



TO: Joe Fulcher, Chief Student Services Officer
FROM: Stephen Carr, Director, Office of Internal Audit *SC*
DATE: July 9, 2014
RE: Operational Audit of the Office of Children and Youth in Transition

Our office conducted an audit titled, "Operational Audit of the Office of Children and Youth in Transition" for the period from January 2013 to December 2013. The audit report contains information regarding the audit findings and recommendations. Enclosed are copies of the audit report and the response from the Children and Youth in Transition Department.

The operational processes of work scheduling, employee time allocation, SAMS System reporting and processing of mileage expense were well managed. The Program Manager of Children and Youth in Transition agreed with the audit findings and recommendations and has or will correct deficiencies for the identified findings.

If you have any questions concerning the information in this report, please call me at 725-5696.

c: Members, Board of Education
C. Marten
S. Monreal
email: BOE, Audit Committee
C. Duran

Operational Audit of the Office of Children and Youth in Transition

May 14, 2014

Introduction

The Internal Audit Department conducted an operational review of the Office of Children and Youth in Transition. The audit included a review of the operations of the department and an examination of PeopleSoft time and labor computer records and payroll documentation maintained at the department. The audit spanned the one year period from January 2013 to December 2013. Contact was made with the Children and Youth in Transition Administration and staff.

Background

The San Diego Unified School District (district) Children and Youth in Transition Department administers programs for foster students, homeless students, and military-dependent students. These programs strive to remove barriers to school attendance and academic success within the district's existing schools. The Children and Youth in Transition Department also includes the Home/Hospital and Transition Supports Department. The Home/Hospital and Transition Supports (Home/Hospital) program serves students whose medical condition prohibits their attendance in a regular school. These services are provided at hospitals, children facilities, and at the student's home. The district implemented the PeopleSoft Human Resources payroll time and labor function in January of 2004. Payroll checks were first issued on January 9, 2004 for time and labor entries occurring after December 19, 2003.

Audit Scope and Objectives

The scope of this audit included a review of the operations of the Children and Youth in Transition Department and a comparison of all payroll records and documents maintained at the office of Children and Youth in Transition with PeopleSoft time and labor computer records. The audit was limited to the operations and payroll records for the one year period from January 2013 to December 2013. The specific objectives of this audit were:

- To determine that department operations were in compliance with district policies and procedures.
- To determine that payroll time and labor entries were entered accurately into the PeopleSoft application.
- To determine that complete payroll records were maintained at the department site.
- To determine that controls exist to ensure that payroll amounts are accurate.

Operational Audit Findings Summary

1. The PowerSchool positive attendance system used by Home/Hospital does not provide Children and Youth in Transition Department management with sufficient information to determine why students are not receiving instruction on specific dates.

Time and Labor Audit Findings Summary

1. Eighteen hourly employees were maintained as active employees from a program that was terminated the previous year resulting in a potential financial liability to the district.
2. Errors in the proper completion of time cards were noted on 20 or 10% of sampled time cards including missing Department Head's signature dates, employee signature dates, and timekeeper entry documentation.
3. Other payroll time and labor issues were noted that represent very low error rates as follows:
 - Supporting documentation was not completed by Children and Youth in Transition employees or not maintained by the department site for 5 time cards or 2.5% of the sample of work that was entered into the PeopleSoft time and labor system.
 - Absences for three days or 1% of sampled entries were reported to the Substitute Assignment Management System (SAMS) and not recorded in the PeopleSoft time and labor system.
 - Time recorded by Children and Youth in Transition employees for entry into PeopleSoft for one time card entry or .05% was input into the time and labor system incorrectly.

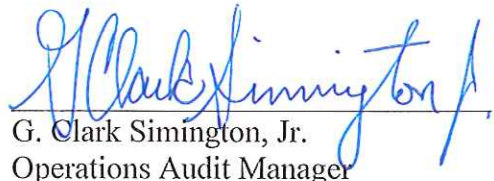
Conclusion

Based on the audit scope and analysis performed by Internal Audit, operational management and the payroll time and labor process at Children and Youth in Transition was functioning very well. Operational processes of work scheduling, employee time allocation, SAMS System reporting and processing of mileage expense were well managed. All teachers maintained teaching credentials and were assigned a work location within the program. Time cards were well organized, monthly payroll reports were up to date, and all timecards reviewed contained the Department Head and employee signature.

However, the above findings require management's attention to correct errors and implement procedures to assure compliance with district procedures and payroll time and labor requirements.



W. Stephen Carr
Director, Office of Internal Audit



G. Clark Simington, Jr.
Operations Audit Manager

Explanation of Operational Findings

- 1. The PowerSchool positive attendance system used by Home/Hospital does not provide CYT management with sufficient information to determine why students are not receiving instruction on specific dates.**

Attendance for students that are enrolled in the Home/Hospital program is processed differently than the attendance in the regular school environment. Attendance is recorded after each time that a student receives instruction. The district uses PowerSchool software to record this attendance. Each time a student receives instruction the teacher records that the student was present. On days when the student does not receive instruction the PowerSchool system leaves that date blank. When reviewing attendance, Children and Youth in Transition management, cannot determine why the student did not receive instruction. Because these students are ill or in the hospital or have special needs, there are valid reasons why they may not have received instruction, but PowerSchool is not designed to provide this information. Children and Youth in Transition management has not taken action to determine why students are not receiving instruction on dates when PowerSchool attendance is blank.

Management of attendance processing is an important function of the district. Attendance directly affects district funding and the ability to manage absences is an important function of managing attendance.

Recommendation

Internal Audit recommends that Children and Youth in Transition management request that the Integrated Technology Support Services Department develop a method within PowerSchool to identify the reasons that attendance was not recorded on a specific date. Alternatively, Children and Youth in Transition management should develop a process to determine why students are not receiving instruction on days that are blank in the PowerSchool system.

Explanation of Time and Labor Findings

- 1. Eighteen hourly employees were maintained as active employees from a program that was terminated the previous year resulting in a potential financial liability to the district.**

Internal Audit reviewed the current status of active employees for the Children and Youth in Transition Department and the Home/Hospital Department. This review revealed that eighteen Children and Youth in Transition hourly employees were no longer working for the department. These employees were still active with current assignments as Student Helper.

Termination of employees that are no longer employed by the district is an important internal control to ensure that payments are not made to employees that do not have a current assignment with the district.

Recommendation

Upon notification, Children and Youth in Transition management terminated these hourly employees. Internal Audit recommends that Children and Youth in Transition management should insure that employees are terminated when assignments end.

2. **Errors in the proper completion of time cards were noted on 20 or 10% of sampled time cards including missing Department Head's signature dates, employee signature dates, and timekeeper entry documentation.**

Internal Audit obtained all time and labor entries for Children and Youth in Transition from the PeopleSoft computer system for the two year period from January 2013 to December 2013. A statistical random sample of 10% of these time and labor entries was selected for review.

Internal Audit reviewed payroll time and labor documents completed by employees that were maintained at Children and Youth in Transition to determine that they were properly completed. Review of these time cards revealed that 20 time cards did not contain the date of the Department Head's signature, the date of the employee's signature, and/or timekeeper entry documentation as follows:

Type of Error	Number of Time Cards
Missing Department Head Signature Approval Date	7 Time Cards
Missing Employee Signature Approval Date	11 Time Card
Missing Timekeeper Entry Documentation	2 Time Cards

Correctly completed time cards signed by employees and authorized by management provide documentation to support PeopleSoft entries and protect the district from financial liability

Recommendation

Internal Audit recommends that the missing information for these documents be corrected. Children and Youth in Transition management should also insure that time cards are properly completed before entry into the PeopleSoft system.

3. **Other payroll time and labor issues were noted that represent very low error rates as follows:**

- **Supporting documentation was not completed by Children and Youth in Transition employees or not maintained by the department site for 5 time cards or 2.5% of the sample of work that was entered into the PeopleSoft time and labor system.**

Internal Audit obtained all time and labor entries for Children and Youth in Transition from the PeopleSoft computer system for the two year period from January 2013 to December 2013. A statistical random sample of 10% of these time and labor entries was selected for review.

A review of the time cards for the sample revealed that 5 entries posted into the PeopleSoft Time and Labor system did not have a document completed by the employee

and/or maintained by the department site.

The following is a summary of the time and labor entries that did not have supporting documentation:

TRC CODE	DESCRIPTION OF ABSENCE	TOTAL HOURS
VAC	Vacation	24
PRN	Personal Necessity	4
SLF	Sick Leave Full	8

Time cards completed and signed by management and employees provide documentation to support PeopleSoft entries and protect the district from financial liability.

- **Absences for three days or 1% of sampled entries were reported to the Substitute Assignment Management System (SAMS) and not recorded in the PeopleSoft time and labor system.**

Internal Audit reviewed the one year period from January 2013 to December 2013 of SAMS Job Reports including 298 records of absences that were reported to SAMS system. This review of absences that were reported to SAMS system revealed 3 absences for illness were not entered into the PeopleSoft time and labor system.

PeopleSoft entry of employee absences is required to maintain correct employee sick leave balances and protect the district from financial liability.

- **Time recorded by Children and Youth in Transition employees for entry into PeopleSoft for one time card entry or .05% was input into the time and labor system incorrectly.**

Internal Audit reviewed payroll time and labor documents completed by employees that were maintained at Children and Youth in Transition to determine that they were properly entered into the payroll time and labor system. This review revealed that 1 time and labor time card entry had incorrect payroll information entered into the PeopleSoft time and labor system when compared to the information recorded on the time card. This error was the result of a Time Reporting Code (TRC code) posted to PeopleSoft that did not match the TRC code recorded on the time card.

Correct PeopleSoft entry of time cards completed and signed by employees provide documentation to support time and labor activity and protect the district from financial liability.

Recommendation

Internal Audit recommends that Children and Youth in Transition management research each of these entries and complete and maintain documents for all correct entries into the PeopleSoft time and labor system. Children and Youth in Transition management should ensure that all future documents are completed and maintained for time entered into the PeopleSoft system.



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TO: Joe Fulcher
FROM: Vanessa Peters
DATE: June 26, 2014
SUBJECT: Response to Operational Audit of Children and Youth in Transition (CYT)

This memo is in response to the Operational Audit completed by Clark Simington. Below (bolded) is a list of responses to the findings and recommendations in the report.

1. The report indicated that the PowerSchool positive attendance system used by Home/Hospital does not provide CYT management with sufficient information to determine why students are not receiving instruction on specific dates.
 - a. **CYT management will set up a meeting prior to the start of school with IT Systems to discuss the development of a method within PowerSchool to identify ways to input student non-attendance explanations.**
 - b. **CYT management will develop an internal attendance tracking system to be utilized by all teaching staff in Home/Hospital that inputs student attendance through a positive attendance method in PowerSchool to track reasons for student's non-attendance.**
2. The report stated that 18 hourly employees were maintained as active employees from a program that was terminated the previous year resulting in a potential financial liability to the district.
 - a. **As indicated in the report, CYT management worked with the department timekeeper and terminated the hourly positions. No further action is necessary.**
3. The report noted errors in the proper completion of time cards where 20 or 10 percent of sampled time cards were missing department head signature and dates, employee signature and dates and timekeeper entry documentation.
 - a. **CYT management, upon notification of the errors, worked with the department timekeeper to correct the noted errors on the identified time cards. Documentation of the corrected time cards is available for review. CYT management met with the department timekeeper to discuss and review how to properly complete all the necessary steps upon notification of errors.**

4. The report noted other payroll time and labor issues that represented very low error rates:
 - a. Supporting documentation was not completed by CYT employees or maintained by the department site for five time cards or 2.5 percent of the sample of work that was entered into PeopleSoft time and labor system.
 - b. Absences for three days or 1 percent of sampled entries were reported to SAMS and not recorded in the PeopleSoft time and labor system.
 - c. Time recorded by CYT employees for entry into PeopleSoft for one time card entry or .05 percent was input into the time and labor system incorrectly.
 - **CYT management and department timekeeper researched each reported time and labor entry error and corrected the errors noted. CYT management reviewed timekeeping record procedures with timekeepers for CYT, Home/Hospital and Transition Supports.**