


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 27, 2018

MEMORANDUM

To: Mrs. Karen E. Caroscio, Principal
Bradley Hills Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

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

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 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 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 meeting on December 20, 2018, with you and Ms. La Tonya D. Harris, 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 November 27, 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 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. Several 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 always released by a designated staff member. 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 the following: staff accurately report time and attendance, you 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, were provided to you and your timekeeper at our December 20, 2018 meeting.

Summary of Recommendations

- Time and attendance must be accurately reported by staff members.
- 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.

We appreciate the cooperation and assistance of you and your staff, especially that of Ms. Harris. 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 Mr. Brian W. Scriven, 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. Mr. Scriven 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
Mrs. Dyson
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mr. Scriven
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY2019	Fiscal Year: FY2019
School: Bradley Hills ES - 410	Principal: Karen Caroscio
OSSI Associate Superintendent: Cheryl Dyson	OSSI Director: Brian Scriven
<u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>Jul2017-Nov2018</u> , strategic improvements are required in the following business processes : accurate reporting of attendance by staff, principal must ensure validity/accuracy, and payroll released by staff member independent of PACS data entry,	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Administrative secretary will record absences on principal's calendar.	Administrative Secretary	Calendar Leave Slips Substitute System	Principal's Calendar	Principal Bi-weekly	Staff absences will be accurately reflected on bi-weekly Attendance Approval Report
Staff who share a substitute for a half day training will enter each half day absence in the substitute system separately and complete the appropriate leave slip.	Staff	Substitute system Leave Slips	Leave slips	Administrative Secretary	All absences will be recorded in the substitute system
Principal will compare calendar with the Attendance Approval Report to ensure reporting accuracy.	Principal	Calendar Attendance Approval Report	Calendar	Principal Bi-weekly	Attendance Approval Report will be signed and PACS corrections needed will be submitted.
Administrative secretary will complete payroll no later than Friday afternoon with the exception of building services overtime. The attendance secretary will release payroll on Monday once the administrative secretary confirms that it is completed.	Administrative Secretary Attendance Secretary	Lawson	Lawson	Principal Bi-weekly	Payroll will be released by 4:00 p.m. on Monday.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Staff will be trained on payroll processes.	Administrative Secretary	Payroll Vouchers	Agenda Meeting Notes	Principal Pre-service Week January	Students will complete their payroll accurately.
Bi-weekly emails will be sent to staff with reminders about special circumstances for the payroll period and a sample payroll voucher will be posted in the mailroom.	Administrative Secretary	Email Sample payroll voucher	Emails	Principal Bi-weekly	Staff will complete their payroll accurately.

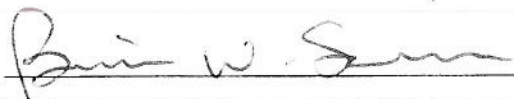
OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

☒ Approved

☐ Please revise and resubmit plan by _____

Comments:

Director:



Date:

4/30/19