



Department of Finance
Controller's Office

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September 5, 2024

Auditor Timothy M. O'Brien, CPA
Office of the Auditor
City and County of Denver
201 West Colfax Ave., Dept. 705
Denver, Colorado 80202

Dear Mr. O'Brien,

The Office of the Auditor has conducted a performance audit entitled "Employee Separation Process." This memorandum provides a written response for each reportable condition noted in the final draft of the Auditor's report, which was sent to us on August 13, 2024. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code.

Please see the subsequent pages for our responses to each recommendation and contact Bill Riedell at william.riedell@denver.gov or 720-913-4854 with any questions.

Sincerely,

Bill Riedell

Bill Riedell
Controller

cc: Valerie Walling, CPA, Deputy Auditor
Dawn Wiseman, CRMA, Audit Director
Sonia Montano, CGAP, CRMA, Senior Audit Manager
Shaun Wysong, MA, Audit Manager
Tyson Faussonne, CIA, Lead Auditor

AUDIT FINDING 1

The Department of Finance needs to strengthen processes to ensure former employees are paid promptly and accurately for all unused leave

RECOMMENDATION 1.1

Develop and document timelines

The Payroll Division should work with the Office of Human Resources and other city agencies, as needed, to develop and document formal policies, procedures, and timelines for processing separation tasks, including the maximum amount of time the following tasks should take:

- Supervisors' initiation of separations in Workday.
- The Office of Human Resources' review and approval of separations.
- The Payroll Division auditing separation payouts.
- Separation payouts being issued to former employees.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	12/31/2024
Specific point of contact for implementation	Name: Zee Letica
	Phone: 303-257-9347

Provide a written response

The Controller's Office Payroll Division will work with OHR and other City agencies to improve existing formal policies and procedures for processing separation tasks. The updated procedures will include the maximum time to perform specific tasks.

RECOMMENDATION 1.2

Review payout data accuracy

The Payroll Division should document and implement policies and procedures to periodically review separation payout data to ensure accuracy.

Agency response		Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)		12/31/2024
Specific point of contact for implementation	Name:	Zee Letica
	Phone:	303-257-9347

Provide a written response

The Controller's Office Payroll division will clarify policies and procedures for periodically reviewing separation payout data.

RECOMMENDATION 1.3

Monitor payout timeliness

After implementing recommendations 1.1 and 1.2, the Payroll Division should document and implement policies and procedures to monitor payout timeliness to identify areas for improvement in the separation payout process.

Agency response		Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)		1/31/2025
Specific point of contact for implementation	Name:	Zee Letica
	Phone:	303-257-9347

Provide a written response

The Controller's Office Payroll division will document and implement policies and procedures to monitor payout timeliness after improvements are made to existing formal policies and procedures for processing and reviewing separation tasks and policies.

RECOMMENDATION 1.4

Review and correct leave balances

The Payroll Division should review leave balances for all employees who worked for the city during the Kronos outage to identify any inaccurate leave balances and correct employees' leave balances. This should include compensating former employees for any unused and previously unpaid time. For any former employees who took more leave than they were owed, the division should determine and document how the Payroll Division plans to address any excess leave taken. This process, and any inaccurate balances and remediation efforts, should be documented.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	2/28/2025
Specific point of contact for implementation	Name: Zee Letica
	Phone: 303-257-9347

Provide a written response

The Controller's Office Payroll Division will review leave balances again for all employees, other than Police and Fire uniforms, who worked for the City during the Kronos outage. This effort will be completed to the extent possible with the current available data. Payroll will identify any inaccurate leave balances that were missed in the first review. Any inaccurate leave balances will be corrected to the extent allowable by law and CSA rules.

RECOMMENDATION 1.5

Document a continuity-of-operations plan

The Payroll Division should finalize and document a continuity-of-operations plan for how the city will accurately record employees' time, leave usage, and leave balances if the city's time and attendance system of record is not available in the future. This plan should ensure all records of leave taken and leave balances are accurately recorded and available in any interim system.

Agency response		Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)		1/31/2025
Specific point of contact for implementation	Name:	Zee Letica/Bill Riedell
	Phone:	303-257-9347

Provide a written response

The Controller's Office Payroll Division will finalize the continuity of operations plan for managing time and absence management in the event of a Workday outage.

RECOMMENDATION 1.6

Refine backup procedures

The Payroll Division should refine its current Workday backup procedures to include more sufficient detail such as who is responsible for carrying out the procedures and how staff should select a sample to review for ongoing accuracy.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	12/31/2024
Specific point of contact for implementation	Name: Zee Letica
	Phone: 303-257-9347

Provide a written response

The Controller's Office Payroll Division will update Workday backup procedures to include more details. Updated procedures will include assigned staff and process for reviewing samples to verify accuracy.

RECOMMENDATION 1.7

Document uniformed employee leave types

The Payroll Division should formally document how uniformed employee leave types align between Telestaff and Workday — the city's system of record — used to manage time tracking and absence management.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	2/28/2025

Specific point of contact for implementation	Name:	Zee Letica
	Phone:	393-257-9347
Provide a written response		
<p>The Controller's Office Payroll Division will update existing formal documentation for how uniformed leave types align between Telestaff and Workday.</p>		

RECOMMENDATION 1.8		
Align current practices with Fiscal Accountability Rules		
<p>The Payroll Division should align its current practices for tracking uniformed employee leave balances with the city's Fiscal Accountability Rules establishing Workday as the authorized system to manage all time tracking and absence management.</p>		
Agency response	Agree	
Target date to complete implementation activities (Generally expected within 60 to 90 days)	12/31/2024	
Specific point of contact for implementation	Name:	Bill Riedell
	Phone:	720-913-4854
Provide a written response		

Fiscal Accountability Rule 1.2 will be updated to reflect Telestaff as the system of record for Police and Fire uniformed employee time tracking and absence management.

RECOMMENDATION 1.9

Document procedures to identify differences in uniformed employee leave balances

The Payroll Division should document and implement policies and procedures to periodically identify differences in uniformed employee leave balances across Telestaff and Workday, and correct differences to ensure these systems are aligned for time tracking and absence management.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	12/31/2024
Specific point of contact for implementation	Name: Zee Letica
	Phone: 303-257-9347

Provide a written response

The Controller's Office Payroll Division will document and implement policies and procedures to reconcile uniform employee leave balances between Telestaff and Workday.

RECOMMENDATION 1.10

Document policies and procedures to ensure reliable data

After implementing recommendations 1.7, 1.8, and 1.9, the Payroll Division should develop a set of detailed and documented policies and procedures that define the process to ensure reliable data is used to conduct uniformed employee separation payouts.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	1/31/2025
Specific point of contact for implementation	Name: Zee Letica
	Phone: 303-257-9347

Provide a written response

The Controller's Office Payroll Division will develop detailed policies and procedures for uniformed employee separation payouts.

RECOMMENDATION 1.11

Develop detailed separation payout procedures

The Payroll Division should develop and document detailed policies and procedures for conducting payout audits for career service and uniformed service employees.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	1/31/2025

Specific point of contact for implementation	Name:	Zee Letica
	Phone:	303-257-9347
Provide a written response		
<p>The Controller's Office Payroll Division will update and document policies and procedures, including adding more detail, for conducting payout audits for Career Service and uniformed employees.</p>		

RECOMMENDATION 1.12		
Develop a training plan		
<p>The Payroll Division should develop and document a formal training plan for all payroll staff.</p>		
Agency response		Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)		1/31/2025
Specific point of contact for implementation	Name:	Zee Letica
	Phone:	303-257-9347
Provide a written response		

The Controller's Office Payroll Division will develop and document a formal training plan for processing employee separation payouts.

RECOMMENDATION 1.13

Clarify collective bargaining agreement payouts

The Payroll Division should document policies and procedures clarifying whether employees under collective bargaining agreements are paid out under the agreement in effect at the time of their separation or are entitled to be paid out for benefits in previous agreements.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	1/31/2025
Specific point of contact for implementation	Name: Zee Letica
	Phone: 303-257-9347

Provide a written response

The Controller's Office Payroll Division will document policies and procedures to clarify which specific collective bargaining agreement separating employees should be paid out under.

RECOMMENDATION 1.14

Update the Fiscal Accountability Rules overview policy

The Controller's Office should update the Fiscal Accountability Rules overview policy to include specific guidance on when Fiscal Accountability Rules should be changed following the adoption of new systems, tools, and processes.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	12/31/2024
Specific point of contact for implementation	Name: Bill Riedell
	Phone: 303-913-4854

Provide a written response

The Controller's Office will update the Fiscal Accountability policy to include guidance on when FARs should be changed following the adoption of new systems, tools, and processes.

RECOMMENDATION 1.15

Update Fiscal Accountability Rule 3.2

The Controller's Office should update Fiscal Accountability Rule 3.2 to accurately refer to Workday as the city's authorized system of record.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	12/30/2024

Specific point of contact for implementation

Name:

Bill Riedell

Phone:

720-913-4854

Provide a written response

The Controller's Office will update Fiscal Accountability Rule 3.2 to accurately refer to Workday as the City's system of record.

AUDIT FINDING 2

The city does not have a policy for recovering the cost of unreturned computers

RECOMMENDATION 2.1

Develop a policy to recoup unreturned computer costs

The Payroll Division should work with Technology Services and the City Attorney's Office to develop and document a citywide policy to recoup the cost of unreturned city computers.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	1/31/2025
Specific point of contact for implementation	Name: Bill Riedell
	Phone: 720-913-4854

Provide a written response

The Controller's Office will work with Technology Services, City Attorney's Office, and OHR to develop a policy for addressing the cost of unreturned City computers. As the responsibility for employee computers lies with TS and agencies, the role of the Controller's Office will be to facilitate any required FAR changes.

RECOMMENDATION 2.2

Update Fiscal Accountability Rule 4.2

As Technology Services finalizes the city's new computer tracking system, the Department of Finance should work with Technology Services to align Fiscal Accountability Rule 4.2 to accurately reflect the city's new computer tracking and management policy.

Agency response		Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)		12/31/2024
Specific point of contact for implementation	Name:	Bill Riedell
	Phone:	720-913-5484
Provide a written response		
<p>The Controller's Office will work with Technology Services to update Fiscal Accountability 4.2 to align with the current computer tracking and management policy.</p>		