



*"Making a Positive Difference"*

## Office of Internal Auditing

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### Extra Pay Timesheet Review

Audit Number: 2007-005

Report date: October 1, 2007

Period covered: Fiscal Year Ended June 30, 2007

Fieldwork dates: March 27 to July 27, 2007

## EXECUTIVE SUMMARY

### *Background*

Compensation for instructional personnel is governed by School Board policy, the Master Contract between the District School Board of Escambia County and the Escambia Education Association (Master Contract), and federal and state laws. Specific language is included in the Master Contract for compensation for extended duty and for part-time work, collectively known as "extra pay." During the Florida Auditor General's operational audits of the District for the years ended June 30, 2005 and June 30, 2002, the District received findings related to extra pay. In addition, similar findings were noted in the Review of Extra Pay Timesheets report dated March 17, 2003, which was conducted by the Office of Internal Auditing.

### *Objectives*

The purpose of this review was to conduct a comprehensive evaluation of the District's extra pay process, including related internal controls, policies, procedures and transactions, to ensure the District has taken appropriate action to address the findings noted in the previous Auditor General operational audits and the Office of Internal Auditing's review.

### *Scope*

We interviewed personnel in the Payroll and Benefits Accounting Department to obtain an understanding of extra pay and the policies and procedures that surround it. We reviewed the policies and procedures to ensure they addressed matters noted in the various audits and reviews indicated above. Finally, we selected a sample of instructional personnel extra pay timesheets, representing 192 employees, from three months throughout the fiscal year ended June 30, 2007 and tested for compliance with District established procedures. Extra pay for workshops was not tested, as the internal controls for this area appear to be adequate, and no findings related to this area were noted in previous audits and reviews.

### *Conclusions*

The District has well-established procedures for the extra pay. Overall, it appears the District has implemented policies and procedures that address findings noted in previous audits and reviews. Each individual finding and what action has been taken is detailed below:

## **Florida Auditor General Operational Audit for the Year Ended June 30, 2005**

### **Time Logs Could not be Located**

The District has developed extensive forms and procedures for extra pay, and continually revises and re-distributes this information. Of the 192 employees tested, we were unable to locate the time log or other supporting documentation for the extra pay timesheet for 4 employees (2.1%).

### **Extra Pay Timesheets were Accumulated for Multiple Pay Periods**

The District has established cut-off for the remittance of extra pay timesheets, and has issued guidance requiring that "all extra pay be submitted as soon as the work is completed." Of the 192 employees tested, 27 instances (14.1%) were noted where time was submitted for prior pay periods. The majority of these instances were for the last few days of the prior period. Other exceptions are detailed below:

- One instance was noted where time worked in September 2006 was not reported until February 2007.
- One instance was noted where time worked in July 2006 was not reported until October 2007. The timesheet included a note indicating the delay was due to budget problems that were not resolved until October 2007.
- One instance was noted where time worked in May 2006 was not reported until July 2006.

## **Office of Internal Auditing Extra Pay Timesheet Review dated March 17, 2003**

### **Insufficient Detail on Timesheets**

Since the District's issuance of standardized forms and procedures, it appears schools and departments are utilizing the forms properly. Of the 192 employees tested, all timesheets included a description of the work performed, as well as specific dates worked.

### **The Potential for Double Payments Exist**

As noted in our previous review, several departments authorize and submit extra pay for employees. There are no comprehensive reports to assist the Payroll and Benefits Accounting Department in detecting duplicate payments from multiple funding sources. The current payroll system only tracks total dollars paid to an employee and does not track which days extra pay was earned, how many hours were worked or specific times of the day. Previous discussions with management have indicated the changes necessary to detect double payment with the current payroll system would not be cost-effective. The District is currently exploring a new payroll and benefits software which would allow for the detection of double payments.

## **Florida Auditor General Operational Audit for the Year Ended June 30, 2002**

### **Procedures did not Address Important Issues such as Timeliness of Submitting Extra Pay or the Form or Substance of the Supporting Documentation**

The District has developed extensive forms and procedures for extra pay, and continually revises and re-distributes this information. The established procedures include guidance on the timely submission of extra pay. Procedures state, "Do not accumulate extra-pay for multiple pay periods. Submit all extra pay as soon as the work is completed." The established forms include an Extra Pay Timesheet for submission of extra pay to the Payroll and Benefits Accounting Department. Also included in the information provided to schools and departments is an Extra Pay Time Log, which is to be used to document time worked on an individual basis. These forms and procedures are provided to secretaries at the semi-annual Finance and Business Seminar and are available in electronic format on the Payroll and Benefits Accounting Department's website.

### **Supporting Documentation did not Agree with the Hours Recorded on Extra Pay Timesheets Resulting in Overpayments and Underpayments to Employees**

Of the 192 employees tested, 6 instances (3.1%) were noted where the supporting documentation/time log did not agree with the hours reported on the Extra Pay Timesheet submitted to Payroll and Benefits Accounting. These discrepancies include payment for days and/or hours not listed on the time log/supporting documentation, payment for differing days than time log/supporting documentation resulting in no over/underpayments, and payment or non payment for differing hours than those listed on time log/supporting documentation resulting in over/underpayments. The amount of overpayments and underpayments appear to be immaterial, and range from an underpayment of \$32.00 to an overpayment of \$64.00. These figures do not include any estimate for days paid that there were not listed on the time log/supporting documentation, as it is unclear if the payment was warranted.

### **Supporting Documentation did not Require the Signature of the Employees being Compensated to Certify that the Time Records were Accurate and Reliable**

The Extra Pay Time Log provided by the District includes a section for employees to certify their time via signature. Of the 192 employees tested, we noted 26 instances (13.5%) where employees did not certify their time via signature. Three of these instances were due to lack of a time log or other supporting documentation. Fifteen of these instances were for employees who collected tickets at athletic events and were paid via school internal accounts. These individuals have not traditionally used the District Extra Pay Time Log form. We recommend these individuals certify their time via signature.

### *Noteworthy Accomplishments*

The District has established extensive procedures and forms that contain sufficient internal controls over extra pay. These forms and procedures appear to have been provided to those individuals responsible for processing extra pay. Furthermore, it appears these individuals are consistently utilizing the forms and procedures.

### *Management Action Plans*

See Attached

## **COMPLIANCE WITH LAWS AND REGULATIONS**

The District's extra pay policies and procedures were not observed to be out of compliance with any known laws and regulations applicable to the areas within the scope of this review.

## **METHODOLOGY**

The findings and responses made in the various audits of extra pay were reviewed. Interviews were conducted with Payroll and Benefits personnel to determine what actions have been taken to address the findings of previous audits. Tests were developed to ascertain the effectiveness of these actions. The months of July 2006, October 2006 and February 2007 were selected for testing. A random sample of extra pay timesheets for those months was selected. In all, extra pay for 192 employees was tested.

## **STATEMENT ON AUDITING STANDARDS**

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditing.



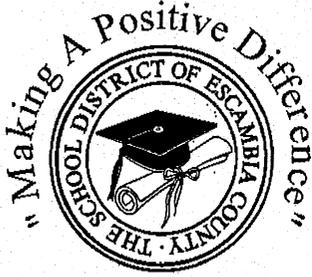
David J. Bryant, Director  
Office of Internal Auditing

### **AUDIT TEAM**

David J. Bryant – Director – Office of Internal Auditing  
Diane Martinez – Auditing Intern – Office of Internal Auditing

### **DISTRIBUTION**

Audit Committee  
School Board Members  
Jim Paul, Superintendent  
Norm Ross, Deputy Superintendent  
Barbara Linker – Assistant Superintendent – Finance and Business Affairs  
Linda Lewis – Director – Payroll and Benefits Accounting



# Interoffice Memorandum

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To: David J. Bryant, Director  
Internal Auditing

From: Barbara S. Linker, Assistant Superintendent  
Finance and Business Services *Barbara S. Linker*

Date: May 1, 2008

Subject: Extra Pay Timesheet Review

Thank you and the staff of the Internal Auditing Department for performing the Extra-Pay Timesheet Review. Such reviews provide management with both useful and beneficial information regarding compliance with District policies and procedures. I am pleased with the level of compliance reported by the Internal Auditing Department regarding the District's Extra Pay policies and procedures.

I also appreciate the documentation provided regarding the exceptions found during audit testing. This information will be helpful when contacting the respective departments or schools to provide further guidance on preparation of both the Extra Pay Timesheet and Extra Pay Timesheet log.

I agree with the auditor's finding regarding the need for certification of time worked by ticket takers at athletic events. The Payroll Department will provide additional guidance to schools paying employees for such work.

It was a pleasure working with the Internal Auditing Department. We look forward to future audit opportunities that result in improved compliance with District policies and procedures.

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