



Payroll Time and Labor Audit Report

Crawford School of Invention and Design Educational Academy

October 17, 2011

Introduction

The Office of Internal Audit conducted an audit of the payroll time and labor at Crawford School of Invention and Design Educational Academy (IDEA) for the period July 1, 2010 through June 30, 2011. The review included an examination of PeopleSoft time and labor computer records and payroll documentation maintained at the school sites.

The employees assigned at Crawford High School-IDEA totaled 27, of the total employees, 21 are certificated employees and 6 are classified employees.

Audit Scope and Objectives

The scope of this audit included a review of all supporting documentation for the payroll time and labor input from July 1, 2010 through June 30, 2011.

The specific objectives of this audit were:

- To determine that internal controls exist to protect the assets of the school district.
- To determine that the time keeping process complied with District policies and procedures.
- To verify that all absences and hours were recorded timely and accurately.
- To verify that backup documentation existed for all absences and hours recorded.
- To determine that monthly positions are valid and full time equivalent agrees to employee's actual hours worked.

Audit Findings Summary

1. The former Athletic Director inappropriately approved three timecards totaling 8.5 hours amounting to \$2,007.41.
2. Timecards for 26 hours paid totaling \$8,919.40 were missing. As a result, we could not determine the validity of payment or proper authorization.
3. Supporting documentation for 29 benefit absence request forms totaling 152.75 hours were missing. As a result authorization could not be determined.


4. A total of 14.5 hours of additional pay amounting to \$431.23 and 136 hours absences were posted to Time and Labor without authorization.
5. Several "Audit Paid to Reported Time" reports for the period July 1, 2010 through June 30, 2011 reports were missing.
6. Errors in the proper completion of timecards were noted on 39 instances. Errors include missing dates, employee's signature, timekeeper's signature, time reporting codes and reason or explanation of extra hours.

Conclusion

Our review of the time and labor at Crawford School of Invention and Design Educational Academy disclosed a need to improve compliance with prescribed policies and procedures to ensure that financial and operational activities relating to payroll time and labor are properly accounted for and controlled. Request for absences and hours entered into the payroll time and labor must be properly supported and authorized to protect district's assets.

The principal is responsible for certifying each payroll and must adequately supervise the time and labor operations of the school. Internal controls that include appropriate reviews and approvals of timecard transactions must be implemented immediately. The monthly payroll reports must be printed and submitted to the principal for review and signature in order to verify that the time and labor entries are accurate. The principal must ensure that all identified errors are corrected and policies are implemented to certify compliance with School District procedures in the future.

We appreciate the cooperation extended by the staff during the examination.



Ines G. Abitria
Operations Auditor



W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendation

1. **The former Athletic Director inappropriately approved three timecards totaling 8.5 hours amounting to \$2,007.41.**

Our review of payroll records for the period July 1, 2010 through June 30, 2011, revealed that three timecards totaling 8.5 hours were inappropriately approved by the former Athletic Director as follows:

Description	Report Date	TRC	Hours	Amount
Teacher-Moderate/Severe	09/18/2010	SPV	4.00	\$118.96
Teacher-Moderate/Severe	10/08/2010	SPV	2.50	74.35
Regular Teacher	11/15/2010	EXP	2.00	1,814.10
Total Hours			8.50	\$2,007.41

Approval of timecards is the responsibility of the administrator, certifying that services rendered by an employee are accurate.

Recommendation:

The Athletic Director is not to assume the responsibility of approving timecards. Timecards are to be submitted to the Principal for proper authorization.

2. **Timecards for 26 hours paid totaling \$8,919.40 were missing: As a result, we could not determine the validity of payment or proper authorization.**

Our review of payroll records for the period July 1, 2010 through June 30, 2011, revealed that 26 hours totaling \$8,919.40 were reported and paid without timecards. As a result we could not determine if the hours paid were authorized or valid.

Listed below is the summary of hours paid that did not have supporting documentation.

TRC	Description of Hours Paid	Total Hours	Amount
CRW	Curriculum Writing	4.00	\$118.96
EXP	Walk on Coach-Certificated	9.00	8,163.45
PRO	Contract Rate	4.00	174.00
SAT	Saturday School	8.00	443.16
WKC	Workshop Certificated	1.00	19.83
	Totals	26.00	\$8,919.40

Timecards are to be retained at the site to substantiate the hours reported in the Time and Labor system and for audit purposes.

Recommendation:

We recommend that the principal require responsible staff to complete a timecard and timekeeper should ensure that proper supporting documentation are on file when processing time and labor.

The timekeeper also should review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

- 3. Supporting documentation for 29 benefit absence request forms totaling 152.75 hours were missing. As a result authorization could not be determined.**

We examined the benefit absences reported and paid for the pay period starting July 1, 2010 through June 30, 2011 for certificated and classified employees. We found that absence request on 29 instances representing 152.75 hours did not support benefit absences of several employees.

Listed below is the summary of absence requests that did not have supporting documentation.

TRC	Description	Instances	Hours
FLH	Floating Holiday	1	6.00
LHS	Sick Leave-Half Pay	14	72.75
PB2HR	Personal business 2 Hours	1	2.00
SLF	Sick Leave	9	49.00
VAC	Vacation	4	23.00
	Totals	29	152.75

Timecards are to be retained at the site to substantiate the hours reported in the Time and Labor system and for audit purposes.

Recommendation:

We recommend that the principal require responsible staff to complete an absence request form and the timekeeper should ensure that all absence request's supporting documentation are on file.

The timekeeper also should review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

- 4. A total of 14.5 hours of additional pay amounting to \$431.23 and 136 hours absences were posted to Time and Labor without authorization.**

Our review of the payroll records for the period July 1, 2010 through June 30, 2011, revealed that a total of 150.5 hours were entered into the Time and Labor System without the authorized signature from the principal.

Specifically, we noted the following:

The 14.5 hours totaling \$431.23:

TRC	Description of Hours	Total Hours	Amount
CRW	Curriculum Writing	2.50	\$74.35
NCT	Non-Classroom Hourly	12.00	356.88
	Totals	14.50	\$431.23

Also, the 136 benefit hours without proper authorization:

TRC	Description of Hours	Instances	Total Hours
DBS	District Business	3	12.00
DBSPD	District Business	10	80.00
LHS	Half Sick Leave	2	10.00
PB2HR	Personal Business 2 Hours	1	2.00
SLF	Sick Leave	4	32.00
	Totals	20	136.00

Signature of the principal is required to signify that the hours to be recorded in the time and labor system are authorized.

Recommendation:

The timekeeper is to review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll. Timecards are to be reviewed for the approval signatures of the principal before reporting hours into the time and Labor system.

5. **Several "Audit Paid to Reported Time" reports for the period July 1, 2010 through June 30, 2011 reports were missing.**

The monthly and hourly payroll reports must be printed and submitted to the principal for review and signature in order to verify and have the principal certify that the time and labor entries are accurate. Our audit revealed that several "Audit Paid to Reported Time" reports were not printed by the school and some reports were not certified by the principal that the processed payroll reflects time actually worked and accrued.

Recommendation:

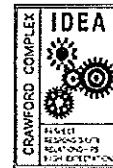
The "Audit Paid to Reported Time" reports must be printed for each payroll cycle and submitted to the principal for review and signature. The principal is responsible for certifying each payroll.

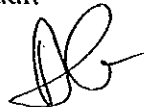
6. **Errors in the proper completion of timecards were noted on 39 instances. Errors include missing dates, employee's signature, timekeeper's signature, time reporting codes and reason or explanation of extra hours.**

We reviewed all payroll time and labor documents completed by employees that were maintained by the school to determine that they were properly completed. We noted that 30 timecards were missing dates, timekeeper's signature, time reporting codes and reason or explanation of extra hours.

Recommendation:

Internal Audit recommends that timecards are to be completed properly. The Timekeeper is to review the timecards to determine if properly completed, before reporting into the Time and Labor system.



TO: W. Stephen Carr, Director of Financial Audit
FROM: Diego Gutierrez, IDEA/MVAS Principal 
DATE: November 8, 2011
RE: Response to Crawford IDEA Payroll and Time Labor Audit

Response to Findings

1. We have a new athletics director and a new administrator in charge of athletics at the Complex. In conjunction with the financial clerk, they have set a system to double check that all approved time cards are properly signed. Time cards for Athletics will be signed by the administrator in charge of athletics.
2. The principal is requiring that all approved work such as curriculum writing, workshop attendance and pro-rata work be supported by copies of agendas and samples of work. In addition, any staff from IDEA participating as coaches will need to have timecards approved by the administrator in charge of athletics and the IDEA principal. Time keeper has been instructed to double check time cards employees are bringing to our office and that are generated by other offices.
3. The timekeeper provided an in-service to the faculty on the proper procedures to complete any absences. She reviewed processes for sick leave, floating holidays, personal business, absence on district business and vacation.
4. Timekeeper has been instructed to secure proper signatures on time cards before entering information into the time and labor system. If applicable, support will need to be provided for time cards indicating curriculum writing. Employees have been instructed to get proper approval before taking time off, if applicable.
5. A schedule has been created where the principal and the timekeeper will meet regularly to review and sign the "Audit Paid Report Time" report.
6. Timekeeper has been instructed to double check that all timecards are completed properly and all pertinent information is included. Employees were in-serviced on the parts of the time cards that need to be completed before they are turned in. The principal and the timekeeper have a set time at the end of the day to review all timecards and check their accuracy.

Note:

I have been the principal for Invention and Design Educational Academy--IDEA- since the beginning of the 2011-12 school year. I was made aware of the situation after the audit was completed. For the 2010-2011 school year, IDEA had two time keepers who are not longer at the site. The current timekeeper started with IDEA at the same time that as the principal.

c: E. Martinez, Crawford Complex Principal
I. Abitria, Operation Auditor