

OFFICE OF THE KANE COUNTY AUDITOR
TERRY HUNT, KANE COUNTY AUDITOR

JOHN F. X. HARAHAH
DEPUTY AUDITOR

ANDREA RICH
DEPUTY AUDITOR



719 S.BATAVIA AVENUE
GENEVA, ILLINOIS 60134

630-232-5915
630-208-3838 (FAX)

Review of Payroll Overpayment – April 2014

Scope

Review the payroll overpayment to determine cause and controls in place to prevent a reoccurrence.

Background

The Sherriff's Office contracts with outside venues to provide security. While normal payroll hours (internal hours) are keyed in by the payroll coordinator in each department, pay for the external security is keyed in by a payroll clerk in the Human Resource Management (HRM) department.

In this particular circumstance, the normal payroll clerk was on a leave of absence; thus, the pay was entered by another payroll clerk. The payroll clerk mis-keyed a pay code entry. The payroll clerk keyed 262.5 hours to the SHF ON CALL PAY code. She should have keyed \$262.50 to SHF OUTSIDE DETAIL. Keying 262.5 hours to the SHF ON CALL PAY code resulted in payment at 1 ½ times the applicable hourly rate of pay for a total of \$14,631.75 overpayment in gross wages relating to external hours.

Through the normal review process in the HRM department prior to the check run, the error was discovered. The correct entry for \$262.50 to SHF OUTSIDE DETAIL was input; however, the original entry was not deleted. This error in correction was discovered after the check run through the normal HRM review of worker's compensation payments.

In January 2014, the Executive Director of HRM notified the employee that he would need to repay the county for \$7,535.16, the net difference. The employee noted that he was unaware of the overpayment as his pay fluctuates due to external security and that his wife balances their bank account. Repayment was received January 23, 2014 and deposited in 001.100000 (gen fund cash and investments). In order for a correct W2 to generate, the original transaction was voided and a reissue was generated with no actual check cut.

To prevent reoccurrence of this type, HRM now runs an additional payroll register for special codes (including SHF ON CALL PAY, SHF OUTSIDE DET, SHF DETAIL PAY) to review prior to check run.

Comments

The review process in place at the time of the overpayment was successful in finding the error. Throughout the payroll process, there are review steps. In each department, payroll is entered, reviewed and approved. This approval within New World Systems (NWS) signals the passage of data to HRM. HRM then reviews the data. The county payroll register, in entirety, is reviewed by the Auditor's office prior to check run. While the data input for external security pay originates in HRM, this data is still subjected to review in HRM and the Auditor's Office prior to check run. On the back end (post check run), HRM reviews payroll data associated with worker's compensation pay, and each department is responsible for monitoring actuals to stay within budget. Diligent review by all parties, review of changes made to correct payroll errors, and the additional reports implemented by HRM will prevent payroll overpayments in the future.

Audit Steps

- Discussed event with HRM Executive Director and Payroll Manager
- Obtained copy of Pay Day Register illustrating error and letter sent to payroll error recipient from HRM
- Obtained copy of calculation of reimbursement from HRM Payroll Manager and recalculated
- Obtained copy of reimbursement check from Treasurer's Office Staff Accountant
- Traced check to deposit in NWS, account 001.10000 (gen fund cash & investments)
- Reviewed journal entries in NWS reflecting transaction