

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 6, 2019

MEMORANDUM

To: Mrs. Zoraida E. Brown, Principal
Sargent Shriver Elementary School

From: Mary J. Bergstresser, Acting Supervisor, Internal Audit



Subject: Report on Audit of Payroll for the Period
July 1, 2018, through June 30, 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 August 26, 2019, with you and Ms. Flor D. Lopez, 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 August 5, 2019. It should be noted that the administrative secretary's assignment was effective June 24, 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' 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. 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 always 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 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 August 26, 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 Ms. Lopez. 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 Mrs. Jennifer L. Webster, director of learning, achievement, and administration, Office of School Support and Improvement. 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.

MJB:BK:Ish

Attachment

Copy to:

Members of the Board of Education
Dr. Smith
Dr. McKnight

Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Mrs. Morris
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mrs. Webster
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: September 6, 2019 - FY2	Fiscal Year: September 6, 2019 - FY2
School: Sargent Shriver ES - 779	Principal: Zoraida Brown
OSSI Associate Superintendent: Diane Morris	OSSI Director: Jennifer Webster
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>7/1/18-6/30/20</u>, strategic improvements are required in the following business processes :</p> <p>Financial Management - Payroll</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
*Report time and attendance accurately *Provide examples of completed PACS Timesheets *Provide the staff with copies of their leave requests	Zoraida Brown Flor Lopez Staff	MCPS Financial Manual: Chapter 13 Payroll	*Google Calendar to record staff absences *PACS Timesheets *MCPS Form 430-1a/430-1a2 *MCPS Form 430-94	Zoraida Brown Flor Lopez Teachers	*Teachers will accurately report time and attendance. Principal and administrative secretary will check PACS Timesheets and leave forms for accuracy.
*Ensure validity and accuracy of the payroll *Ensure staff's time, attendance, and leave is recorded accurately	Zoraida Brown Flor Lopez	MCPS Financial Manual: Chapter 13 Payroll	*Google Calendar to record staff absences *PACS Timesheets *MCPS Form 430-1a/430-1a2 *MCPS Form 430-94	Zoraida Brown Flor Lopez	*Principal a Administrative secretary will check PACS Timesheets and leave forms for accuracy below PACS data entry.
*Ensure payroll is released by a staff member independent of the PACS data entry *Create calendar invites to remind staff members who did not do PACS data entry to release payroll	Zoraida Brown Flor Lopez Dennis Heidler Thelma Gomez-Lacayo	MCPS Financial Manual: Chapter 13 Payroll	*Microsoft Outlook Calendar/Google Calendar	Zoraida Brown Flor Lopez Dennis Heidler Thelma Gomez-Lacayo	* A staff member independent of the PACS data entry will release payroll.
*Review payroll discrepancies for potential corrective action	Zoraida Brown Flor Lopez	MCPS Financial Manual: Chapter 13 Payroll	*Documentation of corrected payroll discrepancies	Zoraida Brown Flor Lopez	*The administrative secretary will correct payroll discrepancies and the principal will review them.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

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

Approved
 Please revise and resubmit plan by _____

Comments: _____

Director:  _____
 Date: 10/28/19