



TO: Julie Martel, Area 3 Superintendent
FROM: Stephen Carr, Director, Office of Internal Audit *SC*
DATE: December 18, 2013
RE: Carson Elementary School Time and Labor Audit

Our office conducted an audit of the Carson 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.

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

Carson Elementary School

December 18, 2013

Introduction

The Office of Internal Audit conducted an audit of the payroll time and labor at Carson Elementary School for the period July 1, 2012 through June 30, 2013 at the request of the principal. 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 Carson Elementary School totaled 47, of the total employees, 27 are certificated employees and 20 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. Eight (8) employees' absences totaling 45.00 hours were not recorded in the Time and Labor system.
2. Timecards for 7.75 additional pay hours that paid totaling \$78.59 were missing and prevented a determination that the payments were allowable, valid and properly authorized.

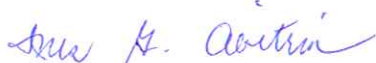
3. Two employees submitted incomplete "Short Term Leave with Pay Request" forms that lacked the required explanation.
4. An employee submitted timecards for "Floating Holiday" twice.

Conclusion


Our review of the time and labor at Carson Elementary School were generally in good order except for the above findings. Request for absences and hours entered into the payroll time and labor must be properly recorded, supported and authorized to protect district's assets.

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. Eight (8) employees' absences totaling 45.00 hours were not recorded in the Time and Labor system.

Our review of payroll records for the period July 1, 2012 through June 30, 2013, revealed that 45.00 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	Hours	Description
DBS	District Business	24.00	Per SAMS
PB2HR	Personal Business 2 Hours	4.00	Per SAMS/Timecards
PRN	Personal Necessity	5.50	Per SAMS
SLF	Sick Leave Full	11.50	Per SAMS
Total Hours not Posted		45.00	

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 7.75 additional pay hours that paid totaling \$78.59 were missing and prevented a determination that the payments were allowable, valid and properly authorized.

Our review of payroll records for the period July 1, 2012 through June 30, 2013, revealed that 7.75 hours totaling \$78.59 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
REG	Regular Time Hourly Classified	7.75	78.59

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. Two employees submitted incomplete “Short Term Leave with Pay Request” forms that lacked the required explanation.

Two employees submitted a request for Bereavement Leave totaling 11.50 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 this bereavement leave request satisfies contractual requirements.

4. An employee submitted timecards for “Floating Holiday” twice.

We reviewed the benefit absences taken by the employees for the period July 1, 2012 to June 30, 2013. An employee submitted two timecards for floating holiday. Only one floating holiday is allowed every fiscal year.

Employee #	Date	TRC	Hours		Over
			Posted	Should Be	
8	6/10/2013	FLH	3.50	3.50	0.00
8	6/18/2013	FLH	3.50	0.00	3.50

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

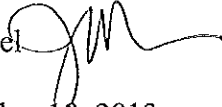
Recommendation:

We recommend that the principal require the timekeeper to make the correction 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.



MEMORANDUM

TO: S. Carr
FROM: J. Martel 
DATE: December 18, 2013
SUBJECT: CARSON ELEMENTARY SCHOOL AUDIT

The Office of Internal Audit identified four (4) findings in the area of Time and Labor, two (2) findings in the area of Purchase Card, and four (4) findings in the area of ASB that need corrective action. I have reviewed principal Joe Frescatore responses to the recommendations made by the Office of Internal Audit and I am confident he will follow through with the actions he has outlined.



Joe Frescatore
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To: W. Stephen Carr, Director, Office of Internal Audit
From: Joseph Frescatore, Principal, Carson Elementary School
Date: November 20, 2013
Re: Audit Report Response

Associated Student Body Audit Response

1. Carson Elementary has started implementation of the Request for Approval of Fundraising Activity by a Non District Organization form (Admin Proc. 9325) this current school year, 2013-2014. All future proceeds from fundraisers conducted by the Carson Parent Organization will pass through the school office and be controlled by the principal. In addition, the Carson Parent Organization will pursue 501(c) (3) determination letter from the IRS.
2. Carson Elementary has started implementation of the Request/Permission to Raise Funds, Student Body, Elementary (Admin Proc. 2265) this current school year, 2013-2014.
3. Carson has ordered a PAID stamp for documentation and will stamp invoices or receipts as PAID.
4. The trust account for the Kindergarten Fund shall be transferred to the Student Body General Fund.

Purchase Card Audit Response

1. Original invoices will be kept in place of order confirmations. In the event that an original invoice is not supplied by the vendor, an online invoice will be printed.
2. When reconciling the P-Card transactions, Carson Elementary will now be reporting the Use Tax by indicating 'N' in the field with the heading 'Sales Tax Included' as needed.

Payroll Time and Labor Audit Response

1. Time Error Correction Notices were submitted to Payroll for the 45.00 hours not previously recorded.

2. A timecard has now been completed for the 7.75 hours that were missing and a determination was made that the payments made were allowable, valid and authorized. This was an isolated oversight.
3. The two employees who submitted Short Term Leave with Pay Request (for bereavement) qualified for this benefit. We will ensure all staff fills out these forms with a full explanation.
4. A Time Error Correction Notice to Payroll was submitted to correct the duplication of "Floating Holiday". I will work with the site timekeeper to double check PeopleSoft before submitting Floating Holiday hours.