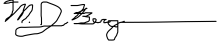


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

July 31, 2020

MEMORANDUM

To: Mr. Ryan D. Forkert, Principal
Luxmanor Elementary School

From: Mary J. Bergstresser, Acting Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period
July 1, 2019, through February 28, 2020

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 virtual meeting on June 22, 2020, with you, and Mrs. Barbara A. McGolrick, 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 remotely. 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, 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, page 4). A list of payroll discrepancies noted and their potential corrections were provided to you and your timekeeper.

We also noted that your payroll was not released in PACS by a designated individual who is independent of the timekeeper for data entry. All four pay periods reviewed were taken by ERSC without having been verified and released by anyone at the school level. We also found that the timesheets were not signed by you until weeks after the end of the pay period. 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 either you, or an approved unit manager, review and sign all timesheets and leave requests prior to input and that payroll be released by a staff member independent of PACS data entry (refer to the *MCPS Financial Manual*, chapter 13, pp. 1 and 5).

We found that substitutes were called into the sub system for more than an entire day when the request was only scheduled for 3.5 hours of leave. The substitutes were paid for 7 hours, the amount prefilled by the sub system, rather than the 3.5 hours reported on the substitute's timesheet since the timekeeper did not correct the prefilled hours in PACS. Substitute hours prefilled in PACS must be compared to the substitute's timesheet to ensure that hours are posted correctly.

We found instances where leave forms (MCPS Form 430-1A) were approved by the principal after leave was already taken (authorized exception: call in of unscheduled leave), and no explanation was listed for advance sick leave or illness in family. When staff members are requesting advance sick leave or illness in family, they should list an explanation for the absence.

Notice Findings and Recommendations

- Time and attendance must be accurately reported.
- Principal or designee must ensure validity and accuracy of the payroll.
- Timesheets should be reviewed and signed by supervisor prior to entry in PACS.

- Leave forms for advance sick or illness in family should state a reason.
- 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 you and your staff. 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 Unit with documentation of corrective actions taken, within 30 calendar days of this report, with a copy to Dr. Rotunda Floyd-Cooper, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools (OTLS). In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. OTLS staff will follow up on this audit.

MJB:BK:sh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Johnson

Dr. Wilson

Mrs. Ahn

Mr. Koutsos

Mrs. Camp

Mrs. Chen

Dr. Floyd-Cooper

Mr. Marella

Mr. Reilly

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date:	Fiscal Year:
School:	Principal:
OSSI Associate Superintendent:	OSSI Director:
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period _____, strategic improvements are required in the following business processes :</p>	

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 SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____ _____	
Director: _____ <i>Rotunda Floyd-Cooper</i> _____	Date: _____