County Manager develop project for County-wide Business Continuity planning (to 60 day range)	The Department of Fire's Office of Emergency Management facilitated development of Continuity of Operations Plans (COOPs) for all County agencies. Testing of the plans is still in progress. The Oracle Support Group performed a test of the ability to restore the Oracle HRMS system from one data center to a backup facility and performed limited transaction testing of payroll. Documentation to restore exists. HR's approved COOP plan includes several plans for payroll continuity depending on the emergency.

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Closing

- Appreciate Agency's cooperation
- Follow up on open Action Plans will be performed as completion dates are reached or after sufficient time has passed to ensure the actions are effective and ongoing.



County of Henrico Internal Audit 31



Report Distribution

Audit Committee (Mr. Hinson, Mrs. O'Bannon, County Manager)	Board of Supervisors, Non-Committee Members
Deputy County Manager for Administration	Directors of Human Resources, Finance and Information Technology
Asst. Superintendent of Finance, Schools	Director of Accounting
Internal Audit Staff	

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Audit Contact Information

Sharon Thornton, IT Auditor III

Phone: 804-501-7379

E-mail: tho89@henrico.us

Vaughan Crawley, Director of Internal Audit

Phone: 804-501-4292

E-mail: cra85@henrico.us