



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 Media, Visual and Performing Arts (MVPA) Payroll
Time and Labor Audit

An audit of the Payroll Time and Labor financial operations was conducted at San Diego High School of MVPA 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 Media, Visual and Performing Arts

March 5, 2012

Introduction

The Office of Internal Audit conducted an audit of the payroll time and labor at San Diego High School of Media, Visual and Performing Arts for the period July 1, 2010 through June 30, 2011 at the request of the new Principal of Operations who started 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 School of Business and School of Learn, Explore, Achieve, Discover and Serve (LEADS).

The employees assigned at San Diego High School of Media, Visual and Performing Arts totaled 40, 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. An incorrect time reporting code was used to record additional pay for six (6) teachers resulting in overpayment totaling \$4,554.87.
2. Hours not eligible for payment were reported on a different date in order to enable the pay to process.
3. Five regular contract certificated employees were allowed to work more than ten (10) hours per week of additional hourly assignments totaling \$4,051.21.
4. Five employees submitted additional hourly timecards totaling 9 hours that are within the normal teaching days and/or hours that are considered part of regular contract service, resulting in an overpayment of \$336.15.
5. Six employees did not indicate the reason or description of overtime work in the timecards.
6. A total of 108 hours of additional pay amounting to \$3,834.83 were posted to Time and Labor without supporting documentation on file.
7. Ten (10) employees' absences totaling 111 hours were not recorded in the Time and Labor system.
8. Supporting documentation for benefit absence request forms totaling 325 hours were missing. As a result the propriety of the absences could not be determined.

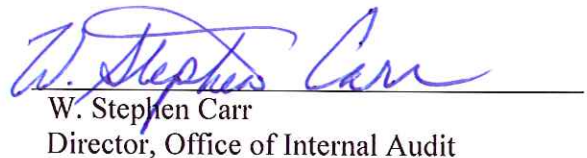
Conclusion

Our review of the time and labor at San Diego High School of Media, Visual and Performing Arts disclosed performance that does not meet district standards. The principal must establish payroll practices that comply 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 payable hours entered into the payroll time and labor must be properly supported and authorized to protect district's assets. The principal, at the time of the audit, had not complied with district payroll processing requirements established to validate payroll processing and to prevent and detect defects and deviations from processing expectations.

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 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 Recommendations

- 1. An incorrect time reporting code was used to record additional pay for six (6) teachers resulting in overpayment totaling \$4,554.87.**

Six teachers that performed tutoring after school hours were paid using an incorrect time reporting code. The timekeeper used Pro Rata (PRO) per instruction of former 21st Century Program Director instead of Tutor (TUT) that resulted in overpayment totaling \$4,554.06 as follows.

Emp #	From	To	TRC	Tot. Hours	Rate/Hour	Amount	Over
1	09/13/10	06/10/11	PRO	228.00	48.402304	\$11,035.73	\$4,255.01
2	11/02/10	06/08/11	PRO	77.75	31.553743	2,453.30	141.01
3	05/16/11	06/03/11	PRO	36.00	31.06	1,118.16	47.52
4	03/31/11	05/19/11	PRO	9.00	39.06	351.54	83.88
5	02/04/11		PRO	1.00	45.67	45.67	15.93
6	01/05/11	01/16/11	PRO	2.00	35.50	71.00	11.52
	Total		PRO	353.75		\$15,075.40	\$4,554.87
	Should be		TUT	353.75	29.74	10,520.53	
	Overpayment					\$4,554.87	

The above payments were approved by the principal who was currently assigned at other two sites.

Recommendation:

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

The principal is to effect payroll processes that establish district required lines of authority to assure payroll is processed as required by policy and procedure.

- 2. Hours not eligible for payment were reported on a different date in order to enable the pay to process.**

On 5/5/11, a teacher submitted a timecard (having only the teacher's signature) for 1.5 hours each day for 5/2, 5/3, 5/4 and 5/5/11, for "California Standards Test (CST) work during Prep," a total of 6 hours in the amount of \$212.97. Since the teacher was on district business and had a substitute teacher for those days, the 6 hours were not eligible for payment. The Administrative Aide advised the teacher that the payment could not be made and instructed the teacher to submit a timecard for the date 5/7/2011 for the full six hours reported worked on non-eligible work times (this written on the timecard). On 5/27/2011, the teacher submitted a timecard (signed by the teacher, principal and administrative aide) reporting after hours for 5/2 (1.5), 5/4 (1.5) and 5/5/2011 (.5). On June 1, 2011 the administrative aide posted 6 hours for 5/7/2011 and the 5/2 (1.5), 5/4 (1.5) and 5/5/2011 (.5) additional pay. There was no timecard for the 6 hours posted for 5/7/2011.

The documentation shows the 6 hours paid on 5/7/2011 was an inappropriate manipulation of the payroll system to pay for work not eligible for payment. The 5/2 (1.5), 5/4 (1.5) and 5/5/2011 (.5) appear questionable due to the 22 days lapse of time between the dates worked and the date the timecard was submitted, when taking into account that the other timecard was submitted on 5/5/2011 immediately after the time worked.

Also, according to Collective Negotiations Contract, Section 8.7.1. "The weekly schedule of employment for full-time classroom teachers in secondary schools shall include twenty-five (25) teaching or supervised study periods and five (5) periods for preparation/conference as defined in this Article."

Section 8.7.2. "Preparation/conference period for full-time secondary classroom teachers shall be one (1) regular period of a teacher's workday, which is not devoted to instruction of pupils, and which shall be used for preparation of instructional materials, other instructionally-related activities, and may be used for conferences and a reasonable number of meetings."

Based on the above sections, the "CST work during Prep" (1:00PM – 2:30PM) where the teacher prepared testing materials should not be paid as an additional hourly assignment because the preparation of instructional materials, and other instructionally-related activities during Prep period is already included in the weekly schedule of employment paid to a full-time classroom teacher.

Recommendation:

We require that the school prepare an error notice and submit to payroll to correct the inappropriate payment to the employee.

The principal is to institute payroll processes that satisfy district requirements designed to effect accuracy and integrity in the payroll process.

3. Five regular contract certificated employees were allowed to work more than ten (10) hours per week of additional hourly assignments totaling \$4,051.21.

Our review of payroll records for the period July 1, 2010 through June 30, 2011 revealed that five certificated employees have 833 hours of additional hourly assignments totaling \$37,662.36.

We noted that \$4,050.21 or (11% of \$37,662.36) 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 hrs.	Excess hrs.	Amount
1	20	200.0	254.0	54.0	\$ 2,235.60
2	5	50.0	87.5	37.5	1,164.75
3	3	30.0	40.5	10.5	372.70
4	1	10.0	15.0	5.0	187.94
5	1	10.0	13.0	3.0	89.22
Total	28	300.0	410.0	110.0	\$ 4,050.21

- **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 employees submitted additional hourly timecards totaling 9 hours that are within the normal teaching days and/or hours that are considered part of regular contract service, resulting in an overpayment of \$336.15.**

Our audit revealed that six employees were submitting additional hourly timecards totaling 9 hours that were within their regular contract service (7:00AM to 3:30PM). As a result, they were overpaid by \$336.15 as follows.

Employee #	TRC	No. of hrs.	Amount
1	PRO	4.0	\$ 142.00
2	CRW	2.0	59.48
3	PRO	1.0	54.76
4	PRO	1.0	43.96
5	PRO	1.0	35.95
Total		9.0	\$ 336.15

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

- 5. Six employees did not indicate the reason or description of overtime work in the timecards.**

Payable hours reported in the timecard must indicate the reason or description of the work performed in addition to time in and out for each day to support the payments.

Six employees did not indicate the reason or description of work performed in the timecards as follows.

Employee #	From	To	TRC Code	No. of hours	Amount
1	01/29/11	05/28/11	PRO	36	\$ 1,582.55
1	03/12/11	03/13/11	NCT	13	386.62
2	02/26/11	& 03/04/11	PRO	16	723.90
3	10/09/10	& 12/04/10	PRO	8	300.70
3	01/03/11	& 05/27/11	WPS	2.5	93.97
4	10/09/10	& 02/26/11	PRO	8	336.97
5	12/02/10	– 12/16/10	EXTRA	24.5	318.81
6	09/05/10	– 09/22/10	OTS	7.5	178.26
	Total			115.5	\$ 3,921.78

As a result, there was an increased risk in loss of funds because the reported time was not supported by a record that shows the description of the work, and the actual time when the work started and ended.

This absence of proper completion that documented the reason for payment increases the risk for improper payments occurring and not being detected.

Recommendation:

We require that all information such as date, time in and out, and reason for hours worked be indicated in the timecard.

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.

- 6. A total of 108 hours of additional pay amounting to \$3,834.83 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 108 hours were entered into the Time and Labor System without timecards on file as follows.

Code	Description of Hours Paid	Total Hours	Amount
PRO	Pro Rata	84.50	\$ 3,216.72
OTH	Overtime	14.50	352.54
NCT	Non-Classroom Hourly	5.00	148.70
WPS	Teacher Working Prep	1.50	72.60
OTS	Overtime Straight Time	1.00	23.77
EXTRA	Extra Time	1.50	20.49
	Totals	108.00	\$ 3,834.82

Timecards are to be retained at the site to substantiate the hours reported in the Time and Labor systems 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. Timekeeper should not enter overtime or additional pay hours in the time and labor without properly approved timecards.

The approved timecards must be on file and should be available anytime for audit purposes.

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.

7. Ten (10) employees' absences totaling 111 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 111 hours of employees' absences were not recorded 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	5.00	Per SAMS
	10/12/10	JUR	5.00	Per SAMS
	02/28/11	SLF	5.00	Per SAMS
2	03/29/11	SLF	8.00	Per SAMS
	03/30/11	SLF	8.00	Per SAMS
3	01/20/11	PRN	8.00	Per form
	02/08/11	SLF	8.00	Per form
	02/14/10	SLF	8.00	Per form
4	05/17/11	SLF	8.00	Per SAMS

5	10/26/10	SLF	8.00	Per SAMS
6	06/01/11	SLF	8.00	Per form
7	09/17/10	SLF	8.00	Per SAMS
8	09/20/10	PRN	8.00	Per SAMS
9	06/23/11	FLH	8.00	Per form
10	09/15/10	FLH	8.00	Per SAMS
Total Hours not Posted			111.00	

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

8. **Supporting documentation for benefit absence request forms totaling 325 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 325 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	168
SLF	Sick Leave	117
VAC	Vacation	16
PRN	Personal Necessity	16
PRB	Personal Business	8
Total		325

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 is on file.

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



To: Gilbert Gutierrez

From: Consuelo Manriquez

A handwritten signature in purple ink, appearing to read 'C Manriquez'.

Date: 4/18/12

RE: Response to Audit Report from Media, Visual, and Performing Arts

Audit Findings Summary and Response

1. An incorrect time reporting code was used to record additional pay for six (6) teachers resulting in overpayment totaling \$4,554.87.

Response:

- The principal required the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll.
- These teachers were paid by the 21st Century Grant. The timekeeper used Pro Rata (PRO) per instruction of former 21st Century Program Director instead of Tutor (TUT) that resulted in overpayment.

2. Hours not eligible for payment were reported on a different date in order to enable the pay to process.

Response:

- The principal required the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll.
- The principal instituted payroll processes that satisfy district requirements designed to effect accuracy and integrity in the payroll process.

3. Five regular contract certificated employees were allowed to work more than ten (10) hours per week of additional hourly assignments totaling \$4,051.21.

Response:

- The principal will 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 employees submitted additional hourly timecards totaling 9 hours that are within the normal teaching days and/or hours that are considered part of regular contract service, resulting in an overpayment of \$336.15.

Response:

- The principal required the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll.
- Currently, the timekeeper reviews the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

5. Eight employees did not indicate the reason or description of overtime work in the timecards.

Response:

- The time keeper will make sure that all of the information such as date, time in and out, and reason for hours worked be indicated in the timecard.
- The principal instituted payroll processes that satisfy district requirements designed to effect accuracy and integrity in the payroll process. The principal incorporated the use of this report to review payroll processing to assure staff properly completes the required documentation.
- The principal is complying with the requirement to review and sign as having reviewed, the Audit To Paid Time Report.

6. A total of 108 hours of additional pay amounting to \$3,834.83 were posted to Time and Labor without supporting documentation on file.

Response:

- The principal required responsible staff to complete a timecard. Timekeeper will not enter overtime or additional pay hours in the time and labor without properly approved timecards.
- The principal instituted payroll processes that satisfy district requirements designed to effect accuracy and integrity in the payroll process.

7. Ten (10) employees' absences totaling 103 hours were not recorded in the Time and Labor system.

Response:

- The principal required the timekeeper to make the corrections by submitting Time Error Correction Notices to Payroll.
- The timekeeper will review the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.

8. Supporting documentation for benefit absence request forms totaling 325 hours were missing. As a result the propriety of the absences could not be determined.

Response:

- Currently, the principal requires responsible staff to complete an absence request form and that the timekeeper should ensure all absence requests' supporting documentation is on file.
- The timekeeper reviews the accuracy and completeness of payroll records and data prior to processing and reporting of payroll.