



January 30, 2025

Larry C. Jacobs, Deputy Director
 Risk Management & Employee Services, Finance
 1300 Commerce Drive – 3rd Floor
 Decatur, GA 30030

RE: 1st Follow-up Report on the DeKalb County Payroll Processes Audit Report No. 2021-018-FN

Dear Mr. Jacobs,

As required by DeKalb County, Georgia – Code of Ordinances/Organizational Act Section 10A - Independent Internal Audit (I), the Office of Independent Internal Audit (OIIA) has completed a follow-up of the audit noted above. I have attached OIIA’s report on the status of management actions taken to address the finding contained in the referenced audit report. The conclusions in this follow-up report are limited to the status of the implementation and not the effectiveness of the completed action plans, which may be assessed in a future audit.

Status of Audit Findings

Based on our review of management responses to Findings 1 through 4, we concluded that these findings cited in the audit report are either “Partially Complete”, “Complete Pending Verification by OIIA”, or “Closed” as shown in Figure 1 below. We will follow-up on the status at the end of the Q2 2025.

Figure 1 - Status of Management Actions Plans

Finding No.	Report Finding	Status of Management Action Plans January 2025
1	Fair Labor Standards Act (FLSA) Exempt Employees Inappropriately Received Overtime (OT) Payments	Partially Complete
2	Terminated Employees Owe Retention Incentive Bonuses	Complete Pending OIIA Verification
3	COVID Incentive Pay Was Incorrectly Calculated	Closed
4	User Departments Not Always Compliant with Standard Operating Procedures	Partially Complete



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Please contact me if you require additional information.

Regards,

Lavois Campbell

Lavois Campbell, CIA, CISA, CFE, CGA-CPA

Chief Audit Executive

Attachment: Audit Findings Status Update Form

cc: Lorraine Cochran-Johnson, Chief Executive Officer

Zachary L. Williams, Chief Operating Officer/Executive Assistant

Dianne McNabb, Chief Financial Officer

Robert Patrick, Board of Commissioners District 1

Michelle Long Spears, Board of Commissioners District 2

Nicole Massiah, Board of Commissioners District 3

Chakira Johnson, Board of Commissioners District 4

Mereda Davis Johnson, Board of Commissioners District 5

Ted Terry, Board of Commissioners District 6

LaDena Bolton, Board of Commissioners, District 7

Tanja Christine Boyd-Witherspoon, Chairperson, Audit Oversight Committee

Adrienne McMillion, Vice Chairperson, Audit Oversight Committee

Gloria Gray, Member of Audit Oversight Committee

Harold Smith, Member of Audit Oversight Committee

Lisa Earls, Member of Audit Oversight Committee

Vivian Ernstes, County Attorney

Leah Davis, CEO's Chief of Staff

Dionne M. McKenzie, Special Projects Mgr/Deputy Clerk, Central Staff,

Board of Commissioners

Pamela Dennis, Payroll Services Manager

FINDING #1

DeKalb County Government			
Office of Independent Internal Audit			
Date: January 28, 2025		Prepared by: Audrey D. Pogue	
Audit Findings Status Update Form			
Report Date	Report #	Report Title	
6/15/2023	2021-018-FN	Audit of DeKalb County Payroll Processes	
Contact Person	Title	Phone No.	Email Address
Pamela Dennis	Payroll Services Manager	404-371-2460	ppdennis@dekalbcountyga.gov
Activity	Responsible Area	Repeat Finding	Anticipated Completion Date (OIIA)
1st Follow-up	Payroll	No	2nd Quarter 2025
Finding		Finding Detail	
No.	1		
Date	6/15/23		
Recommendations		<p>FLSA Exempt Employees Inappropriately Received Overtime (OT) Payments</p> <p>We recommend the following:</p> <p>1) In addition to the instances identified by our audit, Payroll, Finance management should review, including but not limited to, January 2020 through November 2021 pay periods to identify any additional instances of overpayments that exempt employees may owe the County. Payroll management should work with the user departments to implement measures to recover the overpayments.</p> <p>2) Department of Innovation & Technology (DoIT) should collaborate with HR management and application vendors to implement application controls to help ensure an employee's FLSA classification in Kronos is synchronized with the employee's FLSA classification established in CV360 by HR. In addition, DoIT should inquire of the Kronos application vendor about the feasibility of installing application controls to prevent manual overrides, which would result in exempt employee timecards exceeding 40 hours per week.</p> <p>3) HR management should collaborate with DoIT to ensure the Kronos policy is revised to require a supervisory review of employee hours, including exempt employees, to help ensure exempt employee timecards do not exceed 40 hours per week and do not include overtime pay codes. Also, implement procedures requiring the documentation of the justification and authorization for any exception to Kronos policy's requirement of 40 hours per week for exempt employees.</p> <p>4) HR management should collaborate with Payroll management to remind UD payroll coordinators (e.g., at the HR Policy Council) that all compensatory time records and documentation for FLSA-exempt employees be maintained separately at the department level and not in the County's official timekeeping records (Kronos application).</p>	
		<p>Payroll, Finance Management:</p> <p>Exempt employees that received overpayments will be notified and given the opportunity to determine a repayment plan via payroll deduction. The deduction amount will be limited as to maintain the minimum wage rules. Communications are to be sent in July with deductions starting in August. Pending legal review.</p> <p>DoIT Management:</p> <p>While we concur with the recommendation, it is not feasible. Kronos is driven by pay rules and not by classification. There is not a field in the Kronos demographic section for classification. We contacted the vendor about the feasibility of installing application controls, and they have indicated that it is not possible. The system has been fixed so it cannot receive overtime payments. Tighter policies will be reviewed when Kronos is modernized in 2024.</p> <p>With the implementation of CV360, the system prevents exempt employees from inappropriately receiving overtime payments. We will begin our Kronos modernization project in 2024 and will investigate the feasibility of implementing tighter controls at such time. In the interim, we have devised two new reports that will assist in identifying problems:</p> <ul style="list-style-type: none"> • A report will be generated in Kronos to identify all exempt employees using pay code 002, which is for overtime. This report will be automated and sent via email to the Payroll Manager every Monday and Tuesday at 8 am. The payroll team will then verify that the employees are approved to receive overtime. • Additionally, a quarterly audit report will be created, including employee details, job codes, FLSA status, and pay rule assignments. This report will be emailed to the HRIS Manager, who will review and confirm the information. <p>We also agree that the payroll policy needs to be revised, and Finance has agreed to do so. We will also remove the Kronos Policy from HR intranet site as this policy is obsolete. Larry Jacobs concurs with this option.</p> <p>Estimated timeline to implement action plan: The system has been fixed so it cannot receive overtime payments. Tighter policies will be reviewed when Kronos is modernized in 2024.</p> <p>HR Management</p> <p>HR Concur with audit suggestions where feasible, as stated in DoIT's response. HR has removed the outdated Kronos policy from the HR policies page and will incorporate relevant wording into appropriate sections of the Administrative Procedures manual to address comp time. Additionally, HR will continue to remind department leaders and admin staff regarding the proper method to track comp time for exempt employees in our training sessions and policy council meetings. HR will incorporate updated wording in the Administrative Procedures Manual by the 4th quarter of 2023 or the next time the Admin Procedures are updated and published.</p>	
Management Action Plans As Stated in Final Audit Report			



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FINDING # 1...Continued

Dekalb County Government				
Office of Independent Internal Audit				
Date: January 28, 2025		Prepared by: Audrey D. Pogue		
Audit Findings Status Update Form				
Report Date	Report #	Report Title		
6/15/2023	2021-018-FN	Audit of DeKalb County Payroll Processes		
Contact Person	Title	Phone No.	Email Address	
Pamela Dennis	Payroll Services Manager	404-371-2460	ppdennis@dekalbcountyga.gov	
Activity	Responsible Area	Repeat Finding	Anticipated Completion Date (OIIA)	
1st Follow-up	Payroll	No	2nd Quarter 2025	
Finding		Finding Detail		
No.	1			
Date	6/15/23			
FOR OIIA USE ONLY				
Status Update	Details of Status:			
<input type="checkbox"/> Open	<p>1) It was determined that Exempt employees' additional hours were approved by the Department and paid in accordance with FLSA guidelines (29 C.F.R. § 541.604(a)), which does not prohibit employers from voluntarily compensating exempt employees for additional hours. No recovery actions or further legal review will be performed.</p> <p>2) The two auto-generated reports (bi-weekly and quarterly), as indicated in the DoIT management response above, are now provided to the relevant county personnel for review and follow-up. However, the reports have discrepancies. DoIT is currently working with departments to correct issues and adjust their KRONOS rules to match CV360. It is anticipated that the discrepancies will be resolved in Q2 2025.</p> <p>3) HR has updated the Administrative Policy and Procedures Manual and HR intranet page.</p> <p>4) The policy update regarding comp time will continue to be discussed at HR Policy Council meetings and training sessions.</p>			
<input type="checkbox"/> Management/Agency Assumes Risk				
<input checked="" type="checkbox"/> Partially Complete				
<input type="checkbox"/> Complete Pending Verification by OIIA				
<input type="checkbox"/> Closed				



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FINDING # 2

Dekalb County Government			
Office of Independent Internal Audit			
Date: January 28, 2025		Prepared by: Audrey D. Pogue	
Audit Findings Status Update Form			
Report Date	Report #	Report Title	
6/15/2023	2021-018-FN	Audit of DeKalb County Payroll Processes	
Contact Person	Title	Phone No.	Email Address
Pamela Dennis	Payroll Services Manager	404-371-2460	ppdennis@dekalbcountyga.gov
Activity	Responsible Area	Repeat Finding	Anticipated Completion Date (OIIA)
1st Follow-up	Finance	No	2nd Quarter 2025
Finding		Finding Detail	
No.	2		
Date	6/15/23		
Terminated Employees Owe Retention Incentive Bonuses			
Recommendations	<p>We recommend that Payroll, Finance management collaborate with the County's Law Department (Law) to determine if the outstanding funds are recoverable. If applicable, Payroll management should work with impacted user department management to help ensure all outstanding amounts owed to the County are fully recovered.</p> <p>HR management should consult with Law to implement a policy requiring employees to sign a "consent to repay" agreement for funds owed to the County or for unrecovered County property. For example, consider whether employees can sign a "consent to repay" agreement during onboarding and or prior to accepting any future retention bonus payments.</p>		
Management Action Plans As Stated in Final Audit Report	<p>Payroll, Finance Management A memo was sent to Legal requesting guidance on this issue. See response to Finding 1. <u>Estimated timeline to implement action plan:</u> 4th Quarter 2023 pending Law review and concurrence.</p> <p>HR Management HR agrees that it would be helpful to have employees sign that they agree to repay funds that are owed to the County, including any overpayment, or and incentives, tuition reimbursement, etc., that require a service commitment which is not fulfilled. Since recovering money for excess payment in payroll, pay incentives, or for missing county equipment is a function of the payroll department, HR suggests that additional wording be added to the direct deposit form completed by all new employees that clearly specifies that employees understand they must pay back any funds that were incorrectly provided to them or for which they owe due to not completing specific work requirements, including equipment turn-in. Suggested wording has been provided to Finance/Payroll for inclusion in the Direct Deposit Form. Estimated timeline to implement action plan: 4th Quarter 2023 pending Law review and concurrence.</p>		
For OIIA Use Only			
Status Update	Details of Status		
Open	<p>1) According to a memorandum compiled by the Legal team, the County will not pursue legal action to recoup these overpayments as the cost of legal fees would exceed the amounts owed by the terminated employees because they did not have sufficient leave balances to deduct the repayment amounts from. Therefore, it was deemed not cost-effective to proceed. OIIA did not verify this memo.</p> <p>2) Management decided to add the incentive pay wording to the inventory checklist. The OIIA has reviewed the inventory checklist, which outlines a listing of all equipment and incentive funds owed upon employee separation. A report has been implemented that tells Payroll who owes money, and when they do terminations, they deduct incentive prorated overpayments. By November 2024, there won't be anymore retention money to be collected from those terminated employees. A letter will be sent to terminated employees by the department informing them of a repayment plan option to reimburse the County for the retention bonus for future retention bonuses. The County does not have a collection agency to pursue money owed to the County.</p>		
Management/Agency Assumes Risk			
Partially Complete			
X Complete Pending Verification by OIIA			
Closed			



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FINDING # 3

Dekalb County Government				
Office of Independent Internal Audit				
Date: January 28, 2025		Prepared by: Audrey D. Pogue		
Audit Findings Status Update Form				
Report Date	Report #	Report Title		
6/15/2023	2021-018-FN	Audit of DeKalb County Payroll Processes		
Contact Person	Title	Phone No.	Email Address	
Pamela Dennis	Payroll Services Manager	404-371-2460	ppdennis@dekalbcountyga.gov	
Activity	Responsible Area	Repeat Finding	Anticipated Completion Date (OIIA)	
1st Follow-up	Finance	No	N/A	
Finding	Finding Detail			
No.				3
Date				6/15/23
COVID Incentive Pay Was Incorrectly Calculated				
Recommendations	We recommend that Payroll management work with user department payroll coordinators to implement procedures to identify all incorrectly calculated COVID incentive amounts before confirming the payroll register and correcting the issue to prevent overpayment. In addition, remind payroll coordinators of the criteria for determining eligible hours for COVID incentive pay.			
Management Action Plans As Stated in Final Audit Report	<p>Payroll Finance Management: Finance will create a tutorial to assist PC's with the correct calculation of hazard pay. Tutorial will include a checklist that prompts the PC to calculate the total hours worked by the appropriate percentage as approved by the administration. Payroll will run a query to identify any payments in excess of the approved percentage. The query will identify hazard pay overpayments.</p> <p><u>Estimated timeline to implement action plan:</u> The tutorial will be added to the CV360 learning center by 12/31/2023.</p>			
For OIIA Use Only				
Status Update	Details of status:			
<input type="checkbox"/> Open	The OIIA reviewed a copy of the the tutorial which reminds all payroll coordinators to calculate the total hours worked by the appropriate percentage as approved by the admininstation, and a sample of the report that is run every payroll period.			
<input type="checkbox"/> Management/Agency Assumes Risk				
<input type="checkbox"/> Partially Complete				
<input type="checkbox"/> Complete Pending Verification by OIIA				
<input checked="" type="checkbox"/> Closed				



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FINDING # 4

Dekalb County Government			
Office of Independent Internal Audit			
Date: January 28, 2025		Prepared by: Audrey D. Pogue	
Audit Findings Status Update Form			
Report Date	Report #	Report Title	
6/15/2023	2021-018-FN	Audit of DeKalb County Payroll Processes	
Contact Person	Title	Phone No.	Email Address
Pamela Dennis	Payroll Services Manager	404-371-2460	ppdennis@dekalbcountyga.gov
Activity	Responsible Area	Repeat Finding	Anticipated Completion Date (OIIA)
1st Follow-up	Finance	No	2nd Quarter 2025
Finding		Finding Detail	
No.	4		
Date	6/15/23		
User Departments Not Always Compliant With Standard Operating Procedures			
Recommendations	<p>We recommend that the Payroll, Finance management collaborate with UD payroll coordinators to:</p> <ul style="list-style-type: none"> Update the current Payroll Policy Manual to reflect the current processes and the impact of the CV360 implementation and provide ongoing training on the updated Payroll Policy Manual. Update the Payroll Policy Manual to require the documentation of UD standard operating procedures and cross-training of backup UD payroll coordinators on payroll functions processes, including but not limited to training on the separation of conflicting duties, eligibility for overtime payments based on FLSA employee classification, and appropriate use of Kronos pay codes. 		
	<p>Payroll, Finance Management: Finance concurs with this finding. Updates to the payroll manual have begun. The updates are driven by current and evolving CV 360 system requirements and input from UD payroll coordinators. The updated Payroll Policy Manual currently includes UD SOP's. The updated Payroll Manual points users to the learning portal in CV 360 to address specific payroll functions and new processes. The updated manual will more clearly outline the separation of duties. OT payments are initiated at the department level. The updated Payroll Manual will provide detail on the correct use of the pay codes. In our view, eligibility for OT is determined outside of the payroll function.</p> <p><u>Estimated timeline to implement action plan:</u> Updating the Payroll Manual is an ongoing function. The document is not intended to be static. Critical operational updates will be made on a monthly basis.</p>		
For OIIA Use Only			
Status Update	Details of Status:		
Open	OIIA has received and reviewed the Payroll Policy Manual and noted it was updated to reflect current processes, however, cross-training and segregation of duties are still being developed. We also received and reviewed the PC training documentation. There was no mention of cross-training or however responsibilities for specific payroll duties were identified and clearly segregated. The anticipated date of completion is Q2 2025.		
Management/Agency Assumes Risk			
X Partially Complete			
Complete Pending Verification by OIIA			
Closed			