


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

July 28, 2020

MEMORANDUM

To: Mr. Gregory C. Mullenholz, Principal
Ashburton Elementary School

From: Mary J. Bergstresser, Acting Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period
July 1, 2019, through February 28, 2020

Payroll audits are conducted to evaluate compliance with Board of Education policies, Montgomery County Public Schools (MCPS) regulations and procedures, as well as to assess the effectiveness of existing controls for approval of employee absences and the accuracy of time and attendance reporting. A payroll audit does not review every transaction, but seeks to provide reasonable assurance that any significant errors or omissions in the payroll records are detected. The auditors selected four biweekly payroll periods falling within the audit period to examine employee timesheets, attendance reports, leave requests, and other related payroll documents.

For each of the four pay periods selected, the auditors examined all of the Payroll Attendance Collection System (PACS) timesheets (MCPS Form 430-70, *PACS Timesheet*) for required signatures. In addition, the auditors compared MCPS Form 430-17, *PACS Timesheet Short-Term Substitute Teachers and Staff Development Substitute Teachers*, and MCPS Substitute Employee Management System (SEMS)'s automated substitute teacher assignment report to the professional staff MCPS Form 430-70 to determine if leave was reported. The auditors selected five employees' records in each pay period to review in detail. Their timesheets and leave requests (MCPS Form 430-70, MCPS Form 430-1, *Leave Request (Requiring ERSC Authorization)*, and MCPS Form 430-1A, *Leave Request (Not Requiring ERSC Authorization)*) were compared to the PACS Form MM 631, *Attendance Approval Report*, for evidence of adequate control over the approval and reporting of leave.

At our virtual meeting on June 25, 2020, with you, and Mrs. Marjorie E. Jacobs, school administrative secretary, we reviewed the status of the conditions described in this audit report that were disclosed during our audit of payroll records conducted remotely. This audit report presents the findings and recommendations resulting from our examination of the payroll records for your school for the period designated above.

Findings and Recommendations

For the four pay periods selected, information was obtained from the MCPS SEMS to compare with the corresponding professional and supporting services timesheets and substitute timesheets.

We found a few instances in which staff members were absent from the school for all or part of the day without these absences being accurately recorded in PACS. It is critical that the SEMS report for each pay period be compared to individual leave requests and timesheets, as well as other records of staff absences to ensure payroll procedural compliance. A few timesheets were improperly completed or were missing information. In addition, a few timesheets did not have the proper leave request form attached when required. All staff members must prepare their MCPS timesheets accurately to indicate hours worked and leave taken for each day, including the daily and biweekly hourly totals. Certification that attendance data has been correctly reported on timesheets and accurately entered by the timekeeper into PACS is an important internal control process. You or your designee must promptly review, for validity and accuracy, all the timesheets and leave request forms, ensuring that all required documentation is included prior to approval signature (refer to the *MCPS Financial Manual*, chapter 13, page 4). A list of payroll discrepancies noted and their potential corrections were provided to you and your timekeeper.

We found instances where leave forms (MCPS Form 430-1A) were not attached to the timesheet. We are unable to verify if the leave was approved by the principal. We also found that not all staff provided an explanation for advance sick leave or illness in family. When staff members are requesting advance sick leave or illness in family, they should list an explanation for the absence.

Notice Findings and Recommendations

- Time and attendance must be accurately reported.
- Leave forms for advance sick or illness in family should state a reason.
- The list of payroll discrepancies must be reviewed for potential corrective action.

We appreciate the cooperation and assistance of you and your staff. In accordance with MCPS Regulation DIA-RA. *Accounting for Financial Operations/Independent Activity Funds*, using the attached form, please provide a response to the Internal Audit Unit with documentation of corrective actions taken, within 30 calendar days of this report, with a copy to Dr. Rotunda Floyd-Cooper, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools (OTLS). In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. OTLS staff will follow up on this audit.

MJB:BK:sh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight
Dr. Johnson
Dr. Wilson
Mrs. Ahn
Mr. Koutsos
Mrs. Camp
Mrs. Chen
Dr. Floyd-Cooper
Mr. Marella
Mr. Reilly
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY20	Fiscal Year: FY20
School: Ashburton ES - 425	Principal: Greg Mullenholz
OSSI Associate Superintendent: Mr. James Koutsos	OSSI Director: Dr. Rotunda Floyd-Cooper
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>7/01/19 - 2/28/20</u>, strategic improvements are required in the following business processes :</p> <p>Time and attendance, submission of leave forms, rectifying payroll and leave/substitute discrepancies.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
"Time and attendance must be accurately recorded." * Updates were made to the pre-service training schedule and content and the staff handbook, indicating to staff that their time sheets must match their leave submissions, with the leave slips being completely filled out.	Greg Mullenholz Marjorie Jacobs	Staff Handbook, Financial Memo	Bi-weekly Payroll Audit	Greg Mullenholz	
"Time and attendance must be accurately recorded." * Time sheets will not be submitted by staff until later in the second week of the pay period to alleviate issues and discrepancies between leave slips and time keeping.	Marjorie Jacobs	NA	Submitted Time Sheets	Greg Mullenholz	
"Leave forms for advance sick or illness in family should state a reason." * Leave slips without a reason for advanced leave are being returned to staff. Staff will be directed to provide a reason without providing information that would fall under HIPAA privacy rules.	Greg Mullenholz	NA	Submitted Time Sheets	Marjorie Jacobs	
"The list of payroll discrepancies must be reviewed for potential corrective action." * Staff will be provided with refresher training on requesting of substitutes, submitting leave slips correctly and ensuring the match between their time sheets and leave submissions.	Marjorie Jacobs	NA	Training Attendance Record	Greg Mullenholz	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
"The list of payroll discrepancies must be reviewed for potential corrective action." * A review of the leave slips and time sheets will be conducted weekly with corrective action being taken with individual employees where trends show noncompliance.	Greg Mullenholz Monique Reese	NA	Bi-weekly Payroll Audit Employee Action Plans	Marjorie Jacobs	
"The list of payroll discrepancies must be reviewed for potential corrective action." * All approved leave slips will be attached to the time sheet in the second week of the pay period and reviewed for accuracy with the time sheet.	Marjorie Jacobs	NA	Bi-weekly Payroll Audit	Greg Mullenholz Monique Reese	
"The list of payroll discrepancies must be reviewed for potential corrective action." * All time sheets will be initialed by the timekeeper, indicating that accuracy has been reviewed and determined.	Marjorie Jacobs	Bi-weekly Scheduled Payroll Management Time	Bi-weekly Payroll Audit Presence of Timekeeper Initials	Greg Mullenholz Monique Reese	
"The list of payroll discrepancies must be reviewed for potential corrective action." * The principal will attend MCPS payroll training to receive updates. An additional secretary and administrator will attend as well.	Greg Mullenholz Monique Reese Abigail Locke Dana Lynch	PDO Course Number	PDO Course Attendance Record	TBD Pending PDO Availability	

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: <u> <i>Rotunda Floyd-Cooper</i> </u>	Date: <u> 09/17/20 </u>