


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

July 22, 2020

MEMORANDUM

To: Mrs. Lakeisha D. Lashley, Principal
Fairland Elementary School

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

Subject: Report on Audit of Payroll for the Period
March 1, 2019, through February 29, 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 May 1, 2020, with you; Dr. Donna R. Jones, director of learning, achievement, and administration, then Office of School Support and Improvement; and Mrs. Sara R. Ovalles, school administrative secretary, we reviewed the prior audit report dated November 30, 2015, and the status of present conditions that were disclosed during our audit of payroll records conducted at your school on March 12, 2020. 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

Examination of all the timesheets from the selected pay periods disclosed that none of the timesheets for all four pay periods reviewed were signed by the respective direct supervisor as required. In addition, we found where some timesheets had been signed by the principal six months after the pay period closed. We also noted that the assistant principals were approving some of the leave requests with no written delegation. Further, we found that your payroll was not being released by a designated staff member who is independent of PACS data entry. An important internal control process is the certification by an 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 a direct supervisor review and sign all timesheets and leave requests and that payroll be released by a staff member independent of PACS data entry (refer to the *MCPS Finance Manual*, chapter 13, pp. 1 and 5). You may designate your assistant principal the authority to approve payroll documents but the designation must comply with MCPS Regulation DLB-RA procedures and be in writing.

For the four pay periods selected, the corresponding information was obtained from the MCPS Substitute Employee Management System (SEMS) to compare with professional and supporting services' and substitutes' timesheets. We found several 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. We also noted many employees did not have a leave request attached to their timesheet. 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. It is imperative that all staff members prepare their MCPS timesheets to indicate hours worked and leave taken for each day, including the daily and biweekly hourly totals to reduce the potential for input errors by the timekeeper. Certification that attendance data has been correctly reported on timesheets and accurately entered by the timekeeper into PACS is an important internal control process. We recommend that you, or a direct supervisor, promptly review all the timesheets and leave request forms for validity and accuracy, 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 at our May 1st virtual meeting.

MCPS provides preprinted quarterly certification statements for all employees who have a grant-funded position or assignment. For those employees who are funded from both, a grant and the MCPS operating budget, or from more than one grant, a biweekly Personnel Activity Report (PAR) is required to be completed and signed by the employee and supervisor. It is critical that these certifications are completed to satisfy federal documentation requirements and retained for seven years. We found that you had employees who received the biweekly PAR forms. These forms were filed in a separate folder by employee name rather than being filed in a separate binder or folder by fiscal year so they could be retained for the required seven years period. We also noted that the PAR forms were only signed by the supervisor and not the employee as required. We recommend that your PAR forms be signed by both, the employee and supervisor, and filed by year, along with the timesheet, so you may retain them for seven years as required. A copy of the timesheet should be filed with the current payroll.

Notice of Findings and Recommendations

- Time and attendance must be accurately reported (**repeat**).
- Principal or designee must ensure validity and accuracy of the payroll (**repeat**).
- Timesheets must be reviewed and signed by supervisor prior to entry in PACS (**repeat**).
- 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 (**repeat**).
- PAR forms must be signed by both employee and supervisor and kept for seven years (**repeat**).

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. Donna R. Jones, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

MJB:sh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Johnson

Dr. Wilson

Mrs. Ahn

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Dr. Jones

Mr. Marella

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

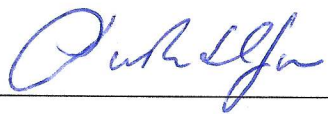
Report Date: 2019-2020	Fiscal Year: 2019-2020
School: Fairland ES - 303	Principal: Lakeisha Lashley
OSSI Associate Superintendent: Cheryl Dyson	OSSI Director: Dr. Donna Redmond Jones

Strategic Improvement Focus:

As noted in the financial audit for the period 03/19-02/2020, strategic improvements are required in the following business processes :
 To evaluate compliance with Board of Education policies, Montgomery County Public Schools (MCPS) regulations, and processes.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Attend Payroll Training (Refresher)	Ms. Lashley Sara Ovalles	PDO link to online training	Profile on PDO Sign-in Sheet at Training	Ms. Lashley	PDO Credential List
A process for requesting timesheets from the timekeeper has been put in place between the administrator and timekeeper for each pay period. Timekeeper will make a copy of the principal's timesheet after it is signed and send it to the associate superintendent.	Sara Ovalles	Desk Reference Manual	Timekeeper Desk Reference Manual	Ms. Lashley will have weekly meetings with Sara Ovalles (timekeeper)	OTLS Admin. Secretary Records Timesheet Organizer (folder/binder)
Timesheet preparation training for all professional and supporting staff members. Administrators will do a second check of timesheets and leave slips to ensure that they match.	Sara Ovalles	Timesheets	Staff Meeting Agenda Sample Timesheets Memorandum to Staff	Ms Lashley will ensure this is a part of staff meeting agendas as needed	Accurate Timesheet documents
Timekeeper provide a sample timesheet for each pay period for all staff members.	Sara Ovalles	Sample Time sheets	Timesheets Staff communication	Weekly Meetings	Sample Timesheets in organizer

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Timekeeper will create a process to follow-up by phone, email, etc. with staff who do not complete their timesheets on time. Administrator support protocols will be applied as needed.	Timekeeper	Desk Reference manual; Staff Contact	Desk Reference Manual Staff Communication; Emails, letters	Ms. Lashley will monitor during weekly meetings with Sara Ovalles	Meeting notes, timesheets
Administrators will share proper procedures for reporting class coverage by professional and para educators. Administrator will share proper timeline for submitting leave request for the different type of leave.	Principal	Training plan Payroll Manual	Training materials, staff handbook	Ms. Lashley and Ms. Jones (AP) will share this in regular meetings with staff.	timesheets
Timekeeper and back-up timekeeper will compare the substitute report for each pay period to individual timesheets as well as other records of staff absences to ensure payroll procedural compliance.	Timekeeper Administrators	Google to share documents	Meeting notes, timesheets	Ms. Lashley will monitor during weekly meetings with Sara Ovalles	Meeting notes, timesheets

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></u>	Date: <u>9/3/2020</u>