OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS

Internal Audit Section

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FILE COPY

September 21, 2012

Parrie L. May, Register
1200 Market St., Room 118
St. Louis, MO 63103-2804

RE: Payroll Distribution Review (Project #2013-PRD01)

Dear Ms. May:

We have conducted a payroll distribution review of the Office of the Register (Department #124) for the pay period ending July 14, 2012. The objectives of this review were to determine if:

- Only eligible employees received wages.
- Wages were adequately safeguarded.
- Employees were only paid for actual hours worked or approved usage of paid leave.
- Accruals and use of paid leave were accurate.

The fieldwork was completed on August 10, 2012.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing.*

During this review, nothing came to our attention that caused us to believe the wages were not properly distributed and safeguarded. However, the opportunity exists to improve compliance with applicable Department of Personnel regulations. Our observation and recommendation to resolve the issue are on page 2 of this report.

We offered the management an opportunity to hold an exit conference to discuss the observation and recommendation; however, management declined. Management responses to the observation and recommendation were received on September 19, 2012 and have been incorporated in the report.

If you have any questions, please contact Internal Audit Section at (314) 657-3490.

Respectfully,

Kenneth M. Stone

Dr. Kenneth M. Stone, CPA, CGMA
Internal Audit Executive

cc: Amy Williams; Payroll Manager, Office of the Comptroller

DETAILED OBSERVATION, RECOMMENDATION AND MANAGEMENT'S RESPONSE

Opportunity To Implement Compliance With Payroll Recordkeeping Requirement

No daily attendance records, as defined by Administrative Regulation #134 - Section II, were maintained by the Register's office.

City of St. Louis Department of Personnel Administrative Regulation #134: Sections II and III.A.4, require all departments to keep daily attendance records.

The Daily Attendance Records are to include the following documentation:

- All daily beginning/ending times for each period of work
- Meal periods
- Number of hours worked each work day
- Total hours worked in the work week
- Notations explaining any differences between times entered on the attendance forms and time to be paid including approved paid leave and any unpaid time off the job
- The employee's initials or signature attesting to the accuracy of the record (pay records, sign-in sheets, etc.).

Administrative Regulation #134 establishes minimum standards for the development, communication, and documentation of official work hours, work weeks, and work schedules; and provides standardized attendance forms for use in all City agencies.

Section III.A, in accordance with Section 14 of the current compensation ordinance, states that "the following five (5) basic principles regarding documentation of work hours apply to ALL classified employees:

1. It is the responsibility of each appointing authority to assure that employees on their payroll have actually worked the time for which they are paid.

2. Full-time employment is defined as working at least an average of forty (40) hours per week.

3. Appointing authorities are required to submit to the Department of Personnel for all employees:

   (a) the official work week, and
   (b) the official work schedule.

4. All departments shall keep daily attendance records and submit reports of unexcused absence and leave; reports of overtime earned, granted, and paid; or the non-occurrence of same to the Director of Personnel in the form and on the dates specified.

5. Attendance and pay records must be maintained for a minimum period of three (3) years and until the Comptroller's audit for the period covered has been completed."

The Register indicated she had not been aware that maintaining daily attendance records was required, in addition to submitting the Bi-weekly Time Report to the Payroll Section of the Comptroller's Office.

Due to the lack of daily attendance records:

1. The Register's Office did not maintain adequate documentation on file to assure that employees on its payroll have actually worked the time for which they are paid.

2. The Register's office was not in compliance with Section III.A.4 and Section II of Department of Personnel Administrative Regulation #134.

The Register agreed to promptly establish and maintain the required daily attendance records (i.e., time sheets).

Recommendation

It is recommended the Register's Office establish and maintain daily attendance records for its applicable employees in accordance with the requirements of Sections II and III.A.4 of Department of Personnel Administrative Regulation #134. Appropriate time sheet forms may be obtained from the Classification and Compensation Section of the Department of Personnel.

Management's Response

The Register's office is currently in compliance with maintaining daily attendance records, As required under Section III.A.4 and Section II of Department of Personnel Administrative Regulation #134.