



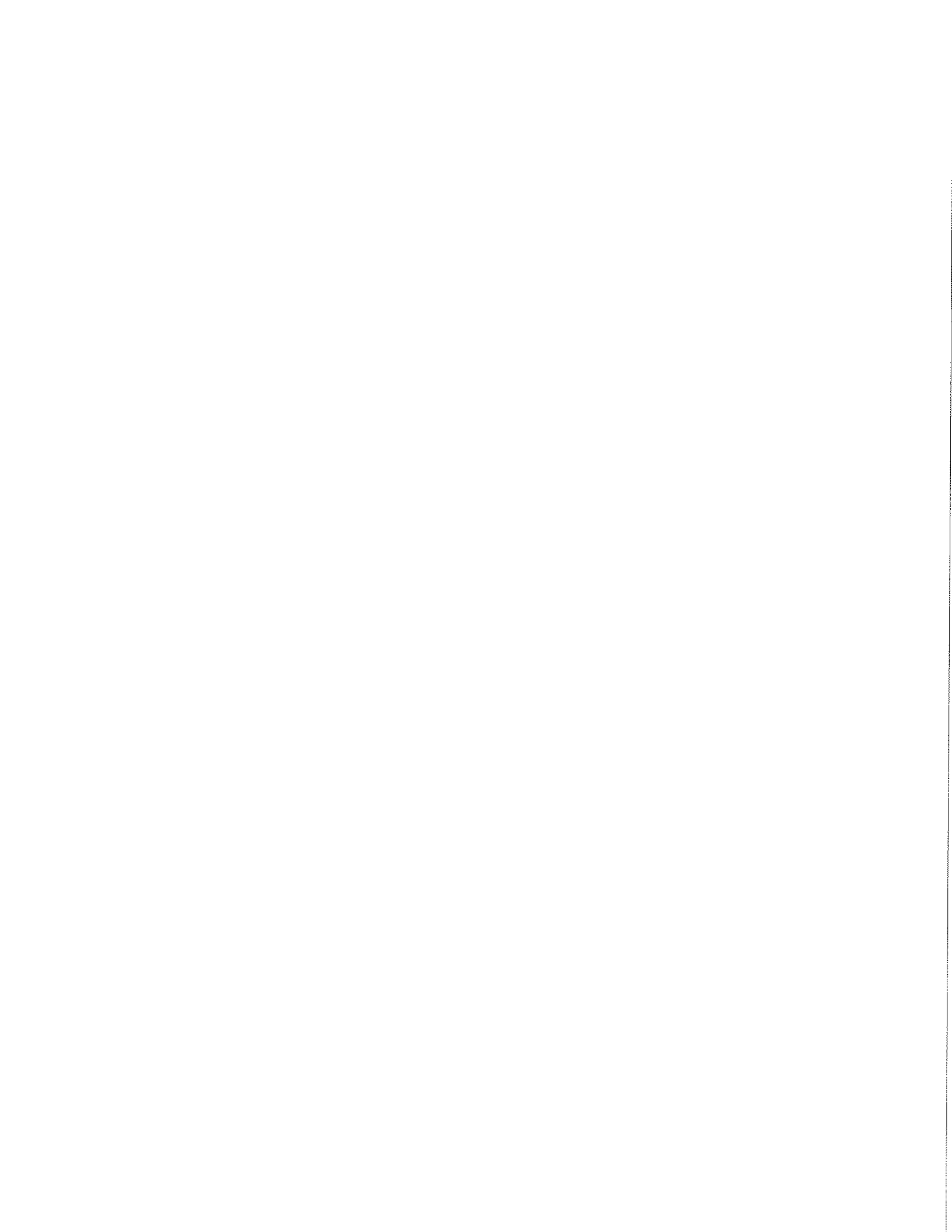
TO: Lamont Jackson, Area Superintendent
FROM: Stephen Carr, Director, Office of Internal Audit *SC*
DATE: February 3, 2014
RE: Audit of Payroll Time and Labor at the School of Creative and Performing Arts

Our office conducted an audit, "Payroll Time and Labor Audit at the School of Creative and Performing Arts" for the 2011/2012 and 2012/2013 school years. The audit report contains information regarding the audit findings and recommendations. Enclosed are copies of the audit report and the response from the School of Creative and Performing Arts.

The processing of payroll time and Labor at the School of Creative and Performing Arts was functioning properly. The Principal agreed with the audit findings and has or will correct any deficiencies.

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

c: Members, Board of Education
C. Martin
S. Monreal
S. Weir
email: BOE, Audit Committee



Payroll Time and Labor Audit at the School of Creative and Performing Arts

October 22, 2013

Introduction

The Internal Audit Department conducted a payroll time and labor audit at the School of Creative and Performing Arts (SCPA). The audit included an examination of PeopleSoft time and labor computer records and payroll documentation maintained at the school site. The audit spanned the 2011/2012 and 2012/2013 school years. Contact was made with the SCPA Administration and staff.

Background

The San Diego Unified School District (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 comparison of all payroll records and documents maintained at the school site with PeopleSoft time and labor computer records. The audit was limited to 2011/2012 and 2012/2013 school year payroll records. The specific objectives of this audit were:

- 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 school site.
- To determine that controls exist to ensure that payroll amounts are accurate.

Audit Findings Summary

1. The Audit Reported to Paid Time Reports and Cross Site Account Code Charges Reports for the 2011/2012 and 2012/2013 school years were not printed on a monthly basis for review and signature by the SCPA Principal.
2. Supporting documentation was not completed by SCPA employees or not maintained by the school site for 213.4 hours of time and 2.8 units of work that was entered into the PeopleSoft time and labor system.
3. Time recorded by SCPA employees for entry into PeopleSoft for 139 time card entries was input into the time and labor system incorrectly.
4. Errors in the proper completion of time cards were noted on 69 occasions including reported dates, employee identification numbers, and/or time reporting codes.
5. Time Cards for the processing of 226 hours of overtime for one employee on 62 separate days, totaling \$7,482, did not contain the "time in" and "time out" for the amount of overtime worked.
6. Absences totaling 4 days were reported to the SAMS system and not recorded in the PeopleSoft time and labor system.
7. Absences for bereavement were recorded in error on Personal Necessity time cards and not on Short Term Leave with Pay Requests resulting in missing information.

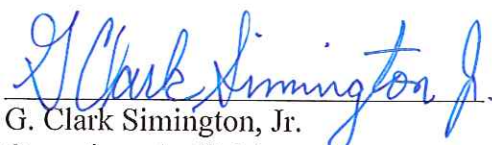
Conclusion

Based on the audit scope and analysis performed by Internal Audit, the payroll time and labor process at SCPA was functioning properly. Time cards were well organized and all time cards reviewed contained the Principal's signature. Internal Audit also noted that the processing of absences through the SAMS system was well managed.

However, SCPA management did not print and maintain the Audit Reported to Paid Time Reports and Cross Site Account Code Charges Reports on a monthly basis for the Principal's review and signature. Review of these reports is an important internal control for the payroll approval process. In addition, payroll time and labor procedures designed to protect the district were not enforced resulting in errors and omissions. SCPA management failed to obtain or maintain time cards for all entries made to the PeopleSoft time and labor system. Time recorded by employees for entry into PeopleSoft system was input into the time and labor system incorrectly and timecards maintained were missing required information documentation.



W. Stephen Carr
Director, Office of Internal Audit



G. Clark Simington, Jr.
Operations Audit Manager

Explanation of Findings

- 1. The Audit Reported to Paid Time Reports and Cross Site Account Code Charges Reports for the 2011/2012 school year were not printed on a monthly basis for review and signature by the SCPA Principal.**

Payroll procedure requires that the Audit Reported to Paid Time Report and Cross Site Account Code Charges Report be printed on a monthly basis for review and signature by the Principal. This report is an official payroll record and must be reviewed and signed monthly by an administrator. SCPA did not print, review or sign the Audit Reported to Paid Time Report and Cross Site Account Code Charges Reports for the entire 2011/2012 school year.

The Audit Reported to Paid Time Reports and Cross Site Account Code Charges Reports for the 2012/2013 school year were printed and signed by the SCPA Principal only twice during the school year. SCPA printed the Audit Reported to Paid Time Reports and Cross Site Account Code Charges Reports for July 2012 through January 2013 on February 18, 2013. These reports were signed by the Principal on February 19, 2013. The Audit Reported to Paid Time Reports and Cross Site Account Code Charges Reports for February 2013 through June 2013 were printed on June 23, 2013 and signed by the Principal on June 23-24, 2013.

The Principal's review of the Audit Reported to Paid Time Report and Cross Site Account Code Charges Report provides valuable information to the principal for the approval of payroll on a monthly basis. The Principal's signature provides this payroll approval.

Recommendation

Internal Audit recommends that SCPA management prints, reviews and signs each monthly Audit to Paid Time Report and Cross Site Account Code Charges Report for the 2011/2012 school year. SCPA Management should ensure that all future Audit Reported to Paid Time Reports and Cross Site Account Code Charges Reports are printed, reviewed, and signed on a monthly basis in the future.

- 2. Supporting documentation was not completed by SCPA employees or not maintained by the school site for 213.4 hours of time and 2.8 units of work that was entered into the PeopleSoft time and labor system.**

Internal Audit obtained all time and labor entries for SCPA from the PeopleSoft computer system for the 2011/2012 and 2012/2013 school years. A review of these time and labor entries revealed that 213.4 hours of time posted into the PeopleSoft system did not have a document completed by the employee and maintained by the school site. In addition, 2.8 units of work for a Walk On Coach did not have a document completed by the employee and maintained by the school 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/UNITS
BRV	Bereavement	37.0 Hours
EXP	Walk On Coach - Certificated	2.8 Units
PPI	Professional and Personal Improvement	8.0 Hours
PRB	Personal Business – Sick (2Day)	8.0 Hours
SLF	Sick Leave Full	147.4 Hours
VAC	Vacation	13.0 Hours

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

Recommendation

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

3. Time recorded by SCPA employees for entry into PeopleSoft for 139 time card entries was input into the time and labor system incorrectly.

Internal Audit reviewed 2011/2012 and 2012/2013 payroll time and labor documents completed by employees that were maintained at SCPA to determine that they were properly entered into the payroll time and labor system. This review revealed that 139 time and labor time card entries had incorrect payroll information entered into the PeopleSoft time and labor system when compared to the information recorded on the time card. These errors included Time Reporting Codes (TRC codes) posted to PeopleSoft that did not match TRC codes recorded on time cards and hours posted to PeopleSoft that did not match hours recorded on time cards.

The following is a summary of the differences between hours posted to PeopleSoft and hours recorded on time cards:

Hours Posted to PeopleSoft	Hours Recorded on Time Card
2.0 Hours	2.5 Hours
8.0 Hours	7.0 Hours
3.0 Hours	7.0 Hours
2.0 Hours	3.5 Hours

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 the time and labor entries for these documents be researched to determine the correct entry. After this determination, the entries should be corrected. SCPA management should also insure that postings to the PeopleSoft system match the information recorded on time cards.

4. Errors in the proper completion of time cards were noted on 69 occasions including reported dates, employee identification numbers, and/or time reporting codes.

Internal Audit reviewed 2011/2012 and 2012/2013 payroll time and labor documents completed by employees that were maintained at SCPA to determine that they were properly completed. It was noted that all timecards reviewed contained the approval signature of the Principal and only one timecard was missing the employee signature. Review of these time cards did reveal that 69 time cards were missing the reported date, employee identification numbers, and/or the Time Reporting Code (TRC code).

Correctly completed time cards signed by employees 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. SCPA management should also insure that time cards are properly completed before entry into the PeopleSoft system.

5. Time Cards for the processing of 226 hours of overtime for one employee on 62 separate days, totaling \$7,482, did not contain the “time in” and “time out” for the amount of overtime worked.

Internal Audit reviewed 2011/2012 and 2012/2013 payroll time and labor documents completed by employees that were maintained at SCPA to determine that they were properly completed. Review of these time cards revealed the overtime processed on 62 days for one employee did not include the “time in” and “time out” for the overtime claimed on these days. This overtime represents a total of \$7,482 for 226 hours of overtime worked. These time cards did contain the signature of the SCPA Principal.

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

Recommendation

Internal Audit recommends that SCPA management ensures that all time cards for overtime reported by employees include the “time in” and “time out” for the overtime claimed.

6. Absences totaling 4 days were reported to the SAMS system and not recorded in the PeopleSoft time and labor system.

Internal Audit reviewed the 2011/2012 and 2012/2013 Substitute Assignment Management System (SAMS) Job Reports including 694 records of SCPA absences that were reported to SAMS system. This review of absences that were reported to SAMS system revealed 4 absences for illness reported by 2 separate employees that 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.

Recommendation

Internal Audit recommends that SCPA research these discrepancies and correct the time for each affected employee. SCPA management should ensure that all future absences reported to the SAMS system are properly recorded into the payroll time and labor system. .

7. Absences for bereavement were recorded in error on Personal Necessity time cards and not on Short Term Leave with Pay Requests resulting in missing information.

Internal Audit reviewed 2011/2012 and 2012/2013 payroll time and labor documents completed by employees that were maintained at SCPA to determine that they were properly completed. An incorrect document was used to record 9 days of bereavement on 3 separate occasions. These absences were recorded on Personal Necessity time cards when they should have been recorded on a Short Term Leave with Pay Request time card. These time cards did contain the signature of the SCPA Principal.

The "Full Explanation" section for the bereavement is not included on the Personal Necessity time card resulting in missing documentation.

Recommendation

Internal Audit recommends that SCPA research these discrepancies and correct the time for each affected employee. SCPA management should ensure that the correct time card is used when recording bereavement for employees and that all required information is included.

MEMORANDUM

TO: W. Stephen Carr, Director, Office of Internal Audit
FROM: Lamont A. Jackson, Area Superintendent
DATE: December 17, 2013
RE: Audit of Payroll Time and Labor at the School of Creative and Performing Arts

On November 8, 2013, I received a memo regarding an Audit of Payroll Time and Labor at the School of Creative and Performing Arts. Based on the audit there were three major findings:

1. SCPA management did not print and maintain Audit Reported to Paid Time Reports and Cross Site Account Charges Report on a monthly basis for the Principal's signature.
2. Payroll Time and Labor procedures were not followed resulting in errors and omissions.
3. PeopleSoft input was not entered correctly and timecards were missing.


The staff at SCPA is not intentionally conducting egregious acts. The omission and errors are just human errors, there is recognition that all district policies and procedures are being followed to ensure accurate payroll time and labor. SCPA recognizes the challenges inherent of budget cuts that affect clerical support staffing.

The SCPA principal will ensure that all policies and procedures are followed and all accounting of time and labor are accurate each month. Additionally, the principal will ensure that information is entered into PeopleSoft and hard copy timecards will be maintained to verify accuracy. Thank you for providing me with the information and I look forward to a positive audit in the future.



MEMORANDUM

TO: W. Stephen Carr, Director, Office of Internal Audit

FROM: Mitzi Lizárraga, Principal 

DATE: November 20, 2013

SUBJECT: RESPONSE TO PAYROLL TIME AND LABOR AUDIT FINDINGS

1. The Audit Reported to Paid Time Reports and Cross Site Account Code Charges Reports for the 2011/2012 and 2012/2013 school years were not printed on a monthly basis for review and signature by the SCPA Principal.
 - a. Per payroll procedure requirements the Audit Reported to Paid Time Report and Cross Site Account Code Charges Report will be printed on a monthly basis for review and signature by the Principal.
 - b. The Audit Reported to Paid Time Report and Cross Site Account Code Charges Report for 2011/2012 and 2012/2013 were not printed on a monthly basis for review and signature by the SCPA Principal due to not having adequate clerical staff, employees with the knowledge of how to perform the duties required by the District's procedures.
 - c. During the fiscal year 2011/2012, the Financial Clerk, the employee who was responsible for these reports, was out on maternity leave from November 2011 through January 2012. Another site employee, Gloria Garcia, Supervising Administrative Assistant I, assumed as many duties as possible with the time allotted to handle the Financial Clerk's duties as well as her responsibilities. A full time Financial Clerk is essential at the high school level given the number of transactions required, e.g. ASB, AP, dances, purchases/orders. Whenever possible, we were able to obtain a sub to fill in. The Financial Clerk returned and I thought that she was going to print the reports and bring us up to date. However, the Financial Clerk went out on leave shortly after returning from maternity leave for the rest of the school year. Between Mrs. Garcia and an occasional sub, the reports were one of the duties that were not done because of the limited time the employees had to complete all the tasks of two jobs. After January, Mrs. Garcia and others are busy meeting district deadlines for the budget, commencement, closing the ASB, completing orders, and such.
 - d. During the fiscal year 2012/2013 the Financial Clerk accepted a position at another site with more hours. We were able to get a sub for the beginning of the year. Human Resources could not announce the position until they were sure there were no

- e. employees on the recall list. After six months HR posted the vacancy, on March 21, 2013 we hired Lisa Connell, new to the district, who had no knowledge or experience with some of our software and ASB rules and procedures. She then resigned from the district, without giving us any notice, on April 30, 2013, upon receiving her first and only pay check. During the whole year we had different substitutes and Mrs. Garcia trying to keep the Financial Clerk's duties up to date. However, this is very difficult when we have various employees working throughout the year in that one position and not enough hours to complete the tasks.
 - f. SCPA's human resources have been decreasing yearly. As the clerical FTEs decrease the less work we are able to accomplish/complete. The restraints that have been placed on us also make it difficult to hire employees for vacant positions in a timely manner. In the year 2012/2013, we had to complete Position Control Requests in order to hire employees in positions that were vacant. This process only delays hiring employees in vital positions such as the Financial Clerk. This year 2013/2014 we lost another 1.0 FTE clerical position. As our resources decrease, we have to redistribute and decrease the things we do at SCPA in order to meet the district's procedures, student's needs, and parent's requests/needs.
- 2. Supporting documentation was not completed by SCPA employees or not maintained by the school site for 213.4 hours of time and 2.8 units of work that was entered into the PeopleSoft time and labor system.**
- a. The Time Cards mentioned in the Audit Summary Report for this item will be researched, obtained, and maintained with the appropriate fiscal year's records.
 - b. All but one of the time cards was the responsibility of the Financial Clerk. As mentioned above, some of the Financial Clerk's duties were an oversight due to circumstances that the site had no control of. One of the Time Cards was of Mrs. Garcia who was working overtime to help with the Financial Clerk's duties. I understand the importance and the negative affect it has on the district's and site's budget and liability. Nevertheless with the limited human resources and restraints placed upon us made it very difficult to have the necessary checks and balances required to prevent errors. We went almost the entire 2012/2013 year without being able to hire a Financial Clerk due to district's process and procedures.
- 3. Time recorded by SCPA employees for entry into PeopleSoft for 139 time card entries was input into the time and labor system incorrectly.**
- a. Per the Internal Audit recommendations the time and labor entries for these documents will be researched to determine the correct entry. Afterwards the entries will be corrected in PeopleSoft or the Time Cards.
 - b. The reporting time in PeopleSoft is correct however, it doesn't reflect what is on the Time Cards. The reason for this is because the employees who completed the Time Cards used the wrong TRC. For example, an employee who worked 5 hours per day and worked an additional 5 hours used the TRC overtime for all 5 hours. In reality the employee worked 3 extra hours and 2 overtime hours. In other instances, the additional hours were written on the wrong TRC line provided on the Time Card by the employee. The Time Cards should have been changed to reflect the correct TRC but it was an oversight due to the time constraints placed on employees to complete their work.

- c. These two fiscal years were very challenging for SCPA due to the decrease in clerical staff hours/positions, vacancies that we were not able to fill in a timely manner, subs that were inadequate for the duties assigned to them, and clerical staff who don't have the knowledge of how to do time and labor properly so as to be able to redistribute duties.
 - d. Employees will be more diligent in ensuring that the Time Card's TRC are changed accordingly to reflect the time entered in PeopleSoft.
- 4. **Errors in the proper completion of time cards were noted on 69 occasions including reported dates, employee identification numbers, and/or time reporting codes.**
 - a. The missing information for these documents will be corrected as suggested by Internal Audit report.
 - b. Employees working on posting time in PeopleSoft have knowledge of when activities take place so they know the report date to enter the time worked. They also have access to the employees' IDs via PeopleSoft. The employees posting time also know the hours that employees work and how to determine the TRC for the time worked. Although these items were missing on the Time Cards, the time entered in PeopleSoft was correct. Employees working on this task were also working overtime to complete the tasks of the Financial Clerk. As stated above, the delay in being able to hire a competent sub or employee in the Financial Clerk vacancy caused SCPA to have deficiencies in areas that we normally would not have.
 - c. Employees working on Time Cards will ensure that the Time Cards are fully completed per district's procedures and the Internal Audit recommendations.
- 5. **Time Cards for the processing of 226 hours of overtime for one employee on 62 separate days, totaling \$7,482, did not contain the "time in" and "time out" for the amount of overtime worked.**
 - a. SCPA management will ensure that all Time Cards submitted include the "time in" and "time out."
 - b. The Time Cards submitted by the one employee have been researched and the "time in" and "time out" have been written in. The overtime worked by the employee started at 3:30 p.m. at the end of her work day. This was true for 135 hours out of the 226 hours worked from December 4, 2012 through March 22, 2013. February 6, 8, 22 the start time varied for a total of 11 hours. The hours worked on Saturday vary for a total of 80 hours.
- 6. **Absences totaling 4 days were reported to the SAMS system and not recorded in the PeopleSoft time and labor system.**
 - a. SCPA management will ensure that all future absences reported to the SAMS system are properly recorded into the payroll time and labor system as recommend by the Internal Audit report.
 - b. PeopleSoft will be updated to reflect the SAMS report. This was an oversight due to new staff and the lack of staff. This is a result of not having sufficient employees, competent employees, the moving of employees from one position to another and moving employees to other sites where the job duties differ from what is done at their former site.

7. Absences for bereavement were recorded in error on Personal Necessity time cards and not on Short Term Leave with Pay Requests resulting in missing information.
 - a. Per the recommendation of the Internal Audit report these Time Cards will be researched to ensure that the correct time is entered in PeopleSoft and that the Time Card reflects the true bereavement reason. This will be corrected in PeopleSoft and the correct Time Card will be completed and filed.
 - b. Again due to the lack of clerical staff, new employees to the site with little or knowledge of the duties assigned to them, and the district's process and procedures to hire a person for vacancies makes an impact on the clericals' performance.