


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

August 28, 2018

MEMORANDUM

To: Mr. Joel L. Beidleman, Principal  
William H. Farquhar Middle School

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Payroll for the Period  
July 1, 2017, through June 30, 2018

Payroll audits are conducted to evaluate compliance with Board of Education policies, 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 there is compliance with policies, regulations, and procedures, and 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's (SEMS) 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 meeting on August 23, 2018, with you and Mrs. Trisha N. Pignone, 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 at your school on August 8, 2018. At the time of the audit, we noted that you had not attended the mandatory payroll training for principals. 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, the corresponding information was obtained from the MCPS SEMS to compare with professional and supporting services timesheets and substitute 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. 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. We recommend that all staff members carefully 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 also noted that your payroll was not released by a designated staff member who is independent of PACS data entry. 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 a direct supervisor review and sign all timesheets and leave requests, and that payroll be released by a designated individual other than the timekeeper (refer to *MCPS Finance Manual*, chapter 13, pp. 1 and 5). We recommend that you review for appropriate action the list of payroll discrepancies noted and their potential correction, provided to you and your timekeeper at our August 23, 2018 meeting.

### Summary of Recommendations

- Time and attendance must be accurately reported.
- Payroll must be released by a staff member independent of PACS data entry.
- The list of payroll discrepancies must be reviewed for potential corrective action.

We appreciate the cooperation and assistance of you and your staff, especially that of Mrs. Trisha Pignone. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, 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. Michael J. Zarchin, director of learning, achievement, and administration, Office of School Support and Improvement (OSSI). In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. OSSI will follow up on this audit.

RWP:MJB:lsh

Attachment

Copy to:

Members of the Board of Education  
 Dr. Smith  
 Dr. Navarro  
 Dr. Statham  
 Dr. Zuckerman

Mr. Civin  
 Dr. Johnson  
 Dr. Williams  
 Dr. Zarchin  
 Mrs. Camp

Mrs. Chen  
 Ms. Diamond  
 Mr. Tallur  
 Mr. Ikheloa

## FINANCIAL MANAGEMENT ACTION PLAN

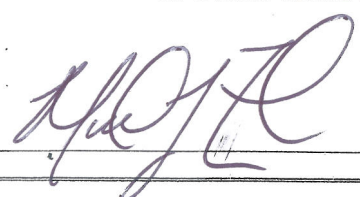
<b>Report Date:</b> August 28, 2018	<b>Fiscal Year:</b> August 28, 2018
<b>School:</b> William H. Farquhar MS - 507	<b>Principal:</b> Joel Beidleman
<b>OSSI Associate Superintendent:</b> Dr. Darryl Williams	<b>OSSI Director:</b> Dr. Michael Zarchin
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period <u>2017-2018</u>, strategic improvements are required in the following business processes :</p> <p>1. Time and attendance must be accurately reported. 2. Payroll must be released by a staff member independent of PACS data entry. 3. Payroll discrepancies corrections.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Time and attendance must be reported accurately (As noted in the discrepancy list, on 1/2 days teachers failed to accurately account for leave). Timekeeper was absent when back up entered into PACS for 10/6. Timekeeper will train backup, and will reconcile leave request with PACS upon return after absences.	Trisha Pignone Nancy Slocumb Judy Lucas Joel Beidleman	PACS System Example from 10/6/17	Every half day for the FY19, Principal & Timekeeper will review PACS entry and corresponding leave slips	Joel Beidleman/Trisha Pignone	Half day entries for FY19 will be aligned with all leave slips and substitute system.
Payroll must be released by a staff member independent of the designated time keeper(Trisha Pignone). Judy Lucas will fulfill the role of releasing the payroll when entered by the timekeeper. (In the instance when the timekeeper is absent. The timekeeper will return and complete action step one of reviewing and then release payroll.	Judy Lucas Trisha Pignone	PACS System	Every Payroll Entry Period	Joel Beidleman	Monitor attendance approval report to ensure payroll is being released by Judy Lucas unless the timekeeper has been absent on release day.
See discrepancies attached. (Principal met with timekeeper and reviewed all payroll discrepancies listed in audit. Timekeeper will meet with all employees currently at FMS to describe payroll changes.)	Trisha Pignone	PACS System	Complete corrections by 9/7 Complete corrections with employee signatures by 9/14	Joel Beidleman Review all corrections and ensure entries are accurately recorded	Corrections will be reviewed by audit team.

**OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL**

Approved     
  Please revise and resubmit plan by \_\_\_\_\_

Comments:

Director:       Date: 9-14-18