# CITY OF WELLAND

## Review Report

**Review of Payroll Processes and Opportunities for Modernization of Payroll Processing**

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# City of Welland

## EXECUTIVE SUMMARY

The City of Welland was seeking assistance with a review and analysis of their Payroll Process and work flows.  The specifics of the review were to perform an analysis of the accounting processes and work flows utilized in the payroll process. The outcomes to be reported on were to identify internal control issues with the existing Payroll Process and report on opportunities for modernizations in the Payroll Process for the City with attention on the Public Works and Engineering area.

A review was carried out on each of these workflows resulting in the creation of workflow process diagrams, notes and findings.  The findings identify weaknesses in internal control and opportunities for modernization of the payroll processes including Public Works and Engineering.  The details of which are contained in the body of this report.

The recommendations from the review have been compiled into a table of actionable items for Payroll Processing:

### Payroll Process Modernization Opportunities - Public Works and Engineering

| | Observation/Finding | Recommendation |
|---|---|---|
| **Payroll Process/Work Order Review** | | |
| 1 | Weave, MTO, Time Clocks, Diamond and Avanti Systems are not integrated to share information. | Explore replacement of Weave, MTO, Time Clocks application with one application that has electronic integration Avanti and Diamond. |
| 2 | Absentee tracking is done manually.  MTO system is utilized to track employee bank information and non-productive time such as vacation, banked Lieu time, etc.  MTO relied on as corporate record Data input to MTO system. | H/R should develop a corporate Absentee tracking system.  Explore the Avanti application for this functionality.  This information should be input to the Absentee Tracking application and integrated to the Work Order Application and others as identified. |
| 3 | MTO system utilized to track CVOR reporting only capturers City records. | City should replace MTO CVOR system WEB based application that will integrated to work orders. |

| Observation/Finding | | Recommendation |
|---|---|---|
| **Payroll Process/Work Order Review** | | |
| 4 | Payroll information being maintained in multiply systems (Avanti, MTO and Weave). Payroll Clerk inputs employee profile changes from Avanti into Weave system manually. MTO System Tracks Employee Profiles for costing in the Weave system. No link to Avanti System. All employee information maintained manually in MTO. | Employee information should only be maintained in one system by Human Resources (H/R). Avanti System should be developed with integration to Work Order System. |
| 5 | Weave and MTO Systems are not linked to share information. This process requires two staff and takes approximately 30 to 60 minutes daily. | Electronic integration with the new Work Order application and MTO application should be developed so information is only entered in one application. Ensure these edit routines to share payroll requirements are built into the tablets. |
| 6 | No ability for Workers in the field to create an electronic work order. Work Orders do not automatically generate restoration work follow-up list for Engineering. | New Work Order application should be flexible to allow staff to create work orders in field and provides the ability to automatically create restoration work orders. |
| 7 | Information recorded twice. Field Staff note details on paper copy of work order which is then keyed to system. | Ensure the new Work Order application provides the ability for staff to utilize tablets in the field to electronically upload work order information. |
| 8 | PW Clerk creates a Weave batch for input, reviews own batch input and approves own batch. | Batches created and entered by the Public Works Clerk should be reviewed and approved by another staff member. |
| 9 | Payroll Clerk reviews report for employees charged to Canal Lands Code (447). | Employees should be identified in Avanti application with integration to new Work Order application. Built in edit routines for employees eligible to be charged to this code should be built into the tablets. |

| Observation/Finding | | Recommendation |
|---|---|---|
| **Payroll Process/Work Order Review** | | |
| 10 | Payroll clerk has to upload information into separate routine to prepare for upload to Avanti Timesheet process. | Build these edit routines into new Work Order system to automatically perform at time of input |
| 11 | Payroll clerk has to make corrections for codes and rates that if system was integrated would not be required. | Electronic integration with Avanti to new Work Order application to share information.  Build in edit routines for employees eligible to be charged to this code into tablets |
| 12 | Manual process to check to see daily time per employee is in balance. | Build in edit routines for employees to identify employees missing hours. |
| 13 | Manual process to check to see if total hours per employee is in balance for pay period. | Build in edit routines for employees to identify employees missing hours. |
| 14 | Banked Lieu time liability not set up when payroll is processed | City should develop a Banked Lieu Time application for corporate use in Avanti. Banked Lieu Time should be tracked and recorded when earned and used. |
| 15 | Some payroll groups are paid current.  As a result, time is reported a week in advance. | Consider if the reporting period could be adjusted to report a week in arrears but paid current.  If this cannot be done the in the new Work Order application an interface needs to be developed. |

The City of Welland should explore replacing their current Work Order System with an application that will replace the Electronic time clock, MTO, Weave and Work Manager applications.  As the City moves forward with this implementation it is important to ensure that data is only keyed once.  Information should be maintained in one application which has the capable of integrating with other applications to push and pull information as required.  The new Work Oder application will be required to be exchanged information with other City applications.  As such the new Work Order application will be required to integrate with the City's Payroll and Human Resources application (currently Avanti), the Financial application (Diamond) and the replacement CVOR application.

As part of this implementation process the City of Welland should implement the use of tablets in the field to electronically capture work order information.  With a tablet the data would be entered in the field and then verified and approved for upload to other

applications.  The use of tablets for electronic work orders will reduce staff time required for the duplicate input of data.  Three employee position would be requiring a job review since their job duties would change significantly.

## Internal Control and Work Flow Improvements for Payroll Processing

| | Observation/Finding | Recommendation |
|---|---|---|
| **Payroll Processing** | | |
| 1 | Some payroll groups are paid current.  As a result, time is reported a week in advance. | Consider if the reporting period could be adjusted to report a week in arrears but paid current. |
| 2 | City does not have an absence tracking system that is linked to the timesheet entry process. | Opportunity to implement an attendance system.  System could link to Timesheets to populate for non-standard hours. |
| 3 | Timesheet approval and submission done manually | Investigate if system provides for an electronic approval process. |
| 4 | Payroll Clerk verifies employee hours even though they have been reviewed and approved by department. | Investigate if system provides for an electronic approval process that would allow timesheet to be load directly into Avanti Payroll. |
| 5 | Employee changes from H/R are not from a system generated report based on pay period reporting. | Create a system generated report of changes from the Avanti system |
| 6 | Payroll clerk maintains file with slips of paper for adjustments for pay period since employee changes from H/R are not from a system generated report based on pay period reporting. | Create a system generated report of changes from the Avanti system |
| 7 | Employees receive new employee number when switching from P/T to F/T or F/T to P/T | Consider if system is capable of retaining employee number but splitting information for source deduction and T4 reporting. |
| 8 | Payroll clerk checks every employee's gross pay and deductions each pay period | Create a system generated report of changes from the Avanti system for each pay period. Only check these changes. |

| | Observation/Finding | Recommendation |
|---|---|---|
| **Payroll Processing** | | |
| 9 | Payroll clerk manually tracks each pay employees exempt from union dues. | Create a system generated report of union dues collected by employee and a report of exempt employees from union dues from the Avanti system for each pay. period. Only check these changes. |
| 10 | Payroll clerk manually tracks and checks all employee garnishees | Consider if system is capable of tracking all garnishee requirements. |
| 11 | Vacation pay for all part time employees except for three library employees is paid each pay. | City and Library should ensure that for all employees are required to receive their vacation pay each pay by placing this in the employees offer of employment. |
| 12 | Per the collective agreements staff have the ability to purchase paid leave time. | During collective bargaining may want to consider the elimination of this process. If not investigate if payroll system is capable of processing such a program. |
| 13 | Payroll Departments generates payroll posting file and loads file to G/L. Accounting then reviews and approves. | Investigate if this process can be set to run automatically once payroll is completed. |
| 14 | Payroll clerk checks for unapproved time for pay period once payroll is processed. | Departments prior to approval of timesheets should ensure no unapproved time exists. |
| 15 | Garnishees are set up in the Avanti system. Payroll clerk manually tracks and checks all employee garnishees. | Consider if system is capable of tracking all garnishee requirements. |
| 16 | Payroll Clerk prepares garnishee documentation for pay period and sends to Finance to prepare cheque request. | Payroll department should be responsible to entry garnishees into A/P system and attach required documentation. |

| | Observation/Finding | Recommendation |
|---|---|---|
| **Payroll Processing** | | |
| 17 | Payroll Clerk has to move file to folder for transmission. | System should place file directly in folder with unique pay period name. |
| 18 | Employees call into Payroll to reset their password and for access to system | Employees should be setup on the system upon hire.  Review who should be responsible to deal with employees for password resets and access. |
| 19 | Employee injuries are reported in two different locations | All injuries should be reported directly to H/R Health & Safety Coordinator (Sandra Cook).  Once reported H/R must notify Payroll immediately. |
| 20 | A new Payroll Clerk was added to Payroll (Sherry Morissette).  This Payroll Clerks rolls need to be expanded with additional payroll duties. | This payroll clerk provides additional resources for the payroll department.  Rolls and responsibilities between the two clerks should be reviewed.  There is no need to add an additional resource in Payroll at this time. |
| 21 | As the City is still developing its H/R and Payroll applications an implementation plan should be developed for the various new process (Qualification/certifications, Training and Development, absentee tracking, employee banks, etc.) | A centralized repository of information assessable to managers will improve tracking and reporting. |
| 22 | The new H/R and Payroll application has roles and responsibilities that cross in both areas. | The City's integrated H/R and Payroll application makes information sharing easier.  As such a review of roles and responsibilities should be under taken to ensure function and accountability are in the correct area. |

| Observation/Finding | | Recommendation |
|---|---|---|
| **Payroll Processing** | | |
| 23 | The Payroll department is preparing both A/P and G/L transactions.  However, Payroll staff do not appear to be performing this function from start to finish. | All payment requests and G/L transaction entries should be completed entirely by the payroll staff.  The City should explore the ability to pay source deductions through their financial institutions online system. |

City staff should analyze the recommendations to determine which recommendation are to be implement.

However, before expending addition resources the City needs to determine if the Avanti application is the correct HRIS.

## Summary of Recommendations from Review

The report has identified a number of recommendations for consideration by the City as it moves forward to modernize the payroll process.  However, the major recommendations for the city to implement are noted below:

| | Recommendation | Comment |
|---|---|---|
| 1 | Replace the Work Order Application. | This will eliminate the Weave, MTO, Time Clocks application with one application.  Ensure the new work order application has electronic integration to Avanti and Diamond. |
| 2 | Replace the CVOR application with a Web based system | System should be integrated with the Work Orders and HRIS application |
| 3 | Install a Mobile Tablet application for work orders | Ensure the new Work Order application provides the ability for staff to utilize tablets in the field to electronically upload work order information, create new work orders in the field and view GIS documentation or equipment diagrams. |
| 4 | Ensure that the Avanti application is the correct HRIS solution for the City. | Staff should ensure that the Avanti application fits the City needs before continuing with installation of remaining modules. |

|   | **Recommendation** | **Comment** |
|---|---|---|
| 5 | H/R should develop a corporate Absentee tracking system. | H/R should develop a corporate Absentee tracking system. Information should be input to the Absentee Tracking application and integrated to the Work Order Application and others as identified. |
| 6 | H/R should develop a corporate Training and Development tracking system. | This system needs to track certificates, licenses and training requirements for employees and integrate to other city applications. |
| 7 | Explore Alternatives for the Provision of the Payroll Process | If the City wishes to explore this option further additional work will need to be completed. |

# Detailed Report

## Scope of Work for Assignment

The City of Welland was seeking assistance with a review and analysis of their Payroll Process.  The specifics of the review were to perform an analysis of the accounting processes and work flows utilized in the payroll process. The outcomes to be reported on were to identify internal control issues with the existing Payroll Process and report on opportunities for modernizations in the Payroll Process for the City with attention on the Public Works and Engineering area.

The scope of work included in this assignment was to:

- Review and recommend improvements to the City of Welland internal control and work flow processes for Payroll Processing
- Identify opportunities for modernization of the payroll processes including Public Works and Engineering

The report and findings from this review will be presented and discussed with City Staff upon completion.

## Payroll Process Review

### Staff Interviews

To understanding the City's current processes for Payroll Processing employee interviews were conducted.  These interviews varied in length depending on their involvement with the process.  Interviewees were asked a number of questions to document the processes.  Employees from Finance, Payroll and Public Works departments were interviewed. The positions interviewed were:

| Employee Information | Process Areas Interviewed | | |
|---|---|---|---|
| Position | Avanti Payroll Process | MTO Payroll Process | WEAVE Payroll Process |
| Manager of Budgets & Financial Reporting/Deputy Treasurer | ✓ | ✓ | ✓ |
| Public Works Clerk | | ✓ | ✓ |
| Public Works Clerk | | ✓ | ✓ |
| Payroll Clerk | ✓ | ✓ | ✓ |
| Payroll Clerk | ✓ | | |
| Payroll Manager | ✓ | ✓ | ✓ |
| Manager of Human Resources | ✓ | | |

The City utilizes software from various vendors to process payroll and payroll financial transaction such as payroll, payroll accounts payable, work order management, CVOR, payroll financial costs, etc.  The software vendors and applications utilized by the City are:

| Software Vendor | Applications |
|---|---|
| Diamond | General Ledger, Accounts Payable, Procurement, Accounts Receivable, Inventory, Property Tax, Utility Billing, Fixed Assets |
| Paramount | Procurement |
| Weave | Work Management, Inventory, Fleet |
| Questica | Budgeting |
| Engineering Database | Project Management |
| MTO | Time clock, CVOR, Employee charge rates, Certifications and Licenses, Entitlements |
| Open Gov | Public Viewing Forum |
| Work Manager | Fleet |
| Avanti | Human Resources/Payroll |

 As the payroll process is reviewed the utilization of these systems will be taken into consideration.

## Review of Payroll Processes

### Overview

The City's 2019 gross spending budget, which includes the Operating, Capital, Water and Wastewater, is approximately $124.3 million.  Once adjusted for non-salary and benefit costs of approximately $88.9 million the remaining amount of $35.4 million is the estimated gross annual spending processed by the Payroll Process.

The City pays approximately 500 to 600 employees on a bi-weekly payroll.  The Payroll Timesheet capture function is delivered by a decentralized data entry process.  The decentralized timesheet entry process is performed for 15 departments with 14 employees entering the information.

The Payroll division is comprised of 3 employees (1 Payroll Manager and 2 Payroll Clerks).  This division is responsible for all aspects of the Payroll function which includes but not limited to; timesheet capture, payroll processing, direct deposit, pay stubs and statutory deductions and remittances. The staff involved, departmental location and function performed are noted below:

| Position | Department | Function |
|---|---|---|
| Administrative Assistant to the CAO | CAO's | Data Entry – Mayors Office & Elected Officials CAO's Office |
| Administrative Finance Coordinator | Finance | Data Entry - Finance |
| Administrative Assistant to the Fire Chief | Fire Department | Data Entry – Fire Department |
| Public Works Clerk | Public Works | Data Entry – Public Works |
| Public Works Clerk | Public Works | Data Entry – Public Works |
| Payroll Clerk | Payroll | Approval Data Entry – Public Works |
| Transit Office Coordinator | Transit | Data Entry – Transit |
| Library Chief Executive Officer | Library | Data Entry – Library |
| Administrative Assistant, Planning & Building | Engineering | Data Entry – Engineering & Integrated Services |
| Computer Analyst/Webmaster | Information Services | Data Entry - IT |
| Human Resource Coordinator | Human Resources | Data Entry – H/R |
| Supervisor Customer Service/Admin | Recreation & Culture | Data Entry – Recreational Services |
| Deputy City Clerk | City Clerks Division | Data Entry - Clerks |
| Parking Traffic Operations Technician | Traffic/Parking/By-laws Division | Data Entry – Crossing Guards |
| Payroll Manager | Payroll Division | Payroll Processing |
| Payroll Clerk | Payroll Division | Payroll Processing |
| Payroll Clerk | Payroll Division | Payroll Processing |

**Payroll Processes**

The payroll process was analyzed by breaking it down into various work flows.  These workflows have been documented by flowcharting the process and providing process notes.  The work flows analyzed as part of the payroll process review were:

| | Work Flow Description |
|---|---|
| 1 | MTO Time Entry Process |
| 2 | Weave Work Order Time Entry |
| 3 | Avanti - PW Timesheet Entry Work Flow |
| 4 | Avanti - Departmental Timesheet Entry Work Flow |
| 5 | Avanti - Payroll Departmental Timesheet Entry Work Flow |
| 6 | Avanti - Payroll Departmental Payroll Processing Work Flow |
| 7 | Payroll Departmental Garnishee Processing Work Flow |
| 8 | Payroll Departmental Direct Deposit Processing Work Flow |
| 9 | Payroll Departmental Paystub Processing Work Flow |
| 10 | Payroll Departmental Vacation Pay Accrual P/T Processing Work Flow |
| 11 | Payroll Department Disability and Reporting Processing Work Flow |

Each of these work flows was analyzed for weaknesses in internal control and for opportunities modernization and process improvements.  The results have been compiled to provide a description of the work flow process, internal control weaknesses and areas for modernization and improvements in work flow processes.

## 1 – MTO Time Entry Process

The MTO Time Entry Process work flow documents the daily time capture of hours worked by employees.  The information is processed into the MTO application from punch clock reports and absentee reports for all Public Works employees.  The process documents employee's daily hours of productive and non-productive time.

There are no weaknesses with internal control as it relates to this work flow.  However, there are some opportunities for modernization and improvements to the process as noted below:

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 1 | Time Clock system | Time clock is not linked to MTO, Weave or Avanti Systems | None. Information is being keyed two to three times. Electronic process could free up staff resources. | Explore electronic integration when implementing a new system. |
| 2 | Answering Service for Public Works (PW) | Absentee tracking is done manually.  Data input to MTO system. | None. Information is being keyed two to three times. Electronic process could free up staff resources. | Should develop corporate Absentee tracking system. |
| 3 | Public Works MTO System Daily Absentee Capture | MTO system utilized to track CVOR reporting. | System only captures City CVOR hours and not all hours. | With move to a new system need to look for New CVOR system. |
| 4 | Public Works MTO System Daily Time Capture | MTO System Tracks Employee Profiles for costing in the Weave system. No link to Avanti System.  All employee information maintained manually in MTO. | Errors could exist between MTO and Avanti for employee information. | Employee information should only be maintained in one system. Link to Avanti System should be developed. |
| | | MTO system is utilized to track employee bank information such as vacation, banked Lieu time, etc.  MTO relied on as corporate record. | Errors could exist between MTO and Avanti for employee information | Employee information should only be maintained in one system. Link to Avanti System should be developed. |

## 2 – Weave Work Oder Time Entry

The Weave Work Order Time Entry work flow documents the data entry process of manually completed work orders for the previous day into the Weave Work Order system.  It documents how previous day work order packages are received, reviewed, batched and entered into the Weave Work Order system by the Public Works clerk.

There are minor issues with internal control as it relates to this work flow.  However, there are opportunities for modernization and improvements to this process as noted below:

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 1 | Time Clock system | Time clock not linked to Weave, MTO or Avanti Systems | None. Information is being keyed two to three times. Electronic process could free up staff resources. | Explore electronic integration when implementing a new system. |
| 2 | P/W Clerk Review of Work Orders | No ability for Workers in the field to create an electronic work order. | Possibility for paper copy to go missing. | Ensure a new system provides the ability for staff to create work orders in field. |
| 3 | PW Clerk Processes Daily Work Order into Weave Application | Information recorded twice.  Field Staff note details on paper copy of work order which is then keyed to system. | None. Information is being keyed two to three times. Electronic process could free up staff resources. | Ensure a new system provides the ability for staff to utilize tablets in the field to electronically upload work order information. |
| | | Work Orders do not automatically generate restoration work follow-up list for Engineering. | Public embarrassment for missing setting up restoration work | Ensure a new system provides the ability to automatically create restoration work orders |

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 3 | PW Clerk Processes Daily Work Order into Weave Application – cont'd | Weave Application not linked to MTO or Avanti Systems | None.<br><br>Information is being keyed two to three times.<br><br>Electronic process could free up staff resources. | Explore electronic integration when implementing a new system. |
| 4 | PW Clerk - Balances Employee Time in Weave System with MTO System. | PW Clerk creates a Weave batch for input, reviews own batch input and approves own batch. | Lack of segregation of duties.  Same staff member enters, reviews and approves their own work.  Potential for errors to go undetected. | Batches created and entered by the Public Works Clerk should be reviewed and approved by another staff member. |

## 3 – Avanti – PW Timesheet Entry Work Flow

The Avanti – PW Timesheet Entry work flow documents the process of bring timesheet information from the Weave System into the Avanti timesheet entry process.  It documents how employee daily time entered in the Weave System is received, reviewed, approved and posted into the Avanti Timesheet entry process by the Payroll Clerk.

There are minor issues with internal control as it relates to this work flow.  However, there are opportunities for modernization and for improvements to this process as noted below:

|  | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 1 & 2 | Payroll Clerk generates and prints reports from the WEAVE System and MTO system: | Weave, MTO or Avanti Systems are not linked to share information. | None.<br><br>Information is being keyed two to three times.<br><br>Electronic process could free up staff resources. | Explore electronic integration when implementing a new system. |
| 3 & 5 | Payroll Clerk Maintains Employee profiles in Weave System. | Payroll Clerk inputs employee profile changes in Avanti into Weave system manually. | Lack of segregation of duties.  Same staff member enters, reviews and approves their own work. Potential for errors to go undetected | Explore electronic integration when implementing a new system. |
| 3 & 5 |  | Payroll information being maintained in two systems (Avanti and Weave) | Possibility of errors.<br><br>Information is being keyed twice.<br><br>Electronic process could free up staff resources. | Employee information should be maintained only in Avanti with link to Work Order system. |
| 4 | Payroll Clerk verifies and balances information in the WEAVE System with the MTO system. | Weave and MTO Systems are not linked to share information.  This process requires two staff and takes approximately 30 to 60 minutes daily. | None.<br><br>Information is being keyed two to three times.<br><br>Electronic process could free up staff resources. | Explore electronic integration when implementing a new system. Build edit routines for payroll requirements into tablets. |

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 5 | Payroll Clerk verifies corrections in Weave System. | Payroll Clerk reviews report for employees charged to Canal Lands Code (447). | Manual process subject to human error. | Explore electronic integration when implementing a new system. Build in edit routines for employees eligible to be charged to this code into tablets |
| 6 | Payroll Clerk Exports Daily Weave File to HRMS_Table | Payroll clerk has to upload information into separate routine to prepare for upload to Avanti Timesheet process. | Requires maintenance of collective agreement requirements in two systems. Information is being keyed twice. Electronic process could free up staff resources. | Build these edit routines into new Work Order system to automatically perform at time of input |
| 7 | Payroll Clerk Makes Corrections to HRMS_Table | Payroll clerk has to make corrections for codes and rates that if system was integrated would not be required. | None. Electronic process could free up staff resources. | Explore electronic integration when implementing a new system. Build in edit routines for employees eligible to be charged to this code into tablets |

|  | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 8 | Payroll Clerk verifies and balances "Resource Use by Class Report" to "Detail this Pay Period" | Manual process to check to see daily time per employee is in balance. | Errors could be missed due to human error. | Build in edit routines for employees to identify employees missing hours. |
| 9 | Payroll Clerk Verifies Pay Period Information | Manual process to check to see if total hours per employee is in balance for pay period. | Errors could be missed due to human error. | Build in edit routines for employees to identify employees missing hours. |
|  |  | Banked Lieu time liability not set up when payroll is processed | Liability not being recorded when incurred. Electronic process could free up staff resources. | Banked Lieu Time should be tracked and recorded in Avanti system when earned and used. |

## 4 – Avanti – Departmental Timesheet Entry Work Flow

The Avanti Departmental Timesheet Entry workflow documents how the timesheet entry process for the capture of employee time is performed in each department per pay period.  It documents how departmental timesheets are created, employee time entered, modified or deleted and how prior timesheets are amended. It documents the timesheet approval process followed by departments prior to submission to the payroll department.

There are no weaknesses with internal control as it relates to this work flow. However, there are some opportunities for modernization and improvements to the process as noted below:

| | **Process** | **Observation** | **Exposure** | **Opportunity** |
|---|---|---|---|---|
| 1 | Departmental Timesheet Input Process | Some payroll groups are paid current. As a result, time is reported a week in advance. | Employees are not always paid correctly. Adjustments required in next pay period to correct. | Consider if the reporting period could be adjusted to report a week in arrears but paid current. |
| | | City does not have an absence tracking system that is linked to the timesheet entry process. | Errors could happen. Duplicate time required to enter information. | Opportunity to implement an attendance system. System could link to Timesheets to populate for non-standard hours. |
| | | Timesheet approval and submission done manually | Errors could happen. Improves internal control and could save time. | Investigate if system provides for an electronic approval process. |

## 5 – Avanti – Payroll Department Timesheet Entry Work Flow

The Avanti Payroll Department Timesheet Entry workflow documents how approved departmental timesheets are upload into the Avanti timesheet entry process. It documents how departmental timesheets are uploaded, verified, modified/corrected and how prior timesheet amendments are uploaded.

There are no weaknesses with internal control as it relates to this work flow. However, there are some opportunities for modernization and for improvements to the process as noted below:

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 1 | Payroll Clerk | Payroll Clerk verifies employee hours even though they have been reviewed and approved by department. | None.<br><br>Timesheets are auto generated by system. Information is reviewed two to three times.<br><br>Electronic process could free up staff resources. | Investigate if system provides for an electronic approval process that would allow timesheet to be load directly into Avanti Payroll. |
| | | Employee changes from H/R are not from a system generated report based on pay period reporting. | Changes needing to be checked may be missed. | Create a system generated report of changes from the Avanti system |

## 6 – Avanti – Payroll Department Payroll Processing Work Flow

The Avanti Payroll Department Payroll Processing workflow documents the process of generating employee pays. It documents how employees gross pay, deductions and net pays are; determined, verified, modified or corrected.

There are issues with internal control as it relates to this work flow. However, there are opportunities for modernization and improvements to this process as noted below:

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 1 & 2 & 3 | Payroll Clerk Generates Pay & Verifies Pay Register for Pay Period<br><br>Payroll Clerk or Payroll Manager Process Corrections | Payroll clerk maintains file with slips of paper for adjustments for pay period since employee changes from H/R are not from a system generated report based on pay period reporting. | Changes needing to be checked may be missed. | Create a system generated report of changes from the Avanti system |
| | | Employees receive new employee number when switching from P/T to F/T or F/T to P/T | Errors could result in completion of ROE | Consider if system is capable of retaining employee number but splitting information for source deduction and T4 reporting. |
| 4 | Payroll Clerk Verifies Pay Register by Employee | Payroll clerk checks every employee's gross pay and deductions each pay period | None.<br>Only checking changes could free up staff resources. | Create a system generated report of changes from the Avanti system for each pay period.  Only check these changes. |

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 4 | | Payroll clerk manually tracks each pay employees exempt from union dues. | None.<br><br>System should track this which could free up staff resources. | Create a system generated report of union dues collected by employee and a report of exempt employees from union dues from the Avanti system for each pay. period. Only check these changes. |
| | | Payroll clerk manually tracks and checks all employee garnishees | None.<br><br>System should track this which could free up staff resources | Consider if system is capable of tracking all garnishee requirements. |
| | | Vacation pay for all part time employees except for three library employees is paid each pay. | None.<br><br>If all part time employees are paid vacation pay each pay it could free up staff resources | City and Library should ensure that for all employees are required to receive their vacation pay each pay by placing this in the employees offer of employment. |
| | | Per the collective agreements staff have the ability to purchase paid leave time. | None.<br><br>Process to compute, track and adjust is time consuming for payroll staff. | During collective bargaining may want to consider the elimination of this process.<br><br>If not investigate if payroll system is capable of processing such a program. |

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 5 | Payroll Manager Approval Process | Payroll Departments generates payroll posting file and loads file to G/L. Accounting then reviews and approves. | None.<br><br>Process should be automated.<br><br>Payroll should be responsible to complete posting of all entries to G/L. | Investigate if this process can be set to run automatically once payroll is completed. |
| 6 | Payroll Clerk Finalizes Pay | Payroll clerk checks for unapproved time for pay period once payroll is processed. | None. | Departments prior to approval of timesheets should ensure no unapproved time exists. |

## 7 – Payroll Department Garnishee Processing Work Flow

The Payroll Department Garnishee workflow documents the process followed by the City from the receipt of a garnishee notice to the collection and remittance of funds. It documents how the city tracks and remits garnishee requirements.

There are no issues with internal control as it relates to this work flow. However, there are opportunities for modernization and improvements to this process as noted below:

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 1 | Payroll Clerk Garnishee Process | Garnishees are set up in the Avanti system. Payroll clerk manually tracks and checks all employee garnishees. | None. System should track this which could free up staff resources | Consider if system is capable of tracking all garnishee requirements. |
| 2 & 3 | Payroll Manager approves garnishee and Payroll Clerk process cheque request | Payroll Clerk prepares garnishee documentation for pay period and sends to Finance to prepare cheque request. | None. | Payroll department should be responsible to entry garnishees into A/P system and attach required documentation. |

## 8 – Payroll Department Direct Deposit Processing Work Flow

The Payroll Department Direct Deposit workflow documents the process followed by Payroll to generate the payment file to be sent to the bank. It documents how the file is generated and transmitted to the city's financial institution.

There are no issues with internal control as it relates to this work flow. However, there are opportunities for modernization and improvements to this process as noted below:

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 1 & 2 | Payroll Clerk Process Direct Deposit and Generates Bank File | Payroll Clerk has to move file to folder for transmission. | None | System should place file directly in folder with unique pay period name. |

## 9 – Payroll Department Paystub Processing Work Flow

The Payroll Department Paystub workflow documents the process of generating employee paystubs. It documents how paystubs are produced and how they are distributed to employees.

There are no issues with internal control as it relates to this work flow. However, there are opportunities for modernization and improvements to this process as noted below:

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 1 & 2 & 3 | Payroll Clerk Process Pay Stubs, Reviews Lump Sum Payouts<br><br>Employees Access Pay Stubs | Employees call into Payroll to reset their password and for access to system | None. | Employees should be setup on the system upon hire. Review who should be responsible to deal with employees for password resets and access. |

## 10 – Payroll Department Vacation Pay Accrual P/T Processing

The Payroll Department Vacation Pay Accrual workflow documents the process of how vacation pay liability is tracked for part time Library employees. The work flow documents how the vacation pay accrual is computed, payment and liability tracked. This process is only required for three employees.

There are no issues with internal control as it relates to this work flow. However, there are some opportunities for modernization and improvements to this process as noted below:

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 1 | Payroll Clerk Process Vacation Pay Accrual P/T | Vacation pay for all part time employees except for three library employees is paid each pay. | None.<br><br>If all part time employees are paid vacation pay each pay it could free up staff resources | City and Library should ensure all employees are required to be paid their vacation pay each pay by placing this in the employees offer of employment. |

## 11 - Payroll Department Disability and Reporting Processing

The Payroll Department Disability and Reporting workflow documents the process for employee injuries.  The work flow documents how employee injuries are reported, processed and tracked.

There are minor issues with internal control as it relates to this work flow.  However, there are opportunities for modernization and improvements to this process as noted below:

| | Process | Observation | Exposure | Opportunity |
|---|---|---|---|---|
| 1 | Department Notifies Payroll Manager or H/R Health & Safety Coordinator | Employee injuries are reported in two different locations | Potential for delay in reporting worker injuries. | All injuries should be reported directly to H/R Health & Safety Coordinator. Once reported H/R must notify Payroll immediately. |

## Payroll Department Task List

During the review of the Payroll Department a list of duties and tacks was compiled.  Although the list may not be all inclusive it identified the major tasks performed.  The list identified daily, weekly, bi-weekly, monthly, quarterly and annual tasks performed.

The Payroll department has 3 full time staff.  This provides them with 21 hours of staff resources per day.  Based on the tasks identified I would conclude that they have sufficient resources to complete all the required tasks and should still have resources to move forward with new initiatives.

The findings from a review of this list are noted below:

| | Observation | Opportunity |
|---|---|---|
| 1 | A new Payroll Clerk was added to Payroll.  This Payroll Clerks rolls need to be expanded with additional payroll duties. | This payroll clerk provides additional resources for the payroll department.  Rolls and responsibilities between the two clerks should be reviewed. |

| | Observation | Opportunity |
|---|---|---|
| 2 | There are duplicate duties being performed to maintain information in multiply applications. | A review should be conducted to ensure data is easily shared between applications without the need for duplicate input. |
| 3 | As the City is still developing its H/R and Payroll applications an implementation plan should be developed for the various new process (Qualification/certifications, Training and Development, absentee tracking, employee banks, etc.) | A centralized repository of information assessable to managers will improve tracking and reporting. |
| 4 | The new H/R and Payroll application has roles and responsibilities that cross in both areas. | The City's integrated H/R and Payroll application makes information sharing easier.  As such a review of roles and responsibilities should be under taken to ensure function and accountability are in the correct area. |
| 5 | The Payroll department is preparing both A/P and G/L transactions.  However, Payroll staff do not appear to be performing this function from start to finish. | All payment requests and G/L transaction entries should be completed entirely by the payroll staff.  The City should explore the ability to pay source deductions through their financial institutions online system. |

# Modernization of the Payroll Process for Public Works & Engineering

## Overview of Current Payroll and Work Order Process

The payroll processes for Public Works have been documented in the report on pages 12 through 18.  The payroll workflows related to the processing of public works are:

Workflow 1 – MTO Time Entry Process – page 12

Workflow 2 – WEAVE Work Order Time Entry – page 14

Workflow 3 – PW Timesheet Entry Work Flow – page 15

Work order information for the City of Welland is captured and processed into multiply applications.  These applications are: Electronic time clock, MTO, Weave, Work Manager, Diamond and Avanti.

## Public Works Work Order Process

Employee time capture process commences with daily time capture of hours worked by employees from punch clock reports and absentee reports. This information is processed into the MTO application which captures productive, non-productive time and CVOR hours.

Once the previous days information has been entered and balanced in the MTO application it is passed on for input into the Weave Application and the Work Manager Application. The information input to the Weave and Work Manager application is based on manually completed and approved work orders (paper based). The information entered for each work order is: work order #, asset/location of work, hours worked by employee, equipment used and hours, materials used, field notes and if required a list of restoration work orders to be created.

After balancing the information in the Weave and Work Manager application with the work orders and MTO reports it is then passed onto payroll for upload into the Avanti application. The Payroll clerk reviews, balances and makes any adjustments necessary for each day by employee.

The financial information related to work orders is recorded in the Diamond application. Payroll costs are posted biweekly from the Avanti payroll posting process. Material costs are captured through the Accounts Payable processing of vendor invoices. Equipment costs are captured in the Diamond application based on actual expenditures incurred for each piece of equipment and its home location.

Employee information related to pay rates, certifications, license, and department location is maintained manually in various applications (MTO, Weave, Work Manager and Avanti).

The financial information contained in the MTO, Weave or Work Manager applications is not reconciled to the Diamond application (Financial system).

## Modernization Opportunities

There is opportunity for the City to modernize the payroll and work order process currently used by the City. The payroll process for Public Works, at the City of Welland, currently involves the input of information into four applications from various documents (Electronic time clock, MTO, Weave, Work Manager and Avanti). This process involves four staff (Employee for the time clock and three staff to input to the various applications). The duplicate input of data has been created due to the lack of integration between the various applications.

The work order process at the City is captured from a paper-based work order that is manually completed in the field capturing asset ID, type of work, labour, materials equipment, notes and restoration requirements. Improvements could be achieved with this process if the City explored the replacement of the Electronic time clock, MTO, Weave and Work Manager applications with a single application that could perform all these functions. The replacement application will be required to integrate with the City's Payroll and Human Resources application (currently Avanti), the Financial application (Diamond) and the City's CVOR application.

The payroll process review of Public Works and Engineering identified opportunities to modernization the process.  Noted below are the observations/findings from the review including a recommendation:

| | Observation/Finding | Recommendation |
|---|---|---|
| **Payroll Process/Work Order Review** | | |
| 1 | Weave, MTO, Time Clocks, Diamond and Avanti Systems are not integrated to share information. | Explore replacement of Weave, MTO, Time Clocks application with one application that has electronic integration Avanti and Diamond. |
| 2 | Absentee tracking is done manually.  Data input to MTO system. | Should develop corporate Absentee tracking system. |
| 3 | MTO system utilized to track CVOR reporting only capturers City records. | City should replace MTO CVOR system WEB based application that will integrated to work orders. |
| 4 | MTO System Tracks Employee Profiles for costing in the Weave system. No link to Avanti System.  All employee information maintained manually in MTO. | Employee information should only be maintained in one system by Human Resources (H/R).  Avanti System should be developed with integration to Work Order System. |
| 5 | MTO system is utilized to track employee bank information and non-productive time such as vacation, banked Lieu time, etc. MTO relied on as corporate record. | An Absentee tracking system should be developed by H/R.  Explore the Avanti application for this functionality.  This information should be input to the Absentee Tracking application and integrated to the Work Order Application and others as identified. |
| 6 | No ability for Workers in the field to create an electronic work order. | New Work Order application should be flexible to allow staff to create work orders in field. |

| Observation/Finding | | Recommendation |
|---|---|---|
| **Payroll Process/Work Order Review** | | |
| 7 | Information recorded twice.  Field Staff note details on paper copy of work order which is then keyed to system. | Ensure the new Work Order application provides the ability for staff to utilize tablets in the field to electronically upload work order information. |
| 8 | Work Orders do not automatically generate restoration work follow-up list for Engineering. | Ensure the new Work Order application provides the ability to automatically create restoration work orders |
| 9 | PW Clerk creates a Weave batch for input, reviews own batch input and approves own batch. | Batches created and entered by the Public Works Clerk should be reviewed and approved by another staff member. |
| 10 | Payroll Clerk inputs employee profile changes from Avanti into Weave system manually. | Employee profiles should be maintained in the Avanti application by H/R.  There should be electronic Integration from Avanti to the New Work Order application. |
| 11 | Payroll information being maintained in multiply systems (Avanti, MTO and Weave) | Employee information should be maintained only in Avanti with link to new Work Order system. |
| 12 | Weave and MTO Systems are not linked to share information.  This process requires two staff and takes approximately 30 to 60 minutes daily. | Electronic integration with the new Work Order application and MTO application should be developed so information is only entered in one application.  Ensure these edit routines to share payroll requirements are built into the tablets. |
| 13 | Payroll Clerk reviews report for employees charged to Canal Lands Code (447). | Employees should be identified in Avanti application with integration to new Work Order application.  Built in edit routines for employees eligible to be charged to this code should be built into the tablets. |

| Observation/Finding | | Recommendation |
|---|---|---|
| **Payroll Process/Work Order Review** | | |
| 14 | Payroll clerk has to upload information into separate routine to prepare for upload to Avanti Timesheet process. | Build these edit routines into new Work Order system to automatically perform at time of input |
| 15 | Payroll clerk has to make corrections for codes and rates that if system was integrated would not be required. | Electronic integration with Avanti to new Work Order application to share information.  Build in edit routines for employees eligible to be charged to this code into tablets |
| 16 | Manual process to check to see daily time per employee is in balance. | Build in edit routines for employees to identify employees missing hours. |
| 17 | Manual process to check to see if total hours per employee is in balance for pay period. | Build in edit routines for employees to identify employees missing hours. |
| 18 | Banked Lieu time liability not set up when payroll is processed | City should develop a Banked Lieu Time application for corporate use in Avanti. Banked Lieu Time should be tracked and recorded when earned and used. |
| 19 | Some payroll groups are paid current.  As a result, time is reported a week in advance. | Consider if the reporting period could be adjusted to report a week in arrears but paid current.  If this cannot be done the in the new Work Order application an interface needs to be developed. |

The City of Welland should explore replacing their current Work Order System with an application that will replace the Electronic time clock, MTO, Weave and Work Manager applications.  As the City moves forward with this implementation it is important to ensure that data is only keyed once.  Information should be maintained in one application which has the capable of integrating with other applications to push and pull information as required.  The new Work Oder application will be required to be exchanged information with other City applications.  As such the new Work Order application will be required to integrate with the City's Payroll and Human Resources application (currently Avanti), the Financial application (Diamond) and the replacement CVOR application.

As part of this implementation process the City of Welland should implement the use of tablets in the field to electronically capture work order information.  With a tablet

the data would be entered in the field and then verified and approved for upload to other applications.  The use of tablets for electronic work orders will reduce staff time required for the duplicate input of data.  Three employee position would be requiring a job review since their job duties would change significantly.