


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 19, 2017

MEMORANDUM

To: Mr. Daniel Walder, Principal
Diamond Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period
July 1, 2016, through October 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 meeting on December 14, 2017, with you, Mrs. Heather L. Jones, assistant principal; and Mrs. Diane D. McCaffrey, 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 29, 2017. 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 where staff members requested professional leave and the box to note if a substitute was or was not needed was blank. In addition, leave forms were approved by you when the box for a substitute was checked, but no funding source was listed. Professional leave forms requiring a substitute should only be approved when a funding source is listed. We recommend that you review with your staff the procedure for completing professional leave forms and only approve leave requests when the staff member has properly completed all required information (refer to *MCPS Financial Manual*, chapter 13, page 21). A list of payroll discrepancies noted, and their potential corrections, was provided to you and your timekeeper at our November 29, 2017, meeting.

Summary of Recommendations

- Professional leave forms must be fully completed and if a substitute is required must list a funding source.

We appreciate the cooperation and assistance of you and your staff, especially that of Mrs. McCaffrey. 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, with a copy to Mr. Gregory S. Edmundson, director of school support and improvement of elementary 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:SMY:Ish

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Kimball

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Edmundson

Mr. Tallur

Mr. Ikheloa



Office of the Principal

DIAMOND ELEMENTARY SCHOOL

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EXCELLENCE THROUGH EFFORT!

January 2, 2018

MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor, Internal Audit

From: Mr. Daniel Walder, Principal

Subject: Response to the Audit of Payroll Independent Activity Funds for the Period July 1, 2016 through October 31, 2017.

Thank you for your feedback and recommendations to aide and support us in our record-keeping practices. Based upon your recommendations of "Professional leave forms must be fully completed and if a substitute is required must list a funding source", We will implement the following:

- Staff will be informed of professional leave form expectations
- Administrative secretary will make initial check on professional leave forms to ensure it is completed correctly and a funding source is listed if a substitute teacher is required.
- Principal will make second check on professional leave forms to ensure it is completed correctly and a funding source is listed if a substitute teacher is required, before administrator signs off on approving leave.

Please see the attached financial management action plan. Let us know if you have any questions or additional suggestions for improvement.

Copy:

Mr. Gregory Edmundson, Director of School Support and Improvement



MONTGOMERY COUNTY PUBLIC SCHOOLS
ROCKVILLE, MARYLAND

FINANCIAL MANAGEMENT ACTION PLAN	
Report Date: 12/19/17	Fiscal Year: 12/19/17
School: Diamond ES - 570	Principal: Daniel Walder
OSSI Associate Superintendent: LaVerne Kimball	OSSI Director: Greg Edmundson
<u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>1/1/16 - 10/31/17</u> , 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
Communicate and train staff on professional leave protocol	Diane McCaffrey and Dan Walder			Quarterly Feb, Apr, June	
Admin Secretary will check first if professional leave form has funding source listed	Diane McCaffrey	Professional Leave Form	monthly checks	once a month	
Principal will check if professional leave form has funding source listed.	Dan Walder	Professional Leave Form	monthly checks	once a month	

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: _____

