



# CITY OF WILMINGTON

## Police Compensated Absences

### Internal Audit Review

October 7, 2021

## City Auditor's Office

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City Auditor  
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## Highlights

### *Why We Did This Audit*

This internal audit review is a follow-up of a June 2020 audit finding resulting from the annual, external financial audit conducted by Belfint, Lyons, & Shuman, P.A.

### *Methodology*

The objectives were met by interviewing management, examining policies and procedures, observations, and fieldwork testing. Field work testing compared compensated absence balances in KRONOS with the WPD Excel records for forty employees as of May 31, 2021. Another test examined compensated absences covering seven months (January-July 2021) of activity for five employees to ensure WPD files reconciled with KRONOS.

### *Audit Review Committee:*

Ronald Pinkett, Chair

Marchelle Basnight  
Angelique Dennis  
Chris Johnson  
James Spadola  
Tanya Washington

Internal Audit (IA) conducted a Performance Audit of the Police Compensated Absences. The audit objective was to determine whether adequate procedures, record keeping, and internal controls were in place to ensure the accuracy of Wilmington Police Department (WPD) compensated absences balances (vacation, sick, & compensatory time) reconciled with the City of Wilmington's (CoW) KRONOS timekeeping system.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards ("GAGAS"). These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable assurance for our findings and conclusions based on our audit objectives. IA believes that the evidence obtained during this engagement accomplished our audit objectives.

### *Background*

WPD employees are entitled to compensated absences for vacation, sick, and compensatory time, in accordance with the FOP bargaining agreements (for uniformed personnel) and City Code for civilian employees.

The CoW migrated to KRONOS in years 2007-2008; however, the Police Department (WPD) did not implement KRONOS until years 2012-2013. Pre-KRONOS, the WPD created Excel attendance cards/files for each employee to monitor their schedule and compensated absences activity such as vacation, sick, and shooting range days. The WPD also created a second Excel file for each employee to monitor compensatory time. The WPD preferred their Excel files to monitor compensated absences and never fully embraced or relied upon the KRONOS functionality to monitor the WPD's compensated absences activity.

Except for WPD, all other CoW departments monitor compensated absences activity and balances utilizing the software functionality in the KRONOS timekeeping system. This timekeeping system initiates the e-mails for both time off and approval requests for time off. KRONOS is an industry leading timekeeping software with more than 40,000 customers world-wide and the software is a proven product.

The CoW's June 2020 Single Audit conducted by Belfint, Lyons & Shuman (BLS), P.A. reported that the WPD compensated absences balances reported in KRONOS do not consistently reconcile with their excel records which created significant deficiencies in reporting. This engagement is following-up on the June 2020 CoW Single Audit finding.

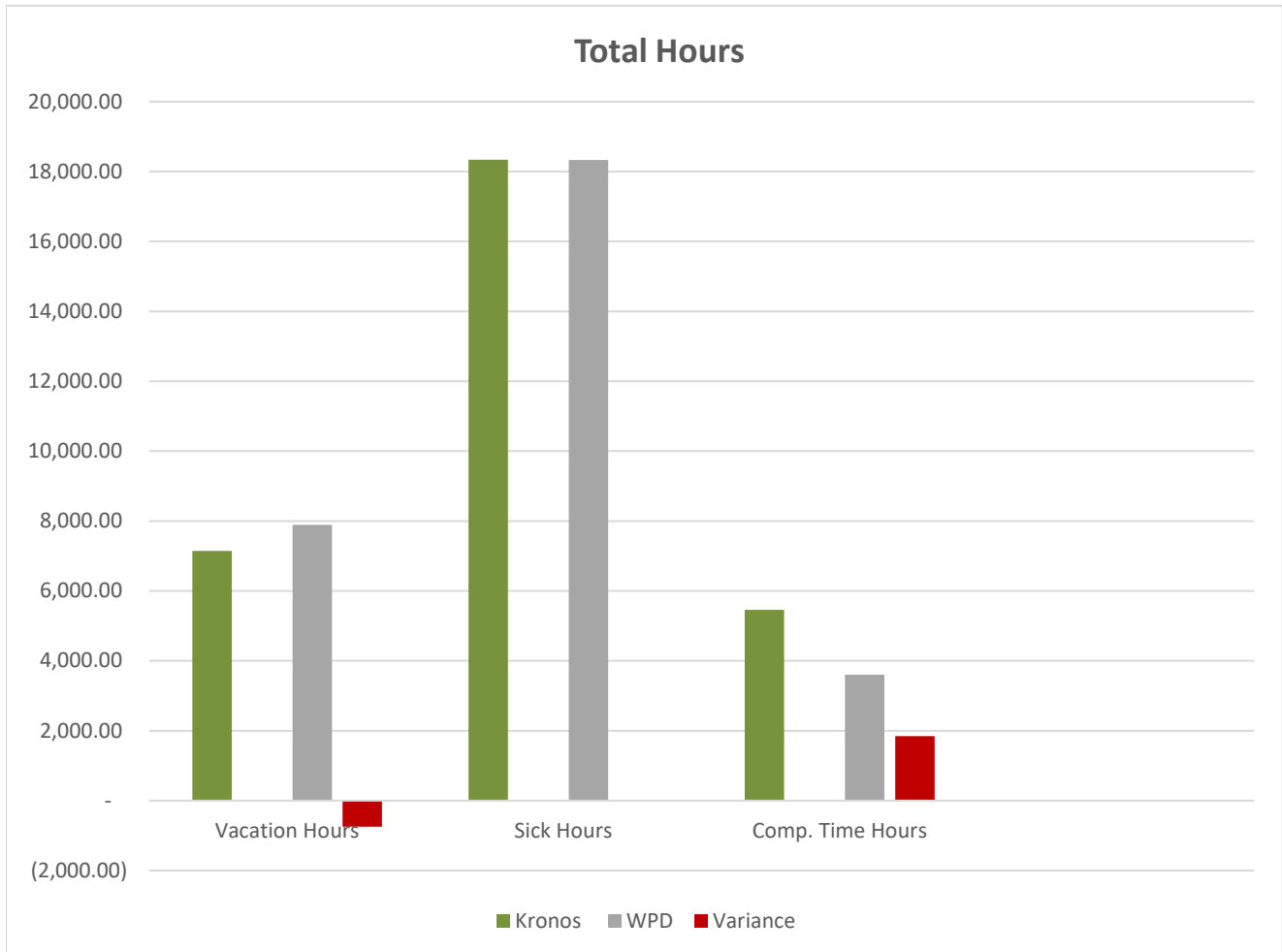
**Key Statistics**

Total number of employees for the WPD: 359

Per June 2020 Audited Financial Statements: COW Vacation Liability \$2,150,303

Per June 2020 Audited Financial Statements: COW Sick Time Liability \$1,100,663

Per June 2020 Audited Financial Statements: COW Compensatory Time Liability \$2,019,142



**What we found**

**Key Findings**

Following are key issues that resulted in a process/area to be risk rated a three or four. See **Attachment A** for the detail of these and all comments identified during the review.

<b>Risk Ranking:</b>		<b>(See Attachment B for full rating definitions)</b>			
<b>Process / Area</b>	<b>Process / Area Owner</b>	<b>1 Strong Controls</b>	<b>2 Controlled Effectively</b>	<b>3 Controlled - Improvement Required</b>	<b>4 Significant Improvement Required</b>
Business Operations					✓
Errors & Omissions					✓
Professional & Organizational Development					✓
Records Retention					✓
Policies and Procedures				✓	
User Access				✓	

**Business Operations**

1. Significant control weaknesses exist related to reconciliations not being performed surrounding compensated absences between the Wilmington Police Department’s (WPD) excel spreadsheets and the City’s Human Resources (HR) KRONOS timekeeping system. This was a repeat audit finding by BLS, in the City of Wilmington’s (CoW), Comprehensive Annual Financial Report for the year ended, June 30, 2020. Refer to audit finding #2020-004 in their report for more details.

Based on a sample selection of 40 employees, the following exceptions were noted during detailed testing:

- Ninety-one out of 120 (76%) vacation, sick, and compensatory time balances examined from WPD’s spreadsheets did not reconcile to KRONOS.

## **Errors & Omissions**

2. Weak controls exist surrounding data entry when recording compensated absences activity between WPD's excel spreadsheets and KRONOS.

There were five (5) employees who had a comprehensive examination of records in both WPD's excel spreadsheets and KRONOS.

- Seventeen data entry errors were identified in WPD's excel spreadsheets.
- Compensatory time balances were significantly overstated in KRONOS for four of five employees, due to the compensatory time payout being coded to an incorrect pay code in KRONOS.
- Four data entry errors related to shooting days were misclassified as working days.

## **Professional and Organizational Development**

3. Weak controls exist surrounding record keeping training for compensated absences. Based on an inquiry with WPD and observations made, there are approximately twenty (20) supervisors populating the WPD compensated absences Excel files for over three hundred (300) employees. There is not a procedure, internal control, review, or reconciliation to check for the accuracy of the data entry process.

## **Records Retention**

4. Controls surrounding compensated absences need improvement with regards to Record Retention and Documentation. For instance, twenty-five transactions were examined to ensure that documentation was retained, and validated vacation requests and approvals were communicated via e-mail. In addition, compensatory time earned was documented with executed overtime sheets.

Thirteen of 25 (52%) transactions did not have the proper documentation available for review. Based on inquiries, it was confirmed that the Communications Department permits verbal requests and approvals for supervisors' vacation time.

## **Policies and Procedures**

5. WPD currently lacks a comprehensive policy and procedure manual surrounding compensated absences. Although, they do have a Leave of Absence Form and Procedure, there is a lack of standardization stating how approving supervisors should perform their record keeping and this has led to some supervisors updating records at the time of the request while others wait until the day of the compensated absence. In one case an approving supervisor permitted a verbal request to schedule a compensated absence versus using an e-mail request which would have provided documentation of the request and approval.

## **User Access**

6. Controls need strengthening surrounding adherence to the Attendance Card & Compensatory Time File Access for Only Authorized Approving Supervisors.

Five approving supervisors were selected at random to ensure they only had access to the attendance cards and compensatory time files of their direct reports. Two of the five supervisors had access to each other's subordinates; however, their divisions appear to cross with one another.

## *Management Responses to Audit Recommendations*

### Summary of Management Responses

**Recommendation #1:** WPD should work with HR, Payroll, and IT to ensure their employees have access to KRONOS functionality and are properly trained on how to use the system to request time off and enter the appropriate pay codes for each shift worked. In addition, the City's Department of HR and WPD should work together to implement a monthly reconciliation report of vacation, sick and compensatory time accumulated by officer with the goal of having an automated hour tracking system that meets both WPD and HR payroll reporting and control requirements.

HR concurs with the recommendation to implement a monthly review and reconciliation of the Vacation and Compensatory hours accumulated by officers. This will be implemented once the parties (HR and the WPD) determine the accurate balances as of a date certain. Once accurate balances are determined and agreed upon, it is imperative that the WPD promptly forward and the HR Department promptly processes all Payroll Adjustment Forms, as this will assist with the reconciliation process, and ensure leave balances are accurate.

**Management response & action plan:** WPD will complete a monthly audit of employee's vacation, sick, and compensatory time and attempt to get WPD HR access to KRONOS to make changes and approved by City HR.

**Completion Date:** March 31, 2022

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**Recommendation #2:** WPD should work with HR, Payroll, and IT to ensure their employees have access to KRONOS functionality and are properly trained on how to use the system to request time off and enter the appropriate pay codes for each shift worked. In addition, the City's Department of HR and WPD should work together to implement a monthly review and reconciliation of vacation, sick and compensatory time accumulated by officer with the goal of having an automated hourly tracking system that meets both the WPD and HR payroll reporting and control requirements.

IT will work with HR and WPD to determine the proper training needed to complete the required access to MUNIS. IT will then fund and schedule the training for WPD.

**Management response & action plan:** WPD will work with IT to get access to KRONOS to make changes that reconcile with WPD records.

**Completion Date:** March 31, 2022

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**Recommendation #3:** WPD should formalize the training and onboarding of new approving supervisors, as well as training them to monitor compensated absences. Due to WPD being a dynamic work environment with many transfers and promotions, the training should be continuous to meet the needs of new and existing supervisors.

**Management response & action plan:** WPD will have all supervisors trained on KRONOS procedures. Train new supervisors within 1 month of promotion.

**Completion Date:** December 31, 2021

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**Recommendation #4:** Management should reinforce the importance of retaining records for validation of the work performed.

As a best practice, WPD HR should utilize their best employees to help train other supervisors on what documents need to be retained.

**Management response & action plan:** WPD will conduct a quarterly audit of employees records to ensure the appropriate documents are being retained.

**Completion Date:** Completed

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**Recommendation #5:** Management should consider updating the compensated absences policy to reflect the current work environment.

**Management response & action plan:** Determine if WPD will continue using the Attendance card system or adopt the KRONOS only system and attendance cards as a backup. A policy will be updated after determination of system moving forward.

**Completion Date:** September 30, 2022

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**Recommendation #6:** WPD should monitor user access rights more frequently to ensure that only authorized individuals have access to their appropriate files.

**Management response & action plan:** WPD HR Captain will be monitoring user rights quarterly to ensure only authorized individuals have access to the appropriate files.

**Completion Date:** Completed

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**Audit Team**

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Tamara Thompson