



**TO:** Mitzi Merino, Area 5 Superintendent  
**FROM:** Stephen Carr, Director, Office of Internal Audit *usc*  
**DATE:** January 9, 2014  
**RE:** Birney Elementary School Time and Labor Audit

---

Our office conducted an audit of the Birney Elementary School Time and Labor for the period July 1, 2012 to June 30, 2013. The audit report contains information regarding the audit findings and recommendations. Enclosed are copies of the audit reports and the response.

The Time and Labor audit was generally in good order. The site administrator was responsive to all of our recommendations and corrective actions had been taken or planned except for Time and Labor audit finding number 5 that did not have a response.

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: BOE, Audit Committee  
C. Marten  
S. Monreal  
M. Hudson



## Payroll Time and Labor Audit Report

### Birney Elementary School

October 28, 2013

#### Introduction

The Office of Internal Audit conducted an audit of the payroll time and labor at Birney Elementary School for the period July 1, 2012 through June 30, 2013. 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 Birney Elementary School totaled 41, of the total employees, 28 are certificated employees and 13 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, 2012 through June 30, 2013.

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. Timecards for 388.25 additional pay hours that paid totaling \$7,928.27 were missing and prevented a determination that the payments were allowable, valid and properly authorized.
2. Supporting documentation for 134 leave benefit absence request forms totaling 848.00 hours were missing, hence authorized request and subsequent authorization cannot be determined.

3. Various discrepancies in hours and time reporting code reported in the Time and Labor system resulted in overpayments of \$58.27 and underpayments of \$159.49.
4. The timekeeper, without the timecards having an authorized signature, posted 44.50 hours of additional pay that totaled \$1,898.34 to Time and Labor.
5. An employee submitted a "Short Term Leave with Pay Request" form for bereavement leave that did not satisfy the employee's immediate family requirement.

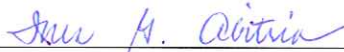
### Conclusion

Our review of the time and labor processing at Birney Elementary School is in order except for the above findings. Request for absences and hours entered into the payroll time and labor system must be properly supported and authorized to protect district's assets.

Internal controls that include appropriate reviews and approvals of timecard transactions must be implemented immediately.

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.



---

Ines G. Abitria  
Operations Auditor



---

W. Stephen Carr  
Director, Office of Internal Audit

## Audit Findings and Recommendation

1. **Timecards for 388.25 additional pay hours that paid totaling \$7,928.27 were missing and prevented a determination that the payments were allowable, valid and properly authorized.**
  - a. Our review of payroll records for the period July 1, 2012 through June 30, 2013, revealed that 388.25 hours totaling \$7,928.27 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
CRG	Regular Time-Hourly Certificated	80.00	\$2,306.40
EXTRA	Extra time	240.25	3,463.29
PRO	Contract Rate	56.00	2,023.70
REG	Regular Time Hourly Classified	12.00	134.88
	Totals	388.25	\$7,928.27

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.

2. **Supporting documentation for 134 leave benefit absence request forms totaling 848.00 hours were missing, hence authorized request and subsequent authorization cannot be determined.**

We examined the benefit absences reported and paid for the pay period starting July 1, 2012 through June 30, 2013 for certificated and classified employees. We found that absence requests in 134 instances, representing 848.00 hours, did not 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
DBS	District Business	2	7.50
LHS	Sick Leave Half Pay	39	156.00
PB2HR	Personal Business 2 Hours	2	2.50
PRB	Personal Business	1	1.00
PRN	Personal Necessity	3	11.00
SLF	Sick Leave	15	94.00
SLH	Sick Leave Half Pay	70	560.00
VAC	Vacation	2	16.00
	Totals	134	848.00

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.

**3. Various discrepancies in hours and time reporting code reported in the Time and Labor system resulted in overpayments of \$58.27 and underpayments of \$159.49.**

Two (2) employees submitted timecards for wrongly stated number of hours and resulted in these employees being overpaid a total of \$50.71 and underpaid a total of \$150.71.

Specifically, we noted the following:

Employee #	Hours Paid	Should Be	Over / (Under)	Amount	
				Underpayment	Overpayment
1	1.25	2.00	(0.75)	(\$10.71)	
1	2.00	1.75	0.25		\$3.57
1	2.00	1.75	0.25		3.57
1	2.00	1.75	0.25		3.57
2	2.50	6.00	(3.50)	(140.00)	
2	3.50	2.50	1.00		40.00
Totals	13.25	15.75	(2.50)	(\$150.71)	\$50.71

Two (2) employees were paid using an incorrect time reporting code as a result employees were either underpaid or overpaid.

Employee #	Paid			Should Be		Over / (Under)
	TRC	Hours	Amount	TRC	Amount	Amount
3	OTH	0.75	\$13.22	EXTRA	\$8.81	\$4.41
3	OTH	0.50	9.44	EXTRA	6.29	3.15
4	PBUNP	0.50	(8.78)	PB2HR	0.00	(8.78)
Totals		1.75	\$13.88		\$15.10	(\$1.22)

Incorrect hours posted for an employee's sick leave resulting in understating the accrual balance.

Employee #	TRC	Hours		Over
		Posted	Should Be	
5	SLF	6.00	5.00	1.00

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 or time reporting codes.

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.

4. The timekeeper, without the timecards having an authorized signature, posted 44.50 hours of additional pay that totaled \$1,898.34 to Time and Labor.

Our review of the payroll records for the period July 1, 2012 through June 30, 2013, revealed that a total of 44.50 hours additional pay totaling \$1,898.34 were entered into the Time and Labor System without the authorized signature from the principal.

Specifically, we noted the following:

TRC	Description of Hours	Total Hours	Amount
REG	Regular Time	33.50	\$1,340.00
SAT	Saturday	11.00	558.34
	Totals	44.50	\$1,898.34

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.

**5. An employee submitted a “Short Term Leave with Pay Request” form for bereavement leave that did not satisfy the employee’s immediate family requirement.**

An employee submitted a request for Bereavement Leave totaling 16.00 hours that did not qualify as member of his/her immediate family, 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.

Administration, in granting the request has the responsibility to assure that the request satisfies contractual requirements. Failure to ascertain that the request for time is valid, can result in overpayment should the request not meet 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 this bereavement leave request satisfies contractual requirements.

We also recommend that the principal require the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll and reclassify bereavement leave into personal necessity.

RESPONSE:

1. In response to the Audit Findings, Birney's Timekeeper was made aware that when hrly. employees work and the job is not in the SAM's system the employee must fill out a timecard not sign-in their hrs. on the timesheet. This has been put in place beginning September 2013.

*This is explanation for Summary of hours paid that did not have supporting documentation.*

- a. CRG Regular Time-Hourly Certificated 80 hrs. \$2,306.40 – The ESA is not able to see this transaction in Peoplesoft because it is an hrly. assignment and personnel now has a contract with the district at Birney Elem.*
  - b. EXTRA – Corrales-Enriquez, signed in on an alpha timesheet. Corrales-Enriquez was made a monthly/salaried employee beginning 3/18/13. Cook is turning in a weekly timecard beginning Sept. 2013. Hoover – Paperwork is on file in alpha order A – L for 2012 – 2013. Copy is attached.*
  - c. PRO – Delany – ESA unable to see this transaction in Peoplesoft.*
  - d. Walker, Ward, Wilsie – June 18, 2013 Furlough day for YR certificated employees – they did not do timecards but they did sign in as working.*
  - E. McQuerry – REG – signed in on alpha timesheet, now whenever McQuerry works noon duty he fills out an hrly. timecard.*
2. *Missing Supporting Documentation – items are entered in Peoplesoft but documentation is not found in alpha file.*
    - a. Canton, Joylyn – went to trainings – was not asked for Absence on District Business form.*
    - b. Flake, Tori – Birth of baby was sent to us by drs. ofc. School was closed, paperwork was filled out after and dated in May.*
    - c. Medlock, William – cannot locate paper work – will follow district procedures and find a way to keep track of documentation needed.*
    - d. Ward, Sandra – paper work in alpha file, copy attached*
    - e. Perry, Roseanne cannot locate paper work – will follow district procedures and find a way to keep track of documentation needed.*
    - f. Ramsey, Latreece cannot locate paper work – will find a way to keep track of documentation needed, will follow district procedures.*
    - g. Tuchscher, Dina – cannot locate paper work – will follow district procedures and find a way to keep track of documentation.*
    - h. Waller, Cynthia – cannot locate paper work – will follow district procedures and find a way to keep track of documentation.*
    - i. Curtis, Maggie have paperwork from drs. ofc.*
    - j. Flake, Tori – have paper work covering time from 1/3/13 to 5/3/13.*
    - k. Do, Liem – cannot locate paper work – will follow district procedures and find a way to keep track of documentation*
  3. The principal will effect processes needed to review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll. Timekeeper will review accuracy and completeness of payroll records and data prior to processing and reporting of payroll.
  4. Site practices will ensure the completeness of payroll records and data and will recheck prior to processing and reporting payroll.