



**TO:** Gilbert Gutierrez, Area Superintendent  
**FROM:** W. Stephen Carr, Director, Office of Internal Audit *WSC*  
**DATE:** May 15, 2012  
**RE:** San Diego High School LEADS School, Time and Labor Audit

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Jaime Buensuceso, Operations Auditor, and Ines G. Abitria, Operations Auditor, have completed the attached audit review of the San Diego High School LEADS School. The audit report contains information regarding the scope, the audit findings and recommendations.

Enclosed is a copy of the audit report and the principal's response.

The Office of Internal Audit takes a necessary action to respond to statements in the principal's response to the audit report findings. In the responses to findings 9 and 10, the statement is made that Human Resources is to provide the training. This statement is incorrect, per district procedure (DP 2600 C.3.b) that places the responsibility for payroll processing with the principal.

**b. Principals/department heads** establish procedures providing for prompt and accurate reporting of assignments, time worked and absence information for district employees on designated forms.

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 Learn, Explore, Achieve, Discover and Serve (LEADS)**

**February 24, 2012**

### **Introduction**

The Office of Internal Audit conducted an audit of the payroll time and labor at San Diego High School of LEADS for the period July 1, 2010 through June 30, 2011 at the request of the new complex principal 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 a regular teacher at another school site.

Currently, the employees assigned at San Diego High School of LEADS totaled 36, of the total employees, 28 are certificated employees and 8 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, 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 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. Four employees submitted additional hourly timecards totaling 14.50 hours that are within the normal teaching days, and accordingly since part of the regular service contract, result in overpayments of \$453.70.
2. Discrepancies in hours reported in the Time and Labor system resulted in overpayments of \$1,028.05.

3. Twelve (12) employee absences totaling 81.50 hours were not recorded in the Time and Labor system.
4. Classified staff, lacking management authority, signed as the approver for 5 timecards totaling 72 hours and \$2,078.12 in payments; for three of these timecards, the signing staff member also input the data into the time and labor system.
5. The timekeeper, without the timecards having an authorized signature, posted 75 hours of additional pay and 23 Extended Day Units (coaching pay) that totaled \$23,238.74 and also 24 hours of absences to Time and Labor.
6. Timecards needed to support 90.50 hours paid totaling \$2,759.33 were missing and prevent a determination that the payments were allowable, valid and properly authorized.
7. Seven regular contract certificated employees were allowed to work more than ten (10) hours per week, exceeding the hourly assignments cap and earning \$3,471.94 in additional pay.
8. Supporting documentation for 30 benefit absence request forms totaling 224.36 hours were missing, hence authorized request and subsequent authorization cannot be determined.
9. Posting errors totaling 56 hours for one employee were found, resulting in the employee's accrued benefit balances being understated.
10. Errors in the proper completion of timecards were noted in 446 instances that included missing logging time in and time out, employee's signature, timekeeper's signature, time reporting codes and reason or explanation for paid extra hours.
11. Three employees submitted incomplete "Short Term Leave with Pay Request" forms that lacked the required explanation.

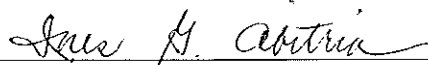
### Conclusion

Our review of the time and labor at San Diego High School of LEADS disclosed processing that did not meet district standards. The appropriate level of administrative governance was lacking for this function. There exists a need to improve compliance with prescribed policies and procedures to ensure that financial and operational activities relating to payroll time and labor are properly accounted for and controlled. Request for absences and hours entered into the payroll time and labor must be properly supported and authorized to protect district's assets.

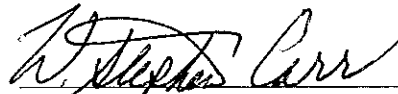
The principal is responsible for certifying each payroll and must adequately supervise the time and labor operations of the school. Site administration must immediately implement internal controls that include appropriate reviews and approvals of timecard transactions.

The timekeeper must submit monthly payroll reports to the principal for review and signature to verify that the time and labor entries are accurate and authorized. The principal must ensure that all identified errors are corrected and policies are implemented to certify compliance with district procedures.

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. Four employees submitted additional hourly timecards totaling 14.50 hours that are within the normal teaching days, and accordingly since part of the regular service contract, result in overpayments of \$453.70.

Our audit revealed that four employees had submitted additional hourly timecards totaling 14.50 hours. These hours overlapped with their regularly paid hours (7:00AM to 3:30PM). As a result, the employees were overpaid a total of \$453.70.

Specifically, we noted the following:

Employee #	Paid Hours	Should Be	Overpaid Hours	Overpaid Amount
1	40.00	30.00	10.00	\$297.40
2	6.00	4.00	2.00	71.00
3	5.00	3.50	1.5	44.61
4	4.00	3.00	1.00	40.69
Total	55.00	40.50	14.50	\$453.70

- 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”.

The timekeeper is to review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll. The site administrator is to determine that additional pay submittals satisfy the contract requirements.

### Recommendation:

The principal is to require that the timekeeper makes the required corrections by submitting a Time Error Correction Notices to Payroll.

2. Discrepancies in hours reported in the Time and Labor system resulted in overpayments of \$1,028.05.

Three employees submitted timecards for wrongly stated number of hours that resulted in these employees being overpaid a total of \$1,028.05.

Specifically, we noted the following:

Employee #	Hours Paid	Should Be	Overage	Amount
1	10.00	9.00	1.00	\$29.74
2	64.50	43.00	21.50	639.41
3	26.00	16.00	10.00	358.90
Totals	100.50	68.00	32.50	\$1,028.05

The discrepancies occurred because the employees incorrectly calculated the hours stated in their timecards and the timekeeper did not verify the accuracy of the hours.

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 corrections by submitting a 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.

**3. Twelve (12) employee absences totaling 81.50 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 81.50 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:

Description	Date	TRC	Hours	Remarks
Special Ed Assistant	10/08/2010	PRN	6.00	Not posted per SAMS
Special Ed Assistant	02/18/2011	PRN	6.00	Not posted per SAMS
Special Ed Assistant	11/05/2010	SLF	6.00	Not posted per SAMS
Special Ed Assistant	01/28/2011	SLF	6.00	Not posted per SAMS
Regular Teacher	05/05/2011	SLF	8.00	Not posted per SAMS and Timecard
Regular Teacher	05/06/2011	SLF	8.00	Not posted per SAMS and Timecard
Regular Teacher	04/29/2011	SLF	8.00	Not posted per SAMS
Regular Teacher	09/30/2010	SLF	8.00	Not posted per SAMS
Teacher-Mild/Moderate	01/04/2011	SLF	8.00	Not posted per SAMS
Special Ed Assistant	01/31/2011	UNP	6.00	Not posted per SAMS
Administrative Asst 1	06/17/2011	VAC	5.50	Not posted per timecard
Special Ed Assistant	10/06/2010	VAC	6.00	Not posted per SAMS
Total Hours not Posted			81.50	

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. The failure to post unpaid time (6) hours has the potential to become an overpayment should the person not have earnable wages.

**Recommendation:**

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

4. **Classified staff, lacking management authority, signed as the approver for 5 timecards totaling 72 hours and \$2,078.12 in payments; for three of these timecards, the signing staff member also input the data into the time and labor system.**

Our review of payroll records for the period July 1, 2010 through June 30, 2011, revealed that three (3) timecards were inappropriately signed as approved by the Financial Clerk and two (2) timecards signed as approved by the Administrative Assistant. These are not management positions and have no authority to sign as approver for payroll processes.

Approval of timecards is the responsibility of the administrator, certifying that services rendered by an employee are accurate and assuring responsibility and accountability for district assets.

- **District Administrative Procedure No. 2600 C.3.b states “Principals/department heads establish procedures providing for prompt and accurate reporting of assignments, time worked and absence information for district employees on designated forms”.**
- **District Administrative Procedure No. 7426 C.2.d. Overtime records shall be maintained by the principal or department head and must be available for audit. Records should include date, time, and number of overtime hours worked and date and time of compensatory time off, if granted.**

**Recommendation:**

Administration is to assure compliance to District Procedure. Timecards are to be submitted to the Principal for required authorization.

5. **The timekeeper, without the timecards having an authorized signature, posted 75 hours of additional pay and 23 Extended Day Units (coaching pay) that totaled \$23,238.74 and also 24 hours of absences to Time and Labor.**

Our review of the payroll records for the period July 1, 2010 through June 30, 2011, revealed that a total of 99 hours additional pay and 23 Extended Day Units totaling \$23,238.74 were entered into the Time and Labor System without the authorized signature from the principal.

Specifically, we noted the following:

TRC	Description of Hours	Total Hours	Total Units	Amount
CRH	Certificated Hourly	32.00		\$1,135.85
EXP	Walk on Coach-Certificated		23.00	20,862.15
EXTRA	Extra Time	4.00		78.21

NCT	Non-Classroom Hourly	30.50		907.07
OTH	Overtime	8.50		255.46
DBS	District Business	8.00		0.00
SLF	Sick Leave	16.00		0.00
	Totals	99.00	23.00	\$23,238.74

Signature of the principal is required per District Procedure No. 2600 & 7236 to signify that the hours to be recorded in the time and labor system are authorized.

**Recommendation:**

The timekeeper is to review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll. Timecards are to be reviewed for the approval signatures of the principal before reporting hours into the time and Labor system.

6. Timecards needed to support 90.50 hours paid totaling \$2,759.33 were missing and prevent a determination that the payments were allowable, valid and properly authorized.

Our review of payroll records for the period July 1, 2010 through June 30, 2011, revealed that 90.50 hours totaling \$2,759.33 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
CRH	Certificated-Hourly	6.00	\$254.70
CRW	Curriculum Writing	4.00	118.96
NCT	Non-Classroom Hourly	7.00	208.18
OTH	Overtime	20.00	586.40
TUT	Tutor	53.50	1,591.09
	Totals	90.50	\$2,759.33

Timecards are to be retained at the site to substantiate the hours reported in the Time and Labor system – a valid use of district resources, and to enable a determination that district requirements are being met.

- District Administrative Procedure No. 2600 states “Principal/department heads establish procedures providing for prompt and accurate reporting of assignments, time worked and absence information of district employees on designated forms.”

**Recommendation:**

We recommend that the principal requires 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.



7. Seven regular contract certificated employees were allowed to work more than ten (10) hours per week, exceeding the hourly assignments cap and earning \$3,471.94 in additional pay.

Our review of payroll records for the period July 1, 2010 through June 30, 2011, revealed that seven certificated employees were allowed to work more than 10 hours per week totaling 437.60 hours amounting to \$12,930.12. Of the 437.60 hours, 117.60 (27%) totaling \$3,471.94 was in excess of the ten hours per week limitation.

Employee #	No. of Weeks	10 Hrs. Limit	Actual Hours	Excess Hours	Amount
1	3	30.00	43.00	13.00	\$361.14
2	4	40.00	55.00	15.00	446.10
3	1	10.00	11.00	1.00	29.74
4	1	10.00	10.50	0.50	14.87
5	1	10.00	10.50	0.50	14.87
6	3	30.00	44.00	14.00	416.36
7	19	190.00	263.60	73.60	2,188.86
Totals	32	320.00	437.60	117.60	\$3,471.94

- 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 assign additional hourly assignments for regular full-time employees that exceeds the ten hour per week of hourly classroom instruction or non-classroom assignments procedure requirement.

We also recommend that the principal review the work of the employees and adjust their schedules to minimize additional hourly assignments.

8. Supporting documentation for 30 benefit absence request forms totaling 224.36 hours were missing, hence authorized request and subsequent authorization cannot be determined.

We examined the benefit absences reported and paid for the pay period starting July 1, 2010 through June 30, 2011 for certificated and classified employees. We found that absence requests in 30 instances, representing 224.36 hours, did not support the posting of benefit absences for several employees.

Listed below is the summary of absence requests that did not have supporting documentation.

TRC	Description	Instances	Hours
BRV	Bereavement	1	8.00
DBS	District Business	10	72.00
IA	Industrial Accident	1	8.00
PPI	Professional & Personal Improvement	3	24.00

PRN	Personal Necessity	1	5.36
SLF	Sick Leave	5	40.00
VAC	Vacation	9	67.00
	Totals	30	224.36

Timecards are to be retained at the site to substantiate the hours reported in the Time and Labor system – a valid use of district resources, and to enable a determination that district requirements are being met.

- **District Administrative Procedure No. 2600 states “Principal/department heads establish procedures providing for prompt and accurate reporting of assignments, time worked and absence information of district employees on designated forms.”**

**Recommendation:**

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

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

9. **Posting errors totaling 56 hours for one employee were found, resulting in the employee’s accrued benefit balances being understated.**

Our review of payroll records for the period July 1, 2010 through June 30, 2011, revealed that hours were incorrectly reported to the Time and Labor system. As a result, the employee’s accrued benefit balances were understated by 56.00 hours.

Specifically, we noted the following:

Description	Date	TRC	Reported	Should Be	Over
Teacher-Mild/Moderate	10/18/2010	IA	8.00	4.00	4.00
Teacher-Moderate/Severe	10/18/2010	IA	8.00	4.00	4.00
Teacher-Mild/Moderate	10/19/2010	IA	8.00	4.00	4.00
Teacher-Moderate/Severe	10/19/2010	IA	8.00	4.00	4.00
Teacher-Mild/Moderate	10/20/2010	IA	8.00	4.00	4.00
Teacher-Moderate/Severe	10/20/2010	IA	8.00	4.00	4.00
Teacher-Mild/Moderate	10/21/2010	IA	8.00	4.00	4.00
Teacher-Moderate/Severe	10/21/2010	IA	8.00	4.00	4.00
Teacher-Mild/Moderate	10/22/2010	IA	8.00	4.00	4.00
Teacher-Moderate/Severe	10/22/2010	IA	8.00	4.00	4.00
Teacher-Mild/Moderate	02/28/2011	PRN	8.00	4.00	4.00
Teacher-Moderate/Severe	02/28/2011	PRN	8.00	4.00	4.00
Teacher-Mild/Moderate	03/31/2011	BRV	8.00	4.00	4.00
Teacher-Moderate/Severe	03/31/2011	BRV	8.00	4.00	4.00
Totals			112.00	56.00	56.00

The timekeeper posted 8 hours each rather than 4 hours for an employee with a split assignment at 50% each. When an employee has two assignments at 0.50 full time equivalent each, the hours reported must be distributed according to their assignments.

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

**Recommendation:**

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

10. **Errors in the proper completion of timecards were noted in 446 instances that included missing logging time in and time out, employee's signature, timekeeper's signature, time reporting codes and reason or explanation for paid extra hours.**

We reviewed all payroll time and labor documents completed by employees that were maintained by the school to determine that they were properly completed. We noted 446 instances where timecards were missing time in and time out, employee signature, timekeeper's signature, time reporting codes and the reason or explanation for paid extra hours.

- **District Administrative Procedure No. 2600 states "Principal/department heads establish procedures providing for prompt and accurate reporting of assignments, time worked and absence information of district employees on designated forms."**

**Recommendation:**

Internal Audit recommends that timecards are to be completed properly. The timekeeper is to review the timecards to determine if properly completed, before reporting into the Time and Labor system.

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.

11. **Three employees submitted incomplete "Short Term Leave with Pay Request" forms that lacked the required explanation.**

The principal signed the bereavement requests without the employee having completed the Short Term Leave with Pay Request.

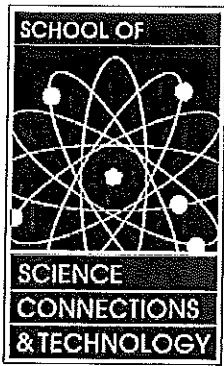
Absences without loss of salary for a period not to exceed five (5) days may be granted to a unit member upon the death of a member of his/her or the spouse's/same gender domestic partner's immediate family.

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 instruct that the principal secure the required detail to determine that the bereavement leave request satisfies contractual requirements.



## San Diego City Schools

*The School of Science, Connections & Technology  
at the Kearny Educational Complex*

7651 Wellington Street, San Diego, CA 92111

(858) 496-8370 FAX (858) 715-9504

DATE: May 2, 2012

MEMO TO: Stephen Carr, Office of Internal Audit

FROM: Rocío Weiss

SUBJECT: Response to Payroll Time and Labor Audit Report for LEADS at the San Diego High Complex

CC: Dr. Nellie Meyer, Dr. Marian Phelps, Mr. Gil Gutierrez

The following is a response to the findings of the payroll time and labor audit conducted at LEADS for the period between July 1, 2010 and June 30, 2011:

1. Four employees submitted additional hourly timecards totaling 14.50 hours that are within the normal teaching days, and accordingly since part of the regular service contract, result in overpayments of \$453.70 *These payments were made to teachers who worked during their prep periods. On occasion, it was necessary to ask teachers to cover classes when substitutes were not available. In a small school there are not enough teachers to ask to cover during prep periods, so the same teachers would need to cover. One teacher was compensated for monitoring students during lunch detention. This was during the teacher's duty free lunch so it seemed fair to compensate them for their time since they were willing to assist with lunch detention.*
2. Discrepancies in hours reported in the Time and Labor system resulted in overpayments of \$1,028.05. *Timekeeper error.*
3. Twelve (12) employee absences totaling 81.50 hours were not recorded in the Time and Labor system. *Timekeeper error. It is difficult to accurately respond to this finding without having the names of the employees in question. Timekeeping at the SDHEC is especially challenging because various "complex" level employees might appear on a given school's time and labor report, but not necessarily report directly to that school.*
4. Classified staff, lacking management authority, signed as the approver for 5 timecards totaling 72 hours and \$2,078.12 in payments; for three of these timecards, the signing staff member also input the data into the time and labor system. *Budget reductions at the SDHEC resulted in the loss of the Complex Operations Manager. To mitigate the loss of this critical position, the Financial Clerk and Administrative Assistants took on additional responsibilities. Every effort was made to have principals approve timecards, but on occasion time might have been entered in order to meet a payroll deadline.*

5. The timekeeper, without the timecards having an authorized signature, posted 75 hours of additional pay and 23 Extended Day Units (coaching pay) that totaled \$23,238.74 and also 24 hours of absences to Time and Labor. *I defer to [REDACTED] the principal who oversaw athletics during the 2010 – 2011 school year, for the explanation regarding the Extended Day Units. Many of the charges to individual schools were costs shared among all six schools. It is difficult to accurately respond to the rest of the finding without having the names of the employees in question. However, as stated above, every effort was made to have principals approve time cards by the timekeeping deadlines.*
6. Timecards needed to support 90.50 hours paid totaling \$2,759.33 were missing and prevent a determination that the payments were allowable, valid and properly authorized. *It is difficult to accurately respond to the finding without having the names of the employees in question. However, every effort was made to have proper documentation i.e. time cards. I was diligent in my review of time and labor documentation that was presented to me to ensure that the proper funding sources were being used for the charges made. It is difficult to ascertain how the timekeeper would know how many hours to input for such time as "Curriculum Writing" or "Tutor" without the proper timecard.*
7. Seven regular contract certificated employees were allowed to work more than ten (10) hours per week, exceeding the hourly assignments cap and earning \$3,471.94 in additional pay. *Most of the additional hours teachers worked were in support of student intervention programs. On any given day, including Saturdays, 2 -3 teachers would remain after school to support students with either remediation programs or enrichment activities. Small schools are especially challenged when trying to provide intervention and enrichment programs because of the reduced number of teachers and support staff available.*
8. Supporting documentation for 30 benefit absence request forms totaling 224.36 hours were missing, hence authorized request and subsequent authorization cannot be determined. *All PPI requests were pre-approved by the area superintendent with proper documentation. Documentation for PPI requests was held by their administrative assistant. Every attempt was made by the timekeeper to secure documentation prior to absences for professional development (District Business).*
9. Posting errors totaling 56 hours for one employee were found, resulting in the employee's accrued benefit balances being understated. *Proper training for timekeepers in the subtleties of timekeeping for employees that have split assignments should be provided by the Human Resources department.*
10. Errors in the proper completion of timecards were noted in 446 instances that included missing logging time in and time out, employee's signature, timekeeper's signature, time reporting codes and reason or explanation for paid extra hours. *Proper training for timekeepers in the subtleties of timekeeping for employees that have split assignments should be provided by the Human Resources department.*
11. Three employees submitted incomplete "Short Term Leave with Pay Requests" forms that lacked the required explanation. *It is my sincere belief that, had the employees been able to foresee the loss of their loved one, the proper form would have been completed. As it happened, the employees had to travel out of town on short notice and were only able to complete the forms upon their return.*

Submitted by Rocío Weiss:

Rocio Weiss

Date:

5/8/12