



**Hillsborough
County** Florida

**Board of County Commissioners
County Internal Auditor's Office**

Employee Compensation and Accruals

Report #2024-13

November 13, 2024



**Hillsborough
County Florida**

Acting County Internal Auditor

Melinda Jenzarli, CIA, CISA, CFE, CPA, MBA

601 E. Kennedy Blvd., 16th Floor

P O Box 1110 Tampa, FL 33601-1110

(813)274-6796

Board of County Commissioners

Donna Cameron Cepeda

Harry Cohen

Ken Hagan

Pat Kemp

Christine Miller

Gwendolyn "Gwen" W. Myers

Joshua Wostal

County Administrator

Bonnie M. Wise

County Attorney

Christine Beck

TO: Board of County Commissioners
FROM: Melinda Jenzarli, Acting County Internal Auditor
DATE: November 13, 2024
SUBJECT: Employee Compensation and Accruals , Report #2024-13

Pursuant to the 2024 Annual Audit Plan, the County Internal Auditor's Office conducted an audit engagement of the Employee Compensation and Accruals process. The Audit Team's objective was to determine the maturity of the employee compensation and accruals process management activities.

The purpose of this Report is to provide management with independent, objective analysis, recommendations, counsel, and information concerning the activities reviewed. As such, this Report is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this engagement, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

I appreciate the cooperation and professional courtesies extended to the Audit Team. The County Administrator gave the Audit Team full, free, and unrestricted access to all applicable activities, records, property, and personnel necessary to accomplish the stated objective of this engagement. Personnel also provided necessary assistance for the Audit Team to effectively perform the engagement in an efficient manner.

Sincerely,

Melinda Jenzarli, CIA, CISA, CFE, CPA, MBA
Acting County Internal Auditor

Copy: Christine Beck, County Attorney
Debbie Benavidez, Director ESQA
Tom Fesler, Chief Financial Administrator
Ramin Kouzehkanani, Chief Information and Innovation Administrator

Ivey Martin, Director Human Resources
Bonnie M. Wise, County Administrator

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EXECUTIVE SUMMARY

Pursuant to the 2024 Annual Audit Plan, the County Internal Auditor's Office conducted an audit engagement of the Employee Compensation and Accruals process. The Audit Team's objective was to determine the maturity of employee compensation and accruals management activities in two key areas.

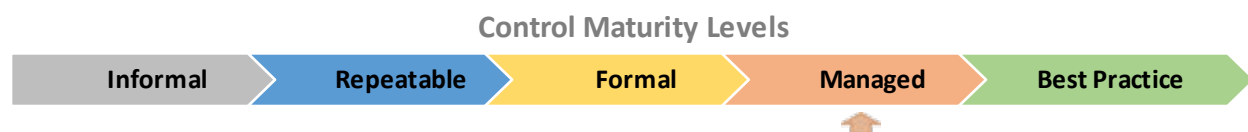
1. Compensation - Collectively, the HR and ESQA compensation standard operating procedures (SOPs), control design, and activities performed provide a reasonable level of assurance that the risk that employee compensation is not accurate in Oracle Cloud is mitigated. Mitigation of this risk enables HR and ESQA to efficiently and effectively achieve their principal business objective to ensure that employees are compensated based on the pay range for their position and approved pay increases are accurately calculated and applied to employees' pay rates in Oracle Cloud per policy.
2. Accruals - Collectively, the HR and ESQA accrual SOPs, control design, and activities performed provide a reasonable level of assurance that the risk that employee accruals are not accurate in Oracle Cloud is mitigated. Mitigation of this risk enables HR and ESQA to efficiently and effectively achieve their principal business objective to ensure that accruals for PTO, management leave, and floating holidays are accurately calculated and applied to employees' absence balances in Oracle Cloud per policy.

The Audit Team evaluated the impact control deficiencies had on achieving business objectives. The evaluation results are included in this Report. Verbal recommendations were made to build upon the control environment already in place.

Other minor concerns that may have been identified and not included in this Report were communicated to management and/or corrected during fieldwork.

The exit conference was held on October 16, 2024.

OVERALL OPINION



It is the Acting County Internal Auditor's overall opinion that the Employee Compensation and Accruals process is at the Managed control maturity level. Monitoring techniques are employed to measure success. Controls are well-defined and documented, place a greater reliance on prevention versus detection, and utilize automation where appropriate. SOPs provide detailed guidance. There is clarity on roles, responsibilities, authorities, and accountability.

AUDITED BY

Melinda Jenzarli, CPA, CIA, CISA, CFE, MBA, Acting County Internal Auditor
Abram Gablla, CIA, CGAP, Senior Internal Auditor
Jeremy Miller, CIA, MBA, Senior Internal Auditor

BACKGROUND INFORMATION

In the fall of 2020, Hillsborough County began an organization-wide implementation of Oracle Cloud to phase out Oracle EBS and the Kronos timekeeping system. In October 2022, the Human Capital Management (HCM) module, which includes managing and tracking time and labor, went live.

The Human Resources (HR) Department is responsible for position management, coordination, and maintenance of the Hillsborough County Pay Plan (County Pay Plan) and alignment with the Hillsborough County Administrator Policy Manual (County Policy Manual), as well as participating in the collective bargaining process for the American Federation of State, County, and Municipal Employees (AFSCME) and International Association of Firefighters (IAFF) unions and implementing the executed collective bargaining agreements (CBA). HR and the Enterprise Solutions and Quality Assurance (ESQA) departments work together to ensure that all employees are provided with the total compensation structure per the applicable pay plan or CBA. To achieve this, the departments:

- Test, validate, and load changes to pay plans, payrates, and payranges into the Oracle Cloud production environment.
- Test, validate, and load changes to PTO, management leave, and floating holiday accruals into the Oracle Cloud production environment.
- Monitor transactions and resolve issues in Oracle Cloud resulting from personnel error or employee status, union contract, or system changes.
- Maintain an objective, equitable, and fair pay structure based on input or direction from the Hillsborough County Board of County Commissioners (BOCC), County Administration, Department and Union Management, or market research.

ENGAGEMENT OBJECTIVE

The Audit Team's objective was to determine the maturity of the employee compensation and accruals process management activities.

APPROACH

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that the County Internal Auditor's Office plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. The Acting County Internal Auditor believes that the evidence obtained provides this reasonable basis.

To assist in evaluating the control environment, the County Internal Auditor's Office follows the Committee of Sponsoring Organizations of the Treadway Commission framework (COSO). This standardized system assesses and enhances internal controls, risk management, and business processes to help organizations maintain accountability and achieve goals and objectives.

SCOPE

The Audit Team determined whether the following principal business objectives support the achievement of HR's primary business objective to provide holistic and innovative human resources solutions to attract, develop, and engage a diverse and high-performing workforce driven to improve the everyday life of Hillsborough County residents, and ESQA's primary business objective to support the County's Enterprise Resource Planning and HCM systems and related data/software integrations, as well as providing guidance, training, and reporting/dashboard services for financial and administrative functions:

- Employees are compensated based on the pay range for their position. Approved pay increases are accurately calculated and applied to employees' pay rates in Oracle Cloud per policy.
- Accruals for PTO, management leave, and floating holidays are accurately calculated and applied to employees' absence balances in Oracle Cloud per policy.

The Audit Team conducted interviews, observations, and testing on the control environment and activities performed from October 2023, through April 2024, as follows:

- **Data Reliability:** A data reliability analysis was conducted to validate that the compensation and accrual data contained in Oracle Cloud for the full population of 5,367 active union and non-union County BOCC employees during the audit period is reliable and complete to ensure the accuracy of engagement conclusions.
- **Walkthrough:** A judgmental sample of three (3) employees, one (1) from each of the non-union, AFSCME, and IAFF employee groups, was selected to test all control activities.
- **Testing Approach:** Based on the data reliability and the walkthrough results, compensation and accruals testing was conducted on the full population of union and non-union County BOCC employees active as of January 1, 2024.

POSITIVE ATTRIBUTES

Compensation

Over the past year, workforce compensation management has successfully transitioned to the new Oracle HCM platform, enhancing efficiency and accuracy in salary adjustments as follows:

- Two distinct Workforce Compensation Plans were established for AFSCME and non-union employees, supporting annual merit increase cycles.
- The Grade Step Progression feature was utilized for IAFF employees, automating their movement through grade steps, and the Synchronize Grade Step Rate Process streamlined cost of living adjustments (COLA) and market equity adjustments.
- The new Oracle HCM platform also introduced automated workflow approvals, strengthening checks and balances from an audit perspective, particularly for pay changes. Automated workflow approvals help to ensure processes are followed correctly and securely, minimizing errors, fraud, and policy violations through proper oversight of workflow approvals, clear segregation of duties, approval hierarchies, access controls, audit trails, and automated notifications and alerts.

These automated processes have aided in mitigating pay rate errors.

Accruals

Over the past year, the County successfully transitioned responsibility for accruals management from the Clerk of the Circuit Court's Payroll Department to ESQA and HR as follows:

- Oracle EBS and Kronos were successfully transitioned to the new Oracle HCM platform, which enhanced efficiency through automated processes and workflows, and increased accuracy in accruals by eliminating redundancy.
- Multiple Accrual Plans were established for all BOCC Payroll agencies to support over 5,400 employees, helping ensure compliance with bargaining unit contracts, HR policies, and other agencies utilizing Oracle Cloud.
- ESQA took advantage of the new reporting platform to develop exception reports, dashboards and alerts to monitor processes and results, and to identify potential issues.
- ESQA is developing additional automation improvements for use in production on January 1, 2025, for Floating Holiday and Management Leave plans to further reduce manual efforts.

These efforts have helped to ensure processes are followed, errors are minimized, issues are identified and resolved quickly, and risks are mitigated.

AUDIT COMMENTS

**PRINCIPAL BUSINESS OBJECTIVE
PAY PLAN, RATE, AND RANGE UPDATES**

AUDIT COMMENT 1

Collectively, the HR and ESQA employee compensation SOPs, control design, and activities performed provide a reasonable level of assurance that the risk that employee compensation is not accurate in Oracle Cloud (Employee Relations – Compensation/Benefits Risk) is mitigated during the following activity:

- Pay Plan, Rate, and Range Updates and Validation

Mitigation of this risk enables HR and ESQA to efficiently and effectively achieve their principal business objective to ensure that employees are compensated based on the pay range for their position and approved pay increases are accurately calculated and applied to employees' pay rates in Oracle Cloud per policy.

1.1 PAY PLAN, RATE, AND RANGE UPDATES AND VALIDATION

ACTIVITY OVERVIEW

HR is responsible for position management, coordination, and maintenance of the County Pay Plan and alignment with the County Policy Manual or applicable CBA. The HR and ESQA departments work together to test, validate, load, and monitor transactions in Oracle Cloud.

The audit scope focused on three principal activities related to employee compensation: updates to pay plans, pay rates, and pay ranges.

Pay Plan Updates

There are two processes to update pay plans. One process applies to entities funded through and accountable to the BOCC, and another process applies to entities funded through but not accountable to the BOCC, such as the Environmental Protection Commission. For entities accountable to the BOCC, HR initiates the process by providing ESQA HCM with pay plan, grade and/or step updates. HR and ESQA HCM perform testing and validation in a test instance before updating the Oracle Cloud production environment. ESQA completes all steps in the process to update pay plans for entities not accountable to the BOCC.

Pay Rate Updates

The HR Class and Comp and Data teams are solely responsible for pay rate updates. Updating pay rates for non-union employees includes three main steps, all completed by HR's Compensation Manager within the Workforce Compensation section in Oracle Cloud: launching the plan cycle, retrieving current assignment data, and validating and approving the updates.

Updating pay rates for union employees covered by the AFSCME and IAFF CBAs includes four main steps, completed by HR's Compensation Manager and Compensation Administrator, within the Workforce Compensation section in Oracle Cloud: launching the plan cycle, retrieving current assignment data, validating and approving the updates, and approving the worksheet.

Pay Range Updates

HR provides pay range change requests to ESQA Support via email. ESQA Support is responsible for updating pay ranges associated with a pay grade or pay plan in Oracle Cloud. Pay ranges are updated in Oracle Cloud's Workforce Structures work area. ESQA Support enters the new minimum and maximum values for the pay grade or pay plan provided by HR. The system calculates the midpoint value. Once submitted, the pay range update routes to the Oracle Cloud – OTL and HCM System Support Team Manager for approval.

AUDIT PROCEDURES

The Audit Team determined if SOPs provide adequate guidance and align with higher-level written guiding principles, and if the control design is efficient and effective to support management in achieving the pay plan, rate, and range update activity.

To determine if the activities performed conform with written guiding principles and the control design, the Audit Team:

- Compiled detailed compensation data for all 5,367 active employees as of January 1, 2024, funded by and accountable to the BOCC.
- Validated the pay ranges in Oracle Cloud for all 5,367 employees agree with the applicable pay plan based on the assigned pay grade.
- Validated that all merit increases authorized to take effect in January 2024 were performed in Oracle Cloud in conformance with the budget approved increase for non-union employees (4%) and the AFSCME CBA (3%).

- Validated that all COLA increases authorized to take effect in April 2024 were performed in Oracle Cloud in conformance with the IAFF Paramedic & Telecommunicator CBA (1.5%), IAFF Supervisory CBA (7%), and the IAFF Suppression Unit CBA (7%).
- Reviewed communications between HR and ESQA, the testing process, review, approval and validation of employee record updates, data in the Oracle Cloud production environment, and final information on the employee's pay statement.

Figure 1 – Pay Plan, Rate, and Range Updates and Validation

PRINCIPAL BUSINESS OBJECTIVE – Employees are compensated based on the pay range for their position. Approved pay increases are accurately calculated and applied to employees' pay rates in Oracle Cloud.

RISK: Employee Relations – Compensation/Benefits – Employee compensation is not accurate in Oracle Cloud, resulting in potential impacts to employee morale, litigation, or financial losses or penalties.

COSO CONTROL: Form/Equipment Design – The design of manual business forms, computer input screens, or equipment such as cash registers or computer input terminals assist to reduce the probability of errors.

Higher-Level Written Guiding Principles	Activities Performed Conform with Written Guiding Principles
Hillsborough County Board Policy 01.04.02.00 Commissioner's Assistant Positions (BOCC Aide Policy) §Guidelines for Compensation Hillsborough County Commissioner Aide, states, "It is the overall philosophy of Hillsborough County to offer all employees a competitive and internally equitable total compensation package, consisting of base pay, appropriate market equity adjustments, merit increases, and employee benefits. Guidelines for compensation shall be the same as those covered in the Management Compensation Plan that applies to unclassified employees under the County Administrator...Commissioner Aides shall receive the same benefit package as unclassified employees under the County Administrator..." Hillsborough County Administrator Policy Manual §6.1 Classifications and Compensation, states, "The County shall use a classification and compensation structure that is objective, non-discriminatory, consistent and flexible...and shall maintain equitable standards across all departments to ensure employees...are compensated comparably." On September 21, 2023, the BOCC approved the FY2024 budget which included a 4% merit increase effective, January 14, 2024, for eligible non-union employees based on performance and a start date on or before June 30, 2023. Hillsborough County Pay Plan, documents pay schedules for union and non-union Hillsborough County employees. American Federation of State, County, and Municipal Employees Collective Bargaining Agreement, establishes, among other things, the AFSCME pay schedule and other conditions for compensation and benefits accrual. Article 13 – Economic Provisions §13.2 Merit Increase FY24, states, "Effective the first pay period starting on January 14, 2024, Employees will receive a merit increase to their base salary of 3.00% up to the maximum of the pay range." International Association of Firefighters Collective Bargaining Agreements, establish, among other things, the IAFF pay schedules and other conditions for compensation, benefits, and accruals. Paramedic & Telecommunicator Unit CBA, Article 9A Wages, §4 FY2024 Wages, A.1. Market Equity Adjustment, states, "As a result of the market adjustment, employees shall receive a 1.75% increase to their base wage on April 1, 2024 as reflected in the pay plan in Exhibit C. Employees remain in the same step." Supervisory Unit CBA, Article 9A Wages, §4 FY2024 Wages, B. Market Adjustment, states, "On the first full pay period in April 2024, all positions will receive a 7% market adjustment to base wage as reflected in the pay plan in Exhibit F. Employees will remain in the same step."	Partial

• Suppression Unit CBA, Article 9A Wages, §4 FY2024 Wages, B. Cost of Living Adjustment, states, "Employees shall receive a 7% increase to their base wage on the first full pay period in April 2024 as reflected in the pay plan in Exhibit D. Employees will remain in the same step."			
Standard Operating Procedures (SOPs)	SOPs Provide Adequate Guidance and Align with Written Guiding Principles		
HR Non-Union Merit Increase SOP, establishes the process to validate, manage, edit, and approve non-union merit increases. HR AFSCME Merit Increase SOP, establishes the process to validate, manage, edit, and approve AFSCME merit increases. HR IAFF Grade Step SOP, establishes the process to validate, manage, edit, and approve IAFF grade step increases. ESQA Oracle Time & Labor SOP §6.3 Compensation Plans for Merit Increase, establishes the process to test, validate, manage, edit, and approve adjustments to compensation plans for union and non-union employees.	Yes		
Control Reviewed	<table border="1"> <tr> <td data-bbox="1149 743 1289 926"> Control Design is Efficient and Effective </td><td data-bbox="1289 743 1421 926"> Activities Performed Conform with Control Design </td></tr> </table>	Control Design is Efficient and Effective	Activities Performed Conform with Control Design
Control Design is Efficient and Effective	Activities Performed Conform with Control Design		
Mass updates to pay plans or pay ranges are formally tested in an Oracle Cloud test instance before loading into the production environment. Updates to pay rates are reviewed and approved by multiple authorized management personnel. Defined processes to make these updates are configured in Oracle Cloud to require the use of specific screens, steps, and data entry, review, and approval.	<table border="1"> <tr> <td data-bbox="1149 926 1289 1131"> Yes </td><td data-bbox="1289 926 1421 1131"> Yes </td></tr> </table>	Yes	Yes
Yes	Yes		

RESULTS

The test results below indicate that the pay plan, rate, and range updates and validation activity enables HR and ESQA to ensure that employees are compensated based on the pay range for their position and approved pay increases are accurately calculated and applied to employees' pay rates in Oracle Cloud per policy.

Conformance With Written Guiding Principles

The Audit Team determined that the activities performed partially conformed with written guiding principles. The pay ranges and pay rate increases for the 5,367 union and non-union employees tested were overall reflected in Oracle Cloud per the applicable County Pay Plan or CBA.

Testing identified the following issues related to compensation activities in Oracle Cloud:

The Audit Team identified six (6) instances where multiple pay grades were associated with employee records in Oracle Cloud after the AFSCME pay plan was updated in October 2023, resulting in an incorrect current pay grade for each of these employees. However, pay rates were correct for each of the employees. HR updated the affected employee records in Oracle Cloud with the correct pay grade. To mitigate the risk of reoccurrence, HR enhanced the Tier Update Process for Certifications SOP to clarify and highlight the grade entry process.

The Audit Team identified nine (9) instances where the maximum pay rate in Oracle Cloud for the CAD-AFSBJ1 pay grade was \$.18 less than the maximum pay rate specified in the AFSCME CBA. The issue resulted from tier changes (advancement within the same position) where the pay rate

changes but the grade does not. In these cases, changes at the plan level were made to update the valid grade for the position based on the AFSCME pay plan effective October 08, 2023, but grade entries for the individual employees were not updated by specialists and technicians on the HR Talent Acquisition and Data Teams to match the new valid grade. To mitigate the risk of reoccurrence, HR enhanced the Tier Update Process for Certifications SOP to clarify and highlight the grade entry process.

The Audit Team identified three (3) instances where an employee's pay rate in Oracle Cloud was less than the minimum pay rate for the employee's pay grade. In each case, the employee was hired shortly before the mass update to the AFSCME pay plan was performed in October 2023. The offered pay rate was correct based on the existing pay grade range, but it was not adjusted to the new minimum after the pay plan update. The employees received a lump sum for the difference, and their pay rates were increased to comply with the current pay grade range. The financial impact was de minimis and isolated to the three (3) employees. To mitigate the risk of reoccurrence, the HR People Analytics team will check for "green-circled" (below the minimum pay grade range) employees at least once per month to identify and resolve any issues in a timely manner. Additionally, Oracle Cloud is configured to flag pay rate entries if they are below the minimum for a pay grade range, requiring additional review and validation from HR personnel.

The issues described above were resolved during fieldwork and mitigating controls were implemented. Other isolated issues identified during testing not included in this report were verbally discussed with management to address.

SOPs Provide Adequate Guidance and Align With Written Guiding Principles

The HR and ESQA SOPs related to employee compensation provide adequate detailed written guidance and align with the County Policy Manual, County Pay Plan, AFSCME CBA, and IAFF CBA.

The HR and ESQA SOPs related to employee compensation clearly outline the procedures to update pay plans, rates, and ranges in Oracle Cloud for both union and non-union employees. Oracle Cloud's configurations require the use of specific screens and data input, review, validation, and approval to complete the update process.

Control Design Efficiency and Effectiveness

The control design is efficient and effective. Oracle Cloud configurations, the formal testing process, and comprehensive SOPs help ensure that updates to pay plans, rates, and ranges are completed accurately and in a timely manner. HR and ESQA currently utilize, and are continually developing, automated processes to enhance the employee compensation activity.

Conformance with Control Design

The Audit Team determined that the activities performed conform with the control design. Per the ESQA Oracle Time & Labor Procedures and HR Non-Union and AFSCME Merit Increase Procedure and IAFF Grade Step Procedure SOPs, for the 5,367 County employees as of January 1, 2024, HR and ESQA managed the pay plan, pay rate, and pay range update activities to demonstrate conformance with the control design. Updates were tested, reviewed, approved, and validated in conformance with the SOPs.

PRINCIPAL BUSINESS OBJECTIVE
PTO, MANAGEMENT LEAVE, AND FLOATING HOLIDAY UPDATES

AUDIT COMMENT 2

Collectively, the HR and ESQA employee accrual SOPs, control design, and activities performed provide a reasonable level of assurance that the risk that employee accruals are not accurate in Oracle Cloud (Transaction Processing – System Operation Risk) is mitigated during the following activity:

- PTO, Management Leave, and Floating Holiday Accrual Updates and Validation

Mitigation of this risk enables HR and ESQA to efficiently and effectively achieve their principal business objective to ensure that accruals for PTO, management leave, and floating holidays are accurately calculated and applied to employees' absence balances in Oracle Cloud per policy.

2.1 PTO, MANAGEMENT LEAVE, AND FLOATING HOLIDAY ACCRUAL UPDATES AND VALIDATION

ACTIVITY OVERVIEW

The audit scope focused on three principal activities related to employee accruals: updates to PTO, management leave, and floating holidays. Management leave and floating holiday accruals are non-carryover and front-loaded accrual plans, meaning they are reduced to zero at the end of each calendar year and accrued in full at the beginning of each calendar year.

PTO Accruals

HR determines employee eligibility for a PTO plan through a process automated by fast formulas in Oracle Cloud. ESQA enrolls eligible employees and updates and validates accruals through Oracle Cloud reporting and established jobs.

Management Leave Accruals

There are two processes to update and apply management leave accruals to employee absence balances depending on whether they are performed at the beginning or interim of a calendar year. ESQA completes the annual process performed at the beginning and end of each calendar year. However, HR determines whether an employee becomes eligible for management leave as part of the onboarding process for new hires or during the calendar year for internal assignment changes. The HR Specialty Processing group notifies the HR People Analytics group of eligible employees going into a full-time unclassified manager role. People Analytics calculates an employee's years of service based on the employee's adjusted service date, the effective date of the new position, and the number of management leave hours based on the established matrix. People Analytics creates a ServiceNow ticket that is routed to ESQA to complete the process. ESQA works with the Clerk's Office (payroll) to update the management leave element date entries and then validates it is updated in Oracle Cloud. ESQA uses an automated job that enrolls employees based upon the update of these element date entries. A bi-weekly Calculate job updates the accruals for the employee.

Floating Holiday Accruals

There are two processes to update and apply floating holiday accruals to employee absence balances depending on whether they are performed at the beginning or interim of a calendar year.

ESQA completes the annual process performed at the beginning and end of each calendar year. However, HR determines whether an employee becomes eligible for floating holiday(s) as part of the onboarding process for new hires or during the calendar year for internal assignment changes. Two floating holidays are granted to full-time, non-union employees on the payroll as of January 1st, and one floating holiday is granted to full-time, non-union employees on the payroll as of January 2nd through July 1st. Union employees may have floating holidays awarded based on the applicable CBA. HR determines whether an employee becomes eligible for a floating holiday during the calendar year and creates a ServiceNow ticket that is routed to ESQA to complete the process. The Calculate job is run to assign the configured floating holiday hours to each eligible employee's absence balance. ESQA uses an automated job that enrolls employees based upon the configuration and the field values on the assignment record in Oracle Cloud. The bi-weekly Calculate job run by ESQA updates employee accruals.

AUDIT PROCEDURES

The Audit Team determined if SOPs provide adequate guidance and align with higher-level written guiding principles, and if the control design is efficient and effective to support management in achieving the PTO, management leave, and floating holiday accrual updates and validation activity.

To determine if the activities performed conform with written guiding principles and the control design, the Audit Team:

- Compiled detailed accrual data for all 5,367 active employees as of January 1, 2024, funded by and accountable to the BOCC.
- Validated that PTO, management leave, and floating holiday accruals agreed with the applicable pay plan based on the assigned pay grade.
- Validated that Oracle Cloud calculated PTO, management leave, and floating holiday accruals accurately during the two accrual (pay) periods in January 2024 based on beginning accrual balances, accrued hours, used accruals, and ending accrual balances.
- Reviewed communications between HR and ESQA, the testing process, and the review, approval, and validation of accrual plan updates performed during December 2023 and January 2024.
- Performed detailed testing on one employee judgmentally selected from each of the non-union, AFSCME, and IAFF employee groups. Detailed testing included a review of:
 - Communications between HR and ESQA, the testing process, review, approval and validation of employee record updates, data in the Oracle Cloud production environment, and final information on the employee's pay statement.

Figure 2 – PTO, Management Leave, and Floating Holiday Accrual Updates and Validation

PRINCIPAL BUSINESS OBJECTIVE – Accruals for PTO, management leave, and floating holidays are accurately calculated and applied to employees' absence balances in Oracle Cloud per policy.

RISK: Transaction Processing – System Operation Risk – Accruals are not accurate in Oracle Cloud, resulting in potential impacts to employee morale, litigation, or financial losses or penalties.

COSO CONTROL: Direct Controls Related to Business Systems – There are specific direct controls built into business systems to ensure the desired results are achieved.

Higher-Level Written Guiding Principles	Activities Performed Conform with Written Guiding Principles
Hillsborough County Board Policy 01.04.02.00 Commissioner's Assistant Positions (BOCC Aide Policy) §Guidelines for Compensation Hillsborough County Commissioner Aide, states, "It is the overall philosophy of Hillsborough County to offer all employees a competitive and internally equitable total compensation package, consisting of base pay, appropriate market equity adjustments, merit increases, and employee benefits. Guidelines for compensation shall be the same as those covered in the Management Compensation Plan that applies to unclassified employees under the County Administrator...Commissioner Aides shall receive the same benefit package as unclassified employees under the County Administrator." Hillsborough County Administrator Policy Manual §8.1 Paid Time Off (PTO), states, "Benefits-eligible County employees earn and may use PTO in accordance with this policy...PTO is accrued based on an employee's years of service...PTO begins to accrue on an employee's hire date...accrues bi-weekly and is calculated by multiplying the appropriate accrual rate by the number of hours paid." §8.2 Annual Leave (Vacation), Management Leave, states, "Employees working in eligible, unclassified management positions may receive management leave annually...based on hire date up to their 10th year of service. For the calculation of	Partial

management leave, years of service includes all time as an employee of the Hillsborough County Administrator, regardless of position." §2.2 Paid Holidays, states, "Employees on the payroll as of January 1 of each year shall be granted two floating holidays (not to exceed a total of 16 hours) to use the same calendar year in full day increments. Employees hired from January 2 to July 1 will be granted one floating holiday for that calendar year." American Federation of State, County, and Municipal Employees Collective Bargaining Agreement §42 – Paid Time Off (PTO), states, "There is no maximum number of PTO accruals that can be banked...Employees will accrue PTO based upon the accrual tables..." *Management Leave does not apply to the AFSCME CBA. §23 – Holidays, states, "The Employer shall grant the same Holiday Schedule, comprised of the same federal and local holidays, to Unit Employees as is granted to other County Employees... [2] Floating Holidays must be used by the 26th pay period of each calendar year." International Association of Firefighters Collective Bargaining Agreements Paramedic & Telecommunicator §46 Paid Time Off (PTO), states, "PTO will accrue and be used in proportion to the regular forty (40) hour workweek. Accrual rates are for hours worked, including PTO used...There is no maximum number of PTO accruals that can be banked...Accumulation of PTO shall be computed each pay period by multiplying the regularly scheduled hours worked in that pay period times a decimal factor in the schedule found in the PTO Accrual Matrix – Paramedic [Telecommunicator]." *Management Leave does not apply to the Paramedic & Telecommunicator IAFF CBA. Paramedic & Telecommunicator §13 Holiday Pay, states, "Paramedic [Telecommunicator] class Employees hired on, or prior to June 30 of a calendar year will be paid 9.6 hours for one (1) floating holiday." Suppression §46 Paid Time Off (PTO), states, "PTO will accrue and be used in proportion to the regular forty (40) hour workweek. Accrual rates are for hours worked, including PTO used...There is no maximum number of PTO accruals that can be banked...Accumulation of PTO shall be computed each pay period by multiplying the regularly scheduled hours worked in that pay period times a decimal factor in the schedule found in the PTO Accrual Matrix." *Management Leave does not apply to the Suppression IAFF CBA. Suppression §13 Holiday Pay, states, "...Employees hired on, or prior to June 30 of a calendar year will be paid 9.6 hours for one (1) floating holiday...Employees on the payroll as of December 31 in any calendar year will be eligible for the payment for two (2) floating holidays in December of the next calendar year when the Employee has received regular pay at any time during the next calendar year." Supervisory §46 Paid Time Off (PTO), states, "PTO will accrue and be used in proportion to the regular forty (40) hour workweek. Accrual rates are for hours worked, including PTO used...There is no maximum number of PTO accruals that can be banked...Accumulation of PTO shall be computed each pay period by multiplying 96 [80] hours times a decimal factor in the schedule found in the PTO Accrual Matrix." *Management Leave does not apply to the Supervisory IAFF CBA. Supervisory §13 Holiday Pay, states, "...Employees hired on, or prior to June 30 of a calendar year will be paid 9.6 hours for one (1) floating holiday."	
Standard Operating Procedures (SOPs)	SOPs Provide Adequate Guidance and Align with Written Guiding Principles

HR Processing Management Leave SOP, establishes the process to identify employees eligible for management leave accruals and add the accruals to the employee's record. ESQA Oracle Time & Labor SOP §6.1 Non-Carryover Accrual Plans, establishes the process to configure management leave and floating holiday plans in Oracle Cloud. ESQA Oracle Time & Labor SOP Appendix §4 Plans and Accruals, documents the PTO matrices used to configure PTO plans in Oracle Cloud. ESQA Updating Accruals after Retro Adjustments SOP, establishes the process to review adjustments made in the prior pay period to determine if an adjustment to accruals is required and the process to make accrual updates.	Yes	
Control Reviewed	Control Design is Efficient and Effective	Activities Performed Conform with Control Design
Mass updates to accruals or accrual plans are reviewed, approved, and formally tested in an Oracle Cloud test instance before loading into the production environment. Accrual and Absence enrollment jobs are run in Oracle Cloud to enroll employees in accrual plans and validate that accruals updated properly.	Yes	Yes

RESULTS

The test results below indicate that the PTO, management leave, and floating holiday accrual updates and validation activity enables HR and ESQA to ensure that accruals for PTO, management leave, and floating holidays are accurately calculated and applied to employees' absence balances in Oracle Cloud per policy.

Conformance With Written Guiding Principles

The Audit Team determined that the activities performed partially conformed with written guiding principles. The PTO, management leave, and floating holiday accruals for the 5,367 union and non-union employees tested overall were calculated correctly in Oracle Cloud per the applicable County Policy Manual or CBA.

Testing identified the following issues related to accrual activities in Oracle Cloud:

The Audit Team identified ten (10) employees with incorrect management leave accruals awarded for CY2024. There were eight (8) employees with an overage and two (2) employees with a deficit. Additional research performed by ESQA identified one (1) other employee with a management leave accrual deficit. The management leave element date that is used to determine the accrual was not correct for each of the employees. ESQA also identified an additional 16 employees where the management leave accrual awarded was correct, but the management leave element date was not correct. The adjusted service date should be used to determine management leave accruals. Management leave accrual balances and element dates were adjusted, and in some cases, PTO balances were adjusted if the management leave balance was insufficient based on the adjustment required. However, one employee's eight (8) hours of management leave accruals could not be adjusted as the employee transferred to a new agency that assumed the management leave.

The issues were caused by miscommunication between HR and ESQA related to the adjusted service date that should be used to determine management leave eligibility and accrual rates.

These accrual issues resulted from position changes and the adjusted service date entered into the related ServiceNow ticket. Management leave balances were corrected by rolling back accruals to January 01, 2024, and re-processing them using the correct element dates. To mitigate the risk of reoccurrence, HR and ESQA management reiterated to the teams responsible for this activity how to determine the adjusted service date, which should be used for the management leave element date. HR's Management Leave SOP clearly states that the adjusted service date should be used for the management leave element date. The management leave accrual process will be largely automated starting in 2025, further mitigating potential issues with management leave element dates.

The issues described above were resolved during fieldwork and mitigating controls were implemented.

SOPs Provide Adequate Guidance and Align With Written Guiding Principles

The HR and ESQA SOPs related to employee accruals provide adequate detailed written guidance and align with the County Policy Manual, BOCC Aide Policy, AFSCME CBA, and IAFF CBA.

The HR and ESQA SOPs related to employee accruals clearly outline the procedures to enroll employees and update accrual plans in Oracle Cloud for both union and non-union employees. The SOPs include Oracle Cloud configurations to help ensure that employees accrue the correct type and rate of accruals.

Control Design Efficiency and Effectiveness

The control design is efficient and effective. The Oracle Cloud configurations and formal testing process and comprehensive written procedures used by HR and ESQA help ensure that updates to employee accruals and accrual plans are completed accurately and in a timely manner.

Conformance with Control Design

The Audit Team determined that the activities performed conform with the control design. Per the ESQA Oracle Time & Labor Procedures, Accruals for Retro Adjustments, and HR Management Leave Processing SOPs, for the 5,367 County employees as of January 01, 2024, HR and ESQA managed the accrual plan and employee record update activities to demonstrate conformance with the control design. Updates were tested, reviewed, approved, and validated in conformance with the SOPs.