

City Auditor's Office
Administrative Leave with Pay
Audit Follow-Up

June 2020

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City Auditor's Office

June 17, 2020

Honorable Mayor and Members of the City Council:

The City Auditor's Office has completed a follow up to the Administrative Leave with Pay Audit completed in April 2019. The objective was to determine the implementation status of the audit recommendations presented in the original audit report.

Management concurred with all seven recommendations in the original report. Follow-up procedures indicate management implemented six of the prior audit recommendations with the remaining recommendation being non applicable.

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

Lori Brooks Jaquess

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

cc: Trey Yelverton, City Manager
Jim Parajon, Deputy City Manager
Gilbert Perales, Deputy City Manager
Jennifer Wichmann, Assistant City Manager
Mike Finley, CFO
Yoko Matsumoto, Human Resources Director

Administrative Leave with Pay Follow-Up Audit

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Background

The City Auditor's Office completed the Administrative Leave with Pay Audit in April 2019. The purpose of the audit was to review and evaluate the current practices and associated policies related to the use of Administrative Leave. The objective of this follow up project is to determine the implementation status of the audit recommendations included in the original report.

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 pages illustrates the results of the follow up procedures.

**Administrative Leave with Pay Audit
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
<p><i>1. The City Auditor’s Office recommends that the City Manager’s Office evaluate the current personnel policy to determine if the policy, regarding compensatory time for exempt employees, should be revised to reflect the current practices and help ensure equitable use within and across all departments.</i></p>	<p>Concur</p>	<p>Staff will review current policy, for the purpose of reflecting other approved practices for utilization of time and approval processes for differing business units.</p>	<p>City Manager’s Office Human Resources City Attorney’s Office</p>	<p>Oct 2019</p>	<p>Policy was reviewed and revised with plans to go into effect June 1, 2020.</p>	<p>Implemented</p>
<p><i>2. The City Auditor’s Office recommends that if the City Manager’s Office chooses not to revise the current policy, regarding compensatory time for exempt employees, the current policy, as written, should be enforced equitably.</i></p>	<p>Concur</p>	<p>Consistent with recommendation number 1, the policy will be reviewed and possibly revised.</p>	<p>City Manager’s Office Human Resources City Attorney’s Office</p>	<p>Oct 2019</p>	<p>Policy was reviewed and revised with plans to go into effect June 1, 2020.</p>	<p>N/A</p>

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<p>3. <i>The City Auditor's Office recommends that the Human Resources Department provide guidance and/or training on the appropriate use of Administrative Leave with Pay.</i></p>	<p>Concur</p>	<p>After a review of policy is conducted and updated, Human Resources will provide supervisors and possible timekeepers guidance in utilizing Administrative Leave with Pay.</p>	<p>Human Resources</p>	<p>March 2020</p>	<p>HR created an online informational video titled, Authorized Leave with Pay for Exempt Employees. The objectives of the video are to provide information that will answer the following questions:</p> <ul style="list-style-type: none"> • What are the different types of AP leave for exempt employees? • When should AP leave be applied? • How should AP leave be coded in Kronos? <p>The training will be assigned to supervisors on June 1, 2020 through the learning management system Cornerstone. Supervisors will have until June 13, 2020 to complete the training.</p>	<p>Implemented</p>

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<p>4. <i>The City Auditor’s Office recommends that the City Manager’s Office evaluate the current personnel policy, regarding partial day absences, to determine if the policy should be revised to provide more explicit language and guidance about the appropriate use of Administrative Leave with Pay and require equitable use across all departments.</i></p>	<p>Concur</p>	<p>A review of the compensation policy will be conducted, with consideration of state and federal laws relative to exempt personnel. From this we can provide more explicit language and clarification to guide departments with appropriate use.</p>	<p>City Manager’s Office Finance Human Resources City Attorney’s Office</p>	<p>Dec 2019</p>	<p>Policy was reviewed and revised. Training regarding this policy change is currently being created with completion slated for Q2 FY20. Implementation of the training will be offered to employees during the Q3 of FY20.</p>	<p>Implemented</p>

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<p>5. <i>The City Auditor's Office recommends that the Finance Department evaluate the Administrative Leave with Pay codes, to determine if some of the codes can be consolidated or deleted.</i></p>	<p>Concur</p>	<p>Finance and HR will work together to 1) Reduce the number of pay codes, 2) provide definitions, 3) convey the changes to City departments.</p>	<p>Finance (Mike Finley, CFO)</p>	<p>Dec 2019</p>	<p>In accordance with approved personnel policy section 302.08 updates, all admin leave codes (except the list below) will be inactivated upon HR's direction to implement in the 3rd quarter.</p> <p>Updated Admin Leave Codes: AP- Bereavement AP- Drug & Alcohol Testing AP- Jury Duty AP- No Temporary Reassignment AP- Other City Business AP-Pending Investigation AP- Relieved from Duty AP-Training AP- Flexible Time Paid</p>	<p>Implemented</p>

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<p>6. <i>The City Auditor’s Office recommends that the Finance Department, in collaboration with the Human Resources Department, provide guidance that defines the different Administrative Leave with Pay codes and explain the proper use of the codes.</i></p>	<p>Concur</p>	<p>Human Resources will partner with Finance in sourcing explicit language to assist in utilizing appropriate payroll codes. This includes any need for possible training.</p>	<p>Finance Human Resources City Attorney’s Office</p>	<p>March 2020</p>	<p>HR created an online training titled, Authorized Leave with Pay for Exempt Employees. The objectives of the training are to provide information that will answer the following questions:</p> <ul style="list-style-type: none"> • What are the different types of AP leave for exempt employees? • When should AP leave should be applied? • How should AP leave be coded in Kronos? 	<p>Implemented</p>

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<p>7. <i>The City Auditor’s Office recommends that the Human Resources Department amend the policy addressing Administrative Leave with Pay to include a requirement for either the Payroll division and/or the granting department to maintain documentation of who authorized use of Administrative Leave with Pay, the reason it was awarded, and the number of hours the employee has been authorized to use.</i></p>	<p>Concur</p>	<p>1) We will review the policy and update required providing documentation on the codes. 2)The Kronos payroll system has mechanisms for management to approve timekeeping and allows for comments. We plan to fully utilize payroll records in one depository (Kronos), as it is the official record in paying employees.</p>	<p>Human Resources</p>	<p>Oct 2019</p>	<p>Each department will be responsible for tracking and maintaining justification for the leaves. In the process of finalizing the training, HR plans to collaborate with Finance, and possibly IT, to determine the options departments will have in tracking AP and FTO leave.</p>	<p>Implemented</p>