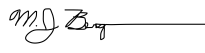


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 08 2020

MEMORANDUM

To: Mrs. Jewel A. Sanders, Principal
Rosa M. Parks Middle School

From: Mary J. Bergstresser, Supervisor, Internal Audit 

Subject: Report on Audit of Payroll for the Period
July 1, 2019, through September 30, 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 November 16, 2020, with you; Mrs. Angie L. Fish, principal intern; Mr. Albert Sisco, school financial specialist; and Mrs. Krystal P. White-Prillman, 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. 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 all the timesheets and leave request forms for validity and accuracy, ensuring that all required documentation is included prior to you approving the request with your 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 noted that your payroll was not 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 timekeepers into PACS. Examination of all timesheets from selected pay periods disclosed that the timesheets for paraeducators were not signed by the principal or designee as required by MCPS Regulation DLB-RA, *Authorized Signatures for Payroll Documents*. 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).

While reviewing payroll records, we noted that several staff members were assigned Extracurricular Class 3 Stipends in FY 2020 and FY 2021. We found that MCPS Form 430-59, *Extracurricular Activity (ECA) Stipend Agreement and Assignment*, was not completed to include an assignment and agreement, plus an evaluation upon conclusion of the extracurricular activities. We recommend that MCPS form 430-59 be prepared for all ECA stipends assigned and an evaluation be done at the completion of the activity. It appears that Class 3 stipends were assigned to staff members in FY 2021 for activities that may not meet the minimum requirements as described in the Extracurricular Activities Program Handbook. The principal is responsible for the conduct of the entire extracurricular program within the school. Whenever any of the activities being conducted do not continue to meet the requirements of the school as determined by the principal, such activities shall be discontinued (refer to Extracurricular Activities Program Handbook). We recommend reviewing the list of approved Class 3 stipends for your school for FY 2021 and make any changes necessary to your FY 2021 Extracurricular Activities (ECA) Plan.

Notice Findings and 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 the PACS data entry.

- Extracurricular stipends must comply with ECA guidelines.
- 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 Mr. Eric A. Wilson, 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:MJB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Dr. Wilson

Mrs. Williams

Mr. Koutsos

Mrs. Camp

Mrs. Chen

Mr. Marella

Mr. Wilson

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"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____ _____	
Director: <u>Eric Wilson</u>	Date: _____