

To Honorable County Council
Honorable Steve Ehlmann, County Executive

September 23, 2019

The Finance Department examination opened August 22, 2018 has been completed, and the final report is being issued today. The scope of the review covered January 1, 2016 – June 30, 2018. Fieldwork for the review was completed on January 22, 2019, and our report reflects the results of work performed through that date. Responses were requested for by May 3 and received on September 23, 2019.

The objectives of the review were to determine whether internal controls were adequate and effective, operations and records were in compliance with established standards, regulations, policies and procedures, and resources were being used efficiently.

The examination covered cash functions, purchasing, payroll, investments, budgeting, and financial reporting. We reviewed the internal control environment surrounding those activities, as well as performed an evaluation of the effectiveness and efficiency with which department objectives are being achieved. In addition, reviews for compliance with the County Charter and Ordinances, Missouri Statutes, and internal policies and procedures were performed.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, and consisted of examining, on a test basis, sufficient evidence to afford a reasonable basis, for our opinion.

In our opinion, except for the opportunities included in this report, internal controls were adequate and effective, and operations and records were in compliance with established standards.

The issuance of this report completes the formal examination process. However, if you wish to discuss any aspects of the audit or report, please contact me.

Brent Statler

Brent R. Statler, CPA, CGAP
County Auditor

Attachment

Copy to Joann Leykam, Director of Administration
Bob Schnur, Director of Finance



**Finance Department
Examination Report
Opened August 22, 2018**

Scope: 1/1/16 – 6/30/18

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BACKGROUND AND INTRODUCTION

Authority and Activity:

The Finance Department is authorized by Section 130 of the County Ordinances. The Department is responsible for administering and coordinating all financial services for St. Charles County Government departments through budgeting, cash management, investments, procurement, payroll, fixed asset tracking, debt management, and financial reporting.

The Finance Department maintains a \$330+ million-dollar annual budget (all funds), processes more than 30,000 payments each year for County expenditures, and processes payroll for approximately 1,300 full and part-time employees.

The County's Registrar, Fleet Management, Risk Management, and Family Arena functions also fall under the direction of the Finance Department; however, these areas are covered in separate audits.

The Finance Department's program mission as stated in the 2019 budget is as follows:

<p>The Finance Department administers the safekeeping of St. Charles County's resources with diligence, conscientiousness and enthusiasm. 2019 budget, pg. 47.</p>
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Funding:

The primary funding for the Finance Department is provided by the general revenue fund. The historical funding for the Finance Department is presented below.

Finance Department General Revenue Fund – Expenditures Fiscal Years 2014-2019								
Fiscal Year	Salaries & Benefits	% Increase	Operating Expenditures	% Increase	Capital Expenditures†	% Increase	Total Expenditures	% Increase
2014	\$1,197,138	N/A	\$100,630	N/A	\$1,030	N/A	\$1,298,798	N/A
2015	\$1,257,280	5.0%	\$112,914	12.2%	\$2,947	186.1%	\$1,373,141	5.7%
2016	\$1,414,096	12.5%	\$101,023	-10.5%	\$1,543	-47.6%	\$1,516,662	10.5%
2017	\$1,418,850	0.3%	\$116,798	15.6%	\$2,062	33.6%	\$1,537,710	1.4%
2018	\$1,391,396	-1.9%	\$105,182	-9.9%	\$1,487	-27.9%	\$1,498,065	-2.6%
2019*	\$1,503,293	8.0%	\$144,670	37.5%	\$4,000	10.3%	\$1,651,936	10.3%

Revenues generated by the Finance Department are deposited in the general revenue fund. The historical funding is presented below:

Finance Department General Revenue Fund – Revenues Fiscal Years 2014-2019						
Fiscal Year	Liquor License Fees	Merchant License Fees	Registrar Fees	Interfund Transfers	Total Revenue	Fees Collected by the Finance Department as a Percentage of Expenditures
2014	\$255,083	\$35,593	\$8,081	\$60,273	\$359,030	27.6%
2015	\$258,058	\$41,161	\$8,168	\$59,961	\$367,348	26.8%
2016	\$278,891	\$40,912	\$8,248	\$5,366	\$333,417	22.0%
2017	\$275,580	\$56,927	\$8,629	\$0	\$341,136	22.2%
2018	\$290,926	\$30,252	\$7,835	\$0	\$329,014	22.0%
2019*	\$275,000	\$40,000	\$8,000	\$0	\$323,000	19.6%

* These are the approved budget amounts from the 2019 budget.

† Includes amounts from the Capital Projects Fund (301).

Staffing:

The number of full-time equivalent authorized positions for the Finance Department increased (10.0%) from 16.0 full-time positions in 2014 to a total of 17.6 full-time budgeted employees in 2019.

II. STATUS BOARD

The status board provides a summary of the Finance Department’s functions and processes. Each cell located under a function represents an activity that is to be completed to ensure that the process is performed in an effective and efficient manner. The color of the cells represents the assessment regarding completion of the activity. The legend below gives a description of the definition of each color.

- Red indicates management's immediate attention is required.
- Yellow indicates an opportunity for improvement exists.
- Green indicates there is no action necessary at this time.
- Blue indicates a process that was not included in the scope of the review.
- Grey indicates a County issue that should be addressed by management but is not necessarily a direct responsibility of the audited department/office.

Payroll	Purchasing	Accounts Payable	Cash Receipts	Accounts Receivable	Employee Certifications	Grant Monitoring
Departments enter payroll in MUNIS and generate an Hours’ Proof Listing.	Items over \$2,500 to \$14,999 require informal written quotes; over \$15,000 require sealed, competitive bidding.	Payables are generated through purchase orders (PO) or a request for check (RFC).	Fee collecting offices send money and remittal slip to Finance for deposit.	MUNIS generates invoices and maintain an AR ledger and aging schedule.	HR certifies a change (new hire, salary, position) in MUNIS and a workflow notification is sent to Finance (C1).	New grant contracts are forwarded to the Grant Administrator. Grants approved by the Executive, Council by ordinance and/or annual budget.
Department heads approve payroll in MUNIS and sign the listing which is sent to Payroll Coordinator.	Accepted bids must be approved by the Co. Exec and Council (if over \$50,000).	RFCs are used for services, intangible items, one-time vendor payments and employee reimbursements.	Some departments receipt their own fees; others have the fees receipted by the Finance Department.	Billed services include police patrols, airport leases, merchant licenses, radio system usage, and municipal contracts.	The Payroll Coordinator or Management Analyst makes changes to the payroll module in MUNIS.	The Finance Dept. requests reimbursement for grants on behalf of recipient depts.
Any approved overtime/ comp time forms must also be sent with the listing. The time will not be processed without the forms.	Bid notices are sent out to vendors based on past purchases and dept. recommendations.	Dept/offices complete an RFC form and send supporting documentation to Finance for review.	Finance receipts money into a MUNIS batch and provide the dept. with a receipt slip.	Customers have assigned customer #, set billing cycle (monthly, annual, etc.) and service amount.	Data is reconciled to ensure that they system properly calculated new amounts.	For reimbursing grants, required documentation is gathered and submitted with reimbursement requests.
Once all dept. listings are received, Finance restricts further payroll entries from being made in MUNIS.	Sealed bids are returned to Finance and kept in secure area until public opening.	Vendor invoices are sent to Finance upon receipt.	Dept/office collected receipts are entered in a separate MUNIS batch. Depts. send batch report which are confirmed with a bank report.	Invoices are automatically created and mailed through the County’s mail room.	A spreadsheet of new hire and salary increase data is also updated.	Requested funds are wired to the County and receipted into MUNIS.

Payroll	Purchasing	Accounts Payable	Cash Receipts	Accounts Receivable	Employee Certifications	Grant Monitoring
Finance reviews all time entered and all OT/ comp forms are matched to Hours' Proof listing. Any discrepancies are resolved.	At the opening (open to the public), bids are read aloud and recorded.	Items are pending until received on by Departments. AP clerks may contact depts. To see why items are not received on.	Cash Receipts clerk separates cash and checks to prepare for deposit.	Adjustments to balances can be made based on errors. Uncollectible amounts approved by Dir. of Finance.	Changes are reviewed against budgets to ensure compliance with approvals documented.	All grants and reporting requirements are tracked on a spreadsheet. The spreadsheet is updated based upon activity
Any payroll overrides (tuition payments, vehicle usage, etc.) are entered.	Bids are retained per record retention requirements.	Items move from pending into the pay file in MUNIS after being received.	2 nd clerk completes 3-part deposit slip and reconciles monies to reported totals.	Payments are entered into MUNIS as received and receipts are generated.	All necessary certification documentation is kept on file with other payroll records.	Federal grants are reviewed annually by external auditors as part of the Single Audit.
An Employee Update Accrual Error Report is created and reviewed to ensure accuracy.	Departments enter purchase requisitions into MUNIS (after Executive & Council approval, if applicable).	A/P groups (ex. Jury duty) are uploaded into MUNIS using dept. submitted files.	1 copy of deposit slip is kept by Finance for reconciliations.	A/R reports are created and reviewed monthly and annually (B1).		
Additional payroll reports are created and reviewed to ensure all employee payroll info was entered.	After Dept. Head approval, the requisition goes through two levels of Finance review.	Finance Director reviews and approves the detailed invoice list and the register is reconciled to expenditure report.	2 copies of deposit are placed in deposit bag with cash and checks.	MUNIS Aging Report is generated to review overdue payments.		
After all changes are entered, payroll totals are reviewed and submitted for checks to be printed and direct deposits to be made.	Purchasing Coordinator or dept. orders item.	After approval, the detailed invoice list is reconciled to a cash disbursement journal.	Entry is made in log book and picked up by Brinks Security.			
Any checks for each department are picked up and signed for by a department employee.	Once good/service delivered, Dept./office receive on item in MUNIS and send the invoice to Finance. MUNIS has 3-way comparison.	Checks are printed, separated, and then mailed or picked up by requestor.	Bank processes deposit and returns one copy of the receipt slip to Finance.			

Payroll	Purchasing	Accounts Payable	Cash Receipts	Accounts Receivable	Employee Certifications	Grant Monitoring
A direct deposit report is sent to the bank to be processed.	Certain purchases can be made using a County credit card.	Check remittals are matched to supporting documentation and filed.	Finance performs monthly bank reconciliations (deposits, credit cards, etc.).			
The Payroll Coordinator creates reports for tax and benefit totals which are given to the proper parties to make payment.	Credit card purchases are authorized by the Purchasing Manager and entered by a purchasing clerk.	Documentation is scanned into MUNIS system and matched to checks by MUNIS.				
Employee accruals are tracked and updated by the MUNIS system.	Purchasing policy allows for Emergency purchasing in certain situations.	Manual checks can be written for emergency purchases if deemed necessary.				
All payroll documentation is kept on file in the Finance Department (B5).	Vendor file is updated by purchasing clerks.					

Investments	Wire Transfers	Merchant Licenses	Fixed Assets	Budgeting	Petty Cash	Miscellaneous
Written Investments Policy to maximum return on idle cash while maintaining sufficient cash balance to cover operating expenditures. (A1)	EFT or wire transfers are made via the internet depending on the transaction type.	Merchant brings completed application and documentation to Finance Dept.; renewals can be done online.	Expenditures >\$1,000 with certain commodity codes (>\$500 for computer equip.) are put into an asset pending file in MUNIS.	In May, Finance sends a capital request form to each department.	Finance reimburses employees for expenses of \$50 or less, or to replenish dept./office petty cash funds. Dir. of Finance may approve amounts over \$50.	CAFR: Comprehensive Annual Financial Report is prepared to detail County's financial position.
Investments are tracked in Financial Banking portal and internally on a spreadsheet.	EFTs clear in one business day and are used for repetitive transfers: insurance, 457s, etc.	All businesses need to present a MO sales tax number and proof of no tax due letter (can be confirmed online).	The file is reviewed weekly for errors or non-asset items to be deleted.	Departments use the form to request capital purchases.	Employee submits a reimbursement form approved by dept. head with the related documentation.	CAFR: MUNIS data is entered into a spreadsheet and reconciled to fund balances.
Bank e-mails investment options daily to the Finance Dept. for review.	Wire transfers are used for large deposits, the Arena, and miscellaneous transfers.	Restaurants need to present proof of a restaurant license.	An asset worksheet is created and printed for remaining items.	Forms are returned to Finance and the info is summarized in a spreadsheet.	Revenue Tech. reviews form and ensures agreement to documentation.	CAFR: A checklist is used to ensure completeness and the final report is submitted to GFOA for review by June 30 th .
Finance Director selects investments based on type, return, maturity, cash on hand, etc.	Only the Finance Dir., Asst. Dir., Management Analyst, and Financial Systems Administrator can initiate and confirm transfers.	Businesses located within city limits need proof of a municipal business license.	The sheet lists a description cost, vendor info. The remaining info is entered by Finance.	Co. Exec. and Finance review the requests to develop a 5 Year Capital Outlay Plan.	Employee receives the reimbursement or fund replenishment.	MUNIS Access: Initiated by the I/S Dept. setting up employee based on Network Access Request.
Finance contacts bank by e-mail or phone and investments are purchased through wire transfers.	Bank codes sent to their personal devices must be entered to process the transfers. Same person ordering transaction cannot approve it.	Specific types of businesses (new applications only) must provide a proof of zoning/land use permit.	A fixed asset number is assigned sequentially to the item by MUNIS and an asset tag is created.	Co. Exec. submits plan to Council to be approved by September 1 st .	The form is filed to be scanned as documentation for replenishing the fund.	MUNIS Access: I/S notifies Finance when set-up is complete and Finance assigns access rights.

Investments	Wire Transfers	Merchant Licenses	Fixed Assets	Budgeting	Petty Cash	Miscellaneous
Bank confirm all wire purchases. Documentation is kept on file in the Finance Dept.	The bank sends documentation to Finance to confirm the transfer.	All applicants must provide a current property tax receipt or tax waiver.	Finance clerks locate items and tag them. Serial #s are recorded on the worksheet and entered in MUNIS.	Around Aug. 15 th , Finance sends out operating budget request forms for the next year.	Fund is replenished once the balance is reduced to \$500 to \$1,000 based on projected reimbursements.	MUNIS Access: For terminated employees, I/S notifies Finance to remove access.
The investment spreadsheet is updated for all investment transactions.	Journal entries are made in MUNIS to record the transfer.	The Revenue Technician reviews the application, documentation and collects the fee (B2).	Any transfers, deletions, or trade-ins are reported to Finance on Transfer/ Disposal forms.	Forms are returned to Finance and info is summarized in a spreadsheet.	If necessary, a back-up fund is available to make payments.	Record Retention: Dept. follows Sect. of State Guidelines for retention and County policies for purging.
Monthly, the investment spreadsheet is reconciled to the general fund balance sheet account.	All documentation is printed and filed in the office by date.	Info for new merchants is entered into MUNIS. Info is updated for existing merchants.	The change is entered into MUNIS and the sheet is filed.	Using projected revenue, Co. Exec. and Finance review info and create a budget proposal.	Fund is replenished by entering payments as an AP group. Check is written and cashed at bank.	Record Retention: Records are stored in the office or in archives.
		Rev. Tech prints the license and provides to the applicant.	Assets marked for disposal are offered to other depts. If unclaimed and still in usable condition, they are sold on GovDeals.com.	Co. Exec. submits proposed budget to Council by Nov. 1 st to be approved by Dec. 31 st .	Fund is reconciled before and after each replenishment (B4).	Journal Entries: Entries are created to account for financial transactions and posted with appropriate approvals. (C3)
		Revenue Technicians provides the Cash Receipts clerk fees, and batch report for deposit.	Annually, Finance runs a system audit in MUNIS to identify and correct fixed asset data entry errors.			Bank Account Reconciliation: All County bank accounts are reconciled monthly using internal reports, some of which are received from other depts.

III. EXECUTIVE SUMMARY

Following is a summary of opportunities for improvement which were noted during our review of the Finance Department:

A. Compliance Opportunities

1. Investment Policy: The current approved investment policy does not include all of the terms required by state statute.

B. Control Opportunities

1. Accounts Receivable Payments: Payments in advance are applied only to the current balance resulting in accounts showing unpaid balances for other invoices if the report is not properly generated. Accounts with excess balances are netted against other AR balances in the CAFR resulting in an understated balance.
2. Merchant Licensing: There is a lack of segregation of duties over the function and the application could differentiate between new and renewal merchants.
3. Self-approved Journal Entry Reporting: The self-approved journal entry report does not show all lines (debit or credit) of the journal entry
4. Petty Cash Replenishments: There is no tracking of petty cash fund overages/shortages.
5. Access to Employee Data: The Payroll Coordinator's office does not have a door lock and is not monitored at all times..

C. Interdepartmental Opportunities

1. Payroll - Position Control: Established position control procedures were not followed, and payroll control access could be enhanced.

Compliance – Investment Policy

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>RSMO 30.950 defines the terms which every political subdivision of the state shall include in a formally adopted written investment policy, including six components and a requirement for periodic reporting to the governing body of investment status and performance. The County has a written investment policy which has been formally adopted by the County Council.</p>	<p>The following was noted in a review of the County Investment Policy:</p> <ol style="list-style-type: none"> 1) The Policy does not include a requirement that investments which are downgraded below the minimum acceptable rating levels shall be reviewed for possible sale; and 2) Neither the County Council nor County Administration receive periodic reports of the current status and performance of the investments. 	<p>Compliance with State Statutes.</p>	<p>The Finance Department should add the additional requirements of RSMO 30.950 to the County Investment Policy and determine what type of periodic reporting should be provided to the County Council.</p>	<ol style="list-style-type: none"> 1. The County Investment Policy is scheduled for revision during 2019. Revisions to the current policy will include language consistent with this recommendation. It should be noted that no investment downgrades have occurred in the County’s portfolio since going back to at least February 2008. 2. Currently, a monthly reconciliation of investments and an investment portfolio performance report are prepared. These reports are prepared according to current investment policy, for use by internal and external auditors and pursuant to the County’s Investment Agreement with DDRB. The Finance Department will consider the possibility of distributing these reports to the County Council and Director of Administration.

Control – Accounts Receivable Payments

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>Accounts Receivable for services provided are recorded and managed through the billing module in MUNIS which records invoices and payments. The Finance Department uses spreadsheets to track AR balances reported in the County's Financial Statement (CAFR).</p>	<p>During a review of aging reports, the following was noted:</p> <p>1) Payments in advance are applied only to the current balance resulting in accounts showing unpaid balances for other invoices; and</p> <p><u>Note 1:</u> If the correct boxes are not marked, the aging report can show a balance due when the account has a zero or credit balance.</p> <p>2) Accounts with excess balances are netted against other AR balances in the CAFR resulting in an understated balance.</p> <p><u>Note 2:</u> The difference is immaterial to the AR balance sheet balance.</p>	<p>Opportunity for accurate statement of Accounts Receivable.</p>	<p>The Finance Department should ensure that payments are applied to all current invoices. The Department should also account for credit balances at yearend as deferred revenue.</p>	<ol style="list-style-type: none"> 1. The methods under which payments are entered into MUNIS have been changed to properly distinguish between amounts paid in advance and payments to be applied to existing invoices. 2. The preparation of the County's annual financial statements is based upon the premise that the financial statements reflect "fairly" the financial position of the County. This consideration is made at both the consolidated funds level and at the individual fund level. In this instance, our external auditors have deemed these advance payments are immaterial to the financial statements. These payments are evaluated annually and in the event they are ever of the size to warrant separate financial statement disclosure they will be separately reported.

Control – Merchant Licenses

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>As required by RSMO Chapter 150, manufactures and vendors of goods, wares, and merchandise operating in St. Charles County must obtain a Merchant and Manufacturer License from the Finance Department. Businesses complete an application and submit it with the required documentation and fee. First time applicants must submit additional documentation. Licenses must be renewed annually and expire on December 31st. Renewal applications can be submitted in person at the Finance Department or online using the County website.</p>	<p>The following was noted during a review of merchant license procedures:</p> <ol style="list-style-type: none"> 1) One employee performs the entire function of entering, receiving, receipting, and maintenance of merchant license accounts and activity; and 2) The paper license application does not contain a section to indicate if the applicant is a new business. 	<p>Opportunity for improved documentation and more efficient application processing. Initial applicants may not be required to provide all necessary documentation.</p>	<p>The Finance Department should segregate the duties of merchant licenses and update the Merchant and Manufacturer License application.</p>	<p>Merchant License applications are paid in several ways – on the Finance Department’s internet payment portal, payments received by mail and in-person payments received at the Finance Department service counter. Internet payments are received by electronic funds. The only cash transactions for these licenses occur at the Finance service counter. Four Finance Department employees are cross-trained for numerous service counter functions including Merchants License applications. Since so few of these transactions are paid in cash and received by four employees, we do not believe segregation of duties in this area is warranted at this time. The processing duties of applications received in the mail are one of the duties of the Revenue Technician. While segregation of duties is a noteworthy objective and would aid in a more timely license issuance, departmental staffing does not currently permit assignment of these duties to other personnel in the department. Finance will</p>

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
				consider revising the form to include a notation for initial application

Control – Self-Approved Journal Entry Reporting

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>Authorized Finance Department employees can create and post journal entries. Each journal entry may include multiple debits and credits. To mitigate the risk of transaction errors, the Director of Finance receives a monthly report of all self-approved journal entries automatically generated through the IS Department. The Director of Finance documents the review of the monthly report by signing the report.</p>	<p>The self-approved journal entry report does not show all lines (debit or credit) of the journal entry.</p> <p><u>Note:</u> Only the first line of each entry is shown.</p>	<p>The Director of Finance may not be aware of all lines included in the journal entry.</p>	<p>The Finance Department should include the entire journal entry to the automatically generated self-approved journal entry report.</p>	<p>The MUNIS report generates a listing of journal entries that are processed and approved by the same employee. In these cases, typically two employees (from the group comprised of Finance Director, Assistant Director, Management Analyst and Financial Reporting Analyst) are working together or via telephone. Their mutual consent is required for approval to occur. Very few of these entries take place and often times, no entries of this sort take place during a given month. The Finance Director reviews this report each month and follows up on any entry he is not familiar with. A flaw in the report was discovered during the audit that showed only the first line of the entry was being printed. This issue has been corrected and reports now show all lines of these entries.</p>

Control – Petty Cash Replenishments

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>When the Finance Department petty cash fund needs to be replenished, the Revenue Technician counts the remaining money in the fund, reconciles that amount to the established fund balance and the petty cash request forms, and then submits a check request to an Accounts Payable Clerk for processing. All documentation, including the petty cash request forms and adding machine tapes, are sent along with the check request. After the check is processed, all documentation is kept on file.</p>	<p>There is no tracking of petty cash fund overages/shortages.</p> <p><u>Note:</u> The check request documentation scanned into MUNIS for fund replenishments does not include the reconciliation tapes.</p>	<p>Opportunity for improved documentation. Patterns of overages/shortages may go unnoticed.</p>	<p>The Finance Department should create a log to track petty cash overages and shortages which would be periodically reviewed by the Director, Assistant Director, or Management Analyst.</p>	<p>The requested report will be created and implemented by the Revenue Technician.</p>

Control – Access to Employee Data

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>The Payroll Coordinator stores all historical and current payroll documentation in the office. The historical data is stored in boxes in a room behind the Coordinators’ office. The historical documents and other payroll documentation contain personal identifiable information regarding County employees.</p>	<p>The Payroll Coordinator's office does not have a door lock and is not monitored at all times.</p>	<p>Reduce the risk of the employee information being compromised. Office access cannot be restricted.</p>	<p>The Finance Department should ensure that employee payroll documentation, both current and historical, is stored in a locked and secured area.</p>	<p>Finance Department staff will review options for more adequately protecting sensitive employee information. It should be noted that no incidents of compromised employee information have occurred since at least February 2008.</p>

Interdepartmental – Payroll – Employee Control

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>Full-time and percentage-time positions for each department are annually included in the recommended budget sent by the Executive Office to the County Council for approval. Budgets for employee salaries and benefits are based on the number of full-time and percentage-time equivalent employees. Employee certifications (new hires, terminations, promotions, etc.) are initiated in the HR Department and sent to the Finance Department for processing in the MUNIS Payroll Module. Each employee will be assigned a unique Position Code in MUNIS (separate from the Job Classification Code) to ensure that there are not unbudgeted positions on the active payroll.</p>	<p>The following was noted during a review of employees assigned to MUNIS position codes (all items resulted from one instance):</p> <ol style="list-style-type: none"> 1) A funded hourly intermittent employee was changed to a percentage-time employee without a budgeted FTE in 2018; 2) An employee certification from the HR Department was changed by the Finance Department without documentation of the reason for the change and without being sent back for recertification; and <p><u>Note:</u> The certification change was approved by the Administration and HR verbally and written on the original certification.</p> <ol style="list-style-type: none"> 3) Two active employees held the same Position Code in MUNIS. 	<p>Expenditure of unbudgeted funds. Compliance with County policy. Circumvention of preventive controls. Opportunity for improved documentation.</p>	<p>The following is recommended:</p> <ol style="list-style-type: none"> 1) The County should obtain proper budget authorization prior to filling percentage/full-time equivalent positions; 2) Any changes in employee certifications should be sent back to the HR Department for recertification; and 3) MUNIS should be set to prevent the assignment of more than one employee to the same position control. <p><u>Note:</u> If duplicate Position Codes are needed to allow for training for new employees, as a compensating control, HR should print a position code report and review the exceptions for appropriateness.</p>	<p>The event generating this recommendation is the result of funding for a new position planned for the 2018 Finance Department Budget being included in the Part-Time Hours budget line item, while during the budget preparation process the FTE for this position was not included in the final budget. Approval of the FTE for this position was finalized after final budget approval after Council approval with the agreement of the Acting Director of Human Resources, Director of Finance and Director of Administration.</p> <p>No actions like this should occur in the future. Recommendation 3 regarding MUNIS controls and reporting will be considered.</p>