

Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

May 16, 2022

MEMORANDUM

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

From: Mary J. Bergstresser, Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period  
July 1 2021, through March 31, 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 May 3, 2022, with you, and Mrs. Mary B. Foringer, school administrative secretary (timekeeper), we reviewed the prior audit report dated March 21, 2019, and the status of the present conditions. 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 also reviewed all temporary part-time employees' timesheets for accuracy. 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 or on their timesheets. Additionally, not all advanced sick leave requests indicated a reason for the leave. We also noted many employees did not have a leave request attached to their timesheet. We found that leave recorded on timesheets did not always match what was called into the substitute system, or what was on the leave request. 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 and some timesheets and leave requests were not signed by the you or a direct supervisor. 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.

Designated individuals (separate from the timekeeper) release the payroll, verifying that time input has been completed and is appropriate. We found that your payroll was not always released in PACS by a designated individual who is independent of the timekeeper for 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 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, pages 1 and 5).

While reviewing payroll records we found that several staff members were paid Extracurricular Activity (ECA) Class 3 Stipends in fiscal years (FY) 2021 and FY 2022. We found that MCPS Form 430-59, *Extracurricular Activity (ECA) Stipend Agreement and Assignment*, was not fully completed to include an assignment or evaluation upon conclusion of extracurricular activities. The principal is responsible for the management of the entire ECA program within the school. We recommend reviewing the current ECA booklet for activity codes and descriptions, as well as the approval procedures and payment of stipends.

#### Notice Findings and Recommendations

- Time and attendance must be accurately reported (**repeat**).
- Approved leave forms and other required documentation must be attached to timesheets (**repeat**).
- Leave forms for advance sick or illness in family must state a reason (**repeat**).
- Payroll must be released by a staff member independent of the PACS entry (**repeat**).
- All ECA stipends need to be documented using MCPS Form 430-59.
- Timesheets and leave forms must be completed and signed by employee and supervisor prior to data entry into PACS (**repeat**).
- 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. Rotunda Floyd-Cooper, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Floyd-Cooper will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and Mrs. Foringer to support you with developing a well-defined plan to address the findings.

MJB:YSG:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Dr. Dawson

Ms. Reuben

Mrs. Williams

Mr. Koutsos

Mr. Reilly

Mrs. Chen

Mrs. Eader

Dr. Floyd-Cooper

Mr. Klausning

Mrs. Ripoli

Ms. Simmons

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"/> <b>Approved</b>	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____ _____	
Director: <u>Rotunda Floyd-Cooper</u>	Date: _____