



Date: December 16, 2002
To: Ed Kitchen, City Manager
From: Internal Audit
Subject: War Memorial Coliseum Part Time Employee Computerized Payroll System Audit

The Internal Audit Division audited the Part Time Employee Computerized Payroll at the War Memorial Coliseum Complex for the period ending December 8, 2002. Total gross earnings paid by this payroll from July 1, 2002 to December 8, 2002 were approximately \$605,786, and year to date, that is from January 1, 2002 to December 8, 2002, \$1,459,676. The City transferred \$2,001,000 in general funds to the Coliseum Complex in order to meet its financial needs in the fiscal year ended June 30, 2002.

The purpose of the audit was to:

- Determine whether the part time employee computerized payroll system was functioning as indicated at the time of the prior audit in February of 1998.
- To determine if proper internal controls were being maintained by the War Memorial Coliseum Complex.

The scope of the audit included:

- Interviewing the personnel responsible for entering the weekly payroll information for each of the divisions using part time employees.
- Interviewing personnel responsible for interacting with the time capture functions of the system and revising if needed, that data for use in producing the payroll.
- Interviewing vendor staff to determine any changes in the system and controls of the system.
- Reviewing the internal controls inherent in the system by testing certain of the information produced by the system.

During our audit we noted the following findings and offer our recommendations:

Coliseum Staff Are Assigned Duties Incompatible With Computerized Payroll System Duties

The business assistant, whose primary job responsibilities include adding and deleting employees from the computerized payroll, also has authority to approve a portion of the application pertaining to employee's identification including social security number. She also occasionally provides new hires with a bar coded ID badge. These duties are incompatible with her current responsibilities in the part time employee computerized payroll system. This employee should not be allowed to approve any applicant's information, or provide new hires with the ID badge used to capture punches on the time capturing portion of the system.

Recommendation:

We recommend that this position be relieved of all application/applicant/hire duties conflicting with the part time employee computerized payroll duties.

The War Memorial Coliseum Complex staff agreed with the recommendation and indicate by electronic mail transmission that they will take action sufficient to clear this finding.

The Bryan Park Grill Employee Punches Are Not Properly Reviewed.

There are part-time catering employees at the Bryan Park Grill whose punch times are not captured by the electronic time punch system in use at the War Memorial Coliseum Complex. Instead they use their bar code ID to punch into cash registers at their location and this system captures their punches, and provides a daily report of their punches.

The cash register system punches are incompatible with the electronic time punch system in use at the War Memorial Coliseum Complex. The daily report produced by the cash register system is reviewed by the Bryan Park Grill part-time supervisor, corrected, and sent by facsimile to the Food and Beverage Accountant. The Food and Beverage Accountant inputs these punches into the electronic time punch system in use at the War Memorial Coliseum Complex. The business assistant charged with sending the data to the payroll vendor, obtains this punch listing, checks the facsimile against the punches and makes any corrections necessary into the electronic time punch system in use at the War Memorial Coliseum Complex.

No one reviews the business assistant's work after this position makes final corrections. This position sends these punches as corrected to the payroll vendor by modem. The payroll vendor relies on this data to provide part time employee payroll checks for the Bryan Park Grill.

Recommendation:

We recommend that, as with other divisions having the electronic time punch system in use at the War Memorial Coliseum Complex, the supervisor or designate review the punches produced by the system as an audit punch report, the one to be transmitted if no changes are needed, in order to have one last check over the transmitting business assistant's work.

The War Memorial Coliseum Complex staff agreed with the recommendation and indicate by electronic mail transmission that they will take action sufficient to clear this finding.

Additionally, we provide these comments on other situations determined in our audit.

- There are now three business assistant positions having full screen editor access privileges and passwords, all three positions can override the same certain payroll and electronic punch system functions. So long as none of these positions have duties allowing them to complete the payroll cycle, this will not be a problem. None of these positions should be allowed to have the combination of duties allowing them to input new hires into the payroll, check and/or add punches, send punch data to the vendor for issuance of payroll checks, and terminate employees from the payroll system in a given payroll period. This concentration of duties would allow manipulation of the system, and compromise internal control.
- The War Memorial Coliseum Complex Business Manager now reviews applications after a new hire has been put into the part time employee computerized payroll system. The check is primarily to make sure that the applicant reviews have been performed properly and make sure the new hire is properly deployed, i.e. avoid the appearance of nepotism, etc. We agree that this is a good addition to internal controls and congratulate them on making this move.

We would like to thank the coliseum administrative office staff for their courtesy and cooperation shown us during the audit. We are requesting a response to this audit from the Greensboro Coliseum Complex Managing Director by January 17, 2003. If there are any questions or comments concerning the details of this audit, please contact me at 373-2230.

Fred Newnam

Fred Newnam
Internal Auditor

Cc: Matt Brown, Managing Director, Greensboro Coliseum Complex
Laura Smith, Business Manager, Greensboro Coliseum Complex