



# City of San Antonio

## Agenda Memorandum

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**In Control:** Audit Committee

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**AUDIT COMMITTEE SUMMARY**  
**October 20, 2015**  
**Audit of SAFD Payroll**  
Report Issued September 14, 2015

### Background

Our first audit of the San Antonio Fire Department (SAFD) payroll system (PayFire) was completed in July 2011. We identified numerous application controls that were weak or non-existent. Additionally, we reported a lack of management oversight and a lack of segregation of duties within the payroll process. Lastly, we determined that uniformed employees use accrued sick leave just prior to retirement for months at a time until their accrued sick leave bank diminishes to a level that is equal or close to the maximum Texas State legal termination payout limit of 90 days (i.e. 1,080 hours for 12-hour shift personnel, 900 hours for 10-hour shift personnel, and 720 hours for 8-hour shift personnel).

In 2013, the SAFD implemented the new Kronos TeleStaff payroll system. TeleStaff is maintained by ITSD and administered by uniformed SAFD shift commanders. It is used to track and schedule exception time (i.e. time other than regularly scheduled work time) for uniformed SAFD employees. Exception time includes but is not limited to overtime, vacation, sick leave, and continuing education. Bi-weekly, a flat file is uploaded into SAP from TeleStaff for payroll processing. During FY 2014, 131,809 exception time transactions were uploaded into SAP via the TeleStaff flat file method.

### Audit Objective

Determine if general and application controls over the SAFD payroll function are adequate and in compliance with policies and directives.

### Audit Scope & Methodology

The audit scope was from October 2013 to September 2014. We interviewed SAFD management and staff to gain an understanding of the payroll process including scheduling, time entry and approval, transferring payroll data from TeleStaff to SAP, and payroll generation. Additionally, we examined SAFD policies and procedures. We also considered issues identified in our July 2011 SAFD Payroll Audit as part of our testing criteria.

## Audit Conclusions

Yes, general and application controls within the SAFD payroll application are adequate and in compliance with policies and directives. Since the 2011 payroll audit, significant work has been done by SAFD to develop a more efficient, accountable and auditable payroll process. However, we observed an issue that could still be improved. We determined that uniformed employees continue to use accrued sick leave immediately prior to retirement for months at a time until their accrued sick leave bank diminishes to a level that is equal or close to the maximum Texas State legal termination payout limit of 90 days. This resulted in costs to the City exceeding \$2.5M for fiscal year (FY) 2014 retirees.

We recommended that the Fire Chief prohibit the SAFD practice of riding out sick leave at retirement in order to eliminate the unnecessary costs of additional benefit pay (e.g. holiday, vacation, sick leave, pension, insurance) and overtime pay. This may be accomplished by requiring a physician's certificate if a uniformed employee who is eligible for regular retirement has an absence in excess of thirty (30) consecutive working days. Furthermore, if a physician's certificate is not provided or is questionable, the Fire Chief should utilize Chapter 143 of the Texas Local Government Code's *Fit-for-Duty* clause to determine the issue.

SAFD management concurred with our recommendations and developed a positive corrective action plan.