



**TO:** Phil Stover, Deputy Superintendent, Business Support Services  
**FROM:** Stephen Carr, Director, Office of Internal Audit *SC*  
**DATE:** March 25, 2014  
**RE:** Audit of Payroll Time and Labor at Strategic Sourcing and Contracts

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Our office conducted an audit, "Payroll Time and Labor at the Strategic Sourcing and Contracts Department" for the two year period from January 2012 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 Strategic Sourcing and Contracts Department. The response includes a note that the San Diego Unified School District Absence Request form does not require an approver's signature date. None of the audit report findings referenced that dates were missing from the Absence Request form.

The processing of payroll time and Labor at the Strategic Sourcing and Contracts Department was functioning properly. The Strategic Sourcing and Contracts Officer agreed with the audit findings and have 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 Strategic Sourcing and Contracts Department**

**February 4, 2014**

### **Introduction**

The Internal Audit Department conducted a payroll time and labor audit at the strategic Sourcing and Contracts Department (SSC). The audit included an examination of PeopleSoft time and labor computer records and payroll documentation maintained at the department. The audit spanned the two year period from January 2012 to December 2013. Contact was made with the SSC 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 SSC with PeopleSoft time and labor computer records. The audit was limited to the payroll records for the two year period from January 2012 to December 2013. 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 department site.
- To determine that controls exist to ensure that payroll amounts are accurate.

### Audit Findings Summary

1. The Department Head's signature was missing from 17 time cards or 8.8% of sampled time cards reviewed.
2. Supporting documentation was not completed by SSC employees or not maintained by the department site for 14 time cards or 7.2% of the sample of work that was entered into the PeopleSoft time and labor system.
3. Errors in the proper completion of time cards were noted on 14 or 7.2% of sampled time cards including Department Head's signature dates, work dates, and timekeeper entry documentation.
4. Time recorded by SSC employees for entry into PeopleSoft for 2 time card entries was input into the time and labor system incorrectly.
5. Absences for bereavement were recorded in error on Personal Necessity time cards or Absence Request time cards and not on Short Term Leave with Pay Request forms resulting in missing information.
6. Regular Time for all payroll entries reviewed for one classified employee was recorded in error on Certificated Additional Hourly Assignments time cards (C-1) and not on Classified Assignments and Workshops time cards (L-1).

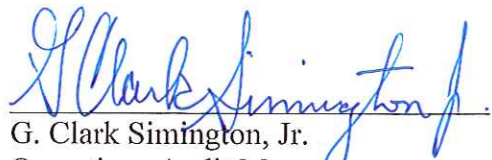
### Conclusion

Based on the audit scope and analysis performed by Internal Audit, the payroll time and labor process at SSC was functioning properly. Time cards were well organized and all timecards reviewed contained the employee signature.

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



W. Stephen Carr  
Director, Office of Internal Audit



G. Clark Simington, Jr.  
Operations Audit Manager

## Explanation of Findings

- 1. The Department Head's signature was missing from 17 time cards or 8.8% of sampled time cards reviewed.**

Internal Audit obtained all time and labor entries for SSC from the PeopleSoft computer system for the two year period from January 2012 to December 2013. A statistical random sample of 10% of these time and labor entries was selected for review.

A review of time cards for the sample revealed that 17 time cards that had been entered into the PeopleSoft computer system were not signed by the Department Head. These time cards represent 8.8% of the timecards reviewed.

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

### Recommendation

Internal Audit recommends that SSC management ensures that each timecard is properly signed before input to the PeopleSoft time and Labor system. Timecards that are missing signatures should be reviewed and signed by management.

- 2. Supporting documentation was not completed by SSC employees or not maintained by the department site for 14 time cards or 7.2% of the sample of work that was entered into the PeopleSoft time and labor system.**

Internal Audit obtained all time and labor entries for SSC from the PeopleSoft computer system for the two year period from January 2012 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 14 entries posted into the PeopleSoft 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
LHS	Sick Leave-Half Pay	56.00
SLF	Sick Leave Full	32.00
VAC	Vacation	16.75

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

### Recommendation

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

- 3. Errors in the proper completion of time cards were noted on 14 or 7.2% of sampled time cards including Department Head's signature dates, work dates, and timekeeper entry documentation.**

Internal Audit obtained all time and labor entries for SSC from the PeopleSoft computer system for the two year period from January 2012 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 SSC to determine that they were properly completed. Review of these time cards revealed that 14 time cards did not contain the date of the Department Head's signature, hourly employee work dates, and/or timekeeper entry documentation as follows:

Type of Error	Number of Time Cards
Missing Signature Approval Date	13 Time Cards
Missing Timekeeper Entry Documentation	1 Time Card
Work Date not Recorded	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. SSC management should also insure that time cards are properly completed before entry into the PeopleSoft system.

- 4. Time recorded by SSC employees for entry into PeopleSoft for 2 time card entries was input into the time and labor system incorrectly.**

Internal Audit obtained all time and labor entries for SSC from the PeopleSoft computer system for the two year period from January 2012 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 SSC to determine that they were properly entered into the payroll time and labor system. This review revealed that 2 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 were the result of Time Reporting Codes (TRC codes) posted to PeopleSoft that did not match TRC codes recorded on time cards.

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 these time cards are researched to determine the correct TRC code and the documents or PeopleSoft entry be corrected. SSC management should also insure that time cards are properly completed before entry into the PeopleSoft system.

#### **5. Absences for bereavement were recorded in error on Personal Necessity time cards or Absence Request time cards and not on Short Term Leave with Pay Request forms resulting in missing information.**

Internal Audit obtained all time and labor entries for SSC from the PeopleSoft computer system for the two year period from January 2012 to December 2013. Internal Audit reviewed payroll time and labor documents completed by employees that were maintained at SSC to determine that they were properly completed. An incorrect document was used to record 2 days of bereavement on 2 separate occasions. These absences were recorded on Personal Necessity time cards or Absence Request time cards when they should have been recorded on a Short Term Leave with Pay Request form.

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

### **Recommendation**

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

#### **6. Regular Time for all payroll entries reviewed for one classified employee was recorded in error on Certificated Additional Hourly Assignments time cards (C-1) and not on Classified Assignments and Workshops time cards (L-1).**

Internal Audit obtained all time and labor entries for SSC from the PeopleSoft computer system for the two year period from January 2012 to December 2013. Internal Audit reviewed payroll time and labor documents completed by employees that were maintained at SSC to determine that they were properly completed. Review of these documents revealed that Regular Time for all entries reviewed for an hourly employee was recorded on the wrong time card.


The Regular time TRC Code is not included on the Certificated Additional Hourly Assignments time cards (C-1) which results in missing documentation for the hourly time worked.

**Recommendation**

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



**MEMORANDUM**

**TO:** Stephen Carr, Director, Office of Internal Audit  
**FROM:**  Phil Stover, Deputy Superintendent Business Support Services  
**DATE:** March 20, 2014  
**SUBJECT:** **AUDIT OF PAYROLL TIME AND LABOR RESPONSE**

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This Memorandum provides a response to the Audit of Payroll Time and Labor at the Strategic Sourcing and Contracts Department Memorandum dated February 4, 2014.

Response to Audit Findings

1. Agreed. Time cards have been signed.
2. Agreed. Department employees have been informed to provide supporting documentation; submitted supporting documentation will be maintained by the Department.
3. Agreed. The sampled timecards have been dated with approval date, amended with work dates, and/or documented for timekeeper entry.  
  
Noted: the District's timecard (copy attached) does not indicate a space for a date when approving the document.
4. Agreed. There is now a clear understanding of the TRC codes for use in recording time into the time and labor system.
5. Agreed. The subject time cards for employees still employed by the District have been replaced with the correct time cards for bereavement.
6. Agreed. The difference between the Certificated Additional Hourly Assignments time card (C-1) and the Classified Assignments and Workshops time card (L-1) is noted.

AH:PS:dg

Enc.