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McLean County Auditor's Office

Personnel Audit Summary

Objective:

The Auditor's Office conducted a personnel audit in July 2013. This audit was performed to ensure that County employees were receiving the correct pay, that personnel files were complete and up-to-date, and that the updated software was functioning as intended.

Background:

- The Board approves wage rates, personnel policies, employment contracts, etc. County Administration approves Payroll Change Forms submitted by the departments, before forwarding them to the Treasurer's Office. The Treasurer's Office maintains the County's personnel files, maintains the personnel information in New World Systems, and is in charge of the payroll process.

Scope:

- The scope of this examination consisted of selecting multiple groups of employees to verify that the pay, benefits, and withholdings were accurate and matched both the electronic and paper personnel files.
 - A sample of 30 current employees was randomly selected for a pay period in the first quarter of 2013. The pay period was January 13 thru January 26, 2013.
 - A sample of 30 current employees was randomly selected for a pay period in the second quarter of 2013. The pay period was April 21 thru May 4, 2013.
 - A sample of 10 employees hired between January 1, 2013, and June 15, 2013, was randomly selected.
 - A sample of 10 employees terminated between January 1, 2013, and June 15, 2013, was randomly selected.
 - For each of the above samples, reviewed the personnel files, personnel policy, contracts, etc. to verify the employee and employer amounts paid, withheld, or deducted. For half of the current employees and all of the newly hired and terminated employees, also performed recalculations to verify the amounts paid, withheld, and deducted and to verify the accrued hours for vacation, sick, comp, and personal time.
- An additional test was performed to verify the updated software (New World Systems) matches the personnel files. The employees terminated from and the employees hired to the Auditor's Office in 2013 were selected for this test. For each employee selected, the employee information from New World Systems was tied to Payroll Change Forms in the personnel file.

Findings:

- For the selected employees other than the Auditor's Office employees:
 - Verified the pay rate in New World Systems to documents in the personnel files and to the County's INFO website.
 - **One exception: Unable to verify the pay rate for one current employee to the personnel file. Brenda Jones has requested the Cost of Living Adjustment sheet from the Administrative Office.**
 - Verified the hours paid to the timecards for the relevant pay period.
 - Verified that signed W-4 Forms, both the federal form and the Illinois form, were in the personnel file and matched the taxes withheld.
 - **One exception: Federal W-4 for one current employee was not marked with the filing status. Brenda Jones verified that the filing status in New World Systems is "Married" and requested a new W-4 from the employee.**
 - Verified that all the withholdings and voluntary deductions are supported by authorized documents in the personnel file.
 - Verified documents in personnel files appear complete and properly authorized.
 - For the new hire employees, verified the initial Payroll Change Forms were submitted with correct authorizations and in a timely manner to the Treasurer's Office.
 - For the terminated employees, verified the final Payroll Change Forms were submitted with correct authorizations and in a timely manner to the Treasurer's Office.
 - **Two exceptions: One Payroll Change Form was missing the approval signature. One Payroll Change Form had an approval date earlier than the request date. Brenda Jones believed this could have been a simple error or a pre-approval on a problem employee.**
 - Recalculated and matched the gross pay, employee-paid withholdings, net pay, and employer-paid items to the amounts paid.
 - Recalculated and matched the vacation, sick, and personal day accruals to personnel policy, contracts, and the balances in New World System.
 - **Discovered that the McLean County Personnel Policies and Procedures document available through the County's INFO website does not reflect accrual rates matching contracts or agreements for certain groups of employees. The vacation and or sick accrual rates need to be updated in the Policies and Procedures for FOP Corrections (TOPS), Nursing Home (TOPS), Juvenile Detention Center (TOPS), and Labor MetCom (TOPS).**
 - **Discovered that the new maximum sick accrual of 720 hours is not being applied to the Nursing Home. Brenda Jones has requested guidance from the Administrator's Office to determine the communication and adjustments to be made to the affected employees.**

- For the selected Auditor's Office employees:
 - Verified the Start Date and Rate for the new hires to the personnel files.
 - Verified the Termination Date and final Rate for the terminated employees to the personnel files.
 - Verified the Payroll Change Forms to terminate or hire each employee was signed and completed within a reasonable amount of time.
 - Verified that signed W-4 Forms, both the federal form and the Illinois form, were in the personnel file.
 - **One exception: Original Payroll Change Form and W-4 Forms were missing for one new hire employee in the Auditor's Office. Brenda Jones obtained a copy of the Payroll Change Form and new W-4 Forms were signed by the employee.**

Recommendations:

- The McLean County Auditor's Office recommends that the McLean County Personnel Policies and Procedures document be updated to include the current accrual rates for all County employees. The new document should include an effective date to help reduce confusion. Any future changes to the policies and procedures should be communicated between the Administrative Office and the Treasurer's Office to help ensure the most current policies are followed.
- The McLean County Auditor's Office recommends that the current procedures be improved or strengthened to more effectively communicate policy changes to the Treasurer's Office so the personnel files can be updated.

Management Response:

Ms. Jones, Assistant Treasurer, forwarded to the Auditor's Office an email from Ms. Hannah Eisner, Assistant County Administrator. This email showed that Ms. Eisner was providing Ms. Jones the missing Cost of Living Adjustment sheet for an employee's file. In this email, Ms. Eisner also stated that "Bill and I discussed this and we think it best to fix the problem going forward but do not think it would be fair to change the accruals for current employees who have reached the old max." Ms. Jones indicated that she would change the maximum sick accrual in the Nursing Home to 720, but those employees with the old maximum of 760 will keep it.

Conclusion:

After reviewing all the information collected, I noted nothing that would indicate the Treasurer's Office does not have appropriate internal controls in place to ensure that payroll is properly entered and paid and that personnel files are complete. However, my audit procedures did disclose some communication issues with changes to the Personnel Policies and Procedures.

Anni Cummings

8/26/2013

**Anni Cummings
Chief Deputy Auditor
McLean County**

Date