


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

August 10, 2017

MEMORANDUM

To: Ms. Billie-Jean Bensen, Principal
Rockville High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period
July 1, 2016, through June 9, 2017

Payroll audits are conducted to evaluate compliance with MCPS policies, 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 there is compliance with MCPS policies, regulations, and procedures, and 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 automated substitute teacher assignment report to the professional staff MCPS Form 430-70 to determine if leave was reported. The auditors selected five employees in each pay period to review their records 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 MCPS Form MM 631: *Attendance Approval Report*, for evidence of adequate control over the approval and reporting of leave.

At our meeting on August 2, 2017, with you, Mrs. Melissa A. Roller, school administrative secretary; and Mr. David M. Stough, school business administrator, 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 June 21, 2017. 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

Rockville High School has a large number of staff members paid by federal grants who are required to complete a quarterly certification and biweekly Personnel Activity Report (PAR). We found that all staff members paid with funds from federal grants completed all necessary certificates and biweekly PAR documentation.

Examination of all the timesheets from the selected pay periods disclosed that the professional and supporting services staff timesheets for all four pay periods reviewed were not signed by the respective direct supervisor as required. We found that the assistant principals were approving professional staff timesheets and the school business administrator was approving supporting services staff timesheets without evidence of the designation to do so sent in writing to the payroll supervisor in the Employee and Retiree Service Center (refer to MCPS Regulation DLB-RA, *Authorized Signatures for Payroll Documents*, page 3). We also noted that your payroll was not always released by a designated staff member who is independent of PACS data entry. An important internal control process is the certification by an 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 a direct supervisor review and sign all timesheets and leave requests, 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). You may designate your assistant principals and school business administrator the authority to approve payroll documents but the designation must comply with MCPS Regulation DLB-RA procedures.

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. A few timesheets were 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. 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 recommend that you, or a direct supervisor, 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 *MCPS Financial Manual*, chapter 13, page 4). A list of payroll discrepancies noted and their potential corrections were provided to you and your timekeeper at our August 2, 2017, meeting.

We found that the use of professional leave did not always conform to the procedures established in the attached memorandum from the chief operating officer, 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 staff taking professional leave who required a substitute did not always indicate the funding source account number on the leave form and some of the leave forms were not approved by principal/supervisor prior to leave being taken. The funding source should be provided by the office or department conducting the meeting or training. We recommend that you review the above memorandum from the COO with all staff to ensure that they adhere to the established procedures.

Summary of Recommendations

- Designation of payroll authority must comply with MCPS Regulation DLB-RA.
- Payroll must be released by a staff member independent of PACS data entry.
- Principal or direct supervisor must ensure validity and accuracy of payroll documentation prior to approval signature.
- The list of payroll discrepancies must be reviewed for potential corrective action.
- Professional leave must be approved in advance and must indicate a funding source when a substitute is required.

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*, please provide a response to the Internal Audit Unit with documentation of corrective actions taken within 30 calendar days of this report through Mr. Brian W. Scriven, director of school support and improvement of high 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

Mr. Scriven

Mr. Tallur

Mr. Ikheloa

Attendance Audit Report Action Plan

Audit Report Date: August 2, 2017

School: Rockville High School
Principal: Billie-Jean Bensen

School Business Administrator: David Stough
School Financial Specialist: Aleyda Portillo

| Findings and Recommendations of School's Financial Report | Description of Resolution And Person(s) Responsible | Timeline | Evidence of Completion |
|---|---|---|---|
| Put in writing who is delegated to sign timesheets. Leave must be approved in advance unless unexpected leave. Reason for taking sick leave should be stated. Sick leave cannot be used if no personal is available. | Principal Bensen documented in writing who has been delegated to sign timesheets and Leave forms. (Principal and Assistant Principals and Business Administrator) Principal will review all leave slips for specific type of leave being taken in biweekly meetings with Admin secretary and a separate meeting with Business Administrator for supporting services. Training during Preservice and follow up emails to all staff regarding proper leave procedures and expectations. | <ul style="list-style-type: none"> - Letters were created delegating authorization and are kept with yearly payroll documentation. Letters will be rewritten each school year. - Twice a week leave slips and Professional leave forms are reviewed in detail with Admin secretary and in a separate meeting with Business administrator for supporting services. | Will review during bi-weekly meetings (where requests and leave forms are presented for principal signature) |
| Employees are required to call school to notify the timekeepers of their absences and that timekeepers keep a record to assist in posting hours in PACS | <ul style="list-style-type: none"> - Training during preservice and follow up email reminders. - Admin secretary and Financial assistant post daily absences on Rockville Private. They will keep a copy of the absences and update daily any changes or additions to list so we have a daily attendance sheet which will be kept with all leave forms and slips each pay period. | <ul style="list-style-type: none"> - Daily attendance sheets will be kept by Admin secretary and Financial Assistant to better track daily and weekly attendance of all staff by type of leave. | Will review during bi-weekly meetings (where requests and leave forms are presented for principal signature and review of weekly payroll) |
| All professional leave must be approved in advance and the principal must be informed of what type of training or conference is being attended for professional development. When a sub is needed the leave slip must provide a funding source. | <ul style="list-style-type: none"> - Professional leave forms by color will be generated to identify inhouse PD from the county. - PD forms from other sources will be reviewed at biweekly principal meetings with Admin secretary to review in detail the funding source for every Professional Leave request. - Training during preservice week with follow up email reminders | <ul style="list-style-type: none"> - Preservice Inservice training for Leadership Team members followed by whole school training of Professional Leave procedures. - Biweekly review of all Professional Leave forms during principal and admin secretary meetings. | Will review during bi-weekly meetings (where requests and leave forms are presented for principal signature) |
| | - | - | |

Approved:


Billie-Jean Bensen, Principal

Date of approval:


9/12/17

Note: Copies of the approved plan are to be sent to (1) the Internal Audit Office and to (2) Brian Scriven, Director of School Support and Improvement of High Schools