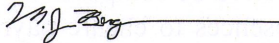


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

March 4, 2022

MEMORANDUM

To: Mrs. Holly Gilbertson, Principal  
Clearspring Elementary School

From: Mary J. Bergstresser, Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period  
January 1, 2021, through December 31, 2021

Payroll audits are conducted to evaluate compliance with Board of Education policies and 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 the MCPS Substitute Employee Management System's (SEMS) automated substitute teacher assignment report to the PACS timesheet 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 meeting on February 28, 2022, with you, and Mrs. Lisa Gruber, school administrative secretary, we reviewed the status of the conditions described in this audit report that was disclosed during our audit of payroll records. 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 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 also noted that your payroll was not always released in PACS by a designated individual who is independent of the timekeeper for data entry. We also noted that the timesheets for 3 of the 4 pay periods were signed by the assistant principal, and there was no written delegation on file. We found that on one pay period, the timesheets had not been approved by either you or your assistant principal. An important internal control process is certification by the independent staff member that attendance data has been correctly reported on timesheets and accurately entered by the timekeeper into PACS. We recommend that either you, or an approved unit manager, review and sign all timesheets and leave requests prior to input and that payroll be released by a staff member independent of PACS data entry (refer to the *MCPS Financial Manual*, chapter 13, pages 1 and 5).

We found instances where leave forms (MCPS Form 430-1A) were approved by the principal after leave was already taken (authorized exception: call in of unscheduled leave), and no explanation was listed 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.
- The principal or designee must ensure the validity and accuracy of the payroll.
- Leave forms for advance sick or illness in family should state a reason.
- Payroll must be released by a staff member independent of the PACS entry.
- The list of payroll discrepancies must be reviewed for potential corrective action.

Other matters were discussed and satisfactorily resolved. We appreciate the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial*

*Operations/Independent Activity Funds*, using the attached action plan, please provide a written response to the Internal Audit Unit within 30 calendar days of this report. In your response, please share a detailed plan for addressing these issues, including appropriate staff training and support.

Prior to returning your completed audit action plan, please contact Mrs. Michelle E. Schultze, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Mrs. Schultze will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and Mrs. Gruber to support you with developing a well-defined plan to address the findings.

MJB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Dr. Dawson

Ms. Reuben

Mrs. Williams

Mrs. Morris

Mrs. Chen

Mrs. Eader

Mr. Reilly

Mrs. Ripoli

Mrs. Schultze

Mr. Tallur

Ms. Webb

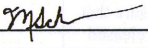


**FINANCIAL MANAGEMENT ACTION PLAN**

|  |   |
|--|---|
| <b>Report Date:</b> 2022   | <b>Fiscal Year:</b> 2022                          |
| <b>School:</b>   | <b>Principal:</b> Holly Gilbertson                |
| <b>OTLS</b><br><b>Associate Superintendent:</b> Diane Morris   | <b>OTLS</b><br><b>Director:</b> Michelle Schultze |
| <b>Strategic Improvement Focus:</b><br>As noted in the financial audit for the period <u>1/31-12/31/21</u> , strategic improvements are required in the following business processes : |   |

| Action Steps  | Person(s) Responsible   | Resources Needed                    | Monitoring Tools / Data Points   | Monitoring: Who & When   | Results/Evidence |
|---|---|-------------------------------------|--|--|------------------|
| 1. Admin will take time to carefully go over timesheets to make sure leave request and time is reported accurately on timesheets and in PACS system.<br>2. Attendance will go over what admin has put in PACS and review timesheets before releasing. | Lisa- Admin<br>Pia - Attendance<br>Veneth - Asst.<br>Principal<br>1 | Correct leave slips from employees. | - leave requests<br>- sub system reports<br>- out today emails                     | Admin and Asst.<br>Principal and Principal - daily with leave request and sub system |                  |
| 1. Assistant Principal will go over what is entered into PACS, ensuring that what is on timesheets and what is entered is accurate, before signing.   | Assistant<br>Principal  | Timesheets and released payroll     | - leave requests<br>- sub system reports<br>- out today emails<br>- released forms | Assistant Principal will compare released forms with what is on employee timesheets  |                  |
| 1. At staff meeting Principal will let staff know procedures and how leave slips must be completed.<br>2. Admin will ensure completed leave requests before giving to Principal for signing.<br>3. Principal will check completion before signing     | Employees<br>Admin<br>Principal                                     | Correct information form employees  | - type of leave<br>- date of leave<br>- time of leave                              | Admin - before giving to Principal<br>Principal - before signing                     |                  |
| 1. Attendance secretary will release payroll. If a change is made by the admin secretary after payroll is released - the attendance secretary will go in and release again  | Attendance secretary<br>Admin secretary<br>Assistant principal      | released forms                      | -released forms  | Assistant principal will make sure that payroll is released by attendance secretary. |                  |

| Action Steps  | Person(s) Responsible  | Resources Needed   | Monitoring Tools / Data Points   | Monitoring: Who & When  | Results/Evidence |
|---|------------------------|--|--|---|------------------|
| 1. Review and investigate discrepancies<br>2. Explain discrepancies<br>3. Make corrective action (PACS corrections) if needed | Admin sec<br>Principal | timesheets<br>leave requests<br>emails<br>out today<br>(email)<br>attendance | - leave requests<br>- emails<br>- out today (email)<br>- attendance (virtual implications) | Admin and Principal - working together to make sure all discrepancies are taken care of |                  |
|   |                        |  |  |   |                  |
|   |                        |  |  |   |                  |
|   |                        |  |  |   |                  |

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|--|---|
| <b>OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW &amp; APPROVAL</b>                                    |   |
| <input checked="checked" type="checkbox"/> Approved  | <input type="checkbox"/> Please revise and resubmit plan by _____ |
| Comments:  |   |
| Director: <u>            </u> | Date: <u>3.25.22</u>  |