June 9, 2010

Internal Audit Report 2010-07
Electronic Payroll Processing
Anchorage Water and Wastewater Utility

Introduction. The Anchorage Water and Wastewater Utility (AWWU) has a payroll system that contains a variety of work schedules and leave plans which serves about 260 AWWU employees. In 2003, AWWU automated its time keeping system with WorkTech Time (WorkTech). In WorkTech, employees enter payroll data, including hours worked, leave hours taken, and other pertinent payroll information with appropriate earning codes. The employees' supervisor reviews and electronically approves the payroll data. Then, the AWWU Payroll Section staff electronically approves the payroll data and transfers the payroll data to PeopleSoft Human Resources Time and Labor module (PeopleSoft). The AWWU Information Technology Division staff also transfers the payroll data into the Maximo Asset Management system (Maximo) which AWWU uses to track the cost of its capital projects.

Objective and Scope. The objective of this audit was to determine whether WorkTech had proper controls in place to ensure that time and labor data were approved and entered correctly in PeopleSoft and Maximo. Specifically, we judgmentally selected payroll transactions in 2010 to determine if employees' time sheets were electronically approved by the employees' supervisors and if the time and other payroll data were correctly transferred to PeopleSoft and Maximo. In addition, we determined if earning code tables used in WorkTech matched the earning code tables in PeopleSoft.

The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of April 2010 through May 2010. The audit was requested by the AWWU Administration.

<u>Overall Evaluation.</u> Based on our review, we determined AWWU had proper controls in place to ensure that time and labor data were approved and entered correctly in PeopleSoft and Maximo. Specifically, we found employees' time sheets were electronically approved by the employees' supervisors and time and other payroll data were correctly transferred to PeopleSoft and Maximo. We also found earning code tables used in WorkTech matched the earning code tables in PeopleSoft.

<u>Discussion With Responsible Officials.</u> The results of this audit were discussed with appropriate Municipal officials.

Audit Staff:
Scott Lee