# DISTRICT OF COLUMBIA
# WATER AND SEWER AUTHORITY

## Board of Directors

*Audit Committee*

*Thursday, April 23, 2015*

9:30 a.m.

1. **Call to Order**……………………………………………..Nicholas A. Majett, Chairperson

2. **External Audit RFP Recommendation**…………...………………………….Mark Kim, CFO

3. **Action Item**………………………………………………..………..……Mark Kim, CFO
   A. Contract No. 15-PR-CFO-01, KPMG LLP

4. **Review of Internal Audit Status**………..………..…………... Dan Whelan, Auditor General
   A. Internal Auditor Follow-Up Report on Prior Audit Findings
   B. Timekeeping Internal Audit Report
   C. Fraud Hotline Update

5. **Executive Session*** …………….……………..……………Nicholas A. Majett, Chairperson

6. **Adjournment**…………………………………….……………. Nicholas A. Majett, Chairperson

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* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10);proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.

# DC WATER AND SEWER AUTHORITY
## BOARD OF DIRECTORS CONTRACTOR FACT SHEET

### ACTION REQUESTED

## GOODS AND SERVICES CONTRACT AWARD

## (JOINT USE - INDIRECT COST)

### External Audit Services

Approval to execute a three (3) year base and two (2) one year options contract in an amount not to exceed $1,793,020.00.

### CONTRACTOR/SUB/VENDOR INFORMATION

| PRIME: | SUBS: | PARTICIPATION: |
|---|---|---|
| KPMG LLP | Bert Smith & Company | 10% |
| 1801 K Street, NW, Suite 12000 | 1090 Vermont Avenue, NW | |
| Washington, DC 20006 | Washington, DC 20005 | |

### DESCRIPTION AND PURPOSE

| | |
|---|---|
| Base Years Contract Value: | $1,063,379.00 |
| Contract Base Period: | Three (3) years |
| Number of Option Years: | Two (2) years |
| Anticipated Contract Start Date: | 05-18-2015 |
| Anticipated Contract Completion Date: | 05-17-2020 |
| Proposal Closing Date: | 12-05-2014 |
| Proposals Received: | 6 |
| Proposal Range: | $1,038,695.18 – $1,793,020.00 |
| Preference Points Received: | 1 |

**Purpose of the Contract:**

To contract for external audit services for the District of Columbia Water and Sewer Authority's (DC Water) Chief Financial Office.

The procurement method utilized was a Request for Proposal (RFP). Award will be made to one firm. KPMG LLC is the highest rated offeror. The names of all responsive firms who submitted proposals are listed below.

**Proposals were received from:**
Baker Tilly Virchow Krause, LLP
BCA Watson Rice LLP
Clifton Larson Allen LLP
KPMG LLP
O'Connor & Drew PC
SB & Company, LLC

## PROCUREMENT INFORMATION

| Contract Type: | Fixed Hourly Rate | Award Based On: | Highest Rating |
|---|---|---|---|
| Commodity: | Professional Services | Contract Number: | 15-PR-CFO-01 |
| Contractor Market: | Open Market with preference points for LBE/LSBE participation | | |

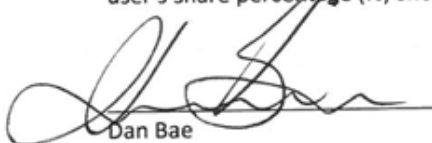## BUDGET INFORMATION

| Funding: | Operating | Department: | Department of Finance |
|---|---|---|---|
| Service Area: | DC Water Wide | Department Head: | John Madrid |
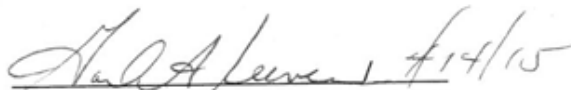
## ESTIMATED USER SHARE INFORMATION

### External Audit Services Base Year One (1) $350,000.00

| User | Share % | Dollar Amount |
|---|---|---|
| District of Columbia | 84.40% | $295,400.00 |
| Washington Suburban Sanitary Commission | 11.41% | $ 39,935.00 |
| Fairfax County | 2.87% | $ 10,045.00 |
| Loudoun County | 1.16% | $ 4,060.00 |
| Other Potomac Interceptor | 0.16% | $ 560.00 |
| **Total Estimated Dollar Amount** | 100.00% | **$350,000.00** |

User Share: Indirect costs are allocated in proportion to the direct costs incurred by the organization. The user's share percentage (%) shown above are estimates based on historic costs.

_____  4/12/15
Dan Bae                  Date
Director of Procurement

_____  4/14/15
Gail Alexander-Reeves    Date
Director of Budget

_____  4/14/15
Mark Kim                 Date
Chief Financial Officer

_____  _____
George S. Hawkins        Date
General Manager

# DC Water
# Audit Committee Meeting

## April 23, 2015

# Agenda

- **Internal Audit Status**

- **Follow-up on Prior Audit Findings**

- **Timekeeping Internal Audit**

- **Fraud Hotline Update**

- **Executive Session**

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# Internal Audit Status

| Audit | Status |
| --- | --- |
| Intellectual Property | Report Complete |
| IT Policy and Procedure* | Report Complete |
| Timekeeping | Report Complete |
| IT Network Security* | Report Complete |
| Procurement | Fieldwork In-Process |
| Rates and Revenue | Kick-off in April |
| SCADA | Kick-off in April |
| Engineering – Contractor Management | Kick-off in May |
| IT Vendor Management | Kick-off in June |
| Washington Aqueduct Contract | Timing TBD |
| Follow-Up | On-going |
| Fraud Hotline | On-going |

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*Report to be addressed during executive session

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# Follow-up on Prior Audit Findings

| Audit Report/Subject | Report Issue Date | Corrective Actions | | | | |
|---|---|---|---|---|---|---|
| | | Total | Open | Closed | Pending Testing | Action Deferred |
| Organizational Policies & Procedures | 02/23/2010 | 1 | 0 | 0 | 0 | 1 |
| Safety Program Training & Compliance | 10/07/2010 | 1 | 0 | 0 | 0 | 1 |
| Pumping & Storage - Water Leakage | 03/01/2011 | 1 | 0 | 0 | 0 | 1 |
| Human Capital Management | 11/29/2011 | 1 | 0 | 0 | 0 | 1 |
| Maintenance Services | 04/18/2012 | 2 | 2 | 0 | 0 | 0 |
| IT Helpdesk & Computer Operations | 10/05/2012 | 1 | 1 | 0 | 0 | 0 |
| Fleet Management | 04/17/2013 | 2 | 2 | 0 | 0 | 0 |
| Process Control System (PCS) | 09/04/2013 | 7 | 5 | 0 | 2 | 0 |
| Sewer - Emergency Maintenance | 06/18/2013 | 2 | 2 | 0 | 0 | 0 |
| Water Services - Distribution Maintenance Branch | 10/28/2013 | 4 | 3 | 0 | 1 | 0 |
| Legal Operations | 02/11/2014 | 1 | 1 | 0 | 0 | 0 |
| OSHA | 02/18/2014 | 1 | 1 | 0 | 0 | 0 |
| Disposal of Assets | 02/18/2014 | 5 | 2 | 3 | 0 | 0 |
| Employee Benefit Plans | 03/31/2014 | 1 | 0 | 1 | 0 | 0 |
| Emergency Management - Recovery | 05/12/2014 | 2 | 2 | 0 | 0 | 0 |
| DSS - Construction & Repair | 05/12/2014 | 7 | 7 | 0 | 0 | 0 |
| Emergency Management - Mitigation | 06/27/2014 | 1 | 0 | 0 | 1 | 0 |
| Outsider Contractor Management - Part 2 | 07/22/2014 | 2 | 0 | 0 | 2 | 0 |
| Disaster Recovery | 07/31/2014 | 2 | 0 | 1 | 1 | 0 |
| IT Asset Management | 09/10/2014 | 9 | 1 | 4 | 4 | 0 |
| Warehouse Operations | 09/15/2014 | 7 | 2 | 3 | 1 | 1 |
| GIS Mapping | 06/23/2014 | 3 | 3 | 0 | 0 | 0 |
| **Total** | | **63** | **34** | **12** | **12** | **5** |

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# Follow-up on Prior Audit Findings

## Status by Business Area

| | DETS | Blue Plains | Customer Care & Operations | Office of the General Counsel | IT | Support Services | Finance | Office of the General Manager |
|---|---|---|---|---|---|---|---|---|
| Closed Since Last AC Meeting | 0 | 0 | 0 | 0 | 5 | 7 | 0 | 0 |
| Open Management Action Plans | 3 | 7 | 14 | 1 | 2 | 7 | 0 | 0 |
| Pending Testing | 0 | 2 | 2 | 0 | 7 | 1 | 0 | 0 |
| Action Deferred | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 3 |
| **63 Total** | 3 | 9 | 17 | 1 | 14 | 16 | 0 | 3 |

## Corrective action themes

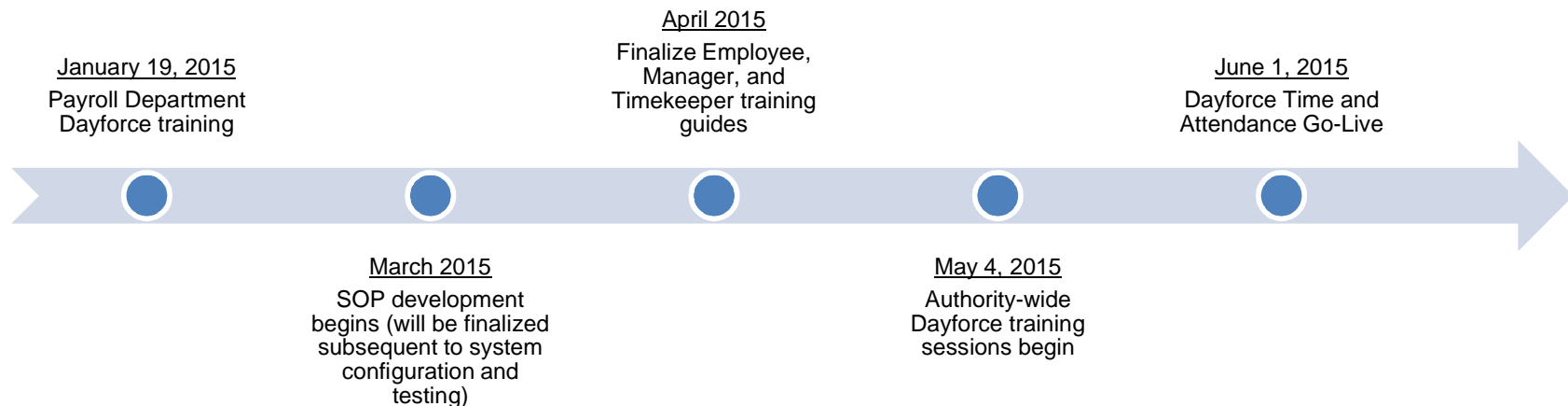| Category | Number of corrective actions |
|---|---|
| Policy and Procedure Update / Approval | 19 |
| Employee Development / Training | 7 |
| Asset Management | 12 |
| Catch Basin Pilot Program | 3 |
| Vacant Position Dependency | 3 |
| Contractor / Vendor Dependency | 4 |

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# Follow-up on Prior Audit Findings

- Management has been fully cooperative and provided all information that has been requested.

- Items pending testing will be addressed and updated as soon as possible.

- We are satisfied with management's responses and planned actions, and will perform follow-up on the observations in the course of routine follow-up procedures.

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# Timekeeping Internal Audit Report

Conducting an internal audit during a system upgrade or conversion allows management to develop specific action plans to audit recommendations that can be incorporated into the implementation process rather than after the fact.

As it is anticipated that internal controls and procedures at both the department level and centrally within Payroll will change, our internal audit focused on the timekeeping processes Authority-wide and not on department-specific procedures and controls.

**January 19, 2015**
Payroll Department
Dayforce training

**April 2015**
Finalize Employee,
Manager, and
Timekeeper training
guides

**June 1, 2015**
Dayforce Time and
Attendance Go-Live

**March 2015**
SOP development
begins (will be finalized
subsequent to system
configuration and
testing)

**May 4, 2015**
Authority-wide
Dayforce training
sessions begin

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# Timekeeping Internal Audit Report

| Observations | Risk Rating |
|---|---|
| 1.  Timesheet Approval | High |
|  |  |
| 2. Ceridian Time Professional System Access | High |
|  |  |
| 3. Leave Request Documentation | Moderate |
|  |  |
| 4. Documentation of Standard Procedures for Timekeeping | Low |

During our fieldwork, there were other control considerations noted that we will be addressing and evaluating further in the proposed Overtime and Budget internal audits that are included in the Audit Plan.

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# Timekeeping Internal Audit Report

- We are satisfied with management's responses and planned actions, and will perform follow-up on the observations in the course of routine follow-up procedures.

- We plan to perform a cycle audit to accommodate the additional scope and testing, including overtime, during the FY 2016 internal audit plan.

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# Fraud Hotline Update

Since the last audit committee meeting, 1 new hotline call was received and subsequently closed.

Currently, there are 3 open cases:

- 1 related to hostile work environment
- 2 items related to Procurement

- Conducted joint quarterly meeting with Legal Counsel, Labor Relations, Security and Internal Audit.

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**DC Water & Sewer Authority**
**Audit Plan October 2009 through September 2014**
**Proposed 2015, 2016 and 2017**

Key -

| | |
|---|---|
| X | Proposed Audit Plan |
| X | Audit In Process |
| # | Audit complete, Open Management Action Plans |
| X | Audit Issued |
| X | Action Deferred |
| X | Audit Closed, No Follow-up Items |

| | 2010 | 2011 | 2012 | 2013 | 2014 | Proposed 2015 | Preliminary 2016 | Preliminary 2017 |
|---|---|---|---|---|---|---|---|---|
| **Overall Audit Functions** | | | | | | | | |
| Risk Assessment | | | | | | X | | |
| Update Risk Assessment and Audit Plan Development | | | | | | | X | X |
| Follow-up Procedures | | | | | | X | X | X |
| Quality Control - Board meetings, Status Reporting | | | | | | X | X | X |
| Fraud, Waste & Abuse Hotline Management | | | | | | X | X | X |
| **Entity - Wide** | | | | | | | | |
| **Office of the General Manager** | | | | | | | | |
| Intellectual Property | | | | | | X | | |
| Organization Governance | | | | | | | | |
| Organization Policies & Procedures | X | | | | | | | |
| Succession Planning | X | | | | | | | X |
| **External Affairs** | | | | | | | | |
| Community Outreach & Education | | | | | | | | |
| Government Relationships | | | | | | | | |
| **Finance** | | | | | | | | |
| **Financial Accounting and Reporting** | | | | | | | | |
| Accounts Payable | | | X | | | | | |
| Fixed Assets & Equipment | | | | | | | X | |
| Financial Statement Consolidation & Reporting | | | | | | | | |
| General Ledger | | | | | | | | |
| Grant Operations | | X | | | | | | |
| Payroll | | | X | | | | | |
| Timekeeping | | | | | | X | | |
| Overtime | | | | | | | X | |
| **Financial Planning and Analysis** | | | | | | | | |
| Annual Budgeting & Planning | | | | | | | X | |
| **Treasury, Debt and Risk** | | | | | | | | |
| Cash Receipts | X | | | X | | | | X |
| Debt Management | | | | | | | | |
| Insurance Program Procurement & Insurance Claims Management | | | X | | | | | |
| Investments and Cash Management | | | | X | | | | X |
| Rates and Revenue Calculation | | | | | | X | | |
| **General Counsel** | | | | | | | | |
| Legal Operations | | | | | 1 | | | |
| Regulatory Compliance Monitoring | X | | | X | | | | |
| **Information Technology** | | | | | | | | |
| GIS System | | | | | 3 | | | |
| Access Provisioning and DeProvisioning | X | | | | | | | |
| Asset Management | | | | X | 5 | | | |
| Business & Operating Applications | | | X | | | | | |
| Customer Data Collection and CIS | | | | | | | X | |
| Disaster Recovery & Business Continuity Plans | | X | | | 1 | | | X |
| Financial Applications | | | | | | | X | |
| Governance & Strategy Review | | | X | | | | X | |
| Help Desk & Computer Operations | | | 1 | | | | | |
| Human Resource/Employee Privacy | | | | | | | | X |
| Information Security Policy | | | | | | X | | |
| Internal & External Network Intrusion/Penetration Testing | X | | | X | | X | | |
| Internal Network & Telecommunications | | | | X | | | | |
| Incident Response | | | | | | | X | |
| Physical Security | | | | | | | | X |
| SCADA | | | | | | X | | |
| SDLC and Change Management | X | | | X | | | | X |
| Vendor Management | | X | | | | X | | |
| **Labor Relations** | | | | | | | | |
| Labor Relations - Contract Management & Compliance | | | | | | | X | |
| Workers Compensation | | | | | | | X | |
| **Support Services** | | | | | | | | |
| **Facilities Management** | | | | | | | | |
| Facility Operations, Maintenance & Costs | | | | | | | | X |
| **Fleet** | | | | | | | | |
| Fleet Management | | X | | 2 | | | | X |
| **Human Capital Management** | | | | | | | | |
| Employee Benefit Plans | | | | | X | | | |
| Employee New Hire and on-boarding Processing | | | | | | | X | |
| Recruitment & Training System | | | | | | | | X |
| Human Capital Management | | X | | | | | | |
| **Occupational Safety and Health** | | | | | | | | |
| OSHA | | | | | 1 | | | |
| Safety Programs, Training & Compliance | X | | | | | | | |
| **Procurement** | | | | | | | | |
| Disposal of Assets | | | | | 2 | | | |
| Outside Contractor Management - Part 1 | | | | | X | | X | X |
| Outside Contractor Management - Part 2 | | | | | 2 | | | |
| Procurement Operations | X | | | | | X | | |
| Purchasing Cards (P-Card Program) | | X | | X | | | | X |
| Warehousing & Inventory | | | X | | 3 | | | |
| **Security** | | | | | | | | |
| Facility Security & Contingency Planning | | X | | | | | | |
| **Individual Function Audits** | | | | | | | | |
| **Blue Plains** | | | | | | | | |
| **Maintenance Services** | | | | | | | | |
| Maintenance Services Operations | | | 2 | | | | X | |
| **Plant Operations** | | | | | | | | |
| Biosolids Management | | | X | | | | | |
| Chemical Purchasing | | | | X | | | | |
| Process Control System (PCS) | | | | 7 | | | | |
| **Water and Sewer Pumping** | | | | | | | | |
| Pumping & Storage Water Leakage Review | | X | | | | | | |
| **Customer Care & Operations** | | | | | | | | |
| **Customer Service** | | | | | | | | |
| Automated Meter Reading (AMR) & Customer Billing | | X | | | | | X | |
| Customer Service Operations | | | X | | | | | |
| **Emergency Management** | | | | | | | | |
| Emergency Management - Mitigation & Response | | | | | 1 | | | |
| Emergency Management - Recovery | | | | | 2 | | | |
| **Sewer Services** | | | | | | | | |
| Sewer Services - Construction & Repair | | | | | 7 | | | |
| Sewer Services - Distribution | | | | | | | | |
| Sewer Services - Emergency Maintenance | | | | 2 | | | | |
| **Utility Services - Water** | | | | | | | | |
| Washington Aqueduct Contract | X | | | | | X | | |
| Fire Hydrant Maintenance | | X | | | | | | |
| Utility Services - Water Distribution | | | | X | | | | |
| Utility Services - Water Maintenance | | | | 4 | | | | |
| **Department of Engineering & Technical Services** | | | | | | | | |
| **Clean Rivers** | | | | | | | | |
| Clean Rivers Project Management | | | | | X | | | |
| **Engineering and Technical Services** | | | | | | | | |
| Engineering - Budget Management | | | | | | | | X |
| Engineering - Contractor Management | | | | | | X | X | |
| Engineering - Project Planning & Design; Procurement | X | | | X | | | | |
| Capital Projects | | | X | | | | | |
| **Permit Operations** | | | | | | | | |
| Permit Operations | | X | X | | | | | |
| **Contingency and Requested Audits and Projects** | | | | | | TBD | TBD | TBD |
| Total by Year | 0 | 0 | 3 | 15 | 28 | | | |

| Total open items | 46 | | Total proposed audits | 10 | 14 | 13 |
|---|---|---|---|---|---|---|

April 23, 2015

## Internal Auditor Follow-Up Report on Prior Audit Findings
## Summary of Audit Corrective Actions

**DC WATER INTERNAL AUDIT**                                                      **April 2015**

| Audit Report/Subject | Management Comments | Auditor Status Up-Date | Report Issue Date | Business Area | Corrective Actions | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Total | Open | Closed | Pending Testing | Action Deferred |
| Organizational Policies & Procedures | February 2015 | February 2015 | 02/23/2010 | OGM | 1 | 0 | 0 | 0 | 1 |
| Safety Program Training & Compliance | February 2015 | February 2015 | 10/07/2010 | OGM | 1 | 0 | 0 | 0 | 1 |
| Pumping & Storage - Water Leakage | February 2015 | February 2015 | 03/01/2011 | Customer Care & Operations | 1 | 0 | 0 | 0 | 1 |
| Human Capital Management | February 2015 | February 2015 | 11/29/2011 | OGM | 1 | 0 | 0 | 0 | 1 |
| Maintenance Services | February 2015 | February 2015 | 04/18/2012 | Blue Plains | 2 | 2 | 0 | 0 | 0 |
| IT Helpdesk & Computer Operations | April 2015 | April 2015 | 10/05/2012 | IT | 1 | 1 | 0 | 0 | 0 |
| Fleet Management | April 2015 | April 2015 | 04/17/2013 | Support Services | 2 | 2 | 0 | 0 | 0 |
| Process Control System (PCS) | March 2015 | March 2015 | 09/04/2013 | Blue Plains | 7 | 5 | 0 | 2 | 0 |
| Sewer - Emergency Maintenance | March 2015 | March 2015 | 06/18/2013 | Customer Care & Operations | 2 | 2 | 0 | 0 | 0 |
| Water Services - Distribution Maintenance Branch | February 2015 | February 2015 | 10/28/2013 | Customer Care & Operations | 4 | 3 | 0 | 1 | 0 |
| Legal Operations | February 2015 | February 2015 | 02/11/2014 | OGC | 1 | 1 | 0 | 0 | 0 |
| OSHA | April 2015 | April 2015 | 02/18/2014 | Support Services | 1 | 1 | 0 | 0 | 0 |
| Disposal of Assets | March 2015 | March 2015 | 02/18/2014 | Support Services | 5 | 2 | 3 | 0 | 0 |
| Employee Benefit Plans | March 2015 | March 2015 | 03/31/2014 | Support Services | 1 | 0 | 1 | 0 | 0 |
| Emergency Management - Recovery | April 2015 | April 2015 | 05/12/2014 | Customer Care & Operations | 2 | 2 | 0 | 0 | 0 |
| DSS - Construction & Repair | February 2015 | February 2015 | 05/12/2014 | Customer Care & Operations | 7 | 7 | 0 | 0 | 0 |
| Emergency Management - Mitigation | February 2015 | February 2015 | 06/27/2014 | Customer Care & Operations | 1 | 0 | 0 | 1 | 0 |
| Outsider Contractor Management - Part 2 | April 2015 | April 2015 | 07/22/2014 | IT | 2 | 0 | 0 | 2 | 0 |
| Disaster Recovery | April 2015 | April 2015 | 07/31/2014 | IT | 2 | 0 | 1 | 1 | 0 |
| IT Asset Management | April 2015 | April 2015 | 09/10/2014 | IT | 9 | 1 | 4 | 4 | 0 |
| Warehouse Operations | March 2015 | March 2015 | 09/15/2014 | Support Services | 7 | 2 | 3 | 1 | 1 |
| GIS Mapping | April 2015 | April 2015 | 06/23/2014 | DETS | 3 | 3 | 0 | 0 | 0 |
| **Total** | | | | | **63** | **34** | **12** | **12** | **5** |

**LEGEND:**

Remaining items from the audit report are Action Deferred.

**DEFINITIONS:**

Action Deferred - This corrective action items is still intended to be completed by management. However, completion is dependent on budgetary or resource constraints, pilot programs, or other efforts.

Pending Testing - Management has indicated that this item is closed. Closure is pending additional information from management and testing from internal audit.

## Internal Auditor Follow-Up Report on Prior Audit Findings
## Summary of Audit Corrective Actions

**DC WATER INTERNAL AUDIT**                                                                                    **April 2015**

**Audit Status by Department**

| | DETS | Blue Plains | Customer Care & Operations | Office of the General Counsel | IT | Support Services | Finance | Office of the General Manager |
|---|---|---|---|---|---|---|---|---|
| **Closed Since Last AC Meeting** | 0 | 0 | 0 | 0 | 5 | 7 | 0 | 0 |
| **Open Management Action Plans** | 3 | 7 | 14 | 1 | 2 | 7 | 0 | 0 |
| **Pending Testing** | 0 | 2 | 2 | 0 | 7 | 1 | 0 | 0 |
| **Action Deferred** | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 3 |

**Corrective Action Themes**

| Category | Related Observations (#) | Total |
|---|---|---|
| Policy and Procedure Update / Approval | 38, 74, 97, 168, 174, 175, 178, 179, 180, 190, 214, 219, 223, 232, 238, 244, 259, 279, 280 | **19** |
| Employee Development / Training | 173, 187, 213, 237, 243, 251, 273 | **7** |
| Asset Management | 111, 113, 240, 262, 263, 264, 266, 271, 272, 274, 279, 280 | **12** |
| Catch Basin Pilot Program | 208, 210, 240 | **3** |
| Vacant Position Dependency | 139, 168, 219 | **3** |
| Contractor / Vendor Dependency | 167-B, 178, 179, 225 | **4** |

The summary of Corrective Action Themes shown above illustrates the following:
◦ There are 19 open items are related to the formalization and approval of policies and procedures that are already in place. There is an Authority-wide initiative in process to have all policies and procedures documented / updated and approved by management and the Unions as soon as possible, during the current labor negotiations.
◦There are 7 open items that relate to the identification/ documentation/tracking of employee training. These tie into the Authority-wide initiative to implement Cornerstone training program (among other things) that is being administered by HCM. Once complete, we will re-evaluate whether there are outlier training needs that are not inclusive of that process.
◦There are 14 (with 3 already included in other areas above) open items that relate specifically to property control and asset management. The hope is that the Authority-wide initiative to integrate Maximo and Lawson, as well as shift several responsibilities to the Warehouse / Materials Management team will address and close these issues. The integration projects are ongoing, but expected to be substantially complete by the beginning of the third fiscal quarter of 2017.
◦ There are 3 items (with one duplicate) that are dependent on the currently in progress Catch Basin Pilot program. This program is anticipated to be completed by the end of the second fiscal quarter of 2015 (March 31).
◦ There are 3 open items (with 2 already included in the areas above) that require a position to be filled in order to be closed.
◦ There are 4 open items (with 2 already included in the areas above) that are dependent on the hiring of a contractor or vendor to conduct services for DC Water.

# District of Columbia Sewer and Water Authority

## Timekeeping Internal Audit

**Prepared By:**

**Internal Auditors**
**April 8, 2015**

# Table of Contents

**McGladrey LLP**

1501 M St NW
Washington, DC 20005
O 202.370.8200
www.mcgladrey.com

![McGladrey logo]

April 8, 2015

The Audit Committee of
District of Columbia Water and Sewer Authority
5000 Overlook Avenue, SW
Washington, DC 20032

Pursuant to the approved internal audit plan for fiscal year 2015 for the District of Columbia Water and Sewer Authority ("DC Water" or the "Authority"), we hereby present our assessment of the Timekeeping processes. We will be presenting this report to the Audit Committee of DC Water at the next scheduled meeting on April 23, 2015. Our report is organized in the following sections:

| | |
|---|---|
| **Executive Summary** | This provides a summary of the observations and opportunities related to our internal audit of the Timekeeping process. |
| **Background** | This provides an overview of the Timekeeping process. |
| **Objectives, Scope and Approach** | The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach. |
| **Observations Matrix** | This section gives a description of the observations noted during our work and recommended actions as well as management's response, responsible party and estimated completion date. |
| **Process Map** | This section includes a detailed flowchart mapping the process |

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with the Timekeeping Internal Audit.

Respectfully Submitted,

*McGladrey LLP*

*INTERNAL AUDITORS*

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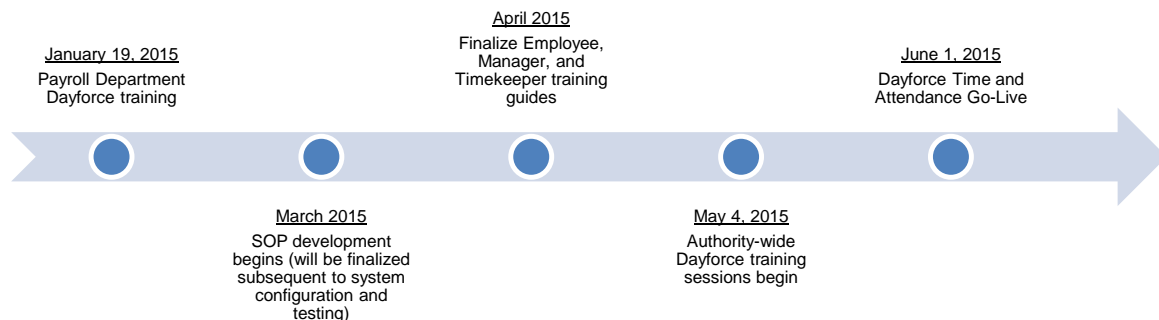# Executive Summary

# Executive Summary

**Overview**

DC Water has over 1,000 employees, including exempt (salaried), non-exempt (hourly), full and part-time employees, as well as Union- and non-Union classifications. Employees are located at five main facilities throughout the District of Columbia; however, a large percentage of employees are mobile and service the 1,350 miles of water pipes and 1,900 miles of sanitary and combined sewers. 64% of DC Water's workforce is governed by one of five Union agreements. The Federal government and the District of Columbia have many laws and statues that the Authority must comply with regarding timekeeping, overtime and labor related issues. They include, but are not limited to, the Fair Labor Standards Act (FLSA), the Federal and Medical Leave Act of 1993, Final Rule, 29 CFR, Part 825 and applicable provisions of the District of Columbia Family and Medical Leave Act of 1990. In addition to these, the Authority has adopted policies regarding leave, scheduled during hours and compensation time. The policies and procedures include, but are not limited to:

- Hours of Work
- Annual Leave
- Attendance and Punctuality
- Unpaid Leave
- Compensatory Time for Exempt Employees

The timekeeping process for DC Water is a high risk function, due to the size of the Authority's workforce, the volume of transactions and the decentralization of the timekeeping and overtime approval process. DC Water is in the process of implementing Ceridian Dayforce Time and Attendance, as part of the Authority-wide Ceridian Workforce Management implementation, which also includes benefits, human resources, payroll and recruiting modules. Conducting an internal audit during a system upgrade or conversion allows management to develop specific action plans to audit recommendations that can be incorporated into the implementation process rather than after the fact. Examples can include improvements to training, specific items to include in updated standard operating procedures and recommended controls that should be incorporated into the new process. As it is anticipated that internal controls and procedures at both the department level and centrally within Payroll will change, our internal audit focused on the timekeeping processes Authority-wide and not on department-specific procedures and controls.

Once implementation is complete, we will validate that our recommendations and management's agreed-upon actions were implemented, as well as perform testing on department-specific controls that were not included in the scope of this initial audit. We plan to perform a cycle audit to accommodate the additional scope and testing, including overtime, during the FY2016 internal audit plan. The capabilities of the new system are expected to greatly improve visibility into overtime distribution by department, automate compensatory time calculations, and will formalize the timesheet approvers for each employee. In addition to updates to the standard operating procedures based on changes in system capabilities, the Payroll Department may modify timekeeping procedures Authority-wide.

The timeline for the implementation of Dayforce Time and Attendance is reflected below:

**January 19, 2015**
Payroll Department Dayforce training

**April 2015**
Finalize Employee, Manager, and Timekeeper training guides

**June 1, 2015**
Dayforce Time and Attendance Go-Live

**March 2015**
SOP development begins (will be finalized subsequent to system configuration and testing)

**May 4, 2015**
Authority-wide Dayforce training sessions begin

2

# Executive Summary - continued

**Statistics and Financial Information**

The following is a summary table of employees by functional category (as of February 2015):

| Functional Category | Number |
|---|---|
| **Exempt (salary)** | 322 |
| **Non-Exempt (hourly)** | 792 |
| *Total Number of Employees* | 1,114 |
| | |
| **Part-Time / Temporary** | 30 |
| **Full-Time** | 1084 |
| *Total Number of Employees* | 1,114 |
| | |
| **Union Employees** | 714 |
| **Non-Union Employees** | 400 |
| *Total Number of Employees* | 1,114 |
| | |
| **Total Number of Approvers** | 226 |
| **Total Number of Timekeepers** | 39 |

The current year budgeted and prior year's personnel services expenditures and number of full-time employees are as follows:

| Fiscal Year | Personnel Services - Operating Expenses* | % Change | Full-Time Employees | % Change |
|---|---|---|---|---|
| **2014 – 2015 (YTD**)** | $ 41,743,000 | | 1,114 | |
| **2014 – 2015 (Budgeted)** | $118,278,000 | 9.05% | 1,222 | 13.25% |
| **2013 – 2014** | $108,467,000 | 4.39% | 1,079 | 3.45% |
| **2012 – 2013** | $103,908,000 | 6.26% | 1,043 | 2.15% |
| **2011 – 2012** | $ 97,784,000 | | 1,021 | |

*Personnel services operating expenses includes salary and overtime, benefits, and bonuses.
**As of January 31, 2015

Personnel services expenses have increased year-to-year due to an increased hiring effort to reduce the authority-wide vacancy rate, emergency response to water main breaks caused by the fluctuation in temperature, and due to employee salary increases. Personnel Service Expenses are budgeted annually by Department and takes into consideration vacancy rates, budgeted positions, Departmental re-organizations, salary adjustments and overtime costs to support on-going capital projects.

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# Executive Summary - continued

**Observations**

The observations and opportunities identified during our assessment are summarized below. We have assigned relative risk or value factors to each observation. Ratings are not assigned to opportunities as these items represent best practices and/or recommended initiatives. Risk ratings are the evaluation of the severity of the concern and the potential impact on the operations of each item. Only observations will require management action plans with estimated completion dates that will be included in the routine follow up of internal audit observations.

Factors for evaluating relative risk consider include financial, operational, and/or compliance as well as public perception or 'brand' risk when determining the risk rating. Items are rated as High, Moderate, or Low.

- *High Risk Items* are considered to be of immediate concern and could cause significant operational issues or deteriorating public perception if not addressed in a timely manner.
- *Moderate Risk Items* may also cause operational issues or poor public perception and do not require immediate attention, but should be addressed as soon as possible.
- *Low Risk Items* could escalate into operational issues, but can be addressed through the normal course of conducting business.

The details of the observations and opportunities shown below are included within the Observations Matrix of this report.

| Observations | Risk Rating |
|---|---|
| **1. Timesheet Approval** | **High** |
| During our testing of timesheet approval, we obtained the Unapproved Time Report for four of five pay periods selected for testing. This report is run by Payroll and identifies any timesheets that have not been approved before pay period close. Payroll notifies the Approvers via e-mail that subsequent approval is needed prior to the end of the next pay period. Of 68 unapproved timecards tested selected from the Unapproved Time Reports, 5 remained unapproved as of the date of our testing.<br><br>Additionally, the Unapproved Time Report was not available for one of five pay periods selected for testing. We did note the Payroll Manager signed off on the item as part of her review and completion of the payroll checklist each period. The reports were manually printed for review during that time, and have since been converted to electronic format.<br><br>Subsequent to our audit testing, we noted a similar observation of unapproved timesheets was also identified as a Significant Deficiency in the external auditor's report on Internal Controls over Financial Reporting for the fiscal year ended September 30, 2014.<br><br>Management has implemented additional controls. We have noted that this observation is closed. | |
| **2. Ceridian Time Professional System Access** | **High** |
| On an annual basis, the Payroll Manager conducts a review of system access for Ceridian Time and Attendance to ensure that employees have proper access roles. Currently, the annual review is not documented, nor is it reviewed or approved by a separate individual.<br><br>Additionally the current review process has a lack of segregation of duties, as the Payroll Manager is responsible for conducting the annual review, approving and assigning access levels and granting access in the system. A lack of segregation of duties could lead to error or improper role assignment. | |

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# Executive Summary - continued

| Observations | Risk Rating |
|---|---|
| **3. Leave Request Documentation** | **Moderate** |

During our testing, we noted 6 of 25 timecards selected included leave time paid during the period. For 2 of the 6 employees, the supporting "leave" and "exception" forms that show Supervisor approval for the leave were unavailable. Per policy, Supervisors (Approvers) must generate and complete applicable leave forms and provide them to Payroll for each occurrence. It was noted that in some cases, the departments don't send the forms to Payroll, but retain them at the department. We requested the information from both parties.

If support for leave is not properly approved and documented, DC Water assumes the risk that an employee is paid regular hours rather than leave time, when appropriate, or pay leave time in error. The accrued leave time per employee may not be accurately calculated, and could result if over- or under-payment of leave time in accordance with policies and Union agreements.

| | |
|---|---|
| **4. Documentation of Standard Procedures for Timekeeping** | **Low** |

Per inquiry with the Payroll Manager, the Payroll Standard Operating Procedures Manual, which contains the timekeeping procedures, is updated on as needed basis. However, manual has not been updated since 2013. We utilized the manual to perform testing, noting outdated information and procedures that the Payroll Department is not currently following.

Example of procedures that are captured in the Payroll Standard Operating Procedures not currently in place or not operating as documented include:

- A signed hardcopy of the history scan report for exceptions is not being provided to Payroll. The current practice is to e-mail exception support including leave approvals.

- The procedures include a process to review the Work versus Scheduled Variance Report. However, the Payroll Department does not run this report as they did not find it to be effective.

The Payroll Department is in the process of implementing the Dayforce Time and Attendance system and the Payroll procedures will need to be updated.

Additionally, per inquiry with the Payroll Manager, there is no formal training for timekeepers and employees, outside of the new hire training. Timekeepers are providing informal as needed training to employees. A lack of training may lead to a lack of understanding of timekeeping requirements and controls.

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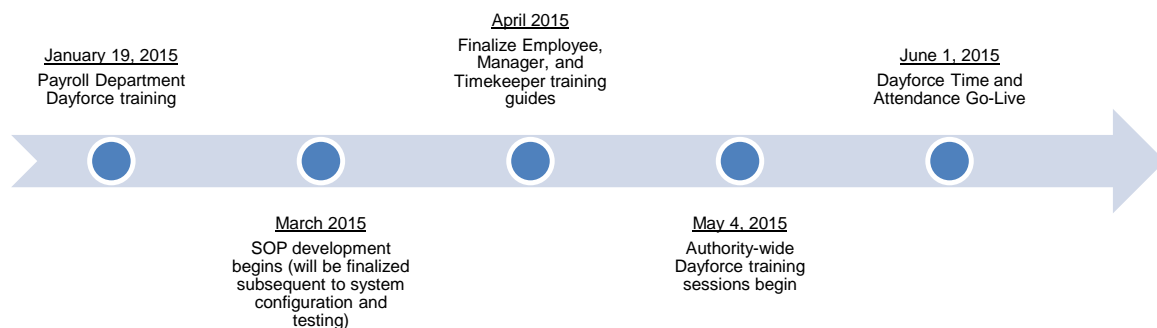- Compensatory Time for Exempt Employees

In addition to the above, the Authority is currently involved with 5 collective bargaining agreements for Union employees. The agreements address working hours, shift pay policies and overtime distribution. They are as follows:

- American Federation of Government Employees, Local 2553
- American Federation of Government Employees, Local 631
- American Federation of Government Employees, Local 872
- American Federation of State, County, and Municipal Employees Local 2091
- National Association of Government Employees, R3-06

**Conversion to an Automated Timekeeping System**

DC Water is in the process of implementing Ceridian Dayforce Time and Attendance, as part of the Authority-wide Ceridian Workforce Management implementation, which also includes benefits, human resources, payroll and recruiting modules. It is anticipated that internal controls and procedures at both the department level and centrally within Payroll will change. The capabilities of the new system are expected to greatly improve visibility into overtime distribution by department, automate compensatory time calculations, and will formalize the timesheet approvers for each employee. In addition to updates to the standard operating procedures based on changes in system capabilities, the Payroll Department may modify timekeeping procedures Authority-wide.

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6

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# Background - continued

**Timekeeping Process**

DC Water has an automated timekeeping system, Ceridian Time Professional Time and Attendance System. As part of the current process, all non-exempt employees enter their own time through a timeclock device. Time for exempt employees is entered by the Department's assigned Timekeeper, often the administrative assistant, into an electronic timecard. Timekeepers are also responsible for making any adjustments to non-exempt employee timecards, in the event that the employee forgot to clock in or clock out, an error needs to be corrected prior to pay period close, or to document exceptions to schedules. Exceptions are those hours that differ from the employee's normal work schedule. This may include input of sick time, vacation days, personal time, etc. Support for the exception is to be sent to Payroll and timekeepers are expected to maintain the documentation.

The employee's Supervisor or Manager is responsible for review and approval of the electronic timecards. The approval is performed within Ceridian, via individualized username and password. Once the payroll period has been locked, changes can only be made by the Payroll department. The Authority's Payroll Department is responsible for validating that time was approved and processing payroll.

**Overtime Process**

DC Water has both scheduled overtime and unscheduled overtime. Scheduled overtime could be planned ahead for event occurring in the District of Columbia, such as the inauguration or assistance with snow removal, or could be negotiated as part of the union contracts. More often, overtime is a result of emergency maintenance and customer service needs for DC Water's customers. Overtime for non-exempt employees is captured as part of the timekeeping process through the timeclock and is approved by the Supervisor or Manager weekly. Compensation time for exempt employees must be pre-approved by the CFO.

On a monthly basis, the Budget Department provides all Department Heads a fiscal year budget versus year-to-date actual report. The report indicates the percentage of the budget that has been used to-date by department for regular pay, overtime and benefits.

Overtime has been increasing due to an increase in emergency responses to infrastructure repairs, maintenance and water main breaks, the reorganization in Departments, increase in capital projects and position vacancies in Departments.

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# Objectives and Approach

# Objectives and Approach

## Objectives

The objectives of the internal audit of timekeeping and overtime were to:

- Identify and assess the design and effectiveness of controls in detecting errors in a timely manner.
- Validate that controls over timekeeping include procedures and documents that assure the data used to generate payroll disbursements are adequate.
- Determine whether the records and documentation for timekeeping and overtime related items are sufficient to establish an audit trail for all transactions involving employees' time.
- Determined whether access to timekeeping data is controlled to maintain integrity of the data.
- Evaluate segregation of duties both within the timekeeping system and over manual procedures, to ensure that conflicting tasks are appropriately restricted.
- Evaluate the usage and trends of overtime pay and timekeeping exceptions (unapproved report statistics).

## Approach

Our audit approach consisted of the following phases:

*Understanding of the Process*

During the first phase of our approach, we conducted interviews with key personnel within the payroll department and individuals from various departments, who have responsibilities related to timekeeping to validate the process and controls. We obtained and reviewed DC Water's Payroll Standard Operating Procedure and system training documentation. In addition, we obtained and reviewed the Union contracts to determine timekeeping and overtime requirements. We randomly selected employees, ensuring our sample included a variety of departments, for the completion of our detailed testing.

*Detailed Testing*

The purpose of this phase was to test compliance and internal controls based on our understanding of the timekeeping process. This phase included the execution of applicable tests of compliance and controls around time records and transactions. The time period covered by testing was October 1, 2014 through December 31, 2014, though we conducted overtime analysis based on fiscal year 2014 (October 1, 2013 through September 31, 2014).

Specific procedures performed include:

- On-site visit and inquiry of documentation provided to the payroll department
- Testing of employee time tracking methods and approval
- Testing of unapproved timesheets
- Testing of overtime approval, documentation and reporting, where applicable
- Testing of compliance with union agreements
- Verifying access is restricted to appropriate department personnel and access levels are appropriately segregated

As we were aware that a new timekeeping system is in-process of being implemented and new timekeeping controls and requirements will be developed, we limited the testing of department-specific controls and focused on agency-wide controls.

*Reporting*

At the conclusion of this audit, we summarized our observations related to timekeeping and overtime at DC Water. We have reviewed the results of our testing with the Payroll Manager, Controller and CFO.

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# Observations Matrix

# Observations Matrix

| Rating | Observation |
|---|---|
| Closed | **1. Timesheet Approval** |
| | During our testing of timesheet approval, we obtained the Unapproved Time Report for four of five pay periods selected for testing. This report is run by Payroll and identifies any timesheets that have not been approved before pay period close. Payroll notifies the Approvers via e-mail that subsequent approval is needed prior to the end of the next pay period. Of 68 unapproved timecards tested selected from the Unapproved Time Reports, 5 remained unapproved as of the date of our testing. |
| | Additionally, the Unapproved Time Report was not available for one of five pay periods selected for testing. We did note the Payroll Manager signed off on the item as part of her review and completion of the payroll checklist each period. The reports were manually printed for review during that time, and have since been converted to electronic format. |
| | Subsequent to our audit testing, we noted a similar observation of unapproved timesheets was also identified as a Significant Deficiency in the external auditor's report on Internal Controls over Financial Reporting for the fiscal year ended September 30, 2014. |
| | <div align="center">**Recommendation**</div> |
| | As a result of our testing and the external auditor's Significant Deficiency finding, we understand that management has implemented the following additional controls: |
| | • Reinstitute a previous process for unapproved time, with suspension of direct deposit for delinquent approvers who do not retroactively approve time within the prescribed timeframe (the next pay period). In order to reengage direct deposit, the approver will be directed to the CFO's office to pick up their manual pay check, approve the time, and commit to timely approval of timesheets going forward. These retroactive approvals should be documented and retained. |
| | • Establish a shared network drive, accessible to Payroll and Finance, for retaining payroll-related documentation, including the Unapproved Time Reports and payroll checklists. |
| | We agree that these controls will mitigate and reduce the risks related to unapproved time, as well as allow for documentation and retention of the required approvals. We have noted that this observation is closed. |
| | <div align="center">**Management's Response**</div> |
| | **Response:** Management implemented both recommendations a) to hold approver's pay until subordinate's time is approved ex-post; b) established a folder containing a record of all reports of non-compliance with ex-ante approval procedure.<br><br>**Responsible Party:** Payroll Manager, CFO<br><br>**ECD: Completed** |

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## Observations Matrix - continued

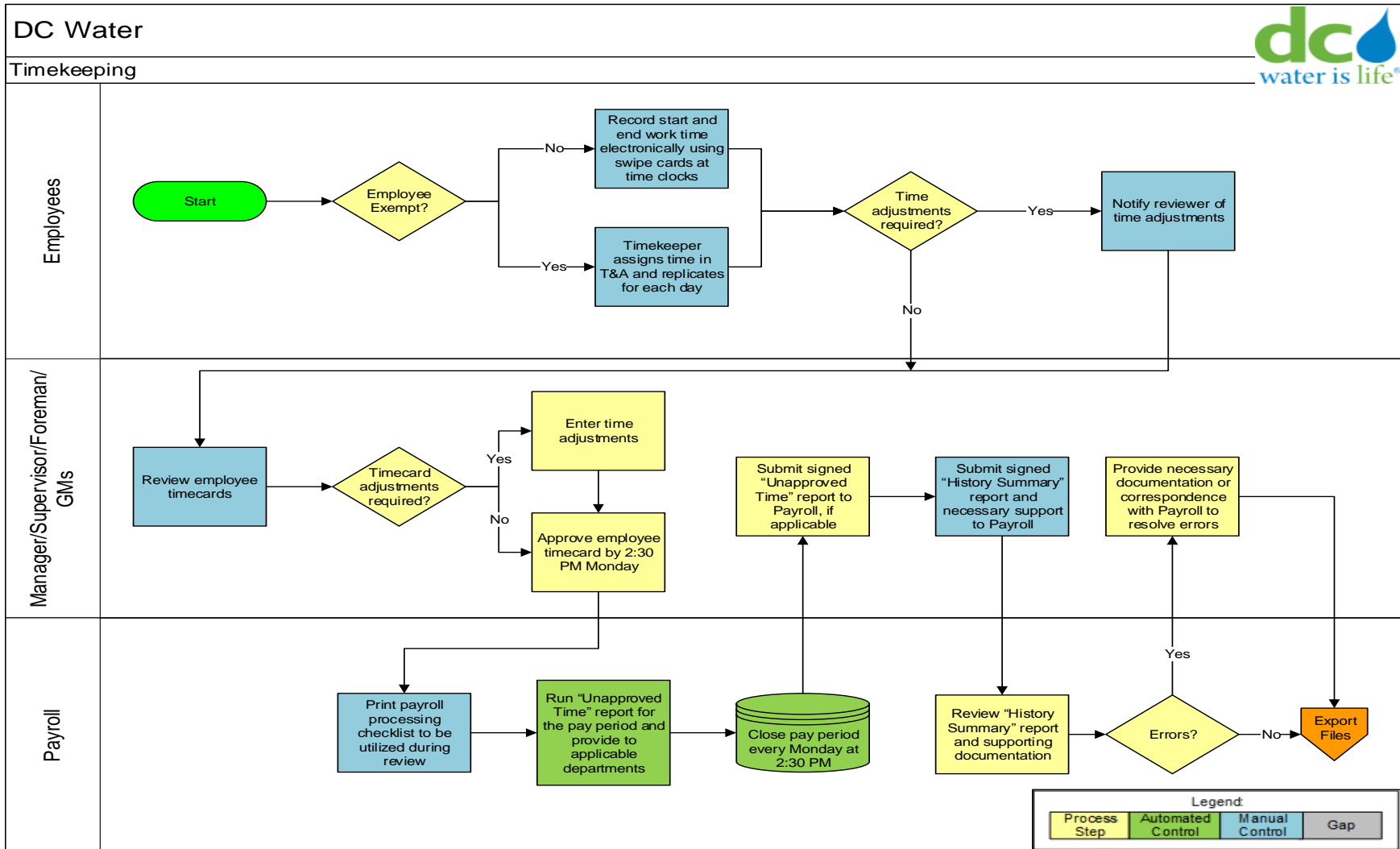| Rating | Observation |
|--------|-------------|
| **High** | **2. Ceridian Time Professional Time and Attendance System Access** |
| | On an annual basis, the Payroll Manager conducts a review of system access for Ceridian Time and Attendance to ensure that employees have proper access roles. Currently, the annual review is not documented, nor is it reviewed or approved by a separate individual.<br><br>Additionally the current review process has a lack of segregation of duties, as the Payroll Manager is responsible for conducting the annual review, approving and assigning access levels and granting access in the system. A lack of segregation of duties could lead to error or improper role assignment. |
| | **Recommendation** |
| | Subsequent to the implementation of Ceridian Dayforce, the Payroll Manager should only be responsible for conducting the annual review and approving the access levels. The annual review should be properly documented and the Controller, or Finance designee outside of Payroll, should verify the annual review is complete and accurate, approval documented via signature.<br><br>Additionally, the HCM Systems should be responsible for granting access in Ceridian. |
| | **Management's Response** |
| | **Response:** Management concurs with recommendation to Controller's annual verification of user access which is prepared by Payroll Manager. Management is in the process of reviewing user security and will evaluate whether the existing process can change after speaking with Ceridian and HCM Systems.<br><br>**Responsible Party:** Payroll Manager / HCM Systems Manager<br><br>**ECD:** September 1, 2015 |

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## Observations Matrix - continued

| Rating | Observation |
|---|---|
| **Moderate** | **3.  Leave Request Documentation** |
| | During our testing, we noted 6 of 25 timecards selected included leave time paid during the period. For 2 of the 6 employees, the supporting "leave" and "exception" forms that show Supervisor approval for the leave were unavailable. Per policy, Supervisors (Approvers) must generate and complete applicable leave forms and provide them to Payroll for each occurrence. It was noted that in some cases, the departments don't send the forms to Payroll, but retain them at the department. We requested the information from both parties.<br><br>If support for leave is not properly approved and documented, DC Water assumes the risk that an employee is paid regular hours rather than leave time, when appropriate, or pay leave time in error. The accrued leave time per employee may not be accurately calculated, and could result if over- or under-payment of leave time in accordance with policies and Union agreements. |
| | **Recommendation** |
| | Per the Standard Operating Procedure, Timekeepers should maintain leave request forms as evidence of leave approval. If possible, the Payroll Department should consider automating the approval process as part of the Dayforce implementation. |
| | **Management's Response** |
| | **Response:** Management concurs with the recommendation. Leave requests are currently processed online using DC Water's intranet (http://formsportal/pages/index.aspx) and a SharePoint process flow is established for supervisor approval and timekeeper receives a copy for processing to the time and attendance system. Timekeepers maintain a local folder where these communications are stored. Upon completion of the implementation of the Ceridian Dayforce Time and Attendance system currently estimated as June 1, 2015, leave requests will be automated and integrated into the employee's time record.<br><br>**Responsible Party:**  Payroll Manager<br><br>**ECD:**  June 1, 2015 |

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# Observations Matrix - continued

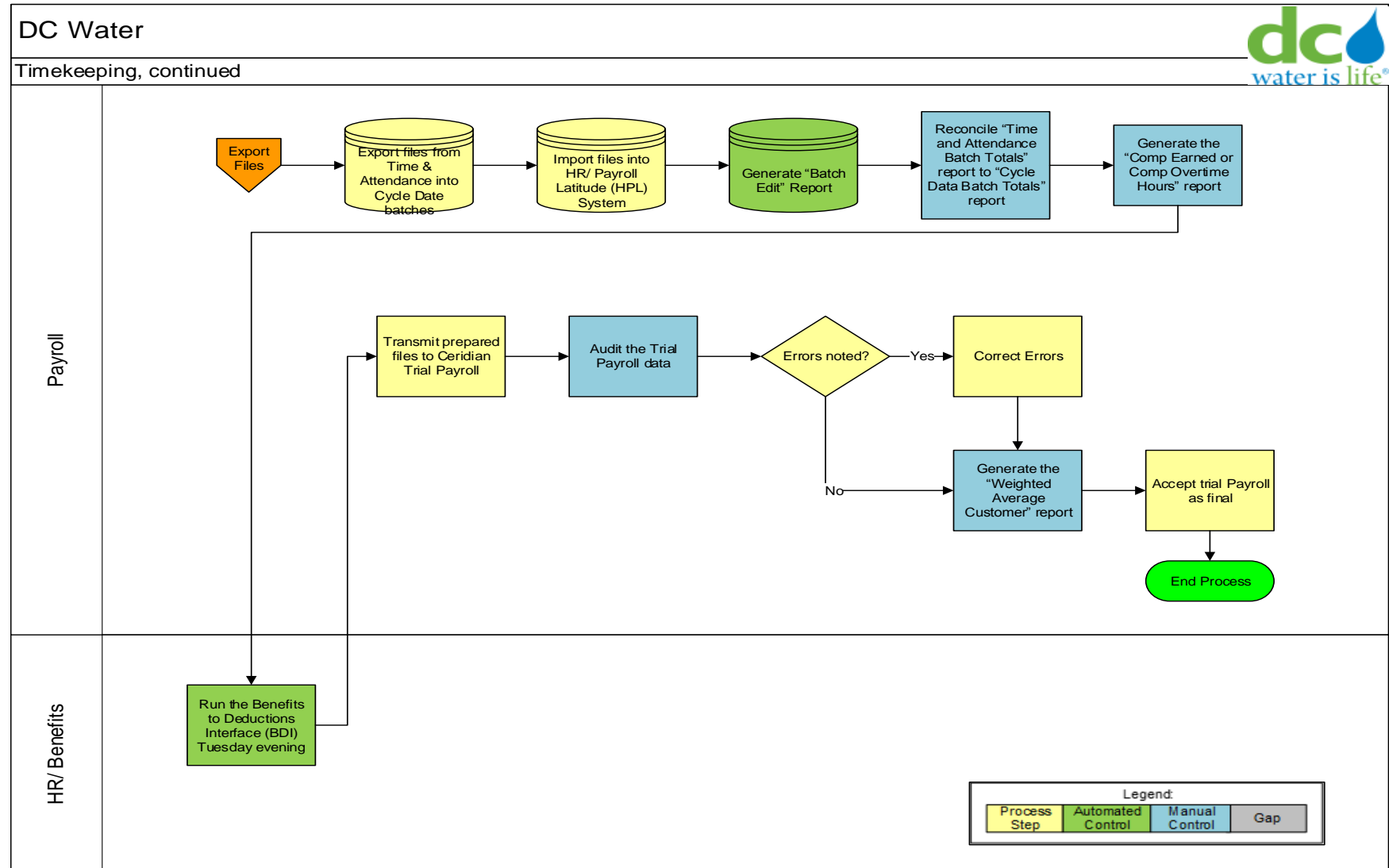| Rating | Observation |
|---|---|
| Low | **4. Documentation of Standard Procedures for Timekeeping** |

Per inquiry with the Payroll Manager, the Payroll Standard Operating Procedures Manual, which contains the timekeeping procedures, is updated on as needed basis. However, manual has not been updated since 2013. We utilized the manual to perform testing, noting outdated information and procedures that the Payroll Department is not currently following.

Example of procedures that are captured in the Payroll Standard Operating Procedures not currently in place or not operating as documented include:

- A signed hardcopy of the history scan report for exceptions is not being provided to Payroll. The current practice is to e-mail exception support including leave approvals.
- The procedures include a process to review the Work versus Scheduled Variance Report. However, the Payroll Department does not run this report as they did not find it to be effective.

The Payroll Department is in the process of implementing the Dayforce Time and Attendance system and the Payroll procedures will need to be updated.

Additionally, per inquiry with the Payroll Manager, there is no formal training for timekeepers and employees, outside of the new hire training. Timekeepers are providing informal as needed training to employees. A lack of training may lead to a lack of understanding of timekeeping requirements and controls.

| Recommendation |
|---|

As part of the implementation of Dayforce Time and Attendance, new procedures should be developed and distributed agency-wide. The updated manual should:

1. Clearly identify the documentation requirements for the Payroll Department as well the Timekeepers and Supervisors for leave requests, exception reporting and overtime distribution.
2. Capture Timekeeper and Payroll Department roles and responsibilities, in addition to the desktop procedures.
3. Capture monitoring and reporting procedures, such as the quarterly overtime budget versus actual. Differentiate between desktop procedures (system capabilities) and required reporting procedures.
4. Establish training requirements and procedures for new employees and Timekeepers.

An ongoing training plan should be considered to inform employees of any changes in procedures, as well as periodic training or pre-recorded webcasts for refresher training as needed.

| Management's Response |
|---|

**Response:** Management agrees with the recommendation. Management updated Payroll SOP's FY2013 and will revise SOP's subsequent to the implementation of the Ceridian Dayforce Time and Attendance System in FY2016. Management has a manual for timekeeper and manager training. These manuals will be updated with the implementation of Ceridian Dayforce. Currently, staff receives information during new-hire orientation and managers receive training on an as-requested.

**Responsible Party:** Payroll Manager

**ECD:** September 30, 2015

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# Process Maps

# Process Maps

## DC Water

### Timekeeping



**Employees**

Start → Employee Exempt?
- No → Record start and end work time electronically using swipe cards at time clocks
- Yes → Timekeeper assigns time in T&A and replicates for each day

→ Time adjustments required?
- Yes → Notify reviewer of time adjustments
- No →

**Manager/Supervisor/Foreman/GMs**

Review employee timecards → Timecard adjustments required?
- Yes → Enter time adjustments
- No → Approve employee timecard by 2:30 PM Monday

Submit signed "Unapproved Time" report to Payroll, if applicable → Submit signed "History Summary" report and necessary support to Payroll → Provide necessary documentation or correspondence with Payroll to resolve errors

**Payroll**

Print payroll processing checklist to be utilized during review → Run "Unapproved Time" report for the pay period and provide to applicable departments → Close pay period every Monday at 2:30 PM → Review "History Summary" report and supporting documentation → Errors?
- Yes →
- No → Export Files

Legend:
| Process Step | Automated Control | Manual Control | Gap |

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# Process Maps - continued

## DC Water

### Timekeeping, continued



**Payroll**

Export Files → Export files from Time & Attendance into Cycle Date batches → Import files into HR/ Payroll Latitude (HPL) System → Generate "Batch Edit" Report → Reconcile "Time and Attendance Batch Totals" report to "Cycle Data Batch Totals" report → Generate the "Comp Earned or Comp Overtime Hours" report

Transmit prepared files to Ceridian Trial Payroll → Audit the Trial Payroll data → Errors noted? —Yes→ Correct Errors → Generate the "Weighted Average Customer" report → Accept trial Payroll as final → End Process

Errors noted? —No→ Generate the "Weighted Average Customer" report

**HR/Benefits**

Run the Benefits to Deductions Interface (BDI) Tuesday evening

Legend:
| Process Step | Automated Control | Manual Control | Gap |

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# Process Maps - continued

**DC Water**

**Systems**



**Timekeeping and Payroll Systems**

Start

Employee Exempt?

— No → Record start and end work time electronically using swipe cards at time clocks

— Yes → A timekeeper assigns time in T&A and replicates for each day

Ceridian Time Professional Time and Attendance System

Payroll exports files from Time and Attendance System into Cycle Date batches

Payroll imports files into HR/ Payroll Latitude (HPL) System

Ceridian HR/ Payroll Latitude (HPL) system

After a pay period is processed, the Ceridian file is modified as a text file and saved to the Finance Shared Drive as the general Ledger Upload File

Finance Shared Drive

The General Ledger Upload file is formatted and audited against the Grand Totals Register

The file is uploaded to Lawson using the comma separated value (CSV) journal entry spreadsheet

Ceridian HR/ Payroll Latitude (HPL) system

End Process

**Legend:**

| Process Step | Automated Control | Manual Control | Gap |

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At McGladrey, it's all about understanding our clients -
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