



TO: Gilbert Gutierrez
Area Superintendent

FROM: W. Stephen Carr *WSC*
Director of Office of Internal Audit

DATE: May 15, 2012

RE: San Diego High School of Communication Payroll Time and Labor Audit

An audit of the Payroll Time and Labor financial operations was conducted at San Diego High School of Communication for the period July 1, 2010 through June 30, 2011. The audit report contains information regarding the audit findings and recommendations.

Enclosed is a copy of the audit report and site administrator's response. The site administrator was responsive to all of our recommendations and corrective actions had been taken or planned.

If you have any questions concerning information in this report, please call me at 725-5696.

c. Members, Board of Education

W. Kowba
N. Meyer
L. Schoenke
B. Rhinerson

e-mail report: Members, Audit committee
M. Hudson



Payroll Time and Labor Audit Report

San Diego High School of Communication

March 2, 2012

Introduction

The Office of Internal Audit conducted an audit of the payroll time and labor at San Diego High School of Communication for the period July 1, 2010 through June 30, 2011 at the request of the new Principal of Operations who started on 08/08/2011 and the Area 6 Superintendent.

The review included an examination of PeopleSoft time and labor computer records and payroll documentation maintained at the school site. The principal having the responsibility for time and labor processing covered by this audit is now assigned to Human Resources Department as Human Resources Officer.

The employees assigned at San Diego High School of Communications totaled 29, 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, 2010 through June 30, 2011.

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. Ten (10) employees submitted additional hourly timecards totaling 37 hours that are within the normal teaching days and/or hours that are considered part of regular contract service, resulting in an overpayment of \$1,100.39.
2. A total of 315 hours of additional pay amounting to \$9,751.82 were posted to Time and Labor without supporting documentation on file.
3. Two regular contract certificated employees were allowed to work more than ten (10) hours per week of additional hourly assignments totaling \$802.98.
4. Five (5) employees' absences totaling 40 hours were not recorded in the Time and Labor system.
5. Supporting documentation for benefit absence request forms totaling 159 hours were missing. As a result the propriety of the absences could not be determined.

Conclusion

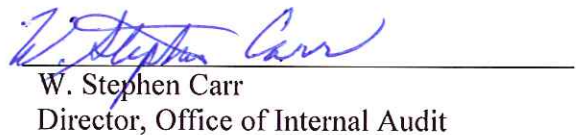
In our opinion, based on the results of our examination, the time and labor at San Diego High School of Communications was generally in order except for the above findings that need attention and reforms.

Request for absences and payable hours entered into the payroll time and labor must be properly 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 during the examination.


Jaime Buensuceso
Operations Auditor


W. Stephen Carr
Director, Office of Internal Audit

Audit Findings and Recommendation

- Ten (10) employees submitted additional hourly timecards totaling 37 hours that are within the normal teaching days and/or hours that are considered part of regular contract service, resulting in an overpayment of \$1,100.39.**

Our audit revealed that ten (10) employees submitted additional hourly timecards that totaled 37 hours that were within their regular contract service workday (7:00AM to 3:30PM). The timecards were properly approved and signed by the principal. As a result, these employees were overpaid by \$1,100.39 as follows.

| Employee # | TRC Code | Description of Hours | No. of hrs. | Amount |
|------------|----------|----------------------|-------------|------------|
| 1 | NCT | Nonclassroom Hourly | 8.00 | \$ 237.92 |
| 2 | NCT | Nonclassroom Hourly | 2.75 | 81.79 |
| 2 | CRW | Curriculum Writing | 4.75 | 141.27 |
| 3 | NCT | Nonclassroom Hourly | 4.50 | 133.83 |
| 4 | NCT | Nonclassroom Hourly | 4.50 | 133.83 |
| 5 | NCT | Nonclassroom Hourly | 3.50 | 104.09 |
| 6 | NCT | Nonclassroom Hourly | 3.00 | 89.22 |
| 7 | NCT | Nonclassroom Hourly | 2.50 | 74.35 |
| 8 | NCT | Nonclassroom Hourly | 2.00 | 59.48 |
| 9 | CRW | Curriculum Writing | 1.00 | 29.74 |
| 10 | NCT | Nonclassroom Hourly | .50 | 14.87 |
| Total | | | 37.00 | \$1,100.39 |

- **District Administrative Procedure No. 7236 states “In order to qualify for payment, the services must be performed outside normal teaching days and/or hours that are considered part of regular contract service”.**

Recommendation:

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

The principal is to institute procedures that provide for review of the accuracy and completeness of payroll records.

- A total of 315 hours of additional pay amounting to \$9,751.82 were posted to Time and Labor without supporting documentation on file.**

Our review of the payroll records for the period July 1, 2010 through June 30, 2011, revealed that a total of 315 hours were entered into the Time and Labor System without timecards on file as follows.

| TRC | Description of Hours | Total Hours | Amount |
|-----|---------------------------|-------------|------------|
| CRG | Certificated Regular Time | 189.00 | \$6,075.59 |
| NCT | Nonclassroom Hourly | 87.50 | 2,602.25 |
| CRW | Curriculum Writing | 10.50 | 312.27 |

| | | | |
|-------|------------------------|--------|------------|
| EXTRA | Extra Time | 13.00 | 340.58 |
| OTH | Overtime | 9.00 | 263.94 |
| OTS | Overtime Straight Time | 6.00 | 157.19 |
| | Totals | 315.00 | \$9,751.82 |

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 will validate the work performed.

This absence of documentation coupled with the principal's non-performance of the required review of payroll processing increases the risk for improper payments occurring and not being detected. Performing the required review of payroll processing would have detected the missing timecards.

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 completes the required documentation.

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

3. Two regular contract certificated employees were allowed to work more than ten (10) hours per week of additional hourly assignments totaling \$802.98.

Our review of payroll records for the period July 1, 2010 through June 30, 2011 revealed that two certificated employees have 238 hours of additional hourly assignments totaling \$6,979.02.

We noted that \$802.98 or (12% of \$6,979.02) 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 | 2 | 20.00 | 40.50 | 20.50 | \$ 609.67 |
| 2 | 4 | 40.00 | 46.50 | 6.50 | 193.31 |
| Total | 6 | 60.00 | 87.00 | 27.00 | \$ 802.98 |

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

- 4. Five (5) employees’ absences totaling 40 hours were not recorded in the Time and Labor system.**

Our review of payroll records for the period July 1, 2010 through June 30, 2011, revealed that 40 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 | 09/22/10 | PRB | 8.00 | Per SAMS |
| 2 | 10/01/10 | PRB | 8.00 | Per SAMS |
| 3 | 03/04/10 | SLF | 8.00 | Per sick leave form |
| 4 | 05/03/11 | SLF | 5.50 | Per SAMS |
| 4 | 05/31/11 | SLF | 5.50 | Per SAMS |
| 5 | 03/18/11 | LHS | 5.00 | Per SAMS |
| Total Hours not Posted | | | 40.00 | |

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:

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.

- 5. Supporting documentation for benefit absence request forms totaling 159 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, 2010 through June 30, 2011 for certificated and classified employees. We found that 159 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 Hours |
|-----|----------------------|-------------|
| DBS | District Business | 98.00 |
| SLF | Sick Leave | 29.00 |
| BRV | Bereavement | 24.00 |
| JUR | Jury Duty | 8.00 |
| | Totals | 159.00 |

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.



To: Gilbert Gutierrez

From: Dianne Cordero

Date: 5/3/12

RESPONSE TO SDHS School of Communications Payroll Audit

Audit Findings

1. Ten employees submitted additional hourly timecards totaling 37 hours that are within the normal teaching days and/or hours that are considered part of regular contract service.

The employees listed were performing duties outside of their regular contract service. As a result of student need additional credit recovery and remediation courses were implemented on site. Both the principal and timekeeper will attend training to ensure proper payroll processes needed to review the accuracy and completeness of payroll records prior to processing and reporting.

2. A total of 315 hours of additional pay amounting to \$9,751.82 were posted to Time and Labor without supporting documentation on file.

As a result of the audit the following will be implemented:

- Implement a procedure to comply with the requirement to review and sign as having reviewed, the "Audit To Paid Time Report" used to monitor and validate payroll processing at the school.
 - Require responsible staff to complete a timecard.
 - Require timekeepers to not enter overtime or additional pay hours in the time and labor without properly approved timecards.
 - Maintain a tracking system that accounts for timecards retention that complies with district policy.
3. Two regular contract certificated employees were allowed to work more than ten hours per week of additional hourly assignments.

As a result of the audit the principal will hold all overtime to a minimum and implement a protocol that prevents reoccurrence:

- Implement a procedure to comply with the requirement to review and sign as having reviewed, the "Audit To Paid Time Report" used to monitor and validate payroll processing at the school
-

4. Five employees' absences totaling 40 hours were not recorded in the Time and Labor system.

As a result of the audit the principal will implement a protocol that prevents recurrence:

- Implement practices that have staff complete timecards at time of absence, and require the timekeeper to make the corrections by submitting a Time Error Correction Notice to Payroll.
- Effect practices having the timekeeper review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.
- Submit Time Error Correction notice to payroll to correct the error listed above
- Implement a procedure to comply with the requirement to review and sign as having reviewed, the "Audit To Paid Time Report" used to monitor and validate payroll processing at the school.
- Maintain a tracking system that accounts for timecards retention that complies with district policy.