


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 15, 2018

MEMORANDUM

To: Dr. Yong M. Kim, Principal
Herbert Hoover Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period
May 1, 2017, through March 31, 2018

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 April 20, 2018, with you, Mrs. Susan B. Mapes, school financial specialist; and Mrs. Denise L. Wepasnick, 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 March 22, 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

Examination of all the timesheets from the selected pay periods disclosed that the professional and most of the supporting services staff timesheets for all four pay periods reviewed were not signed by the principal or respective direct supervisor as required (refer to MCPS Regulation DLB-RA, *Authorized Signatures for Payroll Documents*, page 3). We also noted that your payroll was not being 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 designated individual separate from the timekeeper (refer to *MCPS Financial Manual*, chapter 13, pp. 1 and 4). You may designate your assistant principals the authority to approve payroll documents but the designation must comply with MCPS Regulation DLB-RA procedures.

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 some 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 either improperly completed, missing information, or did not have the proper leave request form attached when required. We recommend that all staff members prepare their MCPS timesheets to indicate the number of 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. We further recommend appropriate action be taken for the list of possible payroll discrepancies noted and their potential corrections was provided to you and your timekeeper at our April 20, 2018, meeting.

While reviewing payroll records, we found that several staff members were paid Extracurricular Class 1 and Class 3 Stipends in Fiscal Year 2017 and Fiscal Year 2018. We noted that MCPS Forms 430-59, *Extracurricular Activity (ECA) Stipend Agreement Assignment*, were completed to verify authorization and acceptance of assignments as required, but were not completed to include an evaluation by principal upon conclusion of these extracurricular activities. We also found that a Class 3 stipend, drama director, was paid to two staff members for activities that did not meet the minimum requirements as described in the Extracurricular Activities Program Handbook. The stipend for middle school drama director is for a minimum of two major productions. The stipend is split between the first production and the second production. Your school only produces one major drama production each year, but you paid the drama directors both stipends (refer to Extracurricular Activities Program Handbook). A unit member who does not fulfill the requirements for which a stipend is to be paid must forfeit that portion of the stipend which has not been earned. We recommend reviewing the list of approved Class 3 stipends for middle schools and implement any changes necessary to your Fiscal Year 2018 Extracurricular Activities (ECA) Plan. We also recommend that you contact the chief financial

officer (CFO) for an interpretation whether or not the work performed by the two staff members who were paid the drama director stipend in Fiscal Year 2017, met the requirements specified in the ECA Program Handbook. We noted that the FY 2018 drama stipend has not yet been paid.

Summary of Recommendations

- 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.
- Time and attendance must be accurately reported.
- The list of payroll discrepancies must be reviewed for potential corrective action.
- ECA Class 3 stipends must meet requirements as described in the ECA Handbook program.
- Contact the CFO pertaining to the FY 2017 and FY 2018 drama stipend.

We appreciate the cooperation and assistance of you and your staff, especially that of Mrs. Wepasnick. 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 through Dr. Michael J. Zarchin, director of school support and improvement of middle 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: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. Tallur

Dr. Zarchin

Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2018

Fiscal Year: 2018


School: Herbert Hoover MS - 228

Principal: Dr. Yong-Mi Kim 

OSSI

Associate Superintendent: Dr. Darryl Williams

OSSI

Director: Dr. Michael Zarchin 

Strategic Improvement Focus:

As noted in the financial audit for the period _____, 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
SEIU timesheets will be signed and verified by AP1	Paul Ajamian	completed timesheets and leave slips	All pertinent information compiled in a comprehensive format	Susan Mapes - End of payroll period	A system for checks and balances creating fewer errors
MCEA timesheets will be signed and verified by AP2	Stephanie Sheron	completed timesheets and leave slips	All pertinent information compiled in a comprehensive format	Denice Wepasnick - End of payroll period	A system for checks and balances creating fewer errors
MCAAP timesheets will be signed and verified by Principal	Yong-Mi Kim	completed timesheets and leave slips	All pertinent information compiled in a comprehensive format	Denice Wepasnick - End of payroll period	A system for checks and balances creating fewer errors
System now in place to track staff absences more consistently.	Denice Wepasnick/ Susan Mapes	communicating with Department heads to verify staff daily attendance	compiling information gathered and attaching it to the referenced payroll file	Denice Wepasnick/Susan Mapes during payroll period/daily	More accurate reflection of absences that are not captured in the Sub System.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Communicate to staff the importance of turning in their leave slips on a timely basis, how leave is to be used, and how it is to be reported	Denice Wepasnick	Platform to speak with staff	Currently emails are sent to staff members when a leave slip is missing from their payroll submission	Time keepers to communicate through ILT, Pre-Service, and remind as needed	Awareness of the importance of an accurate payroll submission should ultimately create less errors.
Extra Curricular Stipend Agreement Assignments will be completed to include an evaluation by the principal ECA Class 3 Stipends must meet requirements as described in the ECA Handbook Program	Yong-Mi Kim/ Denice Wepasnick	Scheduling time to do evals and informing staff	Currently all stipend holders sign contract, the evaluation will now be another part of the contract process	Yong-Mi Kim at the end of the stipend holder's term	Verification that the position was fulfilled
Contact the CFO pertaining to the FY 2017 and FY 2018 drama stipend	Yong-Mi Kim/ Denice Wepasnick	Email/Speak with CFO	Decide from outcome of conversation with CFO whether to continue with second drama production that doesn't generate income	Yong-Mi Kim beginning of school year	Verification that both productions are considered available for a stipend

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

☒ Approved

☐ Please revise and resubmit plan by _____

Comments:

Director: _____

Date: 6-7-18