

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

August 3, 2021

MEMORANDUM

To: Dr. Harold A. Barber, Principal
JoAnn Leleck at Broad Acres Elementary School

From: Mary J. Bergstresser, Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period
July 1, 2020, through June 30, 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's (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 meeting on July 28, 2021, with you, and Ms. Larissa J. Prentice, 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. It should be noted that Ms. Prentice's assignment as secretary was effective March 18, 2021.

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 either not on file, improperly completed, or were missing information. In addition, many of these timesheets did not have the proper leave request form attached when required. 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 bi-weekly hourly totals to reduce the potential for input errors by the timekeeper. A list of payroll discrepancies noted and their potential corrections were provided to you and your timekeeper at our July 28, 2021, meeting.

Examination of the payroll records noted that the biweekly attendance approval reports and timesheets were not timely signed by the principal, as required by MCPS Regulation DLB-RA, *Authorized Signatures for Payroll Documents*. The principal must approve the biweekly MCPS Form MM 631 to certify that the attendance data has been correctly reported on timesheets, and was accurately entered by the timekeeper into PACS. In addition, we found 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 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 you review and sign all timesheets, leave requests, and biweekly attendance approval reports in a timely manner, and that payroll be released by a staff member independent of PACS data entry (refer to the *MCPS Finance Manual*, chapter 13, pp. 1 and 5).

MCPS provides preprinted quarterly certification statements for all employees who have a grant-funded position or assignment, and these must be signed by either the employee or supervisor. For those employees who are funded from both, a grant and the MCPS operating budget, or from more than one grant, a biweekly Personnel Activity Report (PAR) is required to be completed and signed by the employee and supervisor. It is critical that these certifications are completed to satisfy federal documentation requirements and retained for seven years. We found that you had employees who received both the quarterly certification statements and biweekly PAR forms. These forms were not always signed by the employee and supervisor, when required, and not filed in a separate binder or folder so they could be retained for the required seven years. We recommend that the employee and/or supervisor sign certifications and PAR forms and that they are filed in a separate binder or folder, together with the timesheets, and retained for seven years as required.

Notice Findings and Recommendations

- Time and attendance must be accurately reported.
- The principal or designee must ensure the validity and accuracy of the payroll.

- Payroll records must be reviewed in a timely manner and signed by the supervisor.
- Payroll must be released by a staff member independent of the PACS entry.
- Approved leave forms and other required documentation must be attached to timesheets.
- Time and effort certifications must be signed and retained for 7 years.
- The list of payroll discrepancies must be reviewed for potential corrective action.

Other matters were discussed and satisfactorily resolved. 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. Mary Jane Q. Ennis, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Ennis 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 financial specialist to support you with developing a well-defined plan to address the findings.

MJB:ABP:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. McKnight
Mr. D'Andrea
Ms. Dawson
Ms. Reuben
Mrs. Williams
Mrs. Morris
Mr. Reilly
Mrs. Chen
Mrs. Eader
Dr. Ennis
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date:

Fiscal Year:

School:

Principal:

**OTLS
Associate Superintendent:**

**OTLS
Director:**

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

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____ _____	
Director: _____ <i>Jane Q. Ennis</i> _____	Date: _____