

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 15, 2022

MEMORANDUM

To: Mrs. Elizabeth L. Thomas, Principal
Quince Orchard High School

From: Mary J. Bergstresser, Supervisor, Internal Audit



Subject: Report on Audit of Payroll for the Period
July 1, 2021, through June 30, 2022

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 the MCPS Substitute Employee Management System's (SEMS) automated substitute teacher assignment report to the PACS timesheet 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 November 14, 2022, with you; Mrs. Dawn B. Robinson, school administrative secretary; Mrs. Jessica L. Ayers, school financial specialist; and Mrs. Judith C. Yu, school business administrator, 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

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 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. We also noted temporary part time employees had been paid for holiday and emergency days, even though they had not worked on those days. 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. 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 the family. When staff members are requesting advance sick leave or illness in the family, they should list an explanation for the absence. 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 timekeepers.

We found that the use of professional leave did not always conform to the procedures established in the attached guidelines, which requires that all professional leave be approved on MCPS Form 430-94: *Professional Leave (PRO)*, and if a substitute is required, the funding source, including the account number, must be identified on this form. It was noted that many staff taking professional leave who required a substitute did not always have a copy of MCPS Form 430-94 on file to determine if there was a funding source, or if the leave had been approved by principal/supervisor prior to leave being taken. The funding source must be provided by the office or department conducting the meeting or training, recorded on the leave request, and approved in advance. We recommend that you review the attached guidelines with all staff to ensure that they adhere to the established procedures.

Notice Findings and Recommendations

- Time and attendance must be accurately reported.
- Principal or designee must ensure validity and accuracy of the payroll.
- Leave forms for advance sick or illness in family should state a reason.
- The list of payroll discrepancies must be reviewed for potential corrective action.
- Professional leave requiring a substitute must indicate funding source and be retained.

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 Mr. David W. Adams, director of school support and well-being, Office of Student Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mr. Adams will indicate whether he will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school timekeepers to support you with developing a well-defined plan to address the findings.

MJB:rg

Attachments

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. Hull

Dr. Murphy

Ms. Reuben

Mr. Stockton

Mrs. Williams

Dr. Floyd-Cooper

Mr. Reilly

Mr. Adams

Mrs. Chen

Ms. Eader

Mr. Klausning

Mrs. Ripoli

Ms. Webb

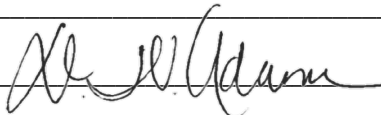
FINANCIAL MANAGEMENT ACTION PLAN

Report Date:	Fiscal Year:
School:	Principal:
OSSWB Associate Superintendent:	OSSWB 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

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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____ _____	
Director: _____  _____	Date: _____