



# FIRE KRONOS IMPLEMENTATION FOLLOW-UP (A2022-01F)

ISSUED AUGUST 2024

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## **OUR MISSION**

Provide independent, objective assurance and consulting services designed to add value and improve the City of Fayetteville’s operations.

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# ORIGINAL REPORT HIGHLIGHTS

## Fire Kronos Implementation (A2022-01)

Original Report Issued:  
January 2022

**Objective:** To determine if payroll processes and associated internal controls were adequate to ensure Fire Department personnel were paid accurately.

### Scope:

- Included Fire Department payroll from June 21, 2021 through September 26, 2021 for 38 (11%) active Fire Department personnel for seven pay periods;
- The sample included exempt, non-exempt, firefighters and non-firefighters; and
- Only hours were audited. Payments were not calculated.

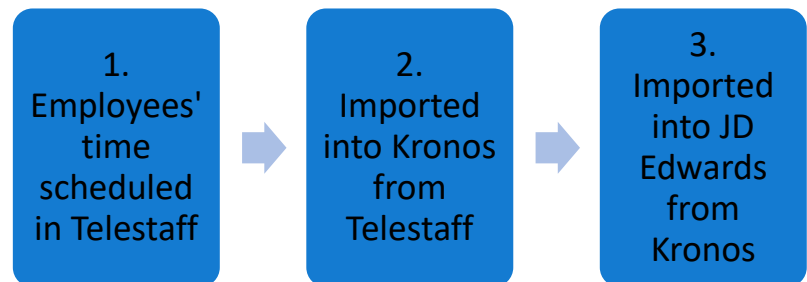
### Background

- Kronos, an electronic timekeeping system, was implemented for all City departments during fiscal year 2016, except for the public safety departments.
- The Fire Department used Telestaff, an electronic scheduling system, to schedule, deploy and manage department resources.
- Prior to the Fire Department Kronos implementation, employees' hours worked and leave taken were entered manually into JD Edwards, the City's financial system, from Telestaff reports.

### Highlights:

- Work and leave hours were scheduled in Telestaff and imported into Kronos. The hours were then imported into JD Edwards for payment calculations and payment to employees.

Figure 1: Import Process



- No payroll policy existed for the payment for 112 hours each pay period regardless of the hours actually worked.
- Payroll Procedures needed updated and an alternate payroll processor needed trained based on current processes.
- A review of payroll information and approval in Kronos was not conducted by an independent party.

### CONCLUSION

Based on the audit work performed, the Office of Internal Audit concluded overall the implementation was sufficient for employees to be paid correctly, but internal controls could be strengthened.

### WHY THIS MATTERS

Without adequate controls, the risk of payroll inconsistencies and errors increases. In addition, without written payroll policies, institutional knowledge could be lost over time.

# Fire Kronos Implementation Follow-Up (A2022-01F)



The Office of Internal Audit has completed follow-up on the Fire Kronos Implementation Performance Audit approved by the Audit Committee on January 27, 2022.

## **Objective and Scope**

Determine whether management implemented corrective actions to the audit recommendations reported by the Office of Internal Audit.

The scope of the follow-up audit was limited to the findings and accepted recommendations in the original audit of Fire Kronos Implementation. This included a review of departmental policies and procedures and associated training.

## **Background**

The original audit report, dated January 27, 2022, had four agreed upon recommendations. The audit provided management with recommendations to:

- Establish written payroll policies;
- Update and maintain documented payroll procedures;
- Designate and train an alternate employee to perform payroll processes; and
- Require quality reviews of timecards which at a minimum should include manual corrections.

## **Summary Results**

*4 recommendations were agreed upon in January of 2022*

Testing included an evaluation of the agreed upon recommendations to determine if corrective actions were implemented as reported. The Department implemented four recommendations by:

- Establishing written policies and procedures;
- Designating and training a backup person for the Personnel Technician; and
- Implementing a review process by qualified personnel for timecards.

The Office of Internal Audit has concluded the Fire Kronos Implementation Follow-up Audit and expresses appreciation for the assistance provided by Department staff.



**FULLY  
IMPLEMENTED**

4



**PARTIALLY  
IMPLEMENTED**

0



**NOT  
IMPLEMENTED**

0

## Finding 1 –Management should strengthen controls for payroll processes.

<b>Recommendation 1.1</b>	The Fire Department should work with the Human Resource Development Department and the City Attorney’s Office and establish written payroll policies.
<b>CURRENT OBSERVATION</b>	The Fire Department created and implemented Fayetteville Fire Department Policy #124 – Payroll, FAYPAY and Kronos Guidelines effective 4/15/2024. The Fire Department provided the policy to the Human Resource Development Department and requested review and feedback.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>
<b>Recommendation 1.2</b>	The Fire Department should update and maintain documented payroll procedures to align with current payroll processes. The procedures should be sufficient for alternate employees to process departmental payroll.
<b>CURRENT OBSERVATION</b>	The Department provided documented procedures detailing the Fire Department payroll process.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>
<b>Recommendation 1.3</b>	The Fire Department should designate and train an alternate employee to perform payroll processes.
<b>CURRENT OBSERVATION</b>	The Fire Analyst was designated as the backup payroll processor and training was provided. Training was also provided to Department leadership with oversight or approval responsibility for the payroll process.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>
<b>Recommendation 1.4</b>	The Fire Department should require a qualified independent employee, conduct a review, which at a minimum should include the manual corrections made, and approve the timecards in Kronos.
<b>CURRENT OBSERVATION</b>	The Department implemented a layered review process of timecard in Telestaff and Kronos by staff members who have successfully completed payroll training provided by the Personnel Technician.
<b>DETERMINED STATUS</b>	<b>IMPLEMENTED</b>