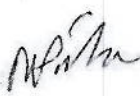


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

October 2, 2018

MEMORANDUM

To: Dr. Eric L. Minus, Principal  
Sherwood High School

From: Roger W. Pisha, Supervisor, Internal Audit 

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 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 the records of 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 September 14, 2018, with you and Mrs. Carolyn L. Holonich, 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 21, 2018. It should be noted that your appointment as principal was effective July 1, 2018. At the time of the audit, we noted that you have not had the opportunity to attend 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 Substitute Employee Management System (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. 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 (refer to *MCPS Finance Manual*, chapter 13, pp. 1 and 5). We noted that the approval of all professional timesheets had been delegated to assistant principals. We also noted that some supporting service timesheets were approved by resource teachers and, at times, by the school administrative secretary. We recommend that either you, a direct supervisor, or designee review and sign all timesheets. A list of payroll discrepancies noted, and their potential corrections, was provided to you and your timekeeper at our September 14, 2018 meeting.

While reviewing payroll records, we noted that several staff members were assigned Extracurricular Class 1 and Class 3 Stipends in Fiscal Year 2018. We found that MCPS Form 430-59: *Extracurricular Activity (ECA) Stipend Agreement and Assignment*, was not fully completed to include an evaluation upon conclusion of the extracurricular activities. It appears that two Class 3 stipends were paid to an individual staff member for activities that conflicted with each other. A staff member may be eligible for assignment to more than one stipend-compensated activity, provided the activities do not conflict with the normal responsibilities of another stipend-compensated activity. We also noted that a part-time paraeducator was paid an athletic Class 3 stipend that resulted in her working beyond 8 hours a day. The principal is responsible for the conduct of the entire extracurricular program within the school (refer to *Extracurricular Activities Program Handbook*). We recommend reviewing the list of approved Class 3 stipends for your school for Fiscal Year 2019 and making any changes necessary to your Fiscal Year 2019 Extracurricular Activities (ECA) Plan.

MCPS does not provide school-sponsored international trips or exchange programs unless expressly approved by the chief academic officer as directly connected to an educational program (refer to MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*). Staff members are not discouraged from working privately to organize international study trips, but they should be handled independently of the school; MCPS disclaims any responsibility for them. These trips need to take place during school breaks and cause minimal absences from classes. We found that your school took two international trips during Fiscal Year 2018 in which four teachers reported professional leave for the days absent from school. The funding source used to pay for the substitute teachers was from fees collected from students attending the trips. We recommend that you adhere to the guidelines outlined in

the above regulation and not allow staff members to report professional leave while on field trips that are not school-sponsored.

Summary of Recommendations

- Time and attendance must be accurately reported and approved by authorized staff.
- The list of payroll discrepancies must be reviewed for potential corrective action.
- Extracurricular stipends must comply with ECA guidelines.
- Professional leave cannot be used for international travel trips that are not school-sponsored.

We appreciate the cooperation and assistance of you and your staff, especially that of Mrs. Holonich. 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 office 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. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. Dr. Zarchin will follow up on this audit.

RWP:MJB:Ish

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. Zarchin

Mr. Tallur

Mr. Ikheloa

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> October 2, 2018	<b>Fiscal Year:</b> October 2, 2018
<b>School:</b> Sherwood HS - 503	<b>Principal:</b> Dr. Eric L. Minus
<b>OSSI Associate Superintendent:</b> Dr. Darryl Williams	<b>OSSI Director:</b> Dr. Michael Zarchin
<p><b>Strategic Improvement Focus:</b>                  As noted in the financial audit for the period <u>2017-2018</u>, strategic improvements are required in the following business processes :</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Time and attendance must be accurately reported and approved by authorized staff. Timesheets and leave slips must match what is being entered into the PACS system.	Carolyn Holonich Caitlin Ring Eric Minus	PACS System	PACS system, timesheets, leave slips	Eric Minus Carolyn Holonich	Timesheets and leave slips will match. Leave slips will also match what is being entered into the substitute system.
The list of payroll discrepancies must be reviewed for potential corrective action. Timesheets and leave slips must match.	Stephanie Gelfand Tim Britton Maychel Harris Kathlyn Carroll Eric Minus	PACS System	PACS system, timesheets, leave slips	Eric Minus	Timesheets and leave slips are being monitored by the assistant principals for their department for every payroll period.
Extracurricular stipends must comply with ECA guidelines.	Carolyn Holonich Jason Woodward	PACS System	PACS system, stipend payment forms	Eric Minus	Sponsors will be monitored closely to make sure that stipends do not overlap and sponsors are not overpaid.
Professional leave cannot be used for international travel trips that are not school-sponsored. International travel must occur on non-school days.	Carolyn Holonich Eric Minus	PACS System	Professional leave forms	Eric Minus	Staff have been informed that professional leave will not be granted for international travel. International travel must occur on non-school days.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

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

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

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

Director:       Date: 12-19-18