City of Philadelphia
Office of the City Controller

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Controller's Office Releases Findings from OnePhilly System Review; Calls on Administration to Ensure City Employees Are Paid Accurately

Controller Rhynhart urges the Kenney Administration to halt funding for new accounting system to prioritize addressing OnePhilly shortcomings immediately.

Philadelphia, PA – Today, the Office of the City Controller released its report on OnePhilly, the City's system for Human Resources, Benefits, Payroll, Time and Attendance, and Pension, finding multiple breakdowns in the system's functionality and controls that led to employees being paid incorrectly and inefficiencies across departments. The review's results led Controller Rhynhart to call on the Kenney Administration to halt proposed spending on a new accounting, procurement and contracting system until the City can ensure all employees have been correctly paid since OnePhilly's implementation and will be paid correctly in the future.

The Kenney Administration plans to spend $132 million in capital and operating expenses for the new system, which will replace the current accounting system, called FAMIS (Financial Accounting Management Information System), as well as procurement and contracting systems. OnePhilly, which cost $43 million at the time it went live and $47 million to-date, launched in modules (HR and Benefits – December 2018; Payroll and Time and Attendance – March 2019; Pension – not implemented as of November 2019) and is overseen by the Office of the Finance Director and managed by the OnePhilly team.

"After the OnePhilly system launched, my office began receiving calls about inaccurate paychecks and leave accruals, including over- and underpayments. Our report identified a number of serious breakdowns in the OnePhilly system, breakdowns that prove those employees' claims right. Employees deserve a payroll system that is accurate and functions correctly. But taxpayers also have a vested interest in this system functioning correctly. Not only are there over- and underpayments to employees, but the system does not function in the way that it was intended. It has created more work for human resource and payroll staff, requiring additional staff to be

hired or the use of overtime in departments in some instances, and has not replaced all of the legacy systems it was supposed to," said Controller Rhynhart. "I'm calling on the administration to hold off on moving forward with replacing FAMIS until OnePhilly addresses the myriad problems we identified, ensures employees are paid correctly from here forward, and retroactively determines the full scope of over- and underpayments for the entirety of the system's use. Given the City's current budget challenges, the City needs to focus on fixing this existing system and learn from its implementation errors, rather than moving forward with another massive IT project."

The OnePhilly System Review is comprised of two reports, produced by EisnerAmper: OnePhilly IT General Controls and Application Controls Review; and the Error Investigation and Analysis Report. The findings for both are detailed below.

<u>OnePhilly IT General Controls and Application Control Review</u>
The OnePhilly IT General Controls and Application Controls Review was conducted as part of the Office of the City Controller's annual audit of the City's basic financial statements for Fiscal Year 2019 (FY19). The review focused on control elements in security management, access controls, configuration management, segregation of duties, and contingency planning. It identified one material weakness and four significant deficiencies.

Material Weakness – Application Controls: Multiple breakdowns were identified in the functionality and application controls of the OnePhilly system. As a result of these breakdowns, the Payroll expense and other related liability accounts could be materially misstated in the City's Comprehensive Annual Financial Report. Additionally, individual employee pay may be inaccurate or unauthorized. Many of the issues identified appear to have existed from the time the system went live, and therefore, may have occurred prior to the launch of OnePhilly.

The review also found that the operational effectiveness of controls could not be tested because the design and implementation of controls were found to be deficient. As a result, further testing of the City's payroll was conducted to identify error types and quantify the frequency and magnitude of errors in employees' pay.

<u>Error Investigation and Analysis Report</u>
During the period under review (March 18, 2019 – June 30, 2019), additional testing provided further insight into the breakdowns of the OnePhilly system. Key findings include:

Payroll and leave-related errors have largely been identified through self-reporting at the employee and department levels. The full scale of overpayments and underpayments, and impacted employees cannot be determined because there is no formal tracking of errors or resolutions. Moreover, the OnePhilly team does not proactively apply one error type to the entire universe of employees to determine if others were affected.

OnePhilly's use of Assumed Time, a program that assumes employees work all required hours and generates hours to fill in any missing hours on an employee's timecard, has the potential to

cause underpayments, overpayments and other errors, including but not limited to, incorrect leave balances. The total amount of unedited Assumed Time in scope is approximately 300,000 hours and $8.4 million.

Since OnePhilly launched, approximately one in five payroll payments appears to have required some form of retroactive or miscellaneous adjustment to time and/or pay.

The implementation of OnePhilly has failed to reduce certain inefficiencies and redundancies related to time entry and payroll processing, and in some instances resulted in increased workloads and increased risk associated with erroneous time entry and payroll. For example, Prisons stated it takes three times longer to process payroll under OnePhilly.

Several departments are not utilizing the timecard and payroll approval processes and functionality within OnePhilly. The Streets Department, Police Department and Courts have continued to use parallel systems for time entry and there seems to be no concerted effort to integrate these departments into OnePhilly. For example, hours for approximately 1,200 Streets Department employees (sanitation workers) are tracked in the field by clerks using paper timesheets that are entered into the Streets system, ISIS. Payroll clerks then print those timesheets from ISIS and manually re-enter the data into OnePhilly daily – a time consuming and redundant process with the potential for human error.

Since OnePhilly's launch, neither OnePhilly nor the departments have sufficiently tracked or enforced the City's sick abuse policy. The report identified potential overpayments to employees who received pay for Uncertified Sick time while they were either on the Sick Abuse list, or incorrectly omitted from the Sick Abuse list, totaling approximately $180,000. Additionally, potential overpayments to employees who were paid while on unpaid leave, totaling approximately $120,000, was identified, as well as $220,000 in potential overpayments to employees who were no longer employed by the City. In total, at least $520,000 in potential overpayments alone were identified over the three-month period under review (March 18, 2019 – June 30, 2019).

The full report is available [here](#).