


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 25, 2023

MEMORANDUM

To: Dr. Natasha H. Booms, Acting Principal
Odessa Shannon Middle School

From: Mary J. Bergstresser, Supervisor, Internal Audit 

Subject: Report on Audit of Overtime Payroll for the Period
July 1, 2022, through May 31, 2023

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 overtime, 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 reviewed all overtime reported during this audit period to determine accuracy of reporting and verification of approval.

At our meeting on September 12, 2023, with you; Mrs. Carolina E. Pinkney, school administrative secretary; and Mrs. Sharon A. Zitomer, school financial specialist, we reviewed the status of the conditions described in this audit report that were disclosed during our audit of payroll overtime records. It should be noted that your appointment as acting principal was effective February 28, 2023. 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

It is the principal's or direct supervisor's responsibility to maintain fiscal control of payroll and to manage employee work schedules without the use of overtime, except when authorized in advance for emergency situations, outside use events, or school events. All overtime must be authorized in advance using the appropriate overtime forms (refer to the *MCPS Financial Manual*, chapter 13, page 6). We noted that overtime reported on employee timesheets was not always authorized by the principal or a direct supervisor, and did not always have the appropriate overtime forms attached. We found that several building service employees were paid at the premium overtime pay rate using the incorrect overtime code. The overtime hours worked were for outside use events though the Interagency Coordinating Board (ICB) and the correct code to report these hours is outside use premium (OUP). We found that the employees and the timekeeper reported these hours

as overtime regular (OTR), which is charged to the school plant operations account instead of being charged to ICB. We reviewed all overtime charged during Fiscal Year 2023 and found that 245.5 hours were incorrectly charged to school plant operations instead of ICB. Entering the overtime codes incorrectly into PACS resulted in MCPS, rather than ICB, paying for the overtime hours. Use of the correct pay code ensures funds are encumbered from correct accounts. We recommend that the timekeeper and payroll supervisors ensure that a properly authorized overtime approval form is attached to an employee's timesheet with overtime hours correctly reported. PACS corrections will need to be done in order to properly report the overtime hours.

For the audit period reviewed we found many 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).

Notice Findings and Recommendations

- Overtime codes must be accurately reported.
- Overtime approval must be attached to timesheets.
- Approved leave forms and other required documentation must be attached to timesheets.
- Principal or designee must ensure validity and accuracy of the payroll.
- The list of overtime discrepancies must be corrected with a PACS correction.

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

MJB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight
Mr. Hull
Dr. Murphy
Ms. Morris
Mr. Stockton
Mrs. Williams
Dr. Redmond Jones
Mr. Reilly
Mrs. Chen
Ms. Eader
Ms. Edwards
Mr. Klausling
Mr. Mullenholz
Mrs. Ripoli
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: ²⁴

Fiscal Year: ²⁴

School: Odessa Shannon MS - 818

Principal: Natasha Booms

OSSWB

Associate Superintendent: Lance Dempsy

OSSWB

Director: Greg Mullenholz

Strategic Improvement Focus:

As noted in the financial audit for the period 22-23, 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
Overtime codes must be accurately reported. Timekeeper gave building service and cafeteria managers the pay code guidelines and forms.	Principal BSM Cafe manager Admin Sec. Financial Spec.	Email Accurate overtime codes by plant and operations	Authorizations, timesheets, sign in logs. BSM/Admin secretary will confirm correct OTR codes/hours.	Principal BSM Cafe manager Admin secretary Financial Spec.	Admin sec. provided a PACS corrections for previous erroneous codes.
Overtime approval must be attached to timesheets. Form 280-19 and DMO overtime forms both state that prior approval must be done prior to use of leave.	Admin secretary Financial Spec.	Authorization documents, emails, and timesheets	Authorization documents, emails, and timesheets.	Admin. sec and the financial spec. will ensure proper documents are attached to leave.	Administrative sec. requests accurate leave slips and attaches slips to timesheets prior to the principal's signature.
Approved leave forms and other required documentation must be attached to timesheets. Timekeeper will double check to make sure all appropriate forms are attached.	Principal Admin Sec. Financial Spec.	Leave slips timesheets emails and authorization forms	Authorization documents, emails, and timesheets.	Administrator Admin Sec.	Admin sec. collects the leave slips for the principal signature. Attaches leave slops to timesheets. Principal review prior to signing.
Principal or designee must ensure validity and accuracy of the payroll. Principal will check all forms are correct before signing them.	Principal Admin Sec. Financial Spec.	Leave slips timesheets emails, and authorization forms	Authorization documents, emails, and timesheets.	Administrator Admin Sec. Financial Spec.	Admin. sec and the financial spec. work together for the payroll release.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
The list of overtime discrepancies must be corrected with a PACS correction. All PACS corrections were done 9/19/23 and 9/27/23.	Admin Sec. Financial Spec.	Leave slips timesheets emails and authorization forms.	Authorization documents, emails, leave slips, and timesheets.	Administrator Admin Sec. Financial Spec.	Admin sec provided a PACS corrections for previous erroneous codes and it was signed by the principal.

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved **Please revise and resubmit plan by _____**

Comments: _____

Director:  Date: 11/21/23