



TO: Shirley Wilson, Area 1 Superintendent
FROM: W. Stephen Carr, Director, Office of Internal Audit *WSC*
DATE: July 3, 2013
RE: Morse High School Time and Labor Audit

Our office completed an audit of the Time and Labor process at Morse 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

Morse High School

July 3, 2013

Introduction

The Office of Internal Audit conducted an audit of the payroll time and labor at Morse High School for the period July 1, 2011 through June 30, 2012.

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 Morse High School totaled 170, including the principal.

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 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

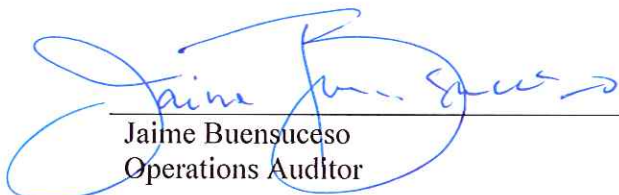
1. Absences of four (4) employees' totaling 83 hours were not recorded in the Time and Labor system.
2. Overtime hours and absences of four employees were incorrectly recorded.
3. A total of 88.5 hours and 2.5 units of additional pay amounting to \$5,819.59 were posted to Time and Labor without supporting documentation on file.
4. Sick leave forms for absences totaling 3,490.55 hours recorded in Time and Labor were missing, and 2,176.50 hours of absences were supported by certification from doctor's clinic instead of properly approved sick leave cards.
5. The principal used a "signature stamp" to approve employees' timecards for additional pay and authorization cards for absences.
6. The timekeeper signed on the absence form approval line for three (3) employees.
7. All "Audit Paid to Reported Time" reports for the period July 1, 2011 through June 30, 2012 were not printed and signed by the principal documenting review and approval.
8. The principal allowed sixteen (16) regular contract certificated employees to work more than ten (10) hours per week of additional hourly assignments totaling \$8,402.82.


Conclusion

In our opinion, based on the results of our examination, the time and labor at Morse High School was in order except for the above findings that need attention and reforms.

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 monthly payroll reports must be printed and submitted to the principal for review and signature in order to verify that the time and labor entries are accurate. 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 Recommendation

1. Absences of four (4) employees' totaling 83 hours were not recorded in the Time and Labor system.

Our review of payroll records for the period July 1, 2011 through June 30, 2012, revealed that 83 hours were not reported to the Time and Labor system. As a result employee's accrued benefit balances were overstated.

Specifically, we noted the following:

Employee #	Date	TRC	Hours	Remarks
1	3/7/12 – 3/15/12	IA	36.00	Per SAMS
1	3/20/12	SLF	2.00	Per sick leave form
2	5/7/12 – 5/10/1	SLH	32.00	Per sick leave form
3	3/12/12	SLF	8.00	Per SAMS
4	10/6/11	PRN	5.00	Per SAMS
Total Hours			83.00	

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:

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.

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

2. Overtime hours and absences of four employees were incorrectly recorded.

Overtime hours and absences of three employees were incorrectly recorded to the Time and Labor system. As a result, two employees were overpaid and accrued leave balances of one employee were overstated as follows.

Employee	Date	TRC	Reported	Should Be	Over
No. 1	10/25/2011	OTH	3.00	2.00	1.00
No. 2	05/04/2012	OTH	3.00	2.00	1.00

Employee	Date	Reported	Should Be	Hours
No. 3	11/04/2011	DBS	PRB	8.00

Recommendation:

The timekeeper should make the necessary corrections in the time and labor by submitting time and error notice to Payroll Department to properly pay the affected employees and properly account their leave absences.

3. A total of 88.5 hours and 2.5 units of additional pay amounting to \$5,819.59 were posted to Time and Labor without supporting documentation on file.

Our review of the payroll records for the period July 1, 2011 through June 30, 2012, revealed that a total of 88.5 hours and 2.5 units were entered into the Time and Labor System without timecards on file as follows.

TRC	Description of Hours	No. of Units	No. of Hours	Amount
EXP	Walk on Coach Certificated	2.50		\$2,267.63
PRO	Contract Rate		30.00	1,924.05
EXTRA	Extra Time		22.50	439.90
CRW	Curriculum Writing		14.00	416.36
SAT	Saturday School		8.00	355.29
NCT	Non-Classroom Hourly		11.00	327.14
TUT	Tutor		3.00	89.22
	Totals	2.50	88.50	\$5,819.59

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 would validate the work performed.

Recommendation:

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 completes the required documentation.

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 comply with the requirement to review and sign as having reviewed, the Audit To Paid Time Report.

4. Sick leave forms for absences totaling 3,490.55 hours recorded in Time and Labor were missing, and 2,176.50 hours of absences were supported by certification from doctor's clinic instead of properly approved sick leave cards.

We examined the benefit absences reported for the period July 1, 2011 through June 30, 2012 for certificated and classified employees. We found that 3,490.55 hours of absences did not have leave forms to support the absences for several employees reported in Time and Labor. As a result, we were not able to determine the propriety of the absences as follows.

Code	Description of Hours	Total Hours	Amount
SLF	Sick Leave	1,102.25	N/A
SLH	Sick Leave Half Pay	811.40	16,058.79
LHS	Sick Leave Half Pay Classified	483.90	4,368.31
DBS	District Business	360.00	N/A
BRB	Bereavement	191.00	N/A
VAC	Vacation	177.00	N/A
IA	Industrial Accident	106.50	N/A
PRN	Personal Necessity	101.50	N/A
UB	Union Business	56.00	N/A
CAH	Certificated Hearing	48.00	N/A
PRB	Personal Business	21.00	N/A
PPI	Personal & Prof Improvement	16.00	N/A
MIL	Military Duty	8.00	N/A
FLH	Floating Holiday	8.00	N/A
	Total	3,490.55	

We also noted that instead of the properly approved sick leave forms, the school used the certifications from a doctor's clinic to support the recording of 2,176.50 hours of employees' absences in Time and Labor as follows.

Code	Description	Total Hours	Amount
SLH	Sick Leave Half Pay	981.80	22,847.23
LHS	Sick Leave Half Pay Classified	510.00	4,634.53
SLF	Sick Leave	500.70	N/A
CAT	Catastrophic Leave	120.00	N/A
IA	Industrial Accident	64.00	N/A
	Total	2,176.50	

District Procedure No. 7130 requires absent employees to submit a leave application card to the principal within ten days after return to duty or after termination of period of disability. The card must be signed by the employee and principal.

Recommendation:

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.

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

5. The principal used a “signature stamp” to approve employees’ timecards for additional pay and authorization cards for absences.

We noted that the principal used a “signature stamp” instead of signing to approve timecards, sick leave, and vacation leave of employees.

There is no district procedure prohibiting the use of a signature stamp. However, a sound internal control is to have an original signature on the timecards that reflects personal review by the principal and eliminates doubts should a stamp’s use be questioned. The timecards represent authorizations of pay and leave, distribution of district resources having direct financial impact.

Recommendation:

We request that the principal sign the timecards and authorization forms for absences of employees.

6. The timekeeper signed on the absence form approval line for three (3) employees.

Instead of the principal, the timekeeper signed on the absence form approval line for three (3) employees. The timekeeper was also the one who entered the absences in Time and Labor, as follows.

Assignment Title	Date	TRC	Description	No. Hours
Campus Security Asst. - 1	9/14/2011	SLF	Sick Leave	8
Campus Security Asst.- 2	3/29/2012	PRN	Personal Necessity	8
High School Registrar	2/23/2012	PRN	Personal Necessity	8
High School Registrar	3/28/2012	PB2HR	Personal Business	2
High School Registrar	6/18-19/2012	SLF	Sick Leave	16
High School Registrar	6/22/2012	VAC	Vacation Leave	8
Total				50

District Procedure No. 7130 requires absent employees to submit a leave application card to the principal within ten days after return to duty or after termination of period of disability. The card must be signed by the employee and principal.

Recommendation:

We require that the timecards and authorization forms for absences of employees be signed/approved by the principal.

7. All “Audit Paid to Reported Time” reports for the period July 1, 2011 through June 30, 2012 were not printed and signed by the principal documenting review and approval.

Our audit revealed that all “Audit Paid to Reported Time” reports were not printed by the school and were not signed by the principal certifying that the processed payroll reflects time actually worked and accrued.

The monthly and hourly payroll reports must be printed and completed by the principal, having their review and signature in order to verify and certify that the time and labor entries are accurate.

Recommendation:

The principal is to comply with district policy that requires their certification of payroll processing by reviewing and certifying completing the review, through their signature on the “Audit Paid to Reported Time” reports.

8. The principal allowed sixteen (16) regular contract certificated employees to work more than ten (10) hours per week of additional hourly assignments totaling \$8,402.82.

Our review of payroll records for the period July 1, 2011 through June 30, 2012 revealed that 16 certificated employees have 2,256 hours of additional hourly assignments totaling \$95,267.00

We noted that \$8,402.82 or (9% of \$95,267.00) of the additional hourly assignments were in excess of the 10 hours of additional hourly assignments per week limit as follows.

Employee #	No. of weeks	10 hrs. limit	Actual hours	Excess hrs.	Amount
1	7	70	103	33	\$1,547.04
2	7	70	100	30	1,543.50
3	5	50	68	18	843.84
4	3	30	52	22	680.76
5	4	40	51	11	577.34
6	5	50	69	19	565.06
7	3	30	40	10	482.10
8	2	20	29	9	351.54
9	3	30	37	7	338.45
10	3	30	36	6	303.16
11	1	10	18	8	237.92
12	2	20	24	4	219.04
13	1	10	14	4	219.04
14	2	20	25	5	218.05
15	2	20	24	4	205.80
16	1	10	12	2	70.18
Total	51	510	702	192	\$8,402.82

- District Administrative Procedure No. 7236 states “Regular full-time district employees shall not be assigned more than ten hours per week of hourly classroom instruction or non-classroom assignments”.

Recommendation:

We recommend that the principal not approve additional hourly assignments of regular full-time employees that will exceed the ten hour per week limitation for hourly classroom instruction or non-classroom assignments.



San Diego Unified
SCHOOL DISTRICT

Shirley Wilson
Area One Superintendent
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July 2, 2013

To: Jaime Buensucesco, Operations Auditor

From: Shirley Wilson, Area 1 Superintendent

RE: MORSE HIGH SCHOOL – ASSOCIATED STUDENT BODY & TIME AND LABOR AUDITS

I have reviewed the report of Morse High School's Associated Student Body and Time and Labor Audits Report. Per the report, it was shared that the Operations Auditor responsible for the Morse High School's audit, met with the principal to review the findings.

The Associated Student Body Report

The Associated Student Body Audit Report included seventeen (17) findings and recommendations to rectify errors, omissions, and confusions. The auditor's conclusion indicated the ASB operations were generally performed in a satisfactory manner, except for the findings. Morse High School's principal, Harry Shelton, in order to rectify the findings has instituted internal controls and processes to comply with district procedures. He has provided a detailed response to you of the corrective actions to the audit and the recommendations.

Time and Labor Report

The Time and Labor Audit Report included eight (8) findings and recommendations to rectify errors, omissions, and confusions. The auditor's conclusion indicated that several areas needed to be improved to avoid mistakes. It was reviewed with Morse High School's principal, Harry Shelton, of his responsibility to certify each payroll and to supervise the time and labor operations of the school. He has provided a detailed response to you of the corrective actions to the audit and the recommendations.

I am confident that the operations of the Associated Student Body and the Time and Labor will improve and be in full compliance of the San Diego Unified District's policies and procedures.



Samuel F. B. Morse High School

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"Home of the Tigers"

Date: June 23, 2013
To: Jaime Buensuceso, Operations Auditor
From: Harry Shelton, Morse High Principal
SUBJECT: Payroll Time and Labor Audit Response

Dear Jaime,

I am writing the letter to first acknowledge that we have both met to discuss this audit and to also provide my responses to the audit and recommendations. This letter serves as my willingness and support to implement and adhere to the following (8) time and labor audit findings:

- 1. Absences of four (4) employees' totaling 83 hours were not recorded in the Time and Labor system.**
 - a. I will ensure the institute practices that assure the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.
 - b. I will require that the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll.

- 2. Overtime hours and absences of four employees were incorrectly recorded.**
 - a. The timekeeper will make the necessary corrections in the time and labor by submitting time and error notice to Payroll Department to properly pay the affected employees and properly account their leave absences.

- 3. A total of 88.5 hours and 2.5 units of additional pay amounting to \$5,819.59 were posted to Time and Labor without supporting documentation on file.**

VISION

Morse High School is an educational community united to provide opportunities for all individuals to reach their full potential as lifelong learners.

MISSION

Together, Morse students, parents, faculty, staff and community members will promote a positive learning environment in which students master the California State Content Standards and fulfill the Expected School-wide Learning Results (ESLRs).

- a. I will 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. I will incorporate the use of this report in reviewing payroll processing to assure staff properly completes the required documentation.
- b. I will require responsible staff to complete a timecard and the timekeeper should ensure that proper supporting documentation is on file when processing time and labor.
- c. I will comply with the requirement to review and sign as having reviewed, the Audit To Paid Time Report.

4. Sick leave forms for absences totaling 3,490.55 hours recorded in Time and Labor were missing, and 2,176.50 hours of absences were supported by certification from doctor's clinic instead of properly approved sick leave cards.

- a. I will require responsible staff to complete an absence request form and the timekeeper should ensure that 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.
- c. Timecards are to be retained at the site to substantiate the hours reported in the Time and Labor system and for audit purposes.

5. The principal used a "signature stamp" to approve employees' time cards for" additional pay and authorization cards for absences.

- a. I will sign the timecards and authorization forms for absences of employees.

6. The timekeeper signed on the absence form approval line for three (3) employees.

- a. The principal will sign the timecards and authorization forms for absences of employees.

7. All "Audit Paid to Reported Time" reports for the period July 1, 2011 through June 30, 2012 were not printed and signed by the principal documenting review and approval.

- a. I will comply with district policy that requires their certification of payroll processing by reviewing and certifying completing the review, through their signature on the "Audit Paid to Reported Time" reports.

8. The principal allowed sixteen (16) regular contract certificated employees to work more than ten (10) hours per week of additional hourly assignments totaling \$8,402.82.

- a. I will not approve additional hourly assignments of regular full-time employees that will exceed the ten hour per week limitation for hourly classroom instruction or non-classroom assignments.