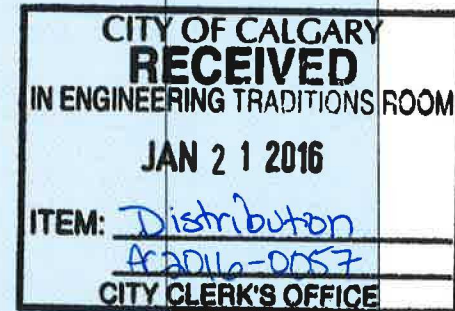


7	REVISED Human Resources Removal of terminated employees	2013	A	2	<p>In the prior year, we observed that terminated employees were not removed from the PeopleSoft system in a timely manner and, in certain cases, continued to be paid following the date of termination beyond regular vacation or standard pay that would be owing to the employee. In the prior year, this recommendation included two parts. The first issue resulted from the untimely communication by business units to Human Resources of the change in status of employees and the second issue related to the removal of user access within information technology based on the change in employee status (item #12 below).</p> <p>For the year ended December 31, 2014, we obtained a listing from Administration of all terminated employees during the year and noted that it took an average of nine business days for a terminated employee to be removed from the PeopleSoft system. While this timeframe may be acceptable to The City, a clear definition of when a terminated employee should be removed from PeopleSoft should be documented and clearly communicated to all business units. Furthermore, we identified one employee that was on short term leave who, subsequent to termination, continued to be paid their salary for two pay periods. The total amount paid to the employee was not material (less than \$5,000) and The City is currently seeking repayment. We note that the payment to terminated employees continues to be an issue as has been identified in prior year management letter points. We noted that Administration sent out "Take 5" communications to business units two times in 2014 (September and December), as a reminder for business units to frequently review their pay reports and notify Human Resources when an employee's status was updated. We had indicated in our prior year recommendation that a control be developed to ensure that terminated employees were removed from PeopleSoft in a timely manner. Based on our year-end procedures, we noted that a process was implemented whereby Human Resources generates a report from PeopleSoft every two weeks of all terminated employees. Human Resources then performs a random check of specific terminated employees within PeopleSoft to confirm that their employment status had</p>	<p>We continue to recommend that:</p> <ul style="list-style-type: none"> • All business unit supervisors follow The City policy to inform Human Resources of terminated employees on a timely basis. The City should communicate to the business units what they deem to be an acceptable time frame for notification of termination to the Human Resources department (i.e. define what constitutes "timely"); and • That Human Resources perform a check of all employees within approximately two weeks of termination, to ensure timely removal of the employee from the PeopleSoft system and discontinuation of pay. 	<p>Based on Administration's internal communication Take 5 notices in 2015 and updating the Payroll Procedure Manual, Administration has observed improvements to this item as no overpayments has been made. As a result, HR will continue with the internal communication Take 5 notices in 2016 (semi-annual) to the City's supervisors on what an acceptable timeframe is for notification of termination.</p> <p>Administration continues to agree with this recommendation. Bi-weekly checks are done by the Senior Pay Analyst to ensure the Pay Administrators have removed all scheduled time post termination for employee departures processed in the current pay period. In addition, the Senior Pay Analyst changes the schedule type to "NONE" to prevent any reload of schedules. Ad-hoc / random audits are performed monthly by the Training, Audit and Documentation Specialist in the area to ensure the above process is being done on a consistent basis.</p> <p>Administration update (January 2016)</p> <p><u>Based on Administration's internal communication Take 5 notices in 2015 and updating the Payroll Procedure Manual, Administration has observed improvements to this item</u></p>	<p>Pay Services has scheduled a Take 5 reminder for Department ID owners. This information was communicated on June 12, 2015 and another notice will be issued in December 2015. Completed. A process reminder was sent out to Pay Services Staff May 2015 and Payroll Procedure Manual updated to clarify this requirement.</p> <p>Administration update (January 2016)</p> <p>2016</p>	<p><u>Department id owners supported by HR-Manager, Pay Services</u></p> <p>In progress</p> <p>Auditor update (January 2016)</p> <p>In progress</p> <p>We noted that communication via "Take 5" notices were sent to Business units ("BU's") indicating</p>
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					<p>been updated. However, this process does not address the risk that business units are not informing Human Resources of terminated employees in a timely manner.</p>		<p><u>as no overpayments has been made. As a result, HR will continue with the internal communication Take 5 notices in 2016 (semi-annual) to the City's supervisors on what an acceptable timeframe for notification of termination is.</u></p>	<p>the expectation of communication between BU's and HR of employee terminations as soon as they are aware an employee is leaving and no later than the last day of work. However based on our audit procedures performed in November 2015, 6 out of 25 terminations selected for testing indicated that HR was not notified of the termination by the respective BU until after the effective termination date of the employee. Accordingly, the control to ensure timely removal of terminated employees has not been implemented nor is it operating effectively. Business units are not communicating employee terminations in a timely manner to HR.</p> <p>We do however note that there were no salary payments to terminated employees subsequent to their termination dates for the samples we selected for testing.</p>
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