

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

July 15, 2020

MEMORANDUM

To: Mrs. Jennifer A. Baker, Principal
Walter Johnson High School

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

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 19, 2020, with you; Ms. Keira M. Kinsey Nahar, school administrative secretary; Mrs. Ajeenah D. Chavez and Mrs. Pauline Bamdad, school secretaries; and Mrs. Kathy M. Cosgrove, school business administrator, we reviewed the status of the conditions described in this audit report that were disclosed during our audit of payroll records conducted remotely in April 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 the professional staff timesheets for all four pay periods reviewed were not signed by the principal or respective unit manager as required. We found that resource teachers were approving most of the professional staff timesheets and they cannot be authorized to approve payroll documents (refer to MCPS Regulation DLB-RA, *Authorized Signatures for Payroll Documents*, page 3). We also noted that the school's payroll was frequently not released in PACS by a designated individual who is independent of the timekeeper for data entry. In most cases, payroll was taken by the Employee and Retiree Service Center (ERSC) without having been verified and released by anyone at the school level. 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 an approved unit manager 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 Finance Manual*, chapter 13, pp. 1 and 5). You may designate your assistant principals and school business administrator the authority to approve payroll documents but the designation must comply with MCPS Regulation DLB-RA procedures.

For the four pay periods selected, information was obtained from the MCPS SEMS to compare with the corresponding 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 noted some timesheets were improperly completed and/or were missing information. In addition, a few timesheets did not have the proper leave request form attached when required. All staff members must prepare their MCPS timesheets accurately to indicate hours worked and leave taken for each day, including the daily and bi-weekly hourly totals. Certification that attendance data has been correctly reported on timesheets and accurately entered by the timekeeper into PACS are important steps in the internal control process. You, or your designee, must promptly review all the timesheets and leave request forms for validity and accuracy and ensuring that all required documentation is included prior to approval signature (refer to *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 19, 2020, virtual meeting.

We found instances where leave forms (MCPS Form 430-1A) were approved by the principal after leave was already taken (authorized exception: call in of unscheduled leave), no explanation was listed for advance sick leave, proper documentation was not present for civil leave, and the leave form did not state the relationship for bereavement leave. When staff members are requesting advance sick leave or illness in family, they should list an explanation for the absence. Civil leave is used when an employee is subpoenaed in a civil or criminal case, or called to serve on a jury, provided that the unit member is not a party to the civil or criminal case, except as a defendant in an action regarding his/her authorized MCPS duties. The employee must provide documentation that not only were they subpoenaed, but that they actually appeared or served on the jury.

Bereavement leave must state the relationship to the deceased to determine the number of bereavement leave days the employee is entitled to. We recommend that leave forms be completed by employees and only approved if they have the necessary information completed.

Notice Findings and Recommendations

- Time and attendance must be accurately reported.
- Principal or designee must ensure validity and accuracy of the payroll.
- Timesheets must be reviewed and signed by principal or approved unit manager.
- Leave forms must be approved in advance, with the exception of unscheduled leave.
- Proper documentation should be obtained from employee for civil leave, advance sick, and illness in the family must state reason; and bereavement leave must state the relationship of the deceased.
- Payroll must be verified and released by a staff member independent of the PACS entry.
- The list of payroll discrepancies must be reviewed for potential corrective action.

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 Mrs. Michelle E. Schultze, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools (OTLS). In your response, please share a detailed plan for addressing these issues including appropriate staff training and support.

MJB:sh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Johnson

Dr. Wilson

Mrs. Ahn

Mr. Koutsos

Mrs. Camp

Mrs. Chen

Mr. Marella

Mrs. Schultze

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY 20	Fiscal Year: FY 20
School: Walter Johnson -04424	Principal: Jennifer Baker
OSSI Associate Superintendent:	OSSI Director: Rotunda Floyd-Cooper

Strategic Improvement Focus:
 As noted in the financial audit for the period 3/1/19-2/28/20, strategic improvements are required in the following business processes:

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Time and attendance must be accurately reported.	<ul style="list-style-type: none"> • Principal • Assistant Principals • School Business Administrator • Secretaries 	<ul style="list-style-type: none"> • Created slide presentation to go over with staff to share upgrades on areas of concern and to increase knowledge of proper processes • Created Google sheets for substitutes and class coverage 	Ensure that: <ul style="list-style-type: none"> • Leave requests are provided prior to taking leave • Are attached to timesheets before entering into PACS • Timesheets have been reviewed and signed off on by immediate supervisor before entry • Created slide presentation to go over with staff to share 	<ul style="list-style-type: none"> • Principal – final review • AP’s – review before signing • RTs- review before giving to APs for their signature • SBA- review all leave slips, ICB information, and OT before entry 	<ul style="list-style-type: none"> • Increase in reporting accuracy • Decrease in errors, PACS corrections/discrepancies and missing leave slips, incomplete/inaccurate leave slips and timesheets entries with no documentation

			upgrades on areas of concern and to increase knowledge of proper processes		
Principal or Designee must ensure validity and accuracy of payroll	<ul style="list-style-type: none"> • Principal • Assistant Principals • School Business Administrator • Secretaries 		<ul style="list-style-type: none"> • Review and communicate with RTs to ensure that accurate substitute and class coverage is correct • Review leave ensuring that professional leave has accurate IAF account information if necessary • Review leaves slips to ensure that information matches with timesheet 	<ul style="list-style-type: none"> • RTs will review and initial timesheets before they go to APs • APs will review and approve timesheets for the departments they oversee • Created a Google form for subs to fill out as well as one for class coverage to help increase accuracy 	All timesheets will be verified and approved by: <ul style="list-style-type: none"> • Principal • Assistant Principals • School Business Administrator
Timesheets must be reviewed and signed by the Principal or approved unit manager	<ul style="list-style-type: none"> • Principal • Assistant Principals • School Business Administrator 			<ul style="list-style-type: none"> • Principal, • Assistant Principals, • School Business Administrator, will review timesheets and leave prior to entry	<ul style="list-style-type: none"> • Increase in accuracy and completion of leave slips and timesheets, initials and signatures of reviewers and prior to entry into PACS

Leave forms must be approved in advance, with exception of unscheduled leave	<ul style="list-style-type: none"> Principal Assistant Principals School Business Administrator 	<ul style="list-style-type: none"> Communication with staff to ensure they are aware of the proper procedures for recording and submitting leave 	<ul style="list-style-type: none"> Up to date leave forms and timesheets Created power point to share with staff during preservice week 	Principal, Assistant Principals, School Business Administrator, will review all requests for leave prior to leave being taken with the exception of unscheduled leave	<ul style="list-style-type: none"> Increase in accurate reporting of absences and leave taken Decrease of leave incomplete/inaccurate leave slips, timesheets and reporting of time
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Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Proper documentation should be obtained from employee for civil leave, advance sick leave and illness in family must state reason; bereavement leave must state relationship of deceased	<ul style="list-style-type: none"> Principal Assistant Principals School Business Administrator 	Proper documentation of leave requested	<ul style="list-style-type: none"> 430-1-Long term leave form 4301-1a-short term leave form 440-35-physicians certification form Civil leave paperwork 	<ul style="list-style-type: none"> Resource Teachers-prior to AP review Assistant Principals-prior to Principal signature Secretaries-prior to entry 	<ul style="list-style-type: none"> Increase in proper and accurate completion of leave slips especially regarding bereavement, civil leave and advance sick leave Decrease in inaccuracies and incorrect reporting
Payroll must be verified by a member independent of the PACS entry	<ul style="list-style-type: none"> Secretaries School Business Administrator 	Staff member not submitted payroll		<ul style="list-style-type: none"> Secretaries will switch so as not to release the payroll they entered Qualified staff member to review and release for School 	Payroll will be released by qualified staff member on time

				Business Administrator	
The list of payroll discrepancies must be reviewed for potential corrective action	<ul style="list-style-type: none"> Principal Assistant Principals School Business Administrator 	Approved overtime, ICB forms and SEP	<ul style="list-style-type: none"> SEP forms must be approved and attached to time sheet prior to hours being submitted ICB paperwork must be received and attached prior to entry 	School Business Administrator	Only approved overtime hours with documentation will be entered resulting in a decrease of PACS corrections/ discrepancies

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

Approved **Please revise and resubmit plan by** _____

Comments: _____

Director: Rotunda Floyd-Cooper Date: 08/24/20