

Incident Report on Federal Income Tax 6-26-2020

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On June 26, 2020. I was preparing my second payroll ever; my first payroll solo, as our Payroll Specialist was off work two payrolls in a row. The first payroll I prepared; I was instructed all the way through it by an instructor/trainer at New World. This time, I was completely on my own, with no guidance.

On June 26, 2020, I was notified that I uploaded an incorrect amount for Federal Tax Withholding, as Lori Williams was getting paid and should not have been on the payroll at all. Lori Williams called in and said she received an email that she was getting paid. Somehow Lori was automatically inserted into the payroll that I was preparing, and I don't quite understand how. As this was not done the previous payroll that I had prepared, which I still find a little strange. I know I questioned Debbie about this at the time and she said Lori Williams was a part-time employee that was only used every now and then. So, she was inserted into the pay automatically. Which I still question, because she didn't work at all in the last year, as I have found out since, upon checking. I even notified my Bosses, Robert Landon and Marden Watts of this incident and they requested a formal investigation. It was investigated by Randy Caryer, Safety Director, as a possible sabotage event. However, the Audit trail was found to be unknown and undetermined. As our IT Department, Jacob Boldin, didn't have that setting turned on in the system to track if anyone changed settings or something while I was working on payroll. I even notified my Bosses, Robert Landon and Marden Watts that I had noticed Debbie Wolf was in the system at the same time I was on doing payroll at off hours (nights and weekends) and I didn't know why this was happening.

It was very well known at the time and still currently, that Debbie Wolf was very upset that I was performing her job duties. She even stated and I quote, "Robert and you (Kimberly) took it upon yourself to do the payroll wrong, instead of having Cathy Chaffin or Sindy Thrapp do it." Robert Landon had asked the Mayor if Cathy Chaffin and Sindy Thrapp could fix and do our payroll for us. Cathy Chaffin said she or Sindy would do it, but they needed to start the payroll over from the beginning and wouldn't be able to pay any of the employees until sometime next week. That was just unacceptable to us, so Robert and I decided to proceed with the payroll and complete it on time. We knew Debbie Wolf

would be able to make any corrections on the next payroll if there were any to be made. So, we felt this was a better option than not paying our employees on the pay day that they were all expecting.

So, I went in to delete the incorrect batch in Magic Writer and upload the corrected batch after removing Lori Williams from the payroll. In doing so, I inadvertently hit the trash can to delete that batch and it deleted the whole Federal Tax Payment account instead. Right beside that trash can was an Edit button, that I guess I should have used instead, but I didn't know that at that time. After deleting this information, I immediately informed Robert Landon and Marden Watts of what had happened, and I contacted Magic Writer to see what to do to correct the mistake. Upon contact with Magic Writer, both Marden Watts and Robert Landon were in my office and were watching what Magic Writer told me to do to complete this task. I would have absolutely no idea where to begin to fix this issue, as I had not uploaded to Magic Writer but a few times before for the previous payroll. Magic Writer was told that I deleted the Federal Tax Account and I needed help recreating the payment account. The lady on the other end of the phone walked me through the complete set up. I had no reason to believe that the information that was given to me from a Magic Writer expert and that I had entered into our system wouldn't have been for the Federal Tax Payment and was information for the State Tax Payment Account instead.

After hanging up from Magic Writer, I proceeded to upload the Federal Tax Payment to the tax account that was just created. Upon entering the information, I did notice that it wasn't broken out into the 2 amounts like it was before and I called Debbie Wolf to see if she knew how to set this up. She said she knew what I was talking about but had no idea why it wasn't broken out into Medicare and Federal Tax Withholding, so I would need to call Magic Writer again. So, I turned around and called Magic Writer and they said they didn't really understand why the account wasn't set up like it was before with the breakout, but it should be okay to process it that way.

I then uploaded the payment as they suggested and upon Debbie Wolf's return to work, I reminded her that it wasn't set up like it was previously. I then asked her to investigate it, as she does work with Magic Writer constantly and is obviously more aware of what looks right on the system than myself. Especially since this was only my second time of preparing payroll. Debbie is constantly

uploading data into Magic Writer, and since she knew it wasn't right and I asked her to investigate it, I assumed she had fixed it. She never notified me otherwise.

I was not aware that there was even an issue until December 2020, when I was notified that the United States Treasury didn't receive our June 26, 2020 payment of \$8,525.80.

I am the one she always sends the Authentication notices for payment, but she is the one who always sends an email telling me who she is paying and that I need to Authenticate it in the system. I had no idea she didn't fix the breakdown in the system, if she had checked into this, as I had asked her to do, it would have been a much smaller error on the City's behalf. The Authentication notices that she sends really doesn't give you any info on whom she is paying, but she typically sends an email explaining that there is a batch to whoever for such and such an amount to be Authenticated in the system. (Please see attached.)