


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 21, 2019

MEMORANDUM

To: Mrs. M. Deneise Hammond, Principal
Rachel Carson Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period
July 1, 2017, through January 31, 2019

Payroll audits are conducted to evaluate compliance with Board of Education policies, 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 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' 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 March 11, 2019, with you and Mrs. Mary B. Foringer, 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 February 12, 2019. 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 substitutes' 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. We also noted many employees did not have a leave request attached to their timesheet. 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 improperly completed or were missing information. 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 biweekly hourly totals to reduce the potential for input errors by the timekeeper. Certification that attendance data has been correctly reported on timesheets and accurately entered by the timekeeper into PACS is an important internal control process. We also noted that your payroll was not 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 found that your assistant principal was approving all timesheets and this was not delegated in writing. We recommend that either you or a designee review and sign all timesheets, and that payroll be released by a staff member independent of PACS data entry (refer to *MCPS Finance Manual*, chapter 13, pp. 1 and 5). A list of payroll discrepancies noted, and their potential corrections, was provided to you and your timekeeper at our March 11, 2019, meeting.

Summary of Recommendations

- Time and attendance must be accurately reported.
- Principal or designee must ensure validity and accuracy of the payroll.
- Payroll must be released by a staff member independent of PACS data entry.
- The list of payroll discrepancies must be reviewed for potential corrective action.

We appreciate the cooperation and assistance of you and your staff, especially that of Mrs. Foringer. 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 office with documentation of corrective actions taken, within 30 calendar days of this report, with a copy to Mrs. Michelle E. Schultze, 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: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
Ms. Klein
Mrs. Schultze
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 4/10/19	Fiscal Year: 4/10/19
School: Rachel Carson ES - 159	Principal: M. Deneise Hammond
OSSI Associate Superintendent: Darryl Williams	OSSI Director: Michelle Schultze
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>7/1/17-1/31/19</u>, 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
Share results of audit and payroll expectations with staff.	Hammond	none	Midweek Check-in	Quarterly reminder in Midweek Check-In	Blurb included in Midweek Check-in email to staff. Leave slips are now left in principal's mailbox.
Principal will release payroll.	Hammond	none	Release record	Biweekly by Principal	Once payroll is complete the principal is notified and logs in to check and release it.
Leave slips are turned in to principal who checks for mistakes prior to signing. They are then given to a secretary to enter.	Hammond/Reed	none	Completed payroll for each pay period	Monthly by principal and secretary	Principal highlights areas of leave slips that are missing information and places them in staff boxes. Secretary ensures all are complete.
Principal wrote authorization for Assistant Principal to sign time sheets. Assistant Principal will check time sheets prior to signing,	Hammond/Aleshevich	none	Completed payroll by each pay period	Monthly by Assistant Principal	Assistant Principal checks time-sheets before signing.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Reminder sheets are placed in the boxes of staff who neglect to turn in a leave slip. A blank leave slip is attached.	Foringer	none	Completed payroll by each pay period	Monthly by administrative secretary	Signed leave slips are returned with reminder attached.

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

Approved Please revise and resubmit plan by _____

Comments:

Michelle Schultze

Director: _____

Date: 4/26/19