


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

March 5, 2018

MEMORANDUM

To: Dr. Joey N. Jones, Principal  
Robert Frost Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period  
January 1, 2017, through December 31, 2017

Payroll audits are conducted to evaluate compliance with MCPS policies, 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 MCPS 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 automated substitute teacher assignment report to the professional staff MCPS Form 430-70 to determine if leave was reported. The auditors selected five employees in each pay period to review their records 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 February 22, 2018 meeting, with you and Mrs. Marlene V. Williams, 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 January 30, 2018. 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 Substitute Employee Management System (SEMS) to compare with professional and supporting services personnel 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. Many timesheets were improperly completed or were missing information. 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 also noted 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. 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 *MCPS Financial Manual*, chapter 13, pp. 1 and 5). A list of payroll discrepancies noted, and their potential corrections, was provided to you and your timekeeper at our February 22, 2018, meeting.

While reviewing payroll records, we found that several staff members were paid Extracurricular Class 1 and Class 3 Stipends in Fiscal Year 2017 and Fiscal Year 2018. We noted that MCPS Forms 430-59, *Extracurricular Assignment*, were fully completed as required to include an evaluation upon conclusion of these extracurricular activities. However, it appeared that a Class 3 stipend, drama director, was paid to a staff member for activities that did not meet the minimum requirements as described in the Extracurricular Activities Program Handbook. The stipend for middle school drama director is for a minimum of two major productions. The stipend is split for the first production and the second production. Your school only produces one major drama production each year, but you paid the drama director both stipends (refer to Extracurricular Activities Program Handbook). A unit member who does not fulfill the requirements for which a stipend is to be paid must forfeit that portion of the stipend which has not been earned. We recommend reviewing the list of approved Class 3 stipends for middle schools and implement any changes necessary to your Fiscal Year (FY) 2018 Extracurricular Activities (ECA) Plan. We also recommend that the staff member who was paid the Drama Director stipend in Fiscal Year 2017, return the amount of the unearned portion to MCPS. You will need to coordinate with the Employee and Retiree Service Center (ERSC) to correct this error.

### Summary of Recommendations

- Principal or direct supervisor must ensure validity and accuracy of the payroll.
- 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.
- ECA Class 3 stipends must meet requirements as described in ECA Handbook.

We appreciate the cooperation and assistance of you and your staff, especially that of Mrs. Williams. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit office with documentation of corrective actions taken within 30 calendar days of this report through Dr. Michael J. Zarchin, director of school support and improvement of middle 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.

RWP:MJB:sh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Tallur

Dr. Zarchin

Mr. Ikheloa

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> March 5, 2018	<b>Fiscal Year:</b> March 5, 2018
<b>School:</b> Robert Frost MS - 237	<b>Principal:</b> Joey N. Jones
<b>OSSI</b> <b>Associate Superintendent:</b> Dr. Darryl Williams	<b>OSSI</b> <b>Director:</b> Dr. Michael Zarchin
<p><b><u>Strategic Improvement Focus:</u></b>                  As noted in the financial audit for the period <u>1/1/17</u>, strategic improvements are required in the following business processes :</p> <p>* Validity and accuracy of the payroll * Payroll released by staff independent of PACS data entry * Payroll discrepancies * ECA Class 3 stipends</p>	


Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Principal review and signs time sheets on a regular basis. Leave slips are reviewed for accuracy and signed accordingly. Incomplete or inaccurate leave slips are returned to staff members for correction	Joey N. Jones Marlene Williams	N/A	Staff roster and check list	Principal and admin secretary review and monitor time sheets and leave forms as received.	Staff member have done an exceptional job of accurately completing leave slips since they have been returned.
Payroll is now being released by a staff member (Debbie Yamada) who is independent of PACS data entry.	Marlene Williams, Debbie Yamada, Joey N. Jones	Time Sheets Leave Forms	Principal Staff Roster & check list Substitute teacher system	Marlene Williams Debbie Yamada and Joey N. Jones monitor payroll on a bi-weekly basis	In compliance
All payroll corrections have been completed. Specific staff members were informed of correct leave policies and how to complete the correct leave form. (see attachment)	Marlene Williams Joey N. Jones Heather Czarniecki	Time Sheets Leave Forms	Staff Roster & check list Substitute teacher system	Marlene Williams and Joey N. Jones monitor payroll on an as-needed basis	Nearly 100% of staff is in compliance during the initial submission of leave forms and time sheets. We immediately follow up with staff who are not compliant.
Substitute teacher coordinator has been informed of the proper process for input of leave data	Heather Czarniecki, Marlene Williams, Joey N. Jones	Time Sheets Leave Forms	Staff Roster & check list Substitute teacher system	Marlene Williams and Joey N. Jones monitor payroll on an as-needed basis	In compliance

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Reviewed the extracurricular Class 1 and Class 3 stipends for accuracy. Consult with Nikki Diamond to resolve Class 3 stipend issue.	Joey N. Jones	ECA Handbook	ECA 1 & 3 Contract Stipend Payment Forms Sponsor student attendance sheets	Marlene Williams Joey N. Jones	Overall in compliance Class 3 stipend issue to be determined.

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

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

Comments: \_\_\_\_\_

Director:       Date: 4/18