



Substitute Payroll Documentation Review

For the Payroll Ending February 2018

Office of Internal Auditing
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David J. Bryant, CPA, CIA, CFE, CGFM, CRMA
Director – Internal Auditing

APPROVED
ESCAMBIA COUNTY SCHOOL BOARD

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MALCOLM THOMAS, SUPERINTENDENT
VERIFIED BY RECORDING SECRETARY

Audit Team:
Brad Mostert, CFE
Senior Auditor

Preface

The Office of Internal Auditing serves to improve the fiscal accountability and enhance the public's perception of the management and operations of the Escambia County School District. This engagement strives to meet those objectives.

Audits, reviews, and other engagements are determined through a District-wide risk assessment process, and are incorporated into the annual work plan of the Office of Internal Auditing, as approved by the Audit Committee. Other assignments are also undertaken at the request of District management.

This engagement was conducted with the full cooperation of payroll and budgeting staff and other District personnel.

Any recommendations included in this engagement are designed to improve operations and serve as the basis for informed discussions related to policies and procedures.

This engagement was conducted in accordance with the International Standards for Professional Practice of Internal Auditing, as promulgated by the Institute of Internal Auditors.

We thank the payroll and budgeting staff members, as well as various school and site personnel throughout the District for their cooperation and commitment.



Office of Internal Auditing
Escambia County School District
www.escambia.k12.fl.us/iaudit
75 North Pace Blvd. – Suite 403
Pensacola, Florida 32505

Executive Summary

Our review consisted of several agreed-upon procedures.

Each year, our office conducts a risk assessment of District functions, departments, and processes to determine our annual work plan. These risk assessment procedures include interviews with responsible parties (directors, etc.), which often results in requests of audits/reviews/projects to be included in our work plans. During our most recent risk assessment, the Director of Payroll expressed concerns regarding the adequacy of documentation for substitute personnel. As such, we added the matter to our 2017-2018 work plan.

We conducted a review that consisted of several agreed-upon procedures:

- Identify the various types of substitutes utilized within the District
- Identify the types of supporting documentation used to substantiate time worked by substitutes
- Assess the adequacy of the supporting documentation
- Determine the accuracy of the supporting documentation (restricted to time worked at the relevant cost center, *not* recalculating pay amounts)

On a sample basis, we tested documentation for the six different types of substitutes.

We interviewed District personnel in the relevant departments to obtain an understanding of the substitute process. We tested, on a sample basis, the six types of substitutes and the associated supporting documentation for time worked at numerous locations.

Proper and adequate documentation was utilized.

Our testing indicated proper and adequate supporting documentation was utilized for the types of substitutes paid. Per discussion with the Director of Payroll, the District feels this support is adequate to substantiate time worked.

We noted two instances of substitute time being coded incorrectly due to human error.

Our testing also indicated two separate instances of charges for substitute work days being coded to an incorrect school/location. These matters appeared to be isolated incidents due to human error.

These errors were corrected by the Budgeting department.

Note: Adjustment entries were made by the Budgeting department prior to the completion of fieldwork and issuance of this report to correct these mispostings.

One school indicated that a substitute could be paid for a day in which they didn't work.

During our testing one school communicated that if there was an error on the school's behalf (not the substitute's) that resulted in the sub being sent home for lack of need, the school would ensure the sub **would be paid for the day**. This step was taken with the thought that in taking the job for this particular school, the substitute would have given up opportunities at other locations.

It is unclear what the District’s official position in this scenario, as no work was received for the compensation, but the sub was inconvenienced and likely sacrificed other sub opportunities that day.

This report contains recommendations. The Executive Summary is intended to highlight the various aspects of the report. The full report should be read to understand the basis of our recommendations.

Background

Each substitute type has specific labels used in payroll reports.

The District utilizes a wide variety of substitute personnel to fill various openings each day. There are six main types of substitute personnel utilized: teachers, teacher assistants, custodians, food services workers, bus operators, and bus assistants. Each type of substitute has their own label in the payroll report that signifies the position they worked: “SUBDY” for substitute teachers, “SUBTS” for substitute teacher assistants, “SUBCU” for substitute custodians, “SUBFS” for substitute food services workers, “SUBBD” for substitute bus operators, and “SUBBA” for substitute bus assistants.

While performing annual risk assessment procedures, the Director of Payroll requested that we identify and evaluate the documentation utilized for these specific types of substitute personnel.

When an employee requires time away from work, a leave request is submitted. As part of this process, the employee is asked if a substitute will be necessary. If so, the Frontline system is utilized to create a substitute job that anyone with access to the system (and the appropriate qualifications) can choose to fill. Once filled, the substitute shows up to the relevant location, signs in, and is given further guidance/instruction on where to report.

Outgoing personnel are relied upon to communicate the specifics of the substitute process to incoming personnel.

This above scenario does not apply to food service workers, custodians, or transportation subs (bus operators and bus assistants). Once it is clear a substitute is necessary from these categories, the relevant departments handle the staff assignments.

The District has relied on outgoing personnel to pass along the mechanics of the substitute process (i.e., what forms to use, etc.)

Objective

We conducted a review consisting of agreed-upon procedures to address the Director of Payroll's concerns.

We conducted a review that consisted of several agreed-upon procedures:

- Identify the various types of substitutes utilized within the District
- Identify the types of supporting documentation used to substantiate time worked by substitutes
- Assess the adequacy of the supporting documentation
- Determine the accuracy of the supporting documentation (restricted to time worked at the relevant cost center, *not* recalculating pay amounts)

As is customary in all our engagements, we also explored opportunities for strengthening District processes and/or controls in an effort to become more effective and efficient.

Scope

In addition to reviewing various processes and procedures from District sources, and discussing topics with various District personnel, the scope of this review included a wide variety of documents throughout the District:

- Payroll reports for particular pay periods for both Instructional (IAP) and Ed Support (ESP) personnel
- Frontline daily reports and sign-in sheets
- Sign-in sheets not generated from Frontline
- Time cards
- Leave reports from employees utilizing substitutes

Methodology

Various District personnel were interviewed.

We conducted interviews with a variety of District personnel from various departments and locations, including school sites, transportation, payroll, and budgeting to gain an overall understanding of the substitute process.

Documentation was obtained and reviewed.

We also obtained and reviewed various documents including, but not limited to, payroll reports, daily Frontline reports and sign-in sheets, time cards, and leave reports.

We reviewed payroll reports for one particular pay period for both ESP (period ended February 23, 2018) and IAP personnel (period ended

A sample of personnel who had worked as substituted were randomly selected to determine the locations to test.

February 28, 2018) to determine our “population” (all personnel that had labels indicating they were working in a substitute capacity. From that population, a random sample of employees was selected, and each random sample selection had one location they worked at selected for testing. We did not test any single location more than once, except for transportation (as they had both substitute bus operators and assistants), and personnel were not tested if the only location(s) they worked at was already tested for another selection.

For each substitute tested, we obtained relevant supporting documentation. For substitute teachers, this information included Frontline daily reports and sign-in sheets. For substitute custodians, food services workers, and teacher assistants daily sign-in sheets were utilized (not generated from the Frontline software). For substitute bus operators and assistants, time cards were utilized. We then compared this supporting documentation to the information provided via the payroll reports to ensure that the number of days worked at selected location agreed between the various documents. We also obtained leave reports for each day a substitute was utilized.

Upon the completion of fieldwork, exit conferences to discuss the results of the review are conducted with various relevant parties, if necessary.

Conclusions/Results

Each category of substitutes had specific documentation maintained as support.

A sample of substitute personnel was selected for testing of agreed-upon procedures.

Types of Substitute Personnel Utilized

There are six main types of substitute personnel utilized: teachers, teacher assistants, custodians, food services workers, bus operators, and bus assistants.

Supporting Documentation Utilized for Substitutes

An analysis of documentation utilized for substitute payroll indicated that similar types of documentation was utilized for each type of substitute.

We noted that for teacher substitutes, Frontline daily reports and sign-in sheets were utilized to document days/times worked. Teacher assistant, custodian, and food services substitutes did not utilize Frontline, but did utilize sign-in sheets. For the Transportation substitutes, bus operators and bus assistants, time cards were utilized to substantiate time worked.

Adequacy of Supporting Documentation

Supporting documentation appears adequate.

Based on our testing, it appears supporting documentation utilized by various District locations to substantiate time worked by substitute personnel is adequate. Upon discussing the results of our procedures, the Director of Payroll agreed the support is adequate to substantiate time worked.

We also noted that for each absence where a substitute was utilized, a leave request was appropriately submitted.

Two instances were noted of time being coded incorrectly.

Accuracy of Supporting Documentation

We confirmed that the number of days charged to the relevant location for each employee tested matched what was reported in the payroll register. There were two instances where time worked by a substitute was coded to a school/location different than the site where they actually worked:

- One day worked at Blue Angels Elementary School was coded to A.K. Suter Elementary School instead.
- One day worked at Oakcrest Elementary School was coded to Pine Meadow Elementary School.

Note: These exceptions did not result in additional pay or a shortage of pay, only internal cost coding discrepancies.

Adjustments were processed by Budgeting to correct these mispostings.

During fieldwork, we discussed these matters with the Budgeting department. After investigation by the Budgeting department, it was confirmed that these substitute days were coded incorrectly, and adjustments were processed (prior to issuance of this report) to move the expense to the correct cost centers.

These mispostings appeared to be due to human error.

These matters appeared to be isolated incidents due to human error.

We posed a scenario to all school/location personnel tested to determine how they would handle a substitute employee, who had been properly scheduled and assigned to work, reported for duty and signed in appropriately, but was subsequently notified that they were no longer needed. Each school replied with the procedures that would happen at their school, and all but one response indicated similar procedures:

- The school would contact the District to determine if there was another opening available.
- If there were no additional openings available, the school would determine if there was an additional area in their school/location that the sub could be utilized.
- If there was no additional area to utilize the sub, the school would contact surrounding schools to see if there was a need.
- If there was no need at nearby schools, the school would apologize, and send the substitute home.

One school mentioned that there was a chance a substitute could be paid for time not worked.

It is unclear what the District's official position is in this scenario.

- The school would then notate on the sign-in sheet that the substitute was not utilized and the job was cancelled. If the job was created in Frontline, the secretary (or responsible party at the location) would cancel the job in the software.

One school communicated that if there was an error on the school's behalf (not the substitute's) then the sub would still be sent home, but would be ensured that **they would be paid for the day**. This step was taken with the thought that in taking the job for this particular school, the substitute would have given up opportunities at other locations.

It is unclear what the District's official position in this scenario, as no work was received for the compensation, but the sub was inconvenienced and likely sacrificed other sub opportunities that day.

Recommendations

Formalize District procedures on substitutes.

Schools utilize a wide variety of forms and procedures to document their substitutes. **We recommend that the District formalize procedures for substitutes in an SOP, including any required forms.**

Upload those preferred documents to the District's site.

We would also recommend that the District upload those preferred documents to the District website's Payroll department page.

Memorialize procedures in writing and communicate.

In order to clarify the District's position on substitutes not utilized due to a lack of need, **we recommend that District personnel create an SOP for this scenario.**

Utilize Finance workshops, or other training sessions, to provide training on this topic.

In order to not rely on outgoing personnel to communicate procedures to incoming personnel, **we recommend that this topic be added to the agenda of the annual District Finance workshops, or be communicated at other training sessions.**

Management Response
