



AUDIT REPORT



To preserve the public trust as guardians of the people's records and assets

DATE September 2, 2022

NO. 2022-005

**FOLLOW-UP KRONOS TIME AND ATTENDANCE SYSTEM
(ORIGINAL REPORT NO. 2019-010 ISSUED AUGUST 12, 2019)**

INTERNAL AUDIT DIVISION
ROGER D. EATON
CLERK OF THE CIRCUIT COURT AND COUNTY COMPTROLLER
CHARLOTTE COUNTY FLORIDA



ROGER D. EATON
Clerk of the Circuit Court and County Comptroller

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To: The Honorable Roger D. Eaton, Charlotte County Clerk of the Circuit Court and County Comptroller

From: Dan Revallo, Internal Audit Director

Date: September 2, 2022

Subject: Kronos Time and Attendance Follow-Up Audit

Honorable Clerk Eaton,

The Internal Audit Division has completed a follow-up audit of the Charlotte County Kronos Time and Attendance system. Misti Payette Internal Auditor II conducted this review.

The audit client's response is attached to this report. We would like to thank client management and staff for their cooperation and assistance in the completion of this audit.

The report will be posted to the Clerk of Courts website, charlotteclerk.com, under Internal Audit, Audit Reports. A link to this report has been sent to the appropriate parties.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Dan Revallo, CIA, CFE
Internal Audit Director
Charlotte County Clerk of the Circuit Court and County Comptroller

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EXECUTIVE SUMMARY

The Internal Audit Division performed a follow-up audit of the Kronos Time and Attendance System. Follow-up audits are limited to the comments and recommendations made in the Kronos Time and Attendance System Audit Report dated August 12, 2019. This follow-up considers the responses documented and any subsequent, corrective actions taken or delegated.

This follow-up audit report will conclude the original audit, as it pertains to the Kronos Time and Attendance System.

The status of any corrective actions will be assigned as follows:

OPEN – Corrective action has not been taken to adequately address the original audit comment.

OPEN/PARTIALLY COMPLETED – Corrective action has started but has not adequately addressed the original audit comment.

CLOSED – Corrective action has been taken to adequately address the original audit comment.

Original Audit Comments and Status of Corrective Actions

OPEN/PARTIALLY COMPLETED

- Kronos Timecard approvals were missing proper approval by the employee, manager or both.
- Sick leave utilized for employee time input exceeded regularly scheduled hours.
- Some Function Access Profile (FAP) settings need update.

CLOSED

- No “Scheduled Review Date” documented on *Policy 3.16 Hours of Work*.
- No written policies or procedures for routine Kronos related Information Technology department functions performed.
- Auto Deduct 30 was not properly suspended. Time worked appears unpaid.
- Inconsistent methods for time input for Budget and Administrative Services employees.
- Timecard edits by “Pay from Schedule” employees improperly enabled within Kronos application.

BACKGROUND

The Kronos System is a web-based application, used to summarize employee hours worked for each pay-period. The application provides managers with a systematic method for both monitoring and approving employee hours worked. The Kronos System is strictly a time management application, as no salary or hourly rate details are stored.

Employee hours worked each pay-period are summarized on electronic timecards. Employees can record and view hours worked, request time off and generate various reports (ie. actual and forecasted time accrual reports). Employees are setup either as a “pay from schedule” employee or as an “employee” required to record date/time stamps by means of a designated department time clock, assigned computer, manager’s iPad, or access to a mobile application.

Managers can approve and adjust employee timecards, approve or deny employee requests for time off and perform time-monitoring activities, etc. Managers and/or the designated department IT Coordinator can also update employee work schedules within the Kronos System. Employee work schedules were initially developed by the Human Resources department upon implementation of the system.

Employees with work schedules that remain relatively constant (ie. generally exempt employees) can have their schedules carried forward each pay-period. These employees are referred to as “pay from schedule” employees. Such schedules may need to be adjusted on occasion to accurately record certain benefit hours (ie. sick, vacation days used). Employees with regularly changing work schedules (ie. generally non-exempt employees) may require regular updates.

The Kronos System automatically compares and reports any differences between assigned employee schedules and actual employee hours worked, which must be reviewed and approved, or corrected by the employee’s manager, as necessary.

The system also automatically allocates employee hours worked into the correct pay type codes for regular versus overtime hours worked. The allocations are ultimately determined by the employee’s status (exempt versus non-exempt) and current job position. In general, hours worked greater than 40 hours are allocated by the Kronos System as overtime hours, and thereby, subject to overtime pay.

Designated employees within the Payroll department review Kronos System reports prior to processing payroll to further identify and investigate any possible errors or corrections needed. Both departments are assigned “SuperUsers” who can add, alter, verify and/or approve employee time, as necessary, to avoid any payroll processing delays.

Employee hours and assigned pay codes are uploaded from the Kronos System, by means of a generated CSV file, to the BOCC’s Eden Payroll Module, which computes each employee’s pay details. The upload occurs on the Thursday following the end of a bi-weekly pay-period, which ends on a Tuesday. Reconciliation procedures are performed by the Payroll department to verify a complete and accurate upload to the Eden Payroll Module.

AUDIT OBJECTIVES

The purpose of the follow-up audit was to determine if the proposed corrective actions documented in response to the eight (8) comments and/or recommendations reported, within the Kronos Time and Attendance System Audit Report No. 2019-010, were adequately and timely implemented and/or resolved.

SCOPE AND METHODOLOGY

The follow-up audit included inquiry of key personnel as well as review of the Policy 3.16 Hours of Work document, and the current Kronos Function Access Profile (FAP) settings for each user access type.

The follow-up audit also included a sample timecard review. Internal Audit selected the pay period beginning 10/13/2021 and ending 10/26/2021, with a pay date of 11/5/2021. We selected three (3) County departments and two (2) employees from each department. The departments included in our timecard review included: Public Works, Facilities, and Utilities.

COMMENTS AND RECOMMENDATIONS AND FOLLOW-UP AUDIT RESULTS

1. No "Scheduled Review Date" documented on Policy 3.16 Hours of Work.

We recommend that Policy 3.16 Hours of Work be updated to reflect a "Scheduled Review Date" as appropriate. Best practices encourage policy and procedures be reviewed for update, at least annually.

Original Response:

"Human Resources has updated Policy 3.16 Hours of Work to be reviewed annually."

Status of Corrective Action: CLOSED

2. No written policies or procedures for routine Kronos related Information Technology department functions performed.

We recommend that policies and procedures be documented for all key Kronos System related functions performed by the Information Technology department, with input and guidance from both the Human Resources and Payroll departments.

Original Response:

"Information Technology is in the process of documenting all Kronos related functions performed by Information Technology and will coordinate with Human Resources and Payroll in developing policies and procedures for those functions."

Status of Corrective Action: CLOSED

3. Kronos timecard approvals were missing proper approval by the employee, manager, or both.

We recommend that managers timely alert employees if they have not yet approved their timecards. Both approvals should be present to ensure compliance with the FLSA.

Original Response:

“Human Resources will send an email to all managers/directors reminding them of the importance of signing approval on all employee timecards in Kronos.”

Status of Corrective Action: OPEN/PARTIALLY COMPLETED

Auditor Comments: Corrective action has started but has not adequately addressed the original audit comment. Test procedures determined one (1) of six (6) timecards was missing proper approval by the employee, one (1) of six (6) timecards was missing proper approval by the manager, and one (1) of six (6) timecards was approved by the manager first, employee second.

4. Sick Leave utilized for employee time input exceeded regularly scheduled hours.

We recommend that the employee fill his or her day up to the employee’s regularly scheduled hours. Employees should also be working their scheduled shifts whenever reasonably possible.

Original Response:

“Human Resources will send an email to all managers/directors reminding them that employees should be working their regular scheduled shifts whenever reasonably possible.”

Status of Corrective Action: OPEN/PARTIALLY COMPLETED

Auditor Comments: Corrective action has started but has not adequately addressed the original audit comment. Test procedures determined that four (4) out of six (6) employees regularly punch outside of their set schedule. Of these four (4), one (1) received overtime pay as a result, three (3) had early out punches, and one (1) had late in punches.

5. Auto Deduct 30 was not properly suspended. Time worked appears unpaid.

We recommend that managers review employees' timecards and adjust/make corrections, as necessary. Likewise, standard approval procedures should be followed. Both the employee and the designated manager should approve the employee's timecard prior to further processing by the Payroll department.

Original Response:

"Human Resources will send an email to all managers/directors reminding them to review employees' timecards and adjust/make corrections, as necessary. Timecard approval should be completed by both employee and manager prior to Payroll processing."

Status of Corrective Action: CLOSED

6. Inconsistent methods for time input for Budget and Administrative Services employees.

We recommend that only exempt employees be setup as "pay from schedule" employees, where practical, as their schedules rarely require change and overtime pay under the FLSA is not permitted. Non-exempts should report actual hours worked for proper overtime tracking purposes. The arrangement for the Budget and Administrative Services departments should be changed for consistency purposes with other County departments, and to help ensure that overtime hours are properly tracked.

Original Response:

"The practice of "pay from schedule" for non-exempt employees is not across all of Budget and Admin Services, just divisions that have an office environment with exempt and non-exempt staff working side by side. This would be a serious morale issue to have some staff "punch a time clock" while others do not. We see this as a management decision. Managers and staff are very aware of standards and the consequences of not following those standards. Should an employee attempt to violate those standards they are dealt with through the County's progressive disciplinary policy."

Status of Corrective Action: CLOSED (per Management's acceptance of risk)

7. Timecard edit by "Pay from Schedule" employees improperly enabled within Kronos application.

We recommend that only managers and superusers be permitted to edit employee timecards within the Kronos System. Settings should be reviewed and updated accordingly.

Original Response:

"A Kronos update defaulted settings. Human Resources has fixed the settings and will verify settings after each upgrade."

Status of Corrective Action: CLOSED

8. Some Function Access Profile (FAP) Settings Need Update.

We recommend that the function access profiles and settings identified be reviewed and updated accordingly. Furthermore, the function access profiles and setting should be reviewed after each software update.

Original Response:

“A Kronos update defaulted settings. Human Resources has fixed the settings and will verify settings after each upgrade.”

Status of Corrective Action: OPEN/PARTIALLY COMPLETED

Auditor Comments: Internal Audit identified some Function Access Profile (FAP) allowed functions that should have been disallowed, as well as some inconsistent allowed functions between the Charlotte Employee and Charlotte Employee PFS (Pay from Schedule) profiles.

ADDITIONAL PROCEDURES

Internal Audit also reviewed the pay date of January 14, 2022 (for the pay period of 12/22/2021 to 01/04/2022) for reasonableness due to a period of time when the Kronos Time and Attendance System was not available for use and manual processes were employed. Based upon our inquiries with key personnel and review procedures performed, which included a comparative look at total gross wages and number of employees paid, the pay date reviewed appeared reasonable. No additional procedures were deemed necessary.

ACKNOWLEDGEMENT

We would like to thank the Charlotte County Human Resources and Information Technology Divisions, as well as the Comptroller’s Division for their time and assistance in the completion of this follow-up audit.

Audit performed by:

Misti Payette

Internal Auditor II

Charlotte County Clerk of Circuit Court and County Comptroller



MEMORANDUM

Date: July 12, 2022

To: Dan Revallo, Internal Audit Director, Charlotte County Clerk of Courts and Comptroller

From: Heather Bacus, Director of Human Resources

Subject: Responses to the Internal Audit review of the Kronos Time and Attendance System

Please find below the recommendation from your department and the response from the Board.

Item #3:

Recommend that managers timely alert employees if they have not yet approved their timecards. Both approvals should be present to ensure compliance with the FLSA.

Response: Human Resources will send an email to all managers/directors reminding them of the importance of both employee and manager approvals on all timecards.

Item #4:

Recommend that the employee fill his or her day up to the employee's regularly scheduled hours. Employees should also be working their scheduled shifts whenever reasonably possible.

Response: Human Resources will send an email to all managers/directors reminding them that employees should be working their regularly scheduled shifts whenever reasonably possible.

Item #8:

Recommend that the function access profiles and settings identified be reviewed and updated accordingly. Furthermore, the function access profiles and settings should be reviewed after each software update.

Response: Human Resources has fixed the function access settings and will verify settings after each upgrade.



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