



**TO:** Mitzi Merino, Area 5 Superintendent  
**FROM:** Stephen Carr, Director, Office of Internal Audit *SC*  
**DATE:** March 25, 2014  
**RE:** Garfield Elementary School – Time & Labor Audit

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Our office conducted an audit of the Garfield Elementary School Time & Labor for the period July 1, 2012 through June 30, 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

email: Members, Audit Committee  
C. Marten  
S. Monreal  
M. Hudson



## **Payroll Time and Labor Audit Report**

### **Garfield Elementary School**

**March 5, 2014**

#### **Introduction**

The Office of Internal Audit conducted an audit of the payroll time and labor at Garfield 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.

In an elementary school, the Elementary School Assistant is responsible for recording payroll data into the Time & Labor system. Based on timecards prepared by employees and approved by the site administrator, the Elementary School Assistant enters the payable time, and absences such as sick leave, vacation leave, and additional earnings, into the Time & Labor system. The timecards must be entered as required by the Payroll Department to assure accurate payroll reporting.

The school site is also required to run the monthly payroll reports for example, Audit Paid to Reported Time, and Time Summary. The monthly payroll reports are to be reviewed and approved by the site administrator to certify the payroll, ensuring that the employees' wages and absences are properly authorized and recorded.

The employees assigned to Garfield Elementary Schools totaled 33, including the principal.

The principal, who was in charge of the payroll time and labor from July 2012 to June 2013, the period audited, had resigned on 7/20/2013.

The current principal assumed the supervision of the payroll time and labor on 8/26//2013.

#### **Audit Scope and Objectives**

The scope of this audit was to include a review of all supporting documentation for the payroll time and labor input from July 1, 2012 through June, 2013. However, the current administration could not produce the records that should have been available from the prior administration. Therefore, the Office of Internal Audit was not able to conduct the scope and objectives planned for this audit.

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. All payroll documents for the period July 2012 through June 3013 were missing.
2. Absences of several employees totaling 530 hours were not recorded in the Time and Labor system.

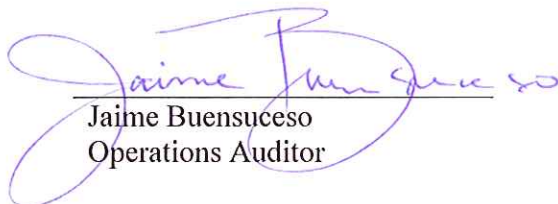
### Conclusion


Due to the loss of records, we performed a limited review of Time & Labor at Garfield Elementary School for the period July 1, 2012 through June 30, 2013. Owing to a lack of having adequately secured the required payroll documentation, and based on the errors found reviewing the available records, this is an unsatisfactory audit.

Our review was limited to the employees absences reported in the Substitute Assignment Management System (SAMS). The comparison of absences reported in SAMS to absences recorded in Time & Labor revealed that 530 hours of absences were not recorded.

The principal must ensure that the 530 hours of unrecorded absences are corrected, and all payroll documents must be properly secured and maintained at the school site.

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. All payroll documents for the period July 2012 through June 3013 were missing.

We were not able to perform the examination of the Time & Labor for the period July 2012 through June 2013 due unavailability of all payroll documents.

The timekeeper explained that she filed the payroll documents for the period July 2012 through June 2013 in a box, and put it on top of a cabinet located in the main office. For unknown reason, the box containing the payroll documents was not found. She believed the box containing the payroll documents might have been accidentally included among the several boxes of trash and old documents discarded by the custodian last summer.

#### Recommendation:

The district requirement exists that the payroll documents must be properly safeguarded and maintained at the school site.

Administration has the responsibility to institute practices that assure payroll requirements are adhered to at the site. Steps are needed to assure district documents are retained in a manner that satisfies district requirements.

### 2. Absences of several employees totaling 530 hours were not recorded in the Time and Labor system.

The comparison of absences reported by employees in SAMS to absences recorded in Time & Labor for the period July 1, 2012 through June 30, 2013, revealed that 530 hours of employee's absences were not recorded. As a result employee's accrued sick leave balances were overstated.

Specifically, we noted the following:

No. of employees	Date	TRC	Hours	Remarks
21	07/03/12 – 02/21/13	SLF	246.50	Per SAMS
8	12/12/12 – 12/14/12	PRN	154.00	Per SAMS
9	7/2/12 – 12/3/12	PRB	121.50	Per SAMS
1	9/26/12	RH	8.00	Per SAMS
Total Hours			530.00	

Absences reported in the SAMS are to be recorded 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.



**San Diego Unified**  
SCHOOL DISTRICT

**Mitzi Merino**  
Area 5 Superintendent  
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TO: W. Stephen Carr

FROM: Mitzi Merino 

DATE: February 25, 2014

RE: Garfield Elementary School Time and Labor Audit

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The Office of Internal Audit identified two (2) findings in the area of Time and Labor that need corrective action. I have reviewed Lali Barhoumi's responses to the recommendations made by the Office of Internal Audit and I am confident she will follow through with the actions outlined.





# San Diego Unified School District

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Garfield Elementary

Audit Response to the district – February 23, 2014

Payroll Time and Labor Audit Report

Period July 1, 2011 through June 30, 2012

The scope of the audit included a review of all supporting documentation for the payroll time and labor input from July 1, 2011 through June 20m, 2012.

**To:** Office of Internal Audit

W. Stephen Carr

Director, Officer of Internal Audit

Jaime Buensuceso

Operations Auditor

Mitzi Merino

Area Superintendent 5

An audit was conducted at Garfield Elementary School and the first draft was sent to me on January 10, 2014 with a draft of the recent audit. I contacted Jaime Buensuceso and scheduled a face to face meeting on January 17, 2013 at 08:30 a.m.

Jaime reviewed the findings with my Elementary School Assistant.

We explained to Jaime that during the course of timeline July 1, 2011 through June 30, 2012 the former principal was still overseeing Garfield Elementary. Unfortunately, he was absent for many days throughout the year due to family emergencies and illnesses and neglected to oversee the new ESA's ASB procedural work.

As the new principal of Garfield Elementary, I will work closely with the Elementary School Assistant to make sure all procedures are followed and done correctly.

I have read the summaries and will make corrections based on recommendations from the audit department as discussed at our face to face meetings.

I would like to now address Audit Findings Summary

1. Missing payroll documents

In effort to avoid any missing documents in the future, the Elementary School Assistant will keep documents in a binder locked up at her desk. Once the year is over she will then transfer that binder to the principal's office for safe keeping. She will place them in a box like she did in the past year.

2. A total of 530 were not reported to Time and Labor

The timekeeper has made corrections by submitting Time Error Corrections Notices to payroll. I will institute practice that assures the accuracy and completeness of payroll records and data prior to processing and reporting of payroll. To date we have about 85% of timecard corrections completed.

We will notify the staff of the existing procedures to complete a time card and my current secretary will ensure that proper supporting documentation is on file when processing time and labor.

I will institute and incorporate the use of the payroll process using the Audit To Paid Time Report in reviewing payroll processing for all required documentations.

Conclusion

In our opinion, the time and labor at Garfield Elementary for the period of July 1, 2011 – June 30, 2012 had missing documents. However, there are certain transactions that need immediate attention and reforms. Specifically, the school administration should ensure that all additional payments are properly authorized and supported by timecards, and employees' absences are properly recorded. The principal must ensure that all identified errors are corrected and policies are implemented to certify compliance with School district procedure in the future. All the documentations will be placed in a binder for safe keeping. When finished with the year my SEA will transfer the binder and be placed in a safe keeping place in order avoid any loss or misplacement of documents.