

TOWN OF WESTPORT
OFFICE OF THE INTERNAL AUDITOR



INTERNAL AUDIT REPORT

PAYROLL TIME & ATTENDANCE

IA 13-01

JANUARY 13, 2014

LETTER OF TRANSMITTAL

JANUARY 13, 2014

CHAIRMAN PINCAVAGE AND MEMBERS OF THE TOWN OF WESTPORT'S BOARD OF FINANCE:

I respectfully submit the enclosed internal audit report of the Town of Westport's (hereafter "Town") and Westport Public Schools' (WPS) payroll time & attendance functions. I greatly appreciate the time, patience and cooperation of all parties involved in this follow-up audit.

At the time of this audit, both the Town and WPS were in the beginning stages of upgrading their financial systems which, once implemented, may address several of the concerns expressed within the findings and recommendations presented in Section C. of this report. Hopefully, procedural workflows can be re-engineered along with these system upgrades so that many of the control recommendations provided in this audit can be incorporated into the new processes.

The findings and recommendations included in Section C. are intended to assist Town of Westport and Westport Public Schools administrators in identifying opportunities for strengthened controls and efficiencies associated with the payroll time & attendance functions.

This audit was conducted concurrently with an audit of human resources (IA 13-02) at the Town. Despite different objectives and scope, both of these audits involve the activities of the Human Resource Department, the Finance Department and WPS as they relate to employee compensation procedures. As a result, there is significant overlap in the recommendations contained within both reports.

In addition, in June 2013 the Finance Director engaged Tyler Technologies (parent company of MUNIS) to perform an "Investment Analysis" of the Payroll/Human Resources module to determine how we might improve our utilization of this module in MUNIS. A copy of the report from Tyler can be found as an attachment to this report (see Attachment A: Tyler Technologies Report).

Thank you for the opportunity to provide this information to the Board of Finance.

Very Truly Yours,

Lynn Scully
Internal Auditor, Town of Westport

CC: JAMES MARPE, FIRST SELECTMAN
GARY CONRAD, DIRECTOR OF FINANCE
JEFFREY WEISER, CHAIRMAN, RTM FINANCE COMMITTEE

TABLE OF CONTENTS

DESCRIPTION		PAGE #
SECTION A.	INTRODUCTION	4
SECTION B.	OVERVIEW OF WESTPORT'S AND WESTPORT PUBLIC SCHOOLS' PAYROLL TIME AND ATTENDANCE FUNCTIONS	6
SECTION C.	FINDINGS AND RECOMMENDATIONS	11
	ATTACHMENT A: TYLER TECHNOLOGIES REPORT	19

A. INTRODUCTION

AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES:

The objectives of this audit were to:

1. Review and assess existing payroll, time and attendance policies and procedures employed by the Town of Westport (the Town) and Westport Public Schools (WPS).
2. Review and assess policies and procedures for Extra Help and Overtime employed by the Town and WPS.
3. Review and assess the current systems for managing leave balances.
4. Document an understanding of these systems, identifying key controls.
5. Survey local municipalities for comparisons and best practices.
6. Identify opportunities for improvement, for the purpose of strengthened controls and increased efficiencies.

SCOPE:

This audit included a review of all major departments of the Town and included the payroll-related activities of WPS.

Certain time and attendance procedures performed by the Town's Human Resource Department are included within a concurrent audit, Human Resources – Follow Up, IA 13-02.

METHODOLOGY:

Meetings were conducted with many people at both the Town and WPS for the purpose of gaining an understanding of the current flow of information in both sets of payroll, time and attendance processes. The following table lists those individuals interviewed (in departmental order).

Name	Department	Job Title
Deborah Hamilla	Engineering	Admin Assistant
Gary Conrad	Finance	Director of Finance
Ken Alexander	Finance	Controller
Steven Castro	Finance	Accountant
Sheila Carey	Finance	Financial Analyst
Jamie Krajewski	Finance	Accounting Clerk
Diane Kleros	Finance/HR	Payroll/HR Coordinator
Andrew Kingsbury	Fire	Fire Chief
Jean Tighe	Fire	Admin Assistant
Angus Maciver	Fire	Civilian Dispatcher
Ralph Chetcuti	Human Resources	Director of Human Resources
Gail Bernstein	Human Resources	Benefits Coordinator
Debra Ferrante	Human Resources	HR Assistant – Payroll & Benefits
Margaret Gottfried	Parks & Recreation	Service Assistant
Sheila Kavey	Parks & Recreation	Admin Assistant
John Calka	Police	Police Captain
Soncha Chung	Police	Payroll Clerk
Carmen Figueroa	Police	Admin Assistant
Marla Cowden	Registrars	Registrar
Elio Longo	WPS	Director of School Business Operations
Vicki Brideau-Vitale	WPS	Payroll Coordinator
Diana Christiano	WPS	AESOP Coordinator
Joanne Rugar	WPS	Payroll Administrator
Jan Mello	WPS	Exec Assistant to the Director of Human Resources
Natalie Carrignan	WPS	Director of Technology

Literature available online detailing the capabilities of various information systems currently employed by the Town and WPS was reviewed to obtain a general understanding of where/how employee payroll, time and attendance data is maintained and processed and to identify opportunities for greater utilization of these systems.

Surveys were conducted of Town departments, and major processes were documented.

Significant analysis was performed on payroll data contained within the MUNIS system. Representatives of the Town of Fairfield were contacted on several occasions to discuss Police Department related systems and processes.

B. OVERVIEW OF WESTPORT’S PAYROLL TIME AND ATTENDANCE FUNCTIONS

Although the two departments work together with respect to benefits management and reporting withholdings to the State of CT, both the Town and WPS have separate Payroll departments, reporting to the respective administrators.

Exhibit 1

	Town	WPS	Total
Payroll Dept	Payroll Coordinator HR Assistant (PT)	Payroll Coordinator AESOP Coordinator Payroll Admin (PT)	
Full Time Equivalent Employees*	308	887	1,195
2013-14 Salary Budget**	30,988,271	69,501,902	100,490,173
2013-14 Total Budget**	88,634,717	104,366,056	193,000,773
Salary Percentage	35%	67%	52%

* Town - From 2013-14 Town of Westport Approved Budget (calculated/rounded)

WPS - From 2013-14 WPS Budget, Salaries & Benefits (calculated/rounded), includes EH & OT

** Town - From Town of Westport 2013-14 Budget, includes EH & OT

WPS - From 2013-14 WPS Budget, Salaries & Benefits (rounded), includes EH & OT

Payroll Cycles

Town – Full Time union and non-union employees are paid twice per month, on the 15th and the 30th/31st for earnings during that respective time period (if either date falls on a weekend or holiday, employees are paid on the last business day prior). Part time earnings and overtime pay are processed one pay period in arrears.

WPS – Full and part-time employees are paid every 2 weeks in 24-26 equal pays. Depending on when the pay cycle occurs, most employees are paid in advance (an illustrative example of this would be if a teacher begins work on August 25th and the first payroll cycle occurs on August 28th, that teacher would be paid for 14 days on the 28th, despite having only worked 4). Exceptions such as sick, vacation, etc. are captured in the next payroll cycle. (see finding 2.d.)

Payroll/Attendance Approvals

Town – approvals are figured into the workflow of MUNIS. Once the departmental employee responsible completes a batch of attendance data, it is forwarded to the department head for review and electronic approval before it is available for processing by the Payroll Coordinator.

The final payroll is approved by the Finance Department prior to its initiation of the banking transactions.

WPS – approvals for attendance information are manual, with principals/department heads responsible for signing summary time forms. These forms are forwarded to the payroll department for entry (by exception) into eFinance Plus.

Requests for Time Off

Town – requests for time off are mostly processed outside of MUNIS, through manual forms and/or email correspondence. This info is captured and keyed into MUNIS.

WPS – requests for time off are processed through AESOP electronically for all WPS employees, with the exception of bus monitors.

Attendance Reporting

Town – Aside from the payroll, there are no routine attendance-related reports run by the Finance Department and/or Human Resources.

WPS – The AESOP Coordinator runs an “absentee report” by employee/school quarterly and forwards this information to school principals. A complete report is provided to the Superintendent of Schools on a quarterly basis.

Banking

Town – The majority of Town employees are paid through direct deposit. This bank account is reconciled by the Town’s Finance Department, by an individual independent of the payroll process.

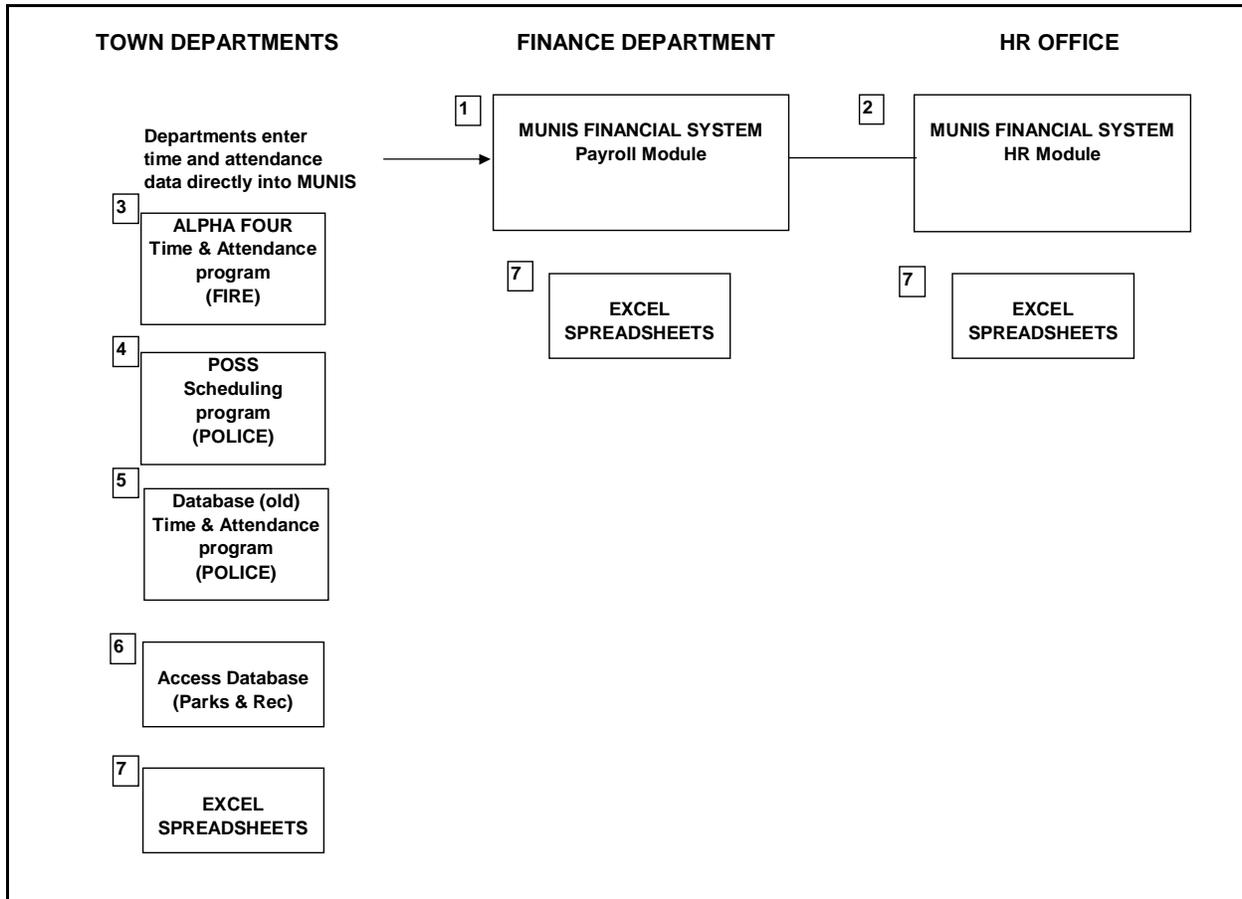
WPS – The majority of WPS employees are paid through direct deposit. This bank account is reconciled by the Town’s Finance Department.

THE SYSTEMS ENVIRONMENT(S):

TOWN

The following is a graphic representation of the current systems environment of the Town as it relates to the payroll, time and attendance functions. A description of each application follows.

Exhibit 2



The following briefly describes each software application presented in Exhibit 2.

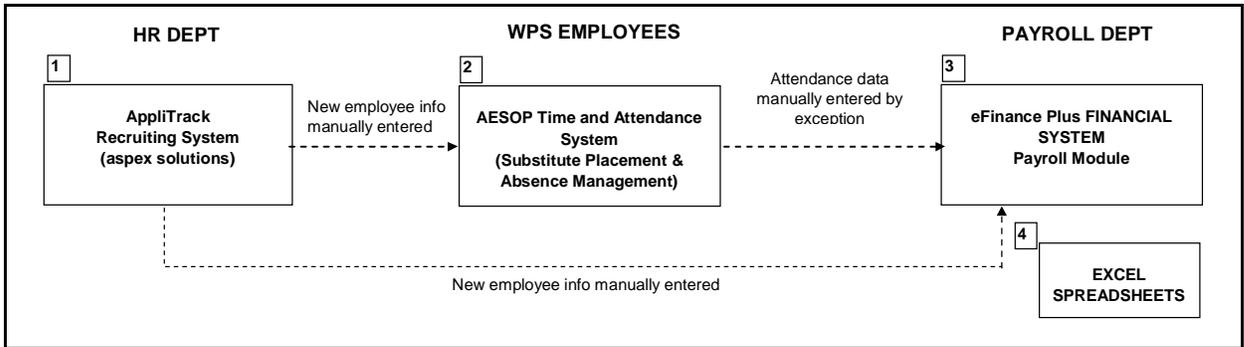
<u>TOWN PAYROLL, TIME AND ATTENDANCE APPLICATIONS</u>	
1	MUNIS Financial System, Payroll Module – Payroll information is entered into MUNIS by Town departments (designated persons) in batches, approved by department heads and posted to the payroll by the Payroll/HR Coordinator. Annual cost for this module is \$15,200.
2	MUNIS Financial System, HR Module – Employee information, including balances of earned sick and vacation time is accounted for within this module by the Payroll/HR Coordinator and the HR Assistant – Payroll & Benefits. Employee Self Service (ESS) is a component of this module. Annual cost for this module is \$6,000.

3	<p>Payroll Database/ALPHA FOUR – These time and attendance databases are maintained by the Town’s Police and Fire Departments. These programs are not integrated with MUNIS and are used for internal reporting purposes. NOTE: The Fire Department is planning a move in the next calendar year to a web-based application, <i>Firehouse</i>, for scheduling and time/attendance purposes.</p>
4	<p>Police Officer Scheduling System (POSS) – This is a web-based application that has recently been deployed by the Police Department in January, 2013. It is specifically designed for public safety and daily duty rosters/schedules (including posts and cars), requested time off, etc. are accounted for within this system. NOTE: not all PD assignments are included in POSS and this system does not account for the activity of PD civilian and EMS personnel. Annual cost for this application is approximately \$1,800.</p>
5	<p>Police Time and Attendance Database – A separate database (created by a now retired officer) of Police Department time and attendance information is maintained by the Police Department’s Clerical Assistant. The information contained within this database is routinely updated with each payroll.</p>
6	<p>Access Database – Parks and Recreation – This database was created by the Parks and Recreation Department to maintain personnel information for all part time employees of the department. It is a duplication of the information contained within MUNIS, but is presumably used for operational reporting.</p>
7	<p>Microsoft Excel – Departments are tracking payroll and vacation balances within spreadsheets for internal reporting and analytical purposes.</p>

WPS

The following is a graphic representation of the current systems environment of WPS as it relates to the payroll, time and attendance functions. A description of each application follows.

Exhibit 3



<u>WPS PAYROLL, TIME AND ATTENDANCE APPLICATIONS</u>	
1	AppliTrack Recruiting System – This is a web-based service that is used specifically for collecting and managing job applications online. Annual cost for this application \$3,162.
2	AESOP Automated Substitute Placement and Absence Management System – This is a web-based system used for scheduling substitute teachers, requesting time off and maintaining leave balances. Annual cost for this application \$13,158.
3	eFinance Plus, Payroll Module – Web-based payroll accounting system. (NOTE: The payroll function of eFinance Plus is not broken out.)
4	Microsoft Excel – Payroll Coordinator uses Excel spreadsheets to check computations within eFinance Plus.

C. FINDINGS AND RECOMMENDATIONS

It should be noted that some internal control issues were identified as a result of this review. The following findings and recommendations are operational in nature and are intended to assist Town and WPS administrators in identifying opportunities for strengthened controls and efficiencies.

1. Systems

a. **Finding re: Multiple Systems Used for Time and Attendance (Town): - Needs Improvement**

At present, the town utilizes MUNIS for payroll processing, which happens twice per month (24 pay periods - 15th and 30th). Time and attendance data is entered directly into MUNIS by departments in batches. These batches are approved electronically by Department Heads prior to their release. These approved batches are reviewed by the Payroll Coordinator for completeness prior to finalization. Once the payroll is finalized in MUNIS by the Payroll Coordinator, a report is run for the Finance Department for review/approval and for the purpose of initiating/authorizing the transactions with the bank for deposit into employee accounts.

Most departments at the Town are also maintaining separate, manual and/or electronic time and attendance-related records and forms for operational purposes. Most notably:

- The Police Department's Payroll Clerk maintains time and attendance information in a database system that was developed by a retired police officer. Time and attendance information obtained from various sources is entered into this system by badge # and also into the MUNIS system by employee #. This duplicative work is very time-consuming.
- The Fire Department's Administrative Assistant also maintains time and attendance data in a homegrown database system (Alpha Four) along with MUNIS. Time and attendance information is entered into both systems for each payroll period. Manual time logs are also maintained.
- The Parks and Recreation Department maintains a separate database program to track part-time seasonal help. Attendance information for part timers is entered into both the database and MUNIS each pay period. Manual time logs for departmental personnel are also maintained.
- Public Works maintains Excel spreadsheets as time and attendance logs for all its employees. Information for each payroll is entered into these logs in addition to MUNIS for each pay period. Calendars with attendance information are maintained for each employee in a manual log, which is kept for review by the Public Works Director.

These duplications are symptomatic of an inadequate implementation of the MUNIS system's payroll function. Rather than replacing old time and attendance tracking systems, data entry into the MUNIS payroll module became an additional responsibility/step of each department.

In fairness to the departments, these older payroll systems continue to be necessary, as the current utilization of MUNIS is not providing sufficient information with which departments can properly plan/schedule its activities.

In addition to the inefficient nature of data entry into multiple systems, the risk of errors in processing information in this manner is increased.

Recommendation:

The Town's payroll time and attendance processes must be streamlined as soon as possible, with the end goal of abandoning older systems.

The Town is presently in the process of rolling out an upgrade of MUNIS to version 10.3, which is different enough to necessitate user training. This will be an opportune time to revisit the departments and determine exactly how MUNIS can meet the operational needs of each department.

In most cases listed in the above finding, departments continued to employ these old systems because they had:

1. inadequate access to historical information within MUNIS and
2. inadequate training regarding its capabilities.

Access

It is recommended that the Finance Department meet with each department to determine what needs are currently not being met by their use of the MUNIS system. As the Finance Department controls access to MUNIS, decisions must be made regarding how departments can best obtain the information they need from MUNIS to make informed business decisions.

Training

Each department, as users of MUNIS, must be adequately trained (and supported) to obtain the information needed directly from the system.

It is likely that Tyler Technologies will need to be engaged and/or otherwise involved in reconfiguring departmental access to MUNIS and also with employee training.

With adequate access and training, many of the older manual and electronic time and attendance systems can be phased out. This will result in more centralized, secure employee information and a far less cumbersome payroll process.

Exception(s)

It appears unlikely that the time and attendance function of MUNIS will be able to meet the operational needs (scheduling, assignments, etc.) of the Town's 24 X 7 departments (those that run in shifts around the clock).

In January, 2013 the Police Department deployed a web-based application designed specifically for police departments, Police Officer Scheduling Systems (POSS), which allows for officers to access their assignments/posts and request time off, etc. An informational bridge (export of time and attendance information from this system) to MUNIS is planned during the current fiscal year to eliminate much of the duplicative data entry requirements of the department's current payroll process.

Similarly, the Fire Department is investigating a software solution to meet their departmental scheduling and operational needs.

Finally, it is important that all new procedures with MUNIS and other subsidiary systems (POSS and Fire) are well documented and updated.

b. Finding re: MUNIS Employee Self-Service (Town): - *Needs Improvement*

MUNIS has a self-service function for employees (Employee Self Service – ESS) where employees are able to log in and request time off, review their available vacation balances, etc. Implementation of this feature appears to have been unsuccessful due to workflow and timing issues, however, and employees continue to request time off through the Town's older process involving forms and email.

Recommendation:

In June, 2013, a representative from Tyler Technologies, Inc. (Tyler, parent company of MUNIS) visited several Town departments to assess our utilization of the MUNIS payroll and human resource modules. One of the key recommendations in this assessment* was for the Town to implement the ESS function with training.

Through the MUNIS ESS, employees can access their personal information, pay/tax information and have the ability to edit/add/delete certain portions of the data (named beneficiaries, for example) as well as request time off. There is also a time entry program that allows employees to enter time worked.

It is recommended that the Town of Westport endeavor to fully implement this feature of the financial system along with the upgrade to 10.3. This will result in:

- a streamlined, centralized process for requesting and approving time off and
- a reduction in inquiries regarding accrual balances

*This assessment by Tyler is presented in its entirety as Attachment A to this report.

c. Finding re: Multiple Systems with Employee Data (WPS): - Needs Improvement

WPS uses three web-based applications for employee information:

1. AppliTrack – A recruiting tool to manage applicants for various job openings in the district. Prospective employees are required to use this tool, which involves the completion of online forms and attaching pertinent documents. WPS administrators use this tool to review applications, correspond with applicants and move them through the interview process.
2. AESOP – This is a time and attendance system that is designed specifically for school districts. WPS manages its employee absences, including substitute teaching assignments, through this application.
3. eFinance Plus (payroll) – This is a module of the financial system used by WPS for all financial activity of the district.

Presently, there is little interaction among these three systems. Employee information that was gathered in the Applitrack system must be re-entered into both AESOP and eFinance Plus when a new employee is hired. This is a cumbersome process, which increases the risk of errors and omissions.

Recommendation:

WPS is in the process of upgrading its version of eFinance Plus. This will involve an upgrade of the payroll module. This is an opportune time to review the work-flows and create solutions to the lack of interactivity between these systems.

d. Finding re: Access to Employee Payroll Master Files (Town): - Needs Improvement

Changes to the Town's employee master file, including rate of pay and deductions, are usually initiated by a payroll change form which is signed by department heads and the First Selectman or Finance Director. Exceptions to the use of this form are most often for pay raises, which are instead documented by memorandum. The actual changes to the information contained within the employee master files (in MUNIS) are made by the Payroll Accountant. Since the Payroll Accountant is responsible for administering the payroll, there is inadequate segregation of duties with this procedure, as no single employee should be able to add an employee or change an employee's pay rate while also being primarily responsible for paying that employee.

The Town's Finance Department has experienced some technical difficulties creating a MUNIS control report which would routinely detail all changes to the Payroll Master File (recommended in IA 11-02). Presently, the Payroll/HR Coordinator provides an electronic spreadsheet to the Town's Controller of all changes to the payroll master file. This is not an ideal solution, as electronic spreadsheets can be altered and/or contain computational errors.

Recommendation:

Access to the employee payroll master file should be restricted. Substantive changes to the payroll master file such as employee additions and changes in pay rates should ideally be performed by an individual independent of regular payroll duties. This would ensure that all substantive changes to the payroll are routinely reviewed by more than one employee.

The HR Assistant – Payroll & Benefits should be properly trained and responsible for initiating all changes to the employee payroll master file.

A report summarizing all such changes to the payroll master file should be run routinely with each payroll cycle by the Payroll/HR Coordinator directly from MUNIS with a copy (electronic) provided to the Controller and the Director of Human Resources.

e. **Finding re: Paper Forms (Town and WPS) – Needs Improvement:**

Many paper documents detailing daily attendance information continue to be used at a department level at both the Town and WPS. The information from these forms is then entered into the respective payroll systems.

Recommendation:

Time cards, time sheets and similar forms should be phased out in favor of electronic time and attendance solutions. As both MUNIS and eFinance Plus/AESOP have the capability to work with a number of different timekeeping systems, it is recommended that the Town and WPS investigate a joint solution that will interact with both systems.

2. Procedural

a. **Finding re: Procedures Manual (Town): - Needs Improvement**

The Payroll/HR Coordinator maintains multiple binders documenting different payroll procedures within MUNIS. There appears to be no overall prioritized, step-by-step summary of tasks for running a payroll, however.

Recommendation:

It is recommended that the Finance Department undertake the procedural documentation of all key payroll functions. This will help to ensure completeness, uniformity and business continuity in the face of unanticipated employee turnover within the department. The result of this effort would be a strengthened internal control environment as it relates to the processing of the Town's payroll.

b. **Finding re: Accounting for Extra Help & Overtime (Town): - Needs Improvement**

For budgetary purposes, extra help and overtime are accounted for within the same line item in MUNIS. This does not allow for meaningful analysis and reporting of these two very different forms of labor.

Extra Help – This category would include seasonal help, paid interns and contractual services/labor.

Overtime – Extra pay for current Town of Westport full time employees.

Further, it appears that certain contractual employees (Town Attorney, Asst. Town Attorney, for example) are paid through a salary account, rather than the Extra Help account.

Recommendation:

It is recommended that extra help and overtime be budgeted for separately in the next budget cycle. Any contractual employees of the Town of Westport should be classified as extra help and not paid through the Town’s salary account.

c. **Finding re: Monitoring Overtime (Town): - Needs Improvement**

For the fiscal year ended June 30, 2013, the Town paid approximately \$4 million in overtime pay to 294 employees (NOTE: some of the police overtime is billable to outside organizations). Broken down by department, the 2012-13 overtime is distributed as follows:

Exhibit 4

2012-2013 Overtime (Town)		
Registrar	1,068	0.03%
Assessor	896	0.02%
Tax Collector	2,860	0.07%
Town Clerk	2,183	0.05%
P & Z	4,692	0.12%
Police	1,932,210	48.48%
Fire	1,560,799	39.16%
Building	1,526	0.04%
Public Site & Building	128	0.00%
Public Works	319,704	8.02%
Human Services	2,256	0.06%
Parks & Recreation	157,423	3.95%
	\$ 3,985,744	

52 (18%) of those employees earned in excess of \$30K each in overtime pay during the fiscal year, as illustrated below.

Exhibit 5

OT Earnings 2012-2013		
\$ 30K - 85K	52	18%
\$ 10K - 30K	81	28%
\$ 1K - 10K	88	30%
Less than \$ 1K	73	25%
	294	100%

Of the group earning in excess of \$30K in overtime, many of these employees are averaging more than 20 extra overtime hours per week. Excessive overtime increases the risk of injury on the job.

Excessive overtime can also be an indicator of payroll fraud and abuse.

Because Extra Help and Overtime have routinely been combined for budgetary purposes, it is challenging to capture this essential information for analysis, and it appears that such analysis is not routinely performed.

Recommendation:

Reports from the payroll system summarizing all overtime earnings on a per employee basis should be produced and reviewed by the Director of Human Resources and the Director of Finance at least quarterly. All excessive amounts should be brought to the attention of the respective department heads and investigated.

d. Finding re: Paying Employees in Advance (WPS): - Needs Improvement

Salaried WPS employees receive a contractual number of payments every 2 weeks, regardless of their actual start date. Depending on the date of the first pay period, this means that some employees are paid in advance of their actual earnings.

Recommendation:

Paying employees in advance is potentially problematic when an employee leaves before the end of their contract, as they are likely obligated to repay any unearned salary they have received. It is recommended that WPS explore adjusting the payroll cycle so that employees are paid one week

in arrears to avoid this scenario.

3. Other

a. Finding re: Special Duty Billing (Town): - *Needs Improvement*

Time associated with police officer work for outside parties (usually traffic control) is billed through MUNIS by an administrative assistant at the Police Department. Special Duty activity is accounted for within a special revenue fund – Police Protection (Off Duty) Fund. For the year ended June 30, 2012, special duty revenues of \$884,345 were recognized.

An aging report run on 10/2/2013 revealed that approximately \$30K remained outstanding over 120 days, as summarized below.

Exhibit 6

Special Duty Receivables over 120 days	
Customer Name	Over 120
SOUTHERN CONNECTICUT GAS	292
CONNECTICUT LIGHT & POWER	22,280
CASTLE WINE & SPIRIT	584
TOWN OF WESTPORT	2,090
LEVITT PAVILION-PARKS & RECREATION DEPT.	2,519
ABRAM, NOVAK	438
KIWANIS CLUB	730
PRINCESS JEWELERS	203
DATIN BROTHERS INC	180
WEINHOFF, WAYNE	146
TERRAIN	438
	\$ 29,899

The customer with the largest receivable balance in arrears, Connecticut Light and Power, is a vendor to the Town of Westport.

Recommendation:

As the Town of Westport has a contractual relationship with Connecticut Light and Power, it is important that administrators get involved in whatever billing disputes exist that are preventing this receivable from being collected. Interdepartmental billings should be investigated and resolved by the Finance Department as soon as possible. Aging reports of this receivable should be run by the Finance Department on a quarterly basis.

Attachment A



Investment Analysis

Findings and Recommendations

Town of Westport
Westport, CT

Table of Contents

1. Executive Summary	3
2. Process Recommendation	
A. General Recommendation	4
B. Payroll/HR	5
3. Recommended Implementation Plan	
A. Payroll/HR	10
C.	

1. EXECUTIVE SUMMARY

INTRODUCTION

Tyler Technologies, INC. (Tyler) conducted a Payroll/HR Investment Assessment for four days with the Town of Westport, CT on February 12-15, 2013. The Payroll/HR Investment Assessment covered processes in the Payroll and Human Resources departments. The purpose of assessment is to understand current processes, how MUNIS is currently used and identify where MUNIS modules can be optimized to increase benefits to the Town of Westport.

This is the first part of a two- part process for the MUNIS project with the Town of Westport. The first part consists of a current process analysis and recommendations; the second part is any analysis and/or training sessions associated with the recommendations adopted by the Town of Westport.

The Town of Westport may elect to adopt all, any, or none of the recommendations. Some of the recommendations in this report may require the purchase of additional modules, upgrades, and/or analysis/training days. Tyler will also provide a recommended implementation plan for the recommendations provided to the Town of Westport, but they may implement the recommendations in any order they choose.

2. PROCESS RECOMMENDATIONS

A. General Recommendations

1. Tyler Dashboard

Current Business Practice: Does not use the Tyler Dashboard system at this time or the Central Programs.

Recommendations: Implement Tyler Dashboard and the use of the Central Programs.

Benefits: The Tyler Dashboard and Central Programs provide greater flexibility in menu customization as well as more role-specific programs that provide relevant, immediate information for decision-making.

2. Employee Self Service

Current Business Practice: Does not currently use Employee Self Service.

Recommendations: Implement Employee Self Service.

Benefits: Employee Self Service allows employees access to personal information, pay/tax information and accrual balances. Employees can edit/add/delete data as well as request Time Off. There is a Time Entry program that allows employees to enter their time worked as well. It also has the ability to process your Benefits Open Enrollment and Job Openings using Applicant Tracking.

3. Tyler Content Manager

Current Business Practice: Does not currently own TCM.

Recommendations: Consider adding TCM to assist with document management.

Benefits: Tyler Content Manager can be used with all Munis modules. It provides a central storage location for all documentation that is accessible through Munis programs. It allows any document processed through a Tyler Form within Munis to be archived directly into TCM as a PDF without actually being printed.

B. Payroll/HR Recommendations

Employee Reimbursements

Current Business Practice: Employee reimbursements are processed via paper requests through Accounts Payable.

Recommendation: Consider implementing Employee Expense through Employee Self Service.

Benefits: Allows employees to submit their expenses and attach receipts through Employee Self Service. These claims are then approved through Munis and paid through either Accounts Payable or Payroll.

FLSA OT Tables

Current Practice: Overtime for Police and Fire is maintained outside Munis.

Recommendation: Setup and Use FLSA OT tables to have Munis calculate eligible overtime for Police and Fire personnel.

Benefits: Will allow payroll clerks to have an automated system to calculate overtime for Police and Fire personnel. It will also eliminate duplicate entry when creating Time Entry batches.

Retirees/Benefit Only Employees

Current Business Practice: Retirees and Benefits Only employees are currently tracked in spreadsheets by the Benefits Coordinator.

Recommendation: Utilize Munis to keep track of all employees including retirees and benefits only employees.

Benefits: Allows for a central system to find/update/report on all benefits.

Expense by Fund

Current Business Practice: Currently have separate Medicare deduction coded for different fund expense accounts.

Recommendation: Utilize the expense by fund functionality within the Munis Deduction/Benefit Master program.

Benefits: Will allow for Medicare expenses to be accurately recorded to the correct funds expense account.

Group Term Life Insurance in excess of \$50,000

Current Business Practice: Currently utilizes a pay type not coded as Non-Cash and a deduction to take the same amount out of the earnings.

Recommendation: Implement a GTL pay type that is Non-Cash and change the deduction to only record the Employer Expense and not the amount of taxable earnings.

Benefits: A Non-Cash pay type and corrected deduction will allow for Munis to calculate the taxable portion of GTL during the payroll process and be reflected as wages paid.

PT Sick Time Tracking

Current Business Practice: Currently tracking this outside of Munis.

Recommendation: Build a new PT Sick Accrual table that earns 1 hour of sick time for every 40 hours worked.

Benefits: All accrual time can be accessed and maintained in one system. It will also allow the employee to see their available balance on the check stub and/or ESS.

Pay Types – Calc Codes

Current Business Practice: Utilizing pay codes with calc codes that require manual entry.

Recommendation: Change the calc code on some pay types to automate calculating the rate of pay for certain pay types.

Benefits: This would eliminate the need to manually enter a rate for certain pay types when being attached to employees in Job Salary. For example, the half time pay type is currently setup as a calc code 01. This requires an hourly rate to be keyed into Munis when added to an employee. If the calc code was changed to a 93 it would allow for the user to designate what pays to look at when factoring the half time pay. This would result in Munis calculating the half time rate when the pay is added to an employee.

Time Entry

Current Business Practice: Payroll Clerk from department is entering a time entry batch. Most departments are also duplicating this effort into another system/spreadsheet to have a localized copy of time off balances.

Recommendation: 1. Utilize the import functionality for the Police Department by importing a file from the POSS system. Fire is currently looking at Firehouse scheduling software, if purchased they could also utilize the import functionality. **2.** Allow time entry clerks access to other programs within Munis such as Employee Accruals and the Employee Accruals Report.

Benefits: Increases efficiency and eliminates double/triple entry of duplicate information. Munis would then be the only record of time off balances.

Salary Table/Salary Increases

Current Business Practice: Salary tables and increases are being used but not efficiently.

Recommendations: Refresher training on Salary Table maintenance as well as how to process mass salary changes.

Benefits: Will streamline salary change process as well as increase use of projection module.

Salary & Benefit Projections

Current Business Practice: Do not currently use this module.

Recommendations: Implement use of Salary & Benefits module to create payroll related budget expenses for both salaries and deductions.

Benefits: Allows for a separate projection to be created for the payroll as a whole or by Group/BU and apply anticipated salary increases and benefit changes to the employees as well as any vacancies. These projections can then be moved into a Budget Projection in the Financials Module.

Position Control

Current Business Practice: Not currently being used.

Recommendations: Implement position control for at least full time and part time regular position.

Benefits: Position Control allows control several areas within Munis HR/PR and Financials. It eliminates overfilling positions, identifies vacancies, prevents GL accounts from changing, provides workflow for adding/changing positions, assists with budgeting in Salary & Benefit Projections and is also tied to creating a Job Opening in the Applicant Tracking program.

Separation of Duties

Current Business Practice: Currently the payroll accountant adds an employee, creates their Job/Salary screen, adds deductions and accruals, approves Time Entry batches as well as processes payroll.

Recommendations: Separate functions between payroll and accountant and other HR staff.

Benefits: Provides necessary separation of duties for audit purposes.

System Administration

Current Business Practice: Current administrator not completely familiar with the permissions in each module.

Recommendations: Conduct system administration training on roles and user permissions.

Benefits: Will allow Munis users access to the most information possible eliminating requests for data between departments.

Reporting

Current Business Practice: Used to use crystal reports but not sure if still licensed.

Recommendation: Training on Crystal if it is still owned. Also, consider implementing the Cubes and SSRS (SQL Server Reporting Services)

Benefits: More ad-hoc reporting options for MUNIS users. Allows Munis users to gather information standard reports cannot as well as custom reports that are site specific.

Various HR Functions

Current Business Practice: Not using most HR programs.

Recommendation: Consider receiving an overview of HR functionality to identify which areas are of interest.

Benefits: The ability to track information currently being kept outside of Munis. Some of the areas available are listed below:

- a. Employee Certifications
- b. Employee Training
- c. Employee Evaluations
- d. Substance Abuse Testing
- e. OSHA Reporting
- f. Employee Skills
- g. Employee Driver's License
- h. Grievances
- i. Case Management

3. RECOMMENDED IMPLEMENTATION PLAN

Below is the recommended steps needed to implement our recommendations.

1. Tyler Dashboard
 - 1 – 2 days for setup and training
2. Employee Self Service
 - General ESS 1-2 days
 - Time Off/Time Entry through ESS 1-2 days
 - Benefits Enrollment 2-4 days
 - Applicant Tracking 3-5 days
3. Tyler Content Manager
 - 2-3 days for setup and training
4. FLSA OT Tables
 - 2-3 days for setup of tables, job class codes and employees as well as testing the time entry process using the tables
5. Retirees/Benefits-Only Employees
 - 1-2 days to input/import employee master records and create benefit tables
6. Expense by Fund
 - Expense by Fund table just needs to built for each deduction in the Deduction/Benefit Master
7. Group Term Life
 - 1 day to adjust pay type and deduction setup and test non-cash pay being generated in payroll process

8. PT Sick Time

- ½ - 2 days depending on if new pay types need to be created for PT employee's base pay records. Accrual table and assignment as well.

9. Pay Type Calc Codes

- ½ - 1 day to update calc codes on various pay types and to re-add them to the affected employee Job Salary records

10. Time Entry

- 2-3 days to coordinate import files and layouts from POSS (and possibly Firehouse) as well as training the clerk(s) how to import into Time Entry.

11. Salary Tables/Increases

- 1 day to review maintenance of salary tables and review the mass contract and step increase programs.

12. Salary & Benefit Projections

- 1-2 days to go through how to create, modify and post a projection to the Budget.

13. Position Control

- 2-3 days to setup/input/import Position Control records. Employee Job Salary records also need to be updated to reflect position number assignment.

14. System Administration

- 1-2 days on role base security and user permissions.

15. Reporting

- 2-3 days depending on training chosen.

16. Various HR functions

- ½ -1 day per topic chosen