

**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2015-08
CORPORATE SERVICES – SALARY PAYROLL AUDIT**

| # | OBSERVATIONS OF EXISTING SYSTEM | RECOMMENDATION FOR STRENGTHENING SYSTEM | MANAGEMENT ACTION PLAN |
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| | <p><u>Procedures</u> The following procedures were identified as requiring improvement:</p> <ul style="list-style-type: none"> Removing terminated employees from the PeopleSoft HR listing utilized by Payroll for payroll processing. <i>(Responsibility: HR Division – HR Systems and Operations Section)</i> Mandatory payroll deductions, i.e. income tax, EI, CPP, OMERS, and if applicable, union dues. <i>(Responsibility: Financial Services Division-Payroll & Pensions Section)</i> <p>These procedures do not provide adequate detail to provide guidance for staff, are not dated, do not indicate who the responsible individual is or how frequently they should be reviewed.</p> <p>Relevant risks include: terminated employees remaining on the City’s payroll longer than they should and the inaccurate calculation of payroll deductions.</p> <p>When formal procedures are lacking detail or are out of date, employees use personal understanding and experience to carry out processes which could result in incorrect, incomplete or inconsistent application. It would also be problematic and inefficient for a successor to commence his/her duties within a short period of time.</p> | <p>1. That procedures for the identified topics be reviewed to ensure they include adequate detail to provide direction to staff, indicate the responsible individuals, be dated and have a specified review frequency.</p> <p>These procedures should be reviewed and signed off by management at the specified frequency or whenever a significant change in process occurs.</p> | <p><u>HR Division:</u> Agreed. This recommendation has been addressed by the documentation of the termination process as part of the Human Resources Automated Workflow initiative which went live on October 19, 2015. All Human Resources administrative procedures have been documented with clear indication of who is accountable for a task at any given step in a process.</p> <p>As departments are accountable for notifying Human Resources of a departing employee, automation of the notification process through the workflow initiative has eliminated the opportunity for misplaced paperwork on the HR and payroll end.</p> <p><u>Financial Services Division:</u> Agreed. For each tax update released by Oracle, the Business Application Analyst for Payroll currently has a task list that is followed to verify payroll taxes prior to releasing the change to production. This task list will be formalized into a more robust procedure by Q2 2016.</p> |