



Pasco County Schools

Kurt S. Browning, Superintendent of Schools

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Internal Audit

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DATE: February 21, 2017

TO: School Board of Pasco County

FROM: Mary Tillman CPA, CIA, Director of Internal Audit

RE: Chasco Elementary Internal Accounts Audit 2014-15 Part 2-Northwest Region

INTERNAL AUDITOR'S REPORT ON COMPLIANCE

Pursuant to State Board of Education Rule 6A-1.087(2), Florida Administrative Code and School Board Policy #6830, an audit was conducted for Chasco Elementary School for the fiscal year ended June 30, 2015. This audit was conducted to determine compliance with certain District policies and procedures as well as good business practices that ensure accurate financial reporting.

Although internal controls and compliance are reviewed during the regular school audits (Part 1), the purpose of a Part 2 audit is to make a closer examination at selected schools of certain categories of transactions that have higher risk potential of error, fraud, or noncompliance.

Specifically, the Part 2 audit includes the examination of fundraisers and control over payroll, fixed assets, support organizations, and athletics at secondary schools. Schools are selected for Part 2 audits based on prior audit experience and dollar value and volume of certain transactions.

A discussion of issues included in this audit report are listed below:

- **Time and Attendance - Payroll**

- Board Policy #6480 - Payroll Expenditures – states in part that Principals and department heads shall be responsible for submitting accurate payroll records in accordance with established time schedules and procedures.
- Board Policy #6700 – Fair Labor Standards Act (FLSA) – describes federal rules for overtime for non-exempt employees and requires compliance.
- Board Policies #1430 and #4430 – Leaves of Absence – describe types of leave, rules for earning and using different types of leave for Administrators and Support Staff. These policies also describe the Board's Meritorious Attendance Incentive Pay which provides for payment to employees upon retirement for unused sick leave. They also state that an employee who terminates employment will receive a final payment of all accrued vacation days up to a maximum of sixty (60) days.
- Board Policy #3430 - Leaves of Absence – provides Instructional staff access to Meritorious Attendance Incentive Pay.
 - Based on these policies, employees are entitled to payment of unpaid leave at retirement or separation. When leave taken is not properly recorded, employees may

be paid for leave to which they are not entitled, while increasing costs unnecessarily to the District.

- All employees (including administrators) must complete a daily timesheet which shows the time that they start working, when they end the work day and their lunch time if they have an unpaid lunch period. Employees must total their hours worked for the biweekly pay period and sign the timesheet. If an employee takes leave during the pay period, he must note that on the time sheet. The employee responsible for payroll processing must enter the leave taken in Munis.

- **Support Organizations**

- Board Policy #9211 – Parent Organizations, Booster Clubs, and Other Outside Support Organizations – states in part that these organizations shall obtain their own tax identification number and submit the documents outlined in the Support Organization Agreement, which include but are not limited to the organization’s W-9, tax exempt certification, 501(c)(3), annual filing with the state, annual tax return, IRS Form 990, and bylaws to the principal for review and approval. It also requires that outside support organizations comply with the provisions and expectations outlined in the Support Organization Agreement.
- Principals and presidents of support organizations such as booster clubs and PTAs must sign the Support Organization Agreement. Support organizations must complete fund raising applications to document principal approval for activities. Support organizations that operate outside the school internal accounts must submit quarterly financial reports to the school and an audit report at the end of the school year. School staff must not participate in the financial operations of the external support organizations, such as signing checks.

For more information on the audit process, please see the Internal Audit website.

CHASCO ELEMENTARY

• Time and Attendance - Payroll

- Administrators did not use a timesheet as required.
- Principal did not sign the employee timesheets as evidence of her review and approval.
- Payroll Run 606:
 - Of the thirty-four (34) employees tested for this payroll run, eleven (11) employees did not enter the hours worked and the leave time used on their timesheet as required. The timesheet is the employee's attendance record and should include the hours worked and the leave time used during the pay period. Employees are required to completely and properly fill-out their timesheets every pay period.
 - Two (2) of the eleven (11) employees that did not enter the hours worked and the leave time used on their timesheet had leave time deducted from their leave balance. One (1) Teacher, had 3.75 hours of personal time deducted from his leave balance on 8/28/2015 and One (1) Teacher has 1.00 hour of personal time deducted from her leave balance on 8/28/2015. The timesheets do not support the leave time deducted from the employees' leave balances because the leave time used was not entered on the timesheet as required.
 - Of the thirty-four (34) employees tested for this payroll run, eight (8) employees did not initial the total # of scheduled work hours on the timesheet. The employee initials provide validation that the employee worked the required hours.
 - Of the thirty-four (34) employees tested for this payroll run, six (6) employees did not sign their timesheets as required. The employee signature validates the payroll information entered on the timesheet.
 - The sign-out time entered on one (1) of the thirty-four (34) timesheets tested for this payroll run, was not legible. The timesheet is the employee's attendance record and should include the hours worked and the leave time used in the pay period. Employees are required to completely and properly fill-out their timesheets every pay period.
- Payroll Run 610:
 - Of the eighty-eight (88) employees tested for this payroll run, thirteen (13) employees did not enter the hours worked and the leave time used on their timesheet as required. The timesheet is the employee's attendance record and should include the hours worked and the leave time used during the pay period. Employees are required to completely and properly fill-out their timesheets every pay period.
 - Of the eighty-eight (88) employees tested for this payroll run, thirteen (13) employees did not initial the total # of scheduled work hours on the timesheet. The employee initials provide validation that the employee worked the required hours.
 - Of the eighty-eight (88) employees tested for this payroll run, seven (7) employees did not sign their timesheets as required. The employee signature validates the payroll information entered on the timesheet.
 - Of the eighty-eight (88) employees tested for this payroll run, total leave time of 20.75 hours entered by four (4) employees on their timesheets were not deducted from the employees' leave balances. Discrepancies between leave time reported on timesheets and leave time deducted from employee leave balances are:
 - ❖ One (1) employee: 3.00 hours of leave time on 10/15/15
 - ❖ One (1) employee: 7.50 hours of personal leave on 10/16/15,
 - ❖ One (1) employee: 2.75 hours of personal leave on 10/14/15
 - ❖ One (1) employee: 7.50 hours of sick leave on 10/23/15.

- Two (2) employees had leave time deducted from their employee leave balances, but their timesheets show that they worked those hours:
 - ❖ One (1) Teacher had twelve (12) hours of sick time deducted from the employees leave balance (6 hours on both 10/15/15 and 10/16/15), but the employee did not enter any leave time on the timesheet for those days. The teacher called-into Aesop leave time for 10/15/15 but not for 10/16/15.
 - ❖ One (1) Teacher had 7.50 hours of sick time deducted on 10/21/15, but the employee did not enter any leave time on the timesheet for that day. There should be no discrepancy between the leave time entered by the employee on the timesheet, the leave time called into Aesop, and the leave time deducted from the employee's leave balance. The timesheet is the employee's attendance record and should include the hours worked and the leave time used during the pay period.
- No supporting documentation available for nine (9) hours of comp time used by two (2) employees.
 - ❖ One (1) employee used one (1) hour of comp time.
 - ❖ One (1) employee used eight (8) hours of comp time.
- Payroll Run 613:
 - Of the thirty-one (31) employees tested on this payroll run, nine (9) employees did not enter the hours worked and the leave time used on their timesheet as required. Two (2) of the nine (9) employees did not enter any time on the timesheet during the entire week of 11/30/15-12/4/15. The timesheet is the employee's attendance record and should include the hours worked and the leave time used during the pay period. Employees are required to completely and properly fill-out their timesheets every pay period.
 - Of the thirty-one (31) employees tested on this payroll run, seven (7) employees did not initial the total # of scheduled work hours on the timesheet. The employee initials provide validation that the employee worked the required hours.
 - Of the thirty-one (31) employees tested on this payroll run, seven (7) employees did not sign their timesheets as required. The employee signature validates the payroll information entered on the timesheet.
 - Discrepancies between leave times reported on timesheets and leave times deducted from employee leave balances of thirty-one (31) employees tested for this payroll run are:
 - ❖ Total leave time of fifteen (15.00) hours entered by two (2) employees on their timesheets were not deducted from their leave balances.
 - One employee, 7.50 hours for 12/4/15.
 - One employee, 7.50 hours for 11/30/15.
 - ❖ One employee had 1.50 hours of personal time deducted from employee leave balance, but employee timesheet shows the employee worked that day. There should be no discrepancy between the leave time entered by the employee on the timesheet and the leave time deducted from the employee's leave balance. The timesheet is the employee's attendance record and should include the hours worked and the leave time used during the pay period.
- Payroll Run 619:
 - Of the thirty-two (32) employees tested on this payroll run, eight (8) employees did not sign their timesheets as required. The employee signature validates the payroll information entered on the timesheet.
 - Of the thirty-two (32) employees tested on this payroll run, nine (9) employees did not enter the hours worked and the leave time used on their timesheet as required. The

timesheet is the employee's attendance record and should include the hours worked and the leave time used during the pay period. Employees are required to completely and properly fill-out their timesheets every pay period. Four (4) of the nine (9) employees did not sign in or out for the entire pay period and no leave was deducted from three (3) of the four (4) employees; leave time of 7.50 was deducted for the other.

- One (1) Instructional Assistant filled out a half-day (3.50 hours) Leave Request for 02/17/16 and worked for four and a half (4.50) hours but no leave time was deducted for the remaining 2.50 hours.
- Discrepancy between the leave time reported by an employee on the timesheet and the leave time deducted from the employee's leave balance are:
- The employee's timesheet showed the employee worked a regular schedule but had 6.50 hours of sick time deducted from her leave balance.
- Of the thirty-two (32) employees tested on this payroll run, seven (7) employees did not initial the total # of scheduled work hours on the timesheet. The employee initials provide validation that the employee worked the required hours.
- Discrepancy between the leave time reported by an employee on the timesheet and the leave time called into Aesop are:
 - ❖ Aesop showed the employee was out the entire day (7.00 hours) whereas the timesheet only showed the employee was out for half a day (3.50 hours). Only the three and a half (3.50) hours of leave time were deducted from the employee's leave balance.
- Pay Differential
 - Payroll Run 606:
Five (5) hours of differential time were not paid to a part-time Custodian for hours worked after 5:00 P.M. on 8/24/15-8/28/15.

- **Support Organizations**

- The Chasco Elementary School's Parent Teacher Organization (PTO) did not sign a Support Organization Agreement for Fiscal Year 2014-2015.

Principal's Response:

My new bookkeeper and I met with Marissa to review these results and make a plan to fix the findings. Moving forward, I feel confident that our new bookkeeper will follow the procedures with my support.

Michele DiIorio, Principal
1.16.17

Michele Dilorio, Principal

