



TO: Mitzi Merino, Area 5 Superintendent
FROM: Stephen Carr, Director, Office of Internal Audit *SDC*
DATE: December 18, 2013
RE: Franklin Elementary School – Time & Labor Audit, Associated Student Body (ASB) Audit, and Purchase Card Audit

Our office conducted an audit of the Franklin Elementary School Time & Labor, and ASB for the period July 1, 2012 through June 30, 2013, and Purchase Card for the period October 16, 2012 through June 15, 2013. 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 had 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
C. Marten
S. Monreal
M. Hudson



Audit Report

Franklin Elementary School

Payroll Time and Labor

December 18, 2013

Introduction

The Office of Internal Audit conducted an audit of the payroll time and labor at Franklin Elementary School for the period July 1, 2012 through June 30, 2013.

The review included an examination of PeopleSoft time and labor computer records, applicable district procedures, and payroll documentation maintained at the school site.

The employees assigned at Franklin Elementary Schools totaled 31, including the principal.

The principal, who was in charge of the payroll time and labor from July 2012 to June 2013, was transferred to another school site on 7/1/2013.

The current principal assumed the supervision of the payroll time and labor on 7/1//2013.

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, 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 payable hours were recorded timely and accurately.
- To verify that all absences are payable hours, are authorized and properly documented.
- To determine that monthly positions are valid and full time equivalent agrees to employee's actual hours worked.

Audit Findings Summary

1. A total of 42.25 hours of additional pay amounting to \$1,710.30 were posted to Time and Labor without supporting documentation on file.
2. Absences of several employees totaling 205.90 hours were not recorded in the Time and Labor system.
3. Supporting documentation for absences of several employees totaling 239.15 hours were missing. As a result the propriety of the absences could not be determined.

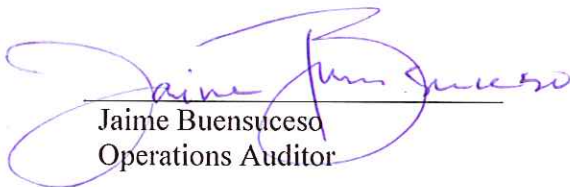
Conclusion

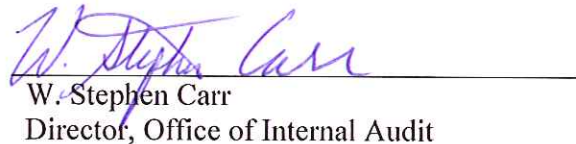
In our opinion, the time and labor at Franklin Elementary School for the period July 1, 2012 to June 30, 2013 was generally in order except for the above findings that need attention and reforms.

The principal must ensure that additional pay entered into the payroll time and labor is properly supported by timecards and authorized to protect district's assets.

Internal controls that include appropriate reviews and approvals of timecard transactions must be implemented immediately. The principal is to 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 during the examination.


Jaime Buensuceso
Operations Auditor


W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendations

1. A total of 42.25 hours of additional pay amounting to \$1,710.30 were posted to Time and Labor without supporting documentation on file.

Our review of the payroll records for the period July 1, 2012 through June 30, 2013, revealed that a total of 42.25 hours were entered into the Time and Labor System without timecards on file as follows.

TRC	Description of Hours	No. of Hours	Amount
PRO	Contract Rate	10.75	744.87
WKC	Workshop Certificated	18.50	366.86
PTCL	Part Time Classroom Instr.	5.00	273.80
SAT	Saturday School	4.00	205.81
TUT	Tutor	4.00	118.96
	Totals	42.25	1,710.30

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

As a result, there was an increased risk in loss of funds because employees may have been paid for time that they did not work due to lack of appropriate written approval that validated the performed work.

Recommendation:

We recommend that the principal require responsible staff to complete a timecard and the timekeeper should ensure that proper supporting documentation is on file when processing time and labor.

The principal is to institute payroll processes that satisfy district requirements designed to effect accuracy and integrity in the payroll process. While having signed the required "Audit To Paid Time Report," the report's purpose, through review, is to assure accuracy in the payroll process. We recommend that the principal incorporate the use of this report in reviewing payroll processing to assure staff properly complete the required documentation.

2. Absences of several employees totaling 205.90 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 205.90 hours of employee's absences were not reported to the Time and Labor system. As a result employee's accrued benefit balances in some instances were overstated.

Specifically, we noted the following:

No. of employees	Date	TRC	Hours	Remarks
5	11/9/12 – 3/8/13	DBSPD	80.00	Per SAMS

8	10/15/12 – 6/18/13	SLF	75.80	Per SAMS
1	6/20/13 - 6/21/13	BRV	16.00	Per SAMS
2	1/17/13 – 1/29/13	PRN	16.00	Per SAMS
3	11/19/12 – 2/8/13	VAC	10.10	Per SAMS
1	1/22/13	PRB	8.00	Per SAMS
Total Hours			205.90	

Absences reported in the Substitute Assignment Management System (SAMS) are to be reported in the Time and Labor system and timecards are required to support the absences.

Recommendation:

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

The principal has the responsibility to institute practices that assures the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

3. Supporting documentation for absences of several employees totaling 239.15 hours were missing. As a result the propriety of the absences could not be determined.

We examined the benefit absences reported for the period July 1, 2012 through June 30, 2013 for certificated and classified employees. We found that 239.15 hours of absences did not have leave forms to support several employees' absences reported in Time and Labor. As a result, we were not able to determine the propriety of the absences as follows.

TRC	Description of Hours	Total
SLF	Sick Leave	166.35
DBSPD	District Business Professional Dev.	32.00
DBS	District Business	15.50
VAC	Vacation Leave	9.30
FLH	Floating Holiday	8.00
PRN	Personal Necessity	8.00
Total Hours		239.15

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

Recommendation:

We recommend that the principal require responsible staff to complete an absence request form and that the timekeeper should ensure all absence requests' supporting documentation are on file.


The principal has the responsibility to institute practices that assures the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.



San Diego Unified
SCHOOL DISTRICT

Mitzi Merino
Area 5 Superintendent
619.725.7232
mmerino@sandi.net

TO: W. Stephen Carr

FROM: Mitzi Merino 

DATE: December 5, 2013

RE: Franklin Elementary School Time & Labor Audit, Associated
Student Body Audit, and Purchase Card Audit

The Office of Internal Audit identified three (3) findings in the area of time and labor, four (4) findings in the area of ASB, and four (4) findings in the area of purchase card that need corrective action. I have reviewed Magdalena Tavasci's responses to the recommendations made by the Office of Internal Audit and I am confident she will follow through with the actions outlined.



Magdalena Tavasci, Principal
P- 619.344.3000
F- 619.344.3040

TO: Jaime Buensuseco, Operations Auditor
FROM: Magdalena Tavasci, Principal
DATE: December 2, 2013
SUBJECT: RESPONSE TO AUDIT REPORT FINDINGS FOR FRANKLIN ELEMENTARY
FISCAL YEAR 2012-2013 SCHOOL YEAR
CC: Mitzi Merino, Area 5 Superintendent

Payroll Time and Labor Audit

- All errors mentioned in the audit report findings for Time and Labor have been corrected. All employee absences are cross checked by the ESA and principal weekly with the SAMS report and timesheets.
- All Time and labor reports are kept in a binder in an organized manner.
- Both my new ESA and I have attended the Time and Labor training held at the Fremont Training Center earlier this year.

Associated Student Body (ASB)

- With regard to the three checks that were missing, I was shocked to find that a box of blank district checks were left out in the open in the main office when I arrived in July.
- The box of checks are now in a locked cabinet.
- With regard to a check that was released without [REDACTED] signature, I can assure you that I would not allow that to happen under any circumstances.
- Regarding the finding of the lack of supporting documentation for ASB funds, I can assure you that we have a system tightly in place whereby all documentation of receipts, invoices and such are monitored closely and all accounted for by the ESA and principal.
- Regarding the \$3,420.29 monies that staff collected in the year 2012-13, but receipts not provided, I can assure you that we are well aware of the importance of providing receipts and are competent in doing so.
- Regarding #4, for the receipts that had erasures, I can assure you that both my ESA and are fully aware that erasures are not acceptable and would take every precaution to ensure this does not occur again.
- Both the ESA and I research, review and discuss best ASB business practices on an ongoing basis. We also review the district's administrative procedures, and will periodically audit the account.

Purchase Card

- Regarding #1 and 2, paying for volunteer gifts with the purchase card and going beyond \$25.00 for a student gift, I am fully aware that neither of these actions are acceptable, and therefore would not allow this to happen.

- Regarding #3 with reference to paying the sales, both my ESA and I know the policy regarding sales tax.
- Regarding #4, in reference to the missing original receipts and thus replacing them with the substitute transaction receipts from the bank, both the ESA and I ensure that we obtain duplicate receipts if the originals are ever misplaced. I do not anticipate this happening because we work very closely together to ensure that these careless mistakes do not occur.
- We both attend P-card trainings that are available, and keep abreast of any new changes of the P-card use. We stay in touch with district personnel to ensure that we are well informed at all times.

Summary

Thank you for responding to my request to conduct a complete audit of the ASB account, Time and Labor and the Purchase Card. I am appreciative of your hard work and support with this matter.

It is our most sincere and diligent intent to maintain all finances at Franklin Elementary in excellent order at all times.

I am confident that with the ESA that is now in place at Franklin that we will continue our team work on site and with the central office to ensure impeccable record keeping of all school finances at Franklin Elementary School.

Respectfully,

Magdalena Tavasci