


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 16, 2022

MEMORANDUM

To: Mrs. Mary Jo Powell, Principal
Brown Station Elementary School

From: Mary J. Bergstresser, Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period
January 1, 2021, through December 31, 2021

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. 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) 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 February 10, 2022, with you, and Ms. Monica P. Robles, school administrative secretary (secretary), we reviewed the status of the conditions described in this audit report that were disclosed during our audit of payroll records. 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 timesheets for two of the four pay periods reviewed were not signed by the respective direct supervisor as required. We found that the assistant principal was approving supporting staff timesheets for two pay periods without evidence of the designation in writing (refer to MCPS Regulation DLB-RA, *Authorized Signatures for Payroll Documents*, page 3). We also noted that your payroll was not always released by a designated staff member who is independent of PACS data entry. An important internal control process is the certification by an 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 the *MCPS Finance Manual*, chapter 13, pages 1 and 5). You may designate your assistant principal 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 a few 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. A few timesheets were improperly completed 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 biweekly hourly totals. Certification that attendance data has been correctly reported on timesheets and accurately entered by the timekeeper into PACS is an important internal control process. You, or your designee, must promptly review for validity and accuracy all the timesheets and leave request forms, ensuring that all required documentation is included prior to approval signature (refer to the *MCPS Financial Manual*, chapter 13, pages 4-5). A list of payroll discrepancies noted and their potential corrections were provided to you and your timekeeper.

Notice Findings and Recommendations

- Time and attendance must be accurately reported.
- The principal or designee must ensure the validity and accuracy of the payroll.
- Timesheets must be reviewed and signed by the supervisor prior to entry in PACS.
- Payroll must be 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 your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, using the attached action plan,

please provide a written response to the Internal Audit Unit within 30 calendar days of this report. In your response, please share a detailed plan for addressing these issues, including appropriate staff training and support.

Prior to returning your completed audit action plan, please contact Dr. Rotunda Floyd-Cooper, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Floyd-Cooper will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and your secretary to support you with developing a well-defined plan to address the findings.

MJB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Dr. Dawson

Ms. Reuben

Mrs. Williams

Mr. Koutsos

Mr. Reilly

Mrs. Chen

Mrs. Eader

Dr. Floyd-Cooper

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY22	Fiscal Year: FY22
School: Brown Station ES - 559 <input type="checkbox"/>	Principal: Mary Jo Powell
OTLS Associate Superintendent: James Koutsos	OTLS Director: Rotunda Floyd-Cooper

Strategic Improvement Focus:

As noted in the financial audit for the period 1/1/21-12/31 21, strategic improvements are required in the following business processes :
 Accuracy of reporting, proper signatures on all payroll documents, proper procedures for releasing PACS, review and possible correction of discrepancies.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Time and attendance must be accurately reported: - Staff sign documents -Admin secretary reviews leave calendar, leave slips and initials timesheets prior to entry into PACS. -Admin secretary provides designated admin with all req.	Administrative secretary- Monica Robles	Google calendar Payroll docs	Comparing google calendar, leave slips and timesheets Documents initialed after review.	Bi weekly check of payroll documentation by Principal	Timesheets initialed by administrative secretary after verification
Principal or designee must ensure the validity and accuracy of the payroll: -Letter to designate AP as an approver has been submitted. -Principal and AP divide staff by union (MCEA/SEIU) to review timesheets (reviewing leave requests, staff leave shared folder, timesheets) prior to releasing PACS.	Principal & AP Mary Jo Powell Jessica Moon	Letter on file SEIU docs:AP MCEA doc: Principal	Review of documents prior to entry into PACs Checklist of completion	Bi weekly check of payroll documentations by Principal	Signed and dated by administrator prior to release of payroll
Timesheet must be reviewed and signed by the supervisor prior to entry in PACS: - Process updated where admin secretary provides dedicated administrator documentation to verify accuracy before entry.	Principal & AP Administrative secretary Mary Jo Powell Jessica Moon Monica Robles	SEIU docs:AP MCEA doc: Principal	Review of documents prior to entry into PACs Checklist of completion	Bi weekly check of payroll documentations by Principal	Signed and dated by administrator prior to release of payroll
Payroll must be released by a staff member independent of the PACS entry: - Principal will continue to release. If admin secretary makes any changes after principal has released, they will notify principal. Principal will then release again after corrections.	Principal Mary Jo Powell	PACS completed by Admin secretary	Documentation of staff member who released payroll	Bi weekly check of payroll documentations by Principal	Payroll released by Principal 100% of the time

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
<p>The list of payroll discrepancies must be reviewed for potential correction action: -Principal and admin secretary reviewed discrepancies, collected supporting documentation and made necessary corrections.</p>	<p>Monica Robles Mary Jo Powell</p>	<p>Emails, leave slips, prof leave forms, other support documents, PACS</p>	<p>Documents reviewed for discrepancies and data verified.</p>	<p>Bi weekly check of payroll documentations by Principal</p>	<p>Necessary corrections were made by administrative secretary</p>

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL

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

Comments:

Director: Rotunda Floyd-Cooper Date: 3/28/22