


Internal Audit Unit
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

July 11, 2022

MEMORANDUM

To: Mr. Vincent (Roy) R. Liburd, Principal
Montgomery Village Middle School

From: Mary J Bergstresser, Supervisor, Internal Audit Unit 

Subject: Review of the Payroll Processes for the Period July 1, 2021, through
May 31, 2022

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.

In May 2022, upon your request, the Internal Audit Unit conducted an examination of payroll records for your school. Employee timesheets, attendance reports, biweekly reports, and other related documents were examined. The examination was made to evaluate the effectiveness of existing controls, and to determine whether employees were compensated for class coverage. It should be noted that your appointment as principal was effective July 28, 2021, and that Ms. Joanne O. Miller's assignment as school secretary was effective July 1, 2021. At our June 30, 2022, virtual meeting with you, we reviewed the prior audit report dated February 16, 2021, and the status of present conditions.

In our examination of your payroll records, we found the records were not filed systematically to include timesheets for staff members in designated files according to classification. Timesheets were not kept in the files by pay periods therefore we were unable to determine if each pay period contained all timesheets. To strengthen internal controls, we would recommend that each pay period be kept in a separate folder (biweekly), timesheets within the folder should be filed in sequential order (employee ID number), and those folders should be filed chronologically by fiscal year. When leave slips are approved and submitted to the timekeeper, the leave slips should be filed with the corresponding pay period. Payroll files should be separated by staffing classification, i.e., professional, supporting, TPT, STS, etc. All approved leave slips must be attached to the corresponding timesheet and payroll files must be retained for 3 years plus the current year.

Examination of timesheets disclosed that many of the timesheets were not signed by the direct supervisor as required by MCPS Regulation DLB-RA, *Authorized Signatures for Payroll*

Documents. We noted many timesheets were improperly completed or were missing information, and many did not have leave requests attached to show approval. 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. The principal must approve the biweekly MCPS Form MM 631 to certify that the attendance data has been correctly reported on timesheets, and that it was accurately entered by the timekeeper into PACS. We noted that the attendance reports were not always signed/dated by the principal or designee and 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 certification by the independent staff member that attendance data has been correctly reported on timesheets, and accurately entered by the timekeeper into PACS and that the principal or designee should review and sign attendance reports indicating the information reported in PACS is accurate. 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, pages 1 and 5).

It is the principal's or direct supervisor's responsibility to maintain fiscal control of payroll and to manage employee work schedules without the use of overtime except when authorized in advance for emergency situations, outside use events, or school events. All overtime must be authorized in advance using the appropriate overtime form (refer to the *MCPS Financial Manual*, chapter 13, page 1). We noted that overtime reported on employee timesheets was not always authorized by the principal or direct supervisor and did not always have the appropriate overtime forms attached. We recommend that the timekeeper and payroll supervisors ensure that all overtime is properly authorized, approved in advance, and attached to an employee's timesheet with overtime hours correctly reported.

MCPS provides preprinted quarterly certification statements for all employees who have a grant-funded position or assignment. The quarterly certification statements must be signed by either the employee or supervisor. 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 there were employees who received both the quarterly certification statements and biweekly PAR forms. These forms were not always signed by the employee and supervisor when required, and they were not filed in a separate binder or folder so they could be retained for the required seven years. We recommend that the employee and or supervisor sign certifications and PAR forms and you file these in a separate binder or folder, together with the timesheets, and retain them for seven years as required.

We noted that several staff members were paid Extracurricular Activity (ECA) Class 1 and 3 Stipends during Fiscal Year 2022 for whom MCPS Form 430-59, *Extracurricular Assignment*

(ECA) Stipend Agreement and Assignment, was not completed to include an assignment or evaluation upon conclusion of extracurricular activities. The principal is responsible for the management of the entire extracurricular activity program within the school. We recommend that you review the current extracurricular activity booklet for activity codes and descriptions, as well as the approval procedures and payment of stipends.

Other matters were discussed and satisfactorily resolved. We appreciate the cooperation and assistance of your staff. No response to this report is necessary.

MJB:YG:lsh

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