




TO: Julie Martel, Area 3 Superintendent
FROM: W. Stephen Carr, Director, Office of Internal Audit 
DATE: July 2, 2013
RE: La Jolla High School Time and Labor Audit

Our office completed an audit of the Time and Labor process at La Jolla High School for the period July 1, 2011 through June 30, 2012 . The audit report contains information regarding the audit findings and recommendations. Enclosed are copies of the audit report and the response.

The site administrator was responsive to all of our recommendations and corrective actions have been taken or are planned.

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
A. Donovan
S. Weir

email: Members, Audit Committee
M. Hudson



Payroll Time and Labor Audit Report

La Jolla High School

July 2, 2013

Introduction

The Office of Internal Audit conducted an audit of the payroll time and labor at La Jolla High School for the period July 1, 2011 through June 30, 2012. The review included an examination of PeopleSoft time and labor computer records and payroll documentation maintained at the school site.

Currently, the employees assigned at La Jolla High School totaled 90, of the total employees, 72 are certificated employees and 18 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, 2011 through June 30, 2012.

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. Thirty six (36) employees' absences totaling 361.95 hours were not recorded in the Time and Labor system.
2. Timecards for 916.75 additional pay hours that paid totaling \$40,400.81 and a timecard for 1.5 units that paid \$1,360.58 were missing and prevented a determination that the payments were allowable, valid and properly authorized. (Schedule III)
3. Supporting documentation for 368 leave benefit absence request forms totaling 2,498.80 hours were missing, hence the request and subsequent authorization cannot be determined.

4. Discrepancies in hours reported in the Time and Labor system resulted in overpayments of \$148.85.
5. Three "Audit Paid to Reported Time" reports for the period July 1, 2010 through June 30, 2011 reports were missing.
6. The timekeeper, without the timecards having an authorized signature, posted 100.25 hours of additional pay and 3.10 Extended Day Units (coaching pay) that totaled \$4,234.11 and also 136.00 hours of absences to Time and Labor.
7. Five employees submitted incomplete "Short Term Leave with Pay Request" forms that lacked the required explanation.
8. Signature stamp of the vice principal was used to approve thirty (30) timecards.
9. Errors in the proper completion of timecards were noted in 154 instances that included missing logging time in and time out, and reason or explanation for paid extra hours.

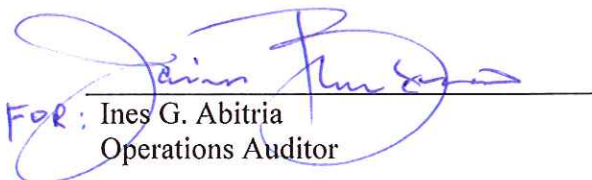
Conclusion

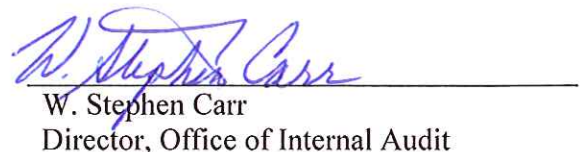
Our review of the time and labor at La Jolla High School disclosed that payroll processing did not meet district standards, and a need exists to take significant actions in staff training and instruction to bring the payroll processing into compliance with district policies, procedures and payroll practices. This is 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 timekeeper must submit monthly payroll reports to the principal for review and signature to verify that the time and labor entries are accurate and authorized. 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 and current administration during the examination.


FOR: Ines G. Abitria
Operations Auditor


W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendation

1. Thirty six (36) employees' absences totaling 361.95 hours were not recorded in the Time and Labor system. (Schedule I)

Our review of payroll records for the period July 1, 2011 through June 30, 2012, revealed that 361.95 hours of employees' absences were not reported to the Time and Labor system. As a result employee's accrued benefit balances were overstated.

Specifically, we noted the following:

TRC	Description	Instances	Hours
BRV	Bereavement	1	4.00
DBSPD	District Business Professional Dev.	2	10.50
FLH	Floating Holiday	1	8.00
JUR	Jury Duty	2	11.40
PB2HR	Personal Business 2 Hours	11	20.00
PRB	Personal Business	4	28.00
PRN	Personal Necessity	6	31.40
RH	Religious Holiday	1	8.00
RWY	Reduced Work Year	2	12.00
SLF	Sick Leave Full	28	164.65
VAC	Vacation	9	64.00
Total Hours not Posted		67	361.95

Absences reported in the Substitute Assignment Management System (SAMS) are to be posted in the Time and Labor system and timecards are required to support the absences. Failure to post the absences can result in overpayment should posted leave hours exceed earned balances.

Recommendation:

We recommend that the principal require the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll.

Administration, to comply with payroll processing requirements, has the management responsibility to implement site practices that assure the completeness of payroll records and data, prior to processing and reporting payroll.

2. Timecards for 916.75 additional pay hours that paid totaling \$40,400.81 and a timecard for 1.5 units that paid \$1,360.58 were missing and prevented a determination that the payments were allowable, valid and properly authorized. (Schedule II)

a. Our review of payroll records for the period July 1, 2011 through June 30, 2012, revealed that 916.75 hours totaling \$40,400.81 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	11.00	\$327.14
EXTRA	Extra time	44.50	788.58
NCT	Non-Classroom Hourly	25.00	743.50
OTH	Overtime	6.00	132.28
PRO	Contract Rate	665.00	34,898.43
SPE	Supervision after 6:00p.m.	4.00	237.96
WKC	Workshop Certificated	144.75	2,870.39
WKL	Workshop classified	9.00	72.00
XTP	BTSA Support Provider	7.50	330.53
	Totals	916.75	\$40,400.81

- b. A timecard was also missing for 1.50 units that paid \$1,360.58 as a result we could not determine if the units paid were authorized or valid.

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

TRC	Description of Hours Paid	Total Units	Amount
EXP	Walk on Coach - Classified	1.50	\$1,360.58

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

Timecards for additional pay require principal approval and a description of the work performed justifying the basis for the additional pay.

Recommendation:

The principal is to effect those processes needed to review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

We recommend that the principal require staff to complete a timecard and the timekeeper should ensure that proper supporting documents 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 368 leave benefit absence request forms totaling 2,498.80 hours were missing, hence the request and subsequent authorization cannot be determined. (Schedule III)

We examined the benefit absences reported and paid for the pay period starting July 1, 2011 through June 30, 2012 for certificated and classified employees. We found that absence requests in 368 instances, representing 2,498.80 hours, did not exist to support the posting of benefit absences for several employees.

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

TRC	Description	Instances	Hours
CPT	Comp Time Taken	1	1.60
CRT	Court Appear Subpoena Witness	1	5.00
DBS	District Business	5	40.00
DBSPD	District Business Professional Dev.	8	64.00
FLH	Floating Holiday	2	16.00
IA	Industrial Accident	12	62.25
JUR	Jury Duty	1	6.40
LHS	Sick Leave Half Pay	74	411.00
MIL	Military Duty	23	184.00
PB2HR	Personal Business 2 Hours	3	6.00
PRB	Personal Business	1	8.00
PRN	Personal Necessity	18	108.00
RH	Religious Holiday	1	8.00
RWY	Reduced Work Year	23	164.00
SLF	Sick Leave	80	562.95
SLH	Sick Leave Half Pay	35	225.60
UB	Union Business	10	80.00
VAC	Vacation	70	546.00
	Totals	368	2498.80

Timecards are to be retained at the site to substantiate the hours reported in the Time and Labor system are valid and to enable a determination that district requirements are being met.

Recommendation:

The principal is to effect those processes needed to review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

We recommend that the principal require responsible staff to complete an absence request form and the timekeeper should ensure that all absence requests' 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. Discrepancies in hours reported in the Time and Labor system resulted in overpayments of \$148.85. (Schedule IV)

Six (6) employees submitted timecards for wrongly stated number of hours and this resulted in these employees being overpaid a total of \$148.85.

Specifically, we noted the following:

Employee #	Hours Paid	Should Be	Overage	Amount
1	3.50	3.00	0.50	\$8.40
2	1.00	0.00	1.00	18.62
3	2.45	2.25	0.20	5.95
4	2.00	1.00	1.00	27.93
5	3.50	1.00	2.50	63.82
6	8.00	7.00	1.00	24.13
Totals	20.45	14.25	6.20	\$148.85

The discrepancies occurred because the employees incorrectly calculated the hours stated in their timecards and the timekeeper did not verify the accuracy of the hours and posted incorrect hours.

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

Recommendation:

Administration, to comply with payroll processing requirements, has the management responsibility to implement site practices that assure the completeness of payroll records and data, prior to processing and reporting payroll.

5. Three “Audit Paid to Reported Time” reports for the period July 1, 2010 through June 30, 2011 reports were missing.

Our audit revealed that three “Audit Paid to Reported Time” reports were not printed by the school and certification by the principal that the processed payroll reflects time actually worked and accrued cannot be verified.

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.

The principal is responsible for certifying payroll and this report is the district’s requirement for satisfying the payroll certification.

Recommendation:

The principal, responsible for certifying each payroll, must create a process that assures compliance with this district requirement.

The “Audit Paid to Reported Time” reports must be printed for each payroll cycle and submitted to the principal for review and signature.

6. The timekeeper, without the timecards having an authorized signature, posted 100.25 hours of additional pay and 3.10 Extended Day Units (coaching pay) that totaled \$4,234.11 and also 136.00 hours of absences to Time and Labor. (Schedule V)

Our review of the payroll records for the period July 1, 2011 through June 30, 2012, revealed that a total of 100.25 hours additional pay and 3.10 Extended Day Units totaling \$4,234.11 were entered into the Time and Labor System without the authorized signature from the principal. Also, posted without authorized signatures were 136.00 hours of absences.

Specifically, we noted the following:

TRC	Description of Hours	Total Hours	Total Units	Amount
COA	Walk on Coach-Classified		3.10	\$2,811.86
SPE	Supervision-After 6:00 pm	2.00		118.98
EXTRA	Extra Time	98.25		1,303.27
DBS	District Business	8.00		
SLF	Sick Leave	54.50		
SLH	Sick Leave Half	73.50		
	Totals	236.25	3.10	\$4,234.11

Signature of the principal is required per District Procedure No. 2600 & 7236 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.

7. Five employees submitted incomplete “Short Term Leave with Pay Request” forms that lacked the required explanation. (Schedule VI)

Five employees submitted a request for Bereavement Leave totaling 50.40 hours that was not complete, lacking a full explanation, a necessary requirement in order to grant the leave.

Absences without loss of salary for a period not to exceed five (5) days may be granted to a unit member upon the death of a member of his/her or the spouse’s/same gender domestic partner’s immediate family.

A full explanation is required when submitting a short term leave with pay for bereavement to determine if the leave taken satisfies the employee’s immediate family requirement. Failure to ascertain that the request for time is valid, can result in overpayment should the request not meet contractual requirements.

Administration, in granting the request has the responsibility to assure that the request satisfies contractual requirements.

Recommendation:

We require that the principal institute a practice that assures compliance with district policy when granting short term leave with pay and secure the required detail to determine that the bereavement leave request satisfies contractual requirements.

8. Signature stamp of the vice principal was used to approve thirty (30) timecards.

Our review of employees timecards revealed thirty (30) timecards were approved by using a signature stamp of the vice principal.

Signature of the principal is required per District Procedure No. 2600 & 7236 to signify that the hours to be recorded in the time and labor system are authorized.

Recommendation:

A signature stamp is not to be used as approval of timecards. Timecards are to be reviewed for the approval signatures of the principal before reporting hours into the time and Labor system.

9. Errors in the proper completion of timecards were noted in 154 instances that included missing logging time in and time out, and reason or explanation for paid 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 154 instances where timecards time in and time out and the reason or explanation for paid extra hours were missing.

- **District Administrative Procedure No. 2600 states “Principal/department heads establish procedures providing for prompt and accurate reporting of assignments, time worked and absence information of district employees on designated forms.”**


Recommendation:

Administration, to comply with payroll processing requirements, has the management responsibility to implement site practices that assure the completeness of payroll records and data, prior to processing and reporting payroll.

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.



MEMORANDUM

TO: S. Carr
FROM: J. Martel 
DATE: July 2, 2013
SUBJECT: LA JOLLA HIGH SCHOOL AUDIT

The La Jolla High School audit finds fault with the principal and other individuals for several infractions of district policy, state education code, and general accounting practices.

The Office of Internal Audit identified eight (8) findings in the area of time and labor and sixty (60) findings in the area of ASB that need corrective action. As a result, the principal is directed to:

- Ensure that every request for the use of school facilities is processed through the district's rental office. School staff should have no direct role in securing or negotiating the use of a school field or building.
- Meet with the Area Superintendent to determine the best source for current training on district accounting practices. Once this source is identified and a training schedule is developed, the principal, his administrative team, the site's financial clerk, and the individual charged with keeping time and labor records will attend such training. It is vital that accurate financial records are maintained.
- Review such training annually. This continuous updating of financial practice is very important. Although the principal relied on district advice given in the past to guide his decisions on facility rental, that advice was not aligned with current district practice and resulted in violations cited by the audit.
- Meet with every booster organization and the foundation associated with La Jolla High to review and emphasize district policies and procedures on fund raising, facility rental, and payment to school personnel.
- Meet with all staff to review district policies on fund raising, rental of facilities, and payment of staff members by booster and foundation groups. Additionally, staff should be instructed on the establishment of student clubs and ASB accounts as well as the restrictions on the expenditure of funds from such accounts.

- Adhere in the strictest sense to all district policies and procedures regarding ASB funds and appropriate expenditures. District policies and procedures are not mere suggestions but define the practice of every site.

As the principal of La Jolla High School it is Dana Shelburne's responsibility to ensure all district policies and regulations set forth by the Board of Education and the California State Department of Education are implemented according to district procedures. As principal Shelburne's supervisor I expect him to hold the Financial Secretary, the ASB Advisor, and club advisors accountable for the implementation of practices that assure compliance with district requirements.

According to principal Shelburne's responses to the audit he has until October 1, 2013 to follow through with recommendations on many audit findings.

LA JOLLA HIGH SCHOOL
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TO: Julie Martel, Area Superintendent
FROM: Dana Shelburne, Principal
DATE: June 24, 2013
RE: Responses to La Jolla High School ASB and Time and Labor Audits

ASB Audit

1. a. ASB will procure receipts for all monies deposited in the Finance Office.
ASB/Principal will review "Transaction List by Account" on a monthly basis.
ASB/Principal will provide clubs an understanding of the requirement to manage and be accountable for their accounts by maintaining and reconciling club financial records to the records of the financial office.
b. My understanding is the district will pursue action to recover missing monies.
2. a. ASB/Principal will review "Quickbooks" reports for all athletic events charging admission on a monthly basis.
b. My understanding is the district will pursue action to recover missing monies.
3. My understanding is the district will pursue action to recover missing monies.
4. a. Finance clerk will prepare journal vouchers to correct earlier errors.
b. My understanding is the district will pursue action to recover missing monies.
5. a. By October 1, 2013, a check from Resource 08000 for \$7,648.00 is to be deposited to the district to reimburse the salary of the trainer.
b. By October 1, 2013, Finance clerk will prepare a journal voucher to return money to according to Schedule IX of the audit.
6. a. By October 1, 2013, a check from Resource 08000 for \$3,500.00 is to be deposited to the district for the reimbursement of spring coaches.
b. By October 1, 2013, a Finance clerk will prepare a journal voucher to return money to according to Schedule IX of the audit.
7. a. All tickets to all events will be pre-numbered and sequential, and kept in the Finance Office.

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- b. Ticket recaps will be generated and copies kept by all advisors, coaches, etc.
8.
 - a. All tickets to all events will be pre-numbered and sequential, and kept in the Finance Office.
 - b. Ticket recaps will be generated and copies kept by all advisors, coaches, etc.
9. ASB/Principal will review "Transaction List by Account" of all clubs/classes on a monthly basis.
10. ASB/Principal shall ensure compliance with Procedure No. 2360 relative to inventories, including yearbook, P.E. clothing, and the ASB store.
11.
 - a. All tickets to all events will be pre-numbered and sequential, and kept in the Finance Office.
 - b. Ticket recaps will be generated and copies kept by all advisors, coaches, etc.
12.
 - a. All tickets to all events will be pre-numbered and sequential, and kept in the Finance Office.
 - b. Ticket recaps will be generated and copies kept by all advisors, coaches, etc.
13. Finance clerk will back-up the Blue Bear system prior to the start of the new year and maintain records in accordance with California Code of Regulations 16026.
14. Semi-annually, Finance clerk will review with the principal "Closeout Summary Reports" and "Sales by Receipt Reports" to confirm reconciliation of the two.
15.
 - a. By October 1, 2013, Finance clerk will transfer \$2,615.92 from the Principal's Discretionary Fund to the ASB General Fund.
 - b. By October 1, 2013, Finance clerk will transfer all "Inactive Accounts" funds to the ASB General Fund.
16. The principal will work with the District to pay Advanced Placement proctors as district employees.
17. School site will adhere to District Administrative Procedures Nos. 1550 and 2225.
18. School site will adhere to District Administrative Procedures Nos. 1550 and 2225.
19. School site will adhere to District Administrative Procedures Nos. 1550 and 2225.

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20. By October 1, 2013, Consultant forms will be completed for these activities and sent to Accounts Payable.
21. School site will adhere to District Administrative Procedures No. 2225.
22. School site will adhere to District Administrative Procedures No. 2245.
23. a. School site will adhere to District Administrative Procedures Nos. 2245 and 2437.
b. By October 1, 2013, Finance clerk will prepare a journal voucher to correct the \$15 error.
24. All deposits forwarded to the Finance Clerk will have a cash count sheet, a copy of which will be maintained by the appropriate student/advisor for use in reconciling deposits and expenditures.
25. a. Distribution of funds called out in Class Wills will be followed exactly.
b. New finance clerk will prepare journal vouchers to reclassify the monies identified.
26. By October 1, 2013, the LJHS Alumni Office will refund \$250 to ASB.
27. The school has obtained official Board of Education approval for donations to these charitable groups.
28. The ASB Constitution is to be amended by the ASB in the manner that complies with District Administrative Procedure No. 4353 C.3.
29. By October 1, 2013, a student-faculty finance committee, composed of ASB council students, ASB advisor, faculty members, financial clerk, and a management employee, shall be formed to develop a recommended budget in accordance with District Administrative Procedure No. 2227.
30. School site will adhere to District Administrative Procedure No. 6240.
31. School site will adhere to District Administrative Procedure No. 6240.
32. a. School site will adhere to District Administrative Procedure No. 2265.
b. Finance clerk or ASB will keep a copy of the fundraising activities approval form on file.
33. School site will adhere to District Administrative Procedure No. 2437.

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34. By October 1, 2013, all "Inactive Accounts" funds shall be transferred to the ASB General Fund.
35. Annually, Finance clerk will clear all "Clearing Accounts" at the end of the fiscal year.
36. School site will adhere to District Administrative Procedure No. 2437.
37. School site will adhere to District Administrative Procedure No. 2247.
38. Finance clerk will use checks in sequential order.
39. School site will adhere to District Administrative Procedure No. 2270.
40. By October 1, 2013, the school will contact Bruce Ward's office to determine how to submit \$1,248.33 to cover the shortfall of the total amount representing 80% of the net proceeds for the 2011-2012 football games.
41. By October 1, 2013, the school will contact Bruce Ward's office to determine how to submit \$652.00 representing understated ASB Cards sales for the 2011.
42. Finance clerk will adhere to District Administrative Procedure No. 2165.
43. Finance clerk will follow accounting procedures to verify if checks have already been cashed by the bank and initiate a stop payment before reissuing to prevent duplicate payments.
44. Credit card account has been closed.
45. ASB accounts will no longer be used to process locker donations.
46. School site will adhere to district policy and education code regarding donations.
47. Future grant awards will be deposited with the Financial Accounting Office of the district and not in the ASB.
48. Future grant awards will be deposited with the Financial Accounting Office of the district and not in the ASB.
49. By October 1, 2013, the school will contact Bruce Ward's office to determine how to submit \$771.00 and charge to the account 2265-Ath/Football-Var.

50. Finance clerk will obtain and retain documentation for audit purposes and to validate activity.
51. Finance clerk will stamp all paid invoices as "PAID."
52. By October 1, 2013, the school will transfer the amount of \$616.00 from the account 2202-Academic Cords and create a separate trust account for transcripts.
53. The administration will consult with the District's Risk Management Unit before any high risk activities are allowed on district property.
54. Finance clerk will keep all journal vouchers on file.
55. School site will adhere to District Administrative Procedure No. 2435.
56. School site will adhere to District Administrative Procedure No. 2225.
57. By October 1, 2013, Finance clerk will prepare journal vouchers to adjust the erroneous recordings in the ASB books as noted in Schedule IX of the audit.
58. Future ASB awards will not be in cash.
59. Finance clerk will assure student clubs and the student store receive deposit slips when submitting money to the finance office.
60. School site will adhere to District Administrative Procedure No. 2155.

Time and Labor Audit

1. The principal will require the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll.
2.
 - a. The principal will require staff to complete a timecard and the timekeeper will ensure that proper supporting documents are on file when processing time and labor.
 - b. The timekeeper will also review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

3. a. The principal will require staff to complete an absence request form and the timekeeper will ensure all absence requests' supporting documentation are on file.
b. The timekeeper will also review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.
4. Site administration will institute a system to corroborate time card calculations.
5. Going forward, site administration and timekeeper will confirm certificated and classified hourly and monthly payroll.
6. The principal will review with the timekeeper the need to have authorized signatures on time cards prior to posting to payroll.
7. The principal and timekeeper will assure compliance with district policy when granting short term leave with pay and secure the required detail to determine that the bereavement leave request satisfies contractual requirements.
8. All time cards will be signed manually.
9. The principal and timekeeper will review timecards to determine if they are properly completed before reporting into the Time and Labor system.