



Legislation Details (With Text)

File #: 11-1206 **Version:** 1 **Name:** AUDITOR - Terminated Employees Audit Report
Type: Agenda Item **Status:** Approved
File created: 11/28/2011 **In control:** City Council
On agenda: 12/6/2011 **Final action:** 12/6/2011
Title: Recommendation to receive and file report titled Terminated Employees Audit and request City Management to review the recommendations, develop strategies for implementation, and update the City Auditor as to the status of the recommendations within six months from the date of receipt and filing of this report.
Sponsors: City Auditor
Indexes:
Code sections:
Attachments: 1. 12-06-11-C-3sr.pdf

Date	Ver.	Action By	Action	Result
12/6/2011	1	City Council	approve recommendation	Pass

Recommendation to receive and file report titled Terminated Employees Audit and request City Management to review the recommendations, develop strategies for implementation, and update the City Auditor as to the status of the recommendations within six months from the date of receipt and filing of this report.

Our Office performed a review of the City's internal controls over the processing of terminated employees to determine if benefits were appropriately handled, City-owned assets were retrieved and access to City information systems was disabled timely.

Several different parties are involved when an employee terminates service. Individual departments, Human Resources, and Technology Services all play critical roles in the processing of required forms, benefits, and access to assets and City systems. Overall, we identified controls that should be strengthened to minimize the City's potential liability. The key findings and conclusions are:

- The City incurs approximately \$1 million a year in unemployment claims. However, some employee files lacked sufficient documentation to substantiate claim eligibility and possible appeals. Without appropriate documentation, we were unable to confirm if certain claims were paid appropriately.
- The City lacks an Administrative Regulation detailing the issuance and retrieval of City owned assets. As a result, processes between Departments vary substantially, and in most cases, we were unable to determine if all assets were collected upon an employee's termination.
- A more thorough reconciliation process involving terminated employee listings and benefit payments would decrease the City's exposure to potential claim liabilities.
- The processing time for removing a terminated employee's network system access needs to

be significantly reduced to avoid unauthorized access to City systems.

Detailed information regarding the results discussed above is included in the attached report.

We express our appreciation to the Departments of Human Resources and Technology Services, as well as the departments included in our review for providing their time, information, and cooperation during the audit.

City Council approval is requested on December 6, 2011,

Without strong internal controls, the City is exposed to potential liability and loss resulting from the inappropriate handling of benefit claims, non-retrieval of City-owned assets, and unauthorized access to data and facilities.

Approve recommendation.

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CITY AUDITOR