

**Additional Pay Categories  
Follow-Up Audit**

**October 2018**

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October 29, 2018

Honorable Mayor and Members of the City Council:

The City Auditor's Office has completed the Additional Pay Categories Follow-Up Audit. The audit objective was to determine the implementation status of the audit recommendations presented in the original audit report.

Management concurred with all six recommendations in the original report. Audit follow-up procedures indicate management has satisfactorily implemented those recommendations.

We would like to thank staff from the Finance Department for their assistance and cooperation in completing this audit.

*Lori Brooks Jaquess*

Lori Brooks Jaquess, CPA, CIA, CGAP, CRMA  
City Auditor

c: Trey Yelverton, City Manager  
Jim Parajon, Deputy City Manager  
Gilbert Perales, Deputy City Manager  
Jennifer Wichmann, Assistant City Manager  
Mike Finley, CFO

# **Additional Pay Categories Follow-Up Audit**

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## ***Background***

As part of the 2019 Annual Audit Plan, the City Auditor's Office conducted a follow-up audit of the Additional Pay Categories Audit completed in September 2017. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. The audit objective was to determine the implementation status of the prior audit recommendations.

## ***Audit Scope and Methodology***

The scope of the project was limited to following up on management's implementation of the previous audit recommendations. Our methodology included obtaining updated status reports from management regarding the implementation of the audit recommendations and reviewing relevant supporting documentation.

The matrix on the following page illustrates the results of the follow up procedures.

### Status of Prior Audit Recommendations

PRIOR AUDIT RECOMMENDATION	CONCUR/DO NOT CONCUR	PRIOR MANAGEMENT RESPONSE	RESPONSIBLE PARTY	DUE DATE	CURRENT MANAGEMENT RESPONSE/IMPLEMENTATION STATUS	AUDIT CONCLUSION
1. <i>The City Auditor's Office recommends that the Chief Financial Officer ensures periodic review/analysis of all additional pay categories to verify their continued appropriateness and responsiveness to the City's current employment goals, objectives and needs.</i>	Concur.	Finance will incorporate a review of pay categories into the annual budget process.	Mike Finley, CFO	June 2018	Complete.  Payroll Procedures have been updated to include this recommendation and are posted to the Finance portal.	<b>Implemented</b>
2. <i>The City Auditor's Office recommends that the Chief Financial Officer consider discontinuing Education Incentive Pay for Police Officers and EMT pay for Firefighters (and others as deemed appropriate) or include them in the position base pay, because they are payment for a requirement of the position or eligibility for employment.</i>	See Management's Response.	EMT pay has been eliminated effective FY18, due to Civil Service.  Chief Financial Officer will discuss the possibility of including EIP pay in base pay with Police Chief.	Mike Finley, CFO	June 2018	Complete.	<b>Implemented</b>  <b>Audit comment:</b> Deemed important for recruiting purposes, this additional pay will continue.
3. <i>The City Auditor's Office recommends that the Chief Financial Officer identify and implement procedural or system enhancements that will reasonably assure actions related to the Additional Pay process are performed accurately and timely.</i>	Concur.	Finance will identify and implement procedural enhancements to address the exceptions identified in the audit report.	Karen Irwin, Payroll Supervisor  Mike Finley, CFO	January 2018	Complete.  Payroll Procedures have been updated to include this recommendation and are posted to the Finance portal.	<b>Implemented</b>

PRIOR AUDIT RECOMMENDATION	CONCUR/DO NOT CONCUR	PRIOR MANAGEMENT RESPONSE	RESPONSIBLE PARTY	DUE DATE	CURRENT MANAGEMENT RESPONSE/IMPLEMENTATION STATUS	AUDIT CONCLUSION
4. <i>The City Auditor's Office recommends that the Chief Financial Officer consider establishing additional training and written guidelines or procedures for initiating and terminating additional pay.</i>	Concur.		Mike Finley, CFO	April 2018	Complete.  Additional Pay form and procedures have been updated and posted to the Finance portal.	<b>Implemented</b>
5. <i>The City Auditor's Office recommends that the Chief Financial Officer consider performing the annual review of current employee additional pays on a more frequent basis (perhaps semi-annually or quarterly).</i>	Concur.	Finance annually sends emails to Directors requesting that they review a list of employees who are receiving additional pay for accuracy. Finance will update the email to include a request to review additional pay categories and to provide a <i>written</i> response confirming accuracy. Going forward, this will be done on a semi-annual basis.	Karen Irwin, Payroll Supervisor	June 2018	Complete.  Payroll Procedures have been updated to include semi-annual review of data.	<b>Implemented</b>
6. <i>The City Auditor's Office recommends that the Chief Financial Officer establish a requirement and process whereby random, periodical audits are performed to ensure that adequate documentation is retained to justify additional pay/promotions.</i>	Concur.	Finance will create a procedure that will establish a process to conduct random, periodical audits to ensure that adequate documentation is retained to justify additional pay.	Amy Trevino, Controller	June 2018	Complete.  Payroll Procedures have been updated to include this recommendation and are posted to the Finance portal.	<b>Implemented</b>