



## CITY OF ATLANTA

City Auditor's Office  
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### ***Why We Did This Audit***

Employees did not receive direct deposits as expected on January 4<sup>th</sup>, 2008--the city's first payroll run from its new Oracle system--and some employees reported that they were not paid the amounts expected. The City Council passed Resolution 08-R-0088 requesting an audit review of all issues encountered during the first Oracle payroll run.

### ***What We Recommended***

Our recommendations are intended to address timekeeping errors and resultant overtime computation errors that continue to pose a risk to the city. Addressing this risk will require a collaborative effort among departments and divisions within departments, because the primary source of error is timekeeping, not the Oracle system.

The chief information officer should:

- Implement detect/validation controls focusing on the Kronos timekeeping system and its interface with Oracle. These controls should be automated to the extent possible and should cover all potential errors in reported hours.
- Facilitate the analysis of timekeeping errors that continue to occur in the Kronos system and work with the Controller to devise courses of action to address them.

The controller should:

- Establish and document a formal process to address errors identified during the detection process.
- Work with the Controller to devise courses of action to address continuing timekeeping errors in Kronos.

Please contact Gerald Schaefer at 404.330.6876 or [gschaefer@atlantaga.gov](mailto:gschaefer@atlantaga.gov) for more information.

## ***Performance Audit:***

### **Review of the Oracle ERP First Payroll Run**

#### ***What We Found***

Four types of errors affected the city's first payroll run in Oracle: breakdown in communication between Wachovia Bank and city staff; incorrect mileage reimbursement; overtime overpayments; and underpayment of some employees. Of these errors, only incorrect mileage reimbursement was specific to the Oracle system. While overtime computation poses an ongoing risk to the city, the city has addressed the other payroll errors.

- **Wachovia Communication breakdown:** Wachovia failed to inform the city that an error in the payroll file had suspended processing. The error resulted from the Oracle implementation team's change to the file header information. However, had Wachovia followed its own protocol to inform the city that the file didn't process, the city could have identified and resolved the error before pay day.
- **Incorrect Mileage Reimbursement:** The implementation team incorrectly coded the mileage reimbursement rate within the Oracle system as \$40 per mile instead of 40¢ per mile, resulting in overpayment of about \$375,000 to 18 employees. The city identified and corrected the error and has recovered all but approximately \$41,000 mistakenly paid to two of the employees.
- **Overtime Overpayments:** Overtime was miscalculated for nearly 1,700 employees due to improper data entry into the Kronos timekeeping system. Payroll staff identified and corrected errors for 91 employees before pay day, preventing overpayments of approximately \$74,500. However, staff did not identify errors affecting an additional 1,583 employees who were overpaid for a total of 18,734 hours, at an estimated cost of \$242,680. The city provided additional training to timekeepers, and our analysis of a subsequent pay period found a 95% reduction in errors. However the payroll process is still vulnerable to timekeeping errors. The city intends to recover overpaid amounts for all payroll periods to date.
- **Underpayment of Some Employees:** Some employees were underpaid due to incomplete time records or classification discrepancies. Oracle logic prevented employees who are filling exempt positions out-of-class from earning overtime. Also, some time keepers were unable to complete employees' time records because they were locked out of Kronos or could not access records due to chart of accounts conversion errors. These errors were corrected on a case-by-case basis.