



ATTEST SERVICES

Frederick County Public Schools Timesheet Controls Performance Audit

June 16, 2021

Report #20-03

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I. Executive Summary

Background

SC&H Attest Services, P.C., a wholly owned affiliate of SC&H Group, Inc. (SC&H) was engaged by Frederick County Government (FCG, the County) Interagency Internal Audit Authority (IIAA) to conduct a performance audit (audit) of Frederick County Public Schools (FCPS) timekeeping and timesheet controls. The audit was performed in two phases; a planning and risk assessment survey phase and a testing phase.

Overview

The Frederick County Public School System includes 68 schools, as follows:

1. 38 elementary schools
2. 13 middle schools
3. 10 high schools
4. 3 public charter schools
5. 1 alternate school
6. 1 special education school
7. 1 Flexible Evening High School
8. 1 Career and Technology Center

The school system has an enrollment of nearly 44,000 students and employs approximately 6,600 benefitted personnel.

The FCPS Human Resources Department adds new employees into the FCPS's time entry and personnel management system, PeopleSoft, when employees are hired. Each employee is assigned a pay type of salaried or hourly.

The FCPS Payroll Department (Payroll) is a component of the FCPS Fiscal Services Division and manages the FCPS payroll process. Payroll is comprised of five personnel; a managing Payroll Officer, two Payroll Associates, and two Payroll Specialists. Payroll ultimately reports to the FCPS Accounting Manager in the Accounting Department. Twice a month, the Payroll staff perform the complete payroll processing, reconciliation, and review procedures for all FCPS employees. This process includes the manual entry of 1,200 – 1,800 paper timesheets into PeopleSoft. Employees are paid on the 15th and last day of each month. Days worked 1st through 15th are paid on the last day of the month. Days worked 16th through the last day of the month are paid on the 15th of the following month for hourly employees and timesheet work. Salaried employees are paid on the same pay dates and are paid current for their wages.

Timekeeping: Salaried Employees

Salaried employees utilize exception time reporting. Exception time reporting means salaried employees are not required to complete timesheets each pay period. Instead, salaried employees are paid each pay period at their normal semi-monthly rate, unless an exception occurs. An exception is a variation from their standard hours (e.g., sick leave, additional hours). Exceptions require a manual FCPS Timesheet (timesheet) or a Leave Request Form. Leave Request Forms are completed by the employee, submitted to a Timekeeper, and approved by an authorized approver. Timesheets are completed by the employee, approved by an authorized approver, and submitted to Payroll for processing.

Timekeeping: Hourly Employees

Hourly employees follow positive time reporting. Positive time reporting requires the hourly employees to track and submit time each pay period. Their time reporting is reviewed and approved by their supervisor(s), and then provided to Payroll for processing.

Objectives

The following objectives for the testing phase were developed based upon the understanding gained during the planning and risk assessment survey phase and approved by the IIAA.

- A. Ensure access to time entry, timekeeping, and payroll processing related systems is properly restricted.
- B. Verify manual timesheet activity is supported, properly approved, and submitted timely for processing.
- C. Verify electronic timekeeping data is completely and accurately processed by Payroll.
- D. Verify overtime payments are calculated completely, accurately, and in accordance with FLSA requirements.

Scope

The audit was initiated in March 2020 and completed in December 2020. The audit focused on Payroll processes and selected FCPS departmental and school timekeeping activities. The department and time keeping activities to focus on were identified based on data analytics of overtime and supplemental pay and background information provided by FCPS. The period in scope included timesheet activity between January 1, 2019 and May 31, 2020.

Audit Testing Selection

The selection of departments and schools to test was based on overtime earnings, supplemental pay earnings, and manual processes and approvals evaluated during the planning and risk assessment survey phase. A sample of one school at each education level was selected. The following departments and schools were selected.

Departments:

1. Accelerated Achievement & Equity
2. Student Services
3. Transportation
4. Special Education
5. Food and Nutrition Services (FNS)

Schools:

1. Rock Creek School
2. Hillcrest Elementary School
3. Monocacy Middle School
4. Governor Thomas Johnson High School

Methodology and Approach

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We

believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In order to obtain the necessary documentation to appropriately perform and conclude upon the objectives of this audit, SC&H conducted the following procedures.

Creation of Audit Program

Based on the understanding of the processes, risks, and related controls, and data analytics performed during the planning and risk assessment survey phase, SC&H developed an audit program to achieve the objectives. This program included detailed steps to address each objective with the goal of verifying the existence of internal controls and identifying opportunities for improvement.

Execution of Audit Program

SC&H executed the audit plan by completing the following tasks:

Objective Area	System Reviewed	Test Description
Timekeeping System Access	PeopleSoft Time and Labor	Reviewed system access to ensure employees with access were active and appeared appropriate based on job responsibilities. Reviewed for evidence of periodic system access monitoring procedures.
	Frontline Absence Management System (Frontline)	
	STARS	
	TimeClock Plus	
Manual Timesheets	People Soft Time and Labor	Selected a sample of 60 pay activities related to manual timesheets: <ol style="list-style-type: none"> 1. Reviewed supporting documentation (where applicable) for completeness, accuracy, and appropriate approval. 2. Verified manual timesheets were submitted and processed in a timely manner. 3. Reviewed timesheet activity and support to confirm activity was not entered or processed multiple times.
Electronic Timekeeping	Frontline System Data	Performed data analytics and selected a sample of 60 days of substitute coverages: <ol style="list-style-type: none"> 1. Reconciled the Leave Request Form, Frontline daily logs with substitute schedule, and Frontline system data. 2. Reviewed daily logs for Principal approval.
	STARS System Data	Selected a sample of 25 pay activities from the STARS system: <ol style="list-style-type: none"> 1. Reviewed Transportation timesheet documentation to support the information transmitted via STARS. 2. Reviewed documentation of manual approval on Transportation timesheets or associated evidence or electronic approval within STARS.

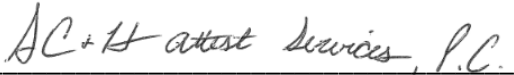
Objective Area	System Reviewed	Test Description
	TimeClock Plus Data	Selected a sample of 25 pay activities from Food and Nutrition Services employees: <ol style="list-style-type: none"> 1. Reviewed time submitted via TimeClock Plus (“punch in and out”) information aligned with data paid via PeopleSoft Time and Labor. 2. Reviewed approval and other supporting documentation for supplemental work paid as required.
	Force Approvals	Reviewed PeopleSoft Time and Labor data to: <ol style="list-style-type: none"> 1. Identify the types of pay activity that are force approved (e.g., leave, regular pay, supplemental pay, etc.). 2. Quantify the number of records force approved by Payroll. 3. Verify time which was force approved was only related to leave time and did not require additional payment.
	Frontline Late Entry Analysis	For a sample of five periods, requested the data within Frontline after transmission to PeopleSoft Time and Labor had been completed to identify the potential for undetected/ unprocessed time.
Overtime Calculation Inquiries	N/A	Performed inquiry procedures to evaluate overtime pay to assess compliance with Fair Labor Standards Act.

Summary of Work

After reviewing the processes in place and evaluating the current control environment, SC&H concludes improvement opportunities exist to mitigate associated risks. FCPS is currently evaluating and working towards reducing the volume of manual processes. As an example, TimeClock Plus was implemented to reduce the volume of manual timesheets by enabling electronic timekeeping for FNS.

The following section provides detailed observations and recommendations regarding seven topics.

We appreciate the assistance and cooperation of the management and staff of the Payroll team, Accounting team, FCPS Business Services Technology Group, Transportation, FNS, Special Education, Student Services, Accelerated Achievement & Equity, selected schools, and other members of FCPS who assisted in the performance of this audit. Please contact us if you have any questions or comments regarding any of the information contained in the performance audit report.


 SC&H Attest Services, P.C.
 Sparks, Maryland
 June 16, 2021

II. Detailed Observations and Recommendations

Observation 1

Department level processes to review, approve, and submit pay activity to Payroll are not consistently operating effectively.

Observation Detail

FCPS offers the following four methods of submitting time and pay activity for hourly employees. These methods are determined by the employee's assigned department. Time is submitted to Payroll by these methods:

1. FCPS Timesheets: Timesheets are manually completed by employees in various departments and approved by supervisors. A timesheet captures the employee name, date worked, time in and time out, total hours worked, expense code, and time reporting code (TRC). Once timesheets are completed and approved at the department level, it is submitted by the approver or an administrative employee to Payroll via e-mail or interoffice mail and manually entered into PeopleSoft Time and Labor for processing.
2. Electronic Data from STARS: The Transportation Department uses the STARS system to manage its payroll activity. Changes to schedules require various forms (e.g., 'Route Verification' form or 'Route Time Discrepancy' form). Supplemental routes may be added via a 'Transportation Timesheet' which is completed by the employee and submitted to an appropriate approver (Transportation Managers). Pay activity is then entered into STARS by the Transportation Secretary. After pay activity is entered and approved, the data is exported by the FCPS Business Services Technology Group from STARS and uploaded into PeopleSoft Time and Labor by Payroll for processing.
3. Electronic Data from Frontline: The schools use the Frontline system to manage and track teacher leave requests and substitute coverage assignments/hours worked. Teachers are expected to submit a completed manual Leave Request Form to the Principal for the time (dates/hours) in which they will be absent. Once approved, Teachers create leave requests in Frontline and substitutes can view available openings and claim the opportunity. The school Secretary generates a Daily Frontline Report that details teacher leave and substitute coverages. Substitute Teachers check-in at the school's front office at the beginning or end of their workday in order to sign the report and confirm hours worked are accurate. The school Principal or Assistant Principal manually reviews and approves the log for completeness and accuracy. Both teacher leave and substitute hours worked are exported by the FCPS Business Services Technology Group from Frontline and uploaded to PeopleSoft Time and Labor by Payroll for processing.
4. Electronic Data from TimeClock Plus: FNS uses the TimeClock Plus automated timekeeping system. FNS hourly employees "clock-in and clock-out" using a fob and the activity is recorded electronically. The system prohibits employees from clocking in or out outside of scheduled hours without an override by an on-site supervisor. Time recorded within the TimeClock Plus system interfaces with PeopleSoft Time and Labor for processing by Payroll. Payroll indicated that discussions are being held to expand the TimeClock Plus system to other departments such as Instructional Workshops and Lifeguards due to the success of the use within FNS.

Findings

SC&H reviewed a sample of each time entry method for each of the selected departments and schools. The following section summarizes multiple categories of findings which include overall findings and sample specific results.

Overall

The following findings were identified within multiple sampled departments and schools.

1. Timesheets do not currently require printed names of the approver to enable Payroll the ability to verify timesheets are approved by the appropriate authorized approver.
2. A signature card and documented approval hierarchy have not been established to provide Payroll the ability to effectively review and verify signatures for appropriate approval.

Manual Timesheets

A review of 60 timesheets covering 112 pay activities identified the following:

1. One timesheet: Approved prior to the final date worked. The final day work was April 15, 2019; however, the timesheet was noted as approved on April 11, 2019.
2. One timesheet: Approved by the Transportation Secretary who is responsible for processing payroll within the Transportation department. As the Transportation Secretary has the ability to both enter and process payroll, a segregation of duties issue was noted for being able to approve pay activity. Additionally, the signature was typed and not digitally secured.
3. Three timesheets: No appropriate support for hours worked.
 - a. Two samples: Three hours of home/hospital time spent with a student was not supported by a parent signature to verify hours worked.
 - b. One sample: Four total hours of home/hospital time spent with two students was not supported by a parent signature to verify hours worked.
 - i. The hours recorded on the timesheet was for time spent with two different students during the same time window on the same day.

Frontline

A review of 60 Frontline samples covering 84 pay activities identified the following:

1. Substitutes did not sign-in and sign-out at the school's front office to evidence and support hours worked. Substitutes only signed in to evidence they reported for the assignment.
2. Supporting documentation was not maintained or did not reconcile.
 - a. Six samples: Leave Request Forms either did not reconcile to Frontline leave hours or PeopleSoft Payable Report.
 - b. Five samples: The hours recorded on the substitute sign-in sheet (Daily Frontline Report) did not reconcile to the Frontline data or the PeopleSoft Payable Report.
 - c. Five samples: The hours paid to the substitute were not supported by the substitute sign-in sheet. Any adjustments made to the time activity were not recorded and initialed to support the activity.
 - d. 11 samples: Leave hours charged to a teacher or paid to a substitute for hours worked were not aligned with FCPS standards of quarter hour increments.
 - e. 13 samples covering 17 pay activities: The samples were not supported by a Leave Request Form. As a result, confirmation of hours recorded and paid could not be verified.
 - f. Three samples: Leave Request Forms either did not have leave hours documented on the request or hours were noted as a lump sum for a range of days and could not be reconciled.
 - g. One sample: Documentation was not retained to evidence the hours worked by the substitute.
 - h. Two samples: The Leave Request Forms on file did not show evidence of approval.
 - i. Five samples: The hours recorded in Frontline for substitute time worked were

incorrectly approved by the Principal. The error was subsequently identified and corrected by Human Resources prior to payment.

- j. Three samples: No documented signature by the substitute for hours worked.
- k. Two samples: The completed Daily Frontline Reports were not reviewed timely by the school Principal. The report was signed one month after the date worked and another was signed one year after the date worked.
- l. 19 samples covering 28 pay activities: The completed Daily Frontline Report was not reviewed or approved by the school Principal.

STARS

A review of 25 STARS samples covering 84 pay activities identified the following:

1. One sample: 1.75 overtime hours paid appear to be duplicated. Additional support could not be provided to evidence that these were appropriate separate entries.
2. Three samples: No approval signature was noted on the documentation provided. Per FCPS, there are instances in which bus drivers are unable to obtain a signature for field trip based forms.
3. One sample: 6.5 overtime hours paid to the employee are not supported by the corresponding Field Trip form (6 overtime hours). Per FCPS Instructions for Booking a Field Trip Policy, "time and mileage are charged beginning with the departure of the bus from the designated bus parking location, and ending with the bus returning to the designated bus parking location. Up to an additional two hours may be added for pre-trip inspection, post-trip clean-up and travel time." Documentation to support the additional time paid was not evidenced and is not required.
4. Two samples: 15.5 hours were not approved by Transportation. As a result, the entries were force approved by Payroll and processed for payment. Refer to Observation 5 for additional information related to force approvals.

TimeClock Plus

A review of 25 TimeClock Plus samples covering 32 pay activities identified the following:

1. Two samples: 16 total hours were not approved by FNS. As a result, the entries were force approved by Payroll and processed for payment. Refer to Observation 5 for additional information related to force approvals.
2. One sample: The total hours worked do not align with the times noted within the TimeClock Plus system.

Risks

1. Employees are paid for more or less than the actual hours worked, resulting in over/under payments.
2. Inconsistently operating timekeeping controls and procedures could result in opportunities for misappropriation.
3. Manual intensive processes, resulting in potential inefficient use of resources.
4. Manual processes resulting in an increased risk of human error.

Recommendation 1.1

FCPS Payroll should consider establishing and maintaining a Signature Card and documented approval hierarchy for each department. As authorized approvers change due to turnover, promotions, or change in job responsibilities, the documentation should be updated to ensure Payroll is informed of current appropriate approvers at all times.

Management's Action Plan

As FCPS moves to more electronic time collection, our system is set up to capture hierarchy approvals through a "reports to" field assigned to each employee. This field is updated as positions are changed within the organization.

We also utilize alternate electronic approval hierarchy for specific situations where an employee is temporarily working for another supervisor, such as Summer Curriculum Workshops, and delegation when the immediate supervisor is not available for approval, typically rolling up one or more approver levels within the same department.

The long-term vision at FCPS is to move to electronic time collection. In the interim, FCPS has implemented digital signatures on timesheets. This has assisted with seeing who is approving time worked and is utilized by the majority of staff. The risk of not verifying signatures due to the large volume of timesheets processed is acknowledged until we can move to an electronic time collection.

Implementation Date

As more time/leave collections are done electronically over the next several fiscal years the approval will be captured within the system.

Recommendation 1.2

As a result of COVID-19, FCPS has implemented temporary procedures to permit digitally signed timesheets from all departments. If timesheets are expected to continue to be a part of long-term process, FCPS should consider converting/eliminating manual signatures and require locked/secured digital signatures. This would enable FCPS Payroll the ability to confirm approvers are authorized and appropriate. If electronic signatures are not to be permanently implemented, Payroll should require that timesheets include printed names of the approver to enable Payroll the ability to verify timesheets are approved by the appropriate authorized approver. If a signature is not legible or verifiable, the timesheet should be rejected and followed-up to confirm appropriate approval.

Management's Action Plan

FCPS will continue to permit digitally signed timesheets even after the pandemic ends. We currently get a mix of digitally signed sheets and manually signed timesheets. We anticipate that this will continue as some employee groups do not have the capability to digitally sign. We will modify our timesheet form to include an area for printed names of the approvers to assist with verification of the timesheets.

Implementation Date

We will implement the new form beginning 7/1/2021.

Recommendation 1.3

To eliminate or reduce the use of manual Leave Request Forms, FCPS should consider exploring Frontline's functionality and determine whether the process of requesting and approving teacher leave requests can be managed electronically. This may reduce the administrative burden and eliminate or reduce manual paperwork and processes.

Management's Action Plan

Discussions are being held to explore removing the leave request for teaching staff from Frontline into an automated system. In addition, FCPS will explore moving all manual leave forms to electronic entry through PeopleSoft self-service, coupled with PeopleSoft Workflow approvals and expanded notifications.

Expanded use of PeopleSoft self-service leave entry can help with the electronic workflow of leave entry. Frontline could then be used primarily to request subs and PeopleSoft used for leave processing. PeopleSoft is the system of record for leave balances, tracking and approving. As mentioned, expanding the use of online collection eliminates the need for paper forms.

Implementation Date

FCPS plans to convert to online leave requests and approvals within the Peoplesoft time and labor module and would anticipate an implementation date within FY 22 or FY 23 to have a clean transfer.

Recommendation 1.4

FCPS should consider establishing and enforcing clear expectations for teachers submitting Leave Request Forms and how Frontline reflects the activity. If Leave Request Forms are not completed correctly, the documentation should be corrected during the review to allow for reconciliation. Currently, leave hours per Frontline do not always align with the manual leave forms (i.e., 7.5 hours for full day with lunch vs. 7 hours of leave time, etc.).

Management's Action Plan

FCPS staff will develop a Standard Operating Procedure to share with administrators/supervisors which they will be required to share with their employees. Depending upon the decision made in 1.3, FCPS could investigate an automated reconciliation process to compare leave with the Frontline absence.

Currently, Frontline leave hours are adjusted to remove .5 hours whenever the employee has 4 hours or more before the eventual transfer to PeopleSoft. Online leave entry would eliminate these differences.

Implementation Date

The Standard Operating Procedure can be drafted by 7/1/21 for the current process with a revision when 1.3 changes to Frontline are implemented.

Recommendation 1.5

FCPS should consider requiring substitute teachers sign-in at the start of their scheduled assignment and sign-out at the end of their assignment on the Daily Frontline Report. This will assist in accurately reflecting hours actually worked. For electronic timekeeping options, see recommendation 2.1.

Management's Action Plan

FCPS is investigating the installation of a substitute kiosk or some other method of tracking at each school in order for substitutes to enter their attendance both in and out, thus verifying the hours worked for an assignment as indicated in the Frontline System. This will allow the process to be fully electronic and eliminating the need for paper documentation.

In the interim, FCPS is addressing this through training of substitutes and secretaries.

Implementation Date

This will be implemented during the FY 22 and FY 23 school year.

Recommendation 1.6

FCPS should consider establishing and enforcing clear expectations for school administrators to accurately reconcile and maintain documentation to ensure the following:

1. Approved teacher Leave Request Form hours reconcile to Frontline.

2. Approved leave hours reconcile to the Daily Frontline Report (Substitute Sign-In Sheet)
3. Hours worked by the substitute are accurate per the Daily Frontline Report
 - a. Any adjustments to the schedule should be manually notated/adjusted and signed/agreed to by the employee and school Principal.
4. Electronic records are updated (Frontline and PeopleSoft Time and Labor) to reconcile to supporting manual documentation

Management's Action Plan

FCPS will implement a Standard Operating Procedure to provide clear guidelines for schools to reconcile and approve the leave for each location. In order to ensure that school administrators are aware of the specific expectations of timesheet management, two trainings should be created and required annually through possibly SafeSchools. The first is a full course on how the entire process is managed and the expectations for administrative oversight. This course would have to be taken once by any school administrator overseeing this process. The second course would be the annual renewal for school administrators who had already completed the full course.

Implementation Date

This will be implemented during the FY 22 and FY 23 school year.

Recommendation 1.7

School level administration should implement a formal process to periodically perform a quality review/reconciliation of manual documentation compared to electronic records for completeness and accuracy.

Management's Action Plan

FCPS' ultimate goal is to reduce manual entries but until then a sampling of reviews will be performed by school based staff. The documentation will also be reviewed by a contract auditor that FCPS utilizes. Copies of the reviews will be submitted to the Accounting Manager.

Implementation Date

This will be implemented during the FY 22 and FY 23 school year.

Observation 2

Duplicate payments for timesheet activity are processed and paid.

Observation Detail

Upon receipt, Payroll Associates are expected to document when the timesheet was received by stamping and dating. Payroll Associates then examine the documentation to identify potential issues such as incomplete timesheets, unapproved timesheets, or inaccurate information provided on the timesheet (i.e., incorrect TRCs or budget codes). If an incorrect pay code is identified, the Payroll Associate scans the timesheet and sends to the employee's manager/department. The timesheet is set aside until the corrected. Prior to entry, a Payroll Associate verifies the pay activity has not previously been entered/processed. If the activity is found in PeopleSoft Time and Labor, an e-mail is sent to the Manager of the employee to confirm if duplicated or intended for a different day. This review is evidenced by a duplicate check stamp.

Findings

A review of 60 timesheet samples covering 112 pay activities identified the following:

1. One sample: The timesheet was submitted once and processed twice, resulting in a duplicate payment.
2. One sample: The timesheet did not contain a documented approval, but was processed and paid.
3. Eight samples: Duplicate entries existed as a result of the same / overlapping hours on multiple timesheets.
4. Two samples: The time activity was submitted through multiple time submission methods (TimeClock Plus and timesheet), resulting in duplicate payments.

Risks

1. Employee timesheet data is entered or submitted multiple times, resulting in duplicate payments or increased workload for payroll.
2. Data is inaccurately transposed from the timesheets, resulting in inaccurate payments.

Recommendation 2.1

FCPS Management should consider consolidating and streamlining the various methods available to process and submit time to Payroll. For instance:

1. FCPS should evaluate whether the use of paper timesheets can be minimized or eliminated. To achieve this, FCPS may need to grant employees access to PeopleSoft Time and Labor for entry of pay activity. Further, approval workflows should be assigned based on budget responsibilities and align with FCPS requirements. If FCPS decides to pursue this recommendation, it should determine whether PeopleSoft Time and Labor can be further configured to restrict pay codes for all employees based on an employee's job title or other job data.
2. FCPS should consider expanding the use of the TimeClock Plus system to other employee groups outside of FNS (e.g. substitutes). This method allows electronic timekeeping and interfaces with PeopleSoft Time and Labor, reducing manual intervention.

Management's Action Plan

FCPS' goal is to automate time and leave entry. We have implemented a timeclock system for our Food and Nutrition Services.

Our goal as a system is to increase the use of automated time collection utilizing existing tools, such as electronic timeclock, web clock, PeopleSoft self-service timesheet entry, coupled with additional

capabilities, such as mobile time collection and electronic leave requests. These modifications can greatly increase the efficiencies in our current manual processes.

Implementation Date

This will be implemented during the FY 22 and FY 23 school year.

Recommendation 2.2

FCPS Payroll should consider implementing a process to perform periodic audits of time activity for potential duplicates. The audit should be a targeted sample based on data analytics of time activity paid to employees on the same date same amount/hours. FCPS should determine appropriate resolution of any confirmed duplicate activity as a result of the audit.

Management's Action Plan

FCPS will work on developing reports or processes to assist with review of potential duplicate entries and developing correcting entries.

Implementation Date

This will be implemented during the FY 22 and FY 23 school year.

Recommendation 2.3

FCPS Payroll should reinforce the review process to identify potential duplicate payments through training.

Management's Action Plan

FCPS will work on training to assist departments/schools to identify potential duplicate pay.

Implementation Date

This will be implemented during the FY 22 and FY 23 school year.

Observation 3

Access to timekeeping related systems is not fully restricted or monitored to ensure only appropriate users have access.

Observation Detail

Payroll processes data from various timekeeping systems to process payments to employees. Access to STARS is managed by the Transportation Department. Access to STARS is granted by feature/capability and assigned specific permission levels (0-no access, 1-view only, 2-full access, 3-full access with personally identifiable information). Access to Frontline is administered and managed by the Human Resources Department. Access within Frontline is categorized by four access groups:

1. **Employees:** This access group consists of two categories; Teachers and Paraprofessionals (Special Education Instructional Assistants and Instructional Assistants at the Public Charter Schools). Employees within this group have access to enter leave for daily and multiple day absences, select the appropriate reason, enter the dates of lesson plans, leave specific directions for the assigned substitute, view their absence to see the assigned substitute, and have the ability to cancel the absence.
2. **Substitutes:** This access group consists of two categories, Substitute Teachers and Substitute Special Education Instructional Assistants. All users have access to accept assignments, view their assigned assignments, cancel assignments, add/delete school locations, update daily availability, and enter dates of unavailability.
3. **Campus Users:** This access group has access to various tasks and viewing capabilities. The Campus User can create absences/vacancies, edit absences, such as changing the date of the absence, updating the reason for the absence, reassigning the substitute, or cancelling the absence/vacancy. Campus Users have access to run reports including Daily Absence Reports, creating Substitute Online Timesheets, and Staff List Reports. Campus Users can view, add, and update School Preferred Lists. Campus Users will audit daily absences/vacancies for accuracy for payroll of all substitutes, and audit daily absences to be sure the correct reason is used for employee leave.
4. **Organization Users:** This access group is comprised of district level users who have access to manage district settings and have access to all features within Frontline. Organization Users have access to view, add, and modify school settings; enter absences and vacancies for all schools in the district; add, delete, and update employee and substitute profiles; generate employee reports, substitute reports, district wide/school specific absentee reports, and preference lists for schools; and update the school district calendar.

Findings

A formal process is not in place to perform periodic access reviews of timekeeping related systems. Also, a review of Frontline and STARS system access identified the following:

Frontline:

1. Employee access group: 556 of 4,638 users are not listed as a current active employee. A sample of 33 users were reviewed by FCPS. The review identified 27 employees who are either retired, terminated, or on a leave of absence.
2. Substitute access group: 494 of 1,893 users are not listed as a current active employee
3. Campus access group:
 - a. Eight of 461 users are not listed as a current active employee.
 - b. 106 users listed had active access without an employee ID to reconcile to a HR report. A sample of 30 users were reviewed by FCPS. The review identified four employees as

either retired or terminated.

STARS:

Five employees with access to approve extra pay do not appear to have a business need based on their positions (bus drivers, dispatchers, and system engineer).

Risks

Access to time entry or payroll related systems may not be properly restricted, resulting in unauthorized or inaccurate payroll related payments.

Recommendation 3.1

FCPS should remove access to the terminated users identified during the audit and should follow-up and resolve unverified outstanding users with departments.

Management's Action Plan

FCPS will establish a procedure for updating system(s) administrators and users within STARS and Frontline so that only authorized users will have access to data. FCPS will remove access to the terminated users identified during the audit and will resolve unverified outstanding users with departments as recommended. Access to terminated users has been removed within the STARS system and a process is being tested to remove access within Frontline by the beginning of the school year (August 2021).

Implementation Date

This will be implemented during the FY 22 and FY 23 school year.

Recommendation 3.2

For each timekeeping related system, FCPS should consider implementing a process to have Department heads review the list of active users assigned to their department and verify active employment status and business need is performed on a scheduled, recurring basis.

Management's Action Plan

FCPS will establish a procedure for access rights of users to ensure appropriate status and need. For STARS and Frontline, we will make permission changes as positions or employees change and annually review user access with department heads.

Implementation Date

This will be implemented during the FY 22 and FY 23 school year.

Observation 4

Pay records within PeopleSoft Time and Labor are not approved timely by departments, resulting in force approvals by Payroll.

Observation Detail

After time and pay data is uploaded into PeopleSoft Time and Labor and the data is ready for export to the PeopleSoft Enterprise Payroll, departments have approximately two days to review and electronically approve employee time and pay activity. Departments are expected to monitor the Payroll schedule and approve records timely. Payroll has the ability to mass approve all unapproved time, known as force approvals. This typically occurs when entered leave time is not approved by a department in the PeopleSoft Time and Labor system. Payroll may utilize this access to avoid delaying the payroll processing cycle.

Findings

PeopleSoft Time and Labor access review procedures identified the following:

1. Four user roles were configured with the ability to initiate a batch approval process. Seven active Payroll users maintain one or more of these access levels.
2. Based on data analytic procedures of force approvals between January 1, 2020 and May 31, 2020:
 - a. 41,724 non-leave pay records appear to have been processed and paid. See Appendix A for a breakdown of time reporting codes involved. In these instances, department level approval is not retroactively obtained to confirm appropriate activity. Two departments account for 80% of the records force approved by Payroll, Transportation (76%) and Special Education (4.41%).
 - b. 28,379 leave pay records appears to have been processed and paid. In these instances, department level approval is not retroactively obtained to confirm appropriate activity.

Risks

1. Employees can be paid for hours that were not approved, resulting in over/under payments.
2. Inconsistently operating timekeeping controls and procedures could result in opportunities for misappropriation.

Recommendation 4.1

FCPS should investigate the possibility of removing or reducing the number of users with access to force approve time.

Management's Action Plan

The access will be limited to the Payroll Officer and the two payroll specialists. As we move with a more automated system, the need for this should diminish.

Implementation Date

The Accounting Manager and Assistant Accounting Manager have been removed effective March 2021, leaving only the Payroll office and two payroll specialists.

Recommendation 4.2

FCPS Management should consider developing a formal process of tracking compliance and following-up with departments and approvers regarding records that were force approved and paid by Payroll. Approvers should retroactively confirm the activity is appropriate and accurate. Should any changes or

adjustments be required, adjustments should be processed in future pay periods to correct the department approved activity. If departments are not reviewing and approving time activity timely on a recurring basis, a process should be implemented to escalate the review and to correct the recurring behavior.

Management's Action Plan

FCPS is researching approval workflows and will explore the use of escalation notifications for time and leave that is not processed in a timely manner by the first level approvers. This should greatly reduce the number of entries that remain unapproved in each pay cycle. For remaining unapproved transactions, email confirmation will be obtained and kept on file in the payroll office.

Implementation Date

This will be implemented during the FY 22 and FY 23 school year.

Recommendation 4.3

FCPS Payroll and department leadership should collaborate to determine necessary and effective communication reminders related to PeopleSoft Time and Labor approvals. Payroll should send an e-mail reminder each payroll cycle once records have been uploaded with a deadline for approvals.

Management's Action Plan

Currently, we do have a standard email that is being sent each pay period to remind approvers of their deadline.

Implementation Date

This will be implemented during the FY 22 and FY 23 school year to develop a more robust communication reminder.

Observation 5

Frontline access to enter or edit pay period information after Payroll extracts pay data is not restricted.

Observation Detail

Frontline is used by schools to manage teacher leave requests and substitute hours worked. Each pay period, Payroll notifies Frontline administrators when the export of Frontline time for processing is scheduled to occur. This allows administrators time to ensure all records are entered and reconciled timely. Data from Frontline is exported, then imported into PeopleSoft Time and Labor for acceptance and error checks. Errors identified are corrected in Frontline and then re-exported. After the data has been re-imported and contains no errors, the data is considered final for payroll processing.

Findings

Frontline data is processed at a point-in-time. Pay activity can be entered by departments for pay periods in which data has already been exported, processed, and paid. System access to edit or restrict entries for dates previously exported and paid by Payroll is currently not restricted. As a result, users can enter or edit time worked for prior periods which will not be identified or paid in future exports.

Risks

Edits to system source data used for payroll processing are not formally restricted during and after the payroll process, resulting in incomplete or inaccurate hours and inaccurate payments.

Recommendation 5.1

FCPS should consider exploring Frontline system functionality to restrict access to enter or edit pay activity once the data has been exported by Payroll for processing.

Management's Action Plan

FCPS has explored with Frontline the ability to restrict access to edit pay activity once it has been exported to Payroll for processing. The Frontline system is not capable of such a restriction. To minimize the liability of modified or pay errors, FCPS will establish a process in the standard operation procedure (1.6) in order that once a site's reconciliation is complete, changes cannot be made without approval. Risks associated with payment of charges can be mitigated by performing a quarterly reconciliation as to what data was processed against an updated report from Frontline.

Implementation Date

This will be implemented during the FY 22 and FY 23 school year.

Observation 6

Policies and procedures for processing timekeeping activity are not formally documented at a departmental level.

Observation Detail

Payroll is responsible for processing time and pay activity for hourly employees from four different sources. The source of the activity is determined by the employee's assigned department. At an organizational level, Payroll has procedural documentation to provide instruction and guidance on recording and submitting timesheet pay activity.

Findings

Inquiries with a sample of five departments and four schools, confirmed that there are different department level procedures for completing, supporting, approving, and submitting pay activity. These policies and procedures are not formally documented.

Risks

Timekeeping policies and procedures are not documented, resulting in inconsistent time and pay activity records and submission.

Recommendation 6.1

FCPS Management should consider developing and implementing comprehensive timekeeping policy and procedure documentation at a department level. The policies and procedures should provide guidance and instruction on expectations related to timekeeping, tracking, supporting documentation, approval workflows, submission to Payroll, and record retention. Department level policies and procedures should align with FCPS Payroll expectations and requirements. The procedural documentation should include all methods and requirements for timekeeping relevant to each department. Once established, the policy and procedure documentation should be reviewed and revised on a periodic basis to reflect changes.

Management's Action Plan

Current documentation will be updated and included on the Standard Operating Procedure section of the accounting website. FCPS will also work with the various departments/schools to identify and work on Standard Operating Procedures for their specialized processes.

Implementation Date

This will be implemented during the FY 22 and FY 23 school year and will be ongoing.

Observation 7

FCPS has not formally evaluated the applicability of FLSA overtime compliance.

Observation Detail

According to the FLSA, non-exempt employees who work overtime hours are entitled to 1½ times their regular rate of pay (RROP) for overtime (OT) hours worked¹. Per FLSA standards, the RROP of an employee is determined by dividing his total remuneration for employment (except statutory exclusions) in any workweek by the total number of hours actually worked by him in that workweek for which such compensation was paid. Hours worked include all the time during which an employee is required to be on the employer's premises, on duty, or at a prescribed workplace. A workweek is defined as a fixed and regularly recurring period of 168 hours, or seven consecutive 24-hour periods.

Therefore, a non-exempt employee, who works a 40 hour week who is provided additional non-discretionary payment (i.e., shift differential, on-call, etc.) may be entitled to a calculated overtime rate (additional premium) during weeks in which both the additional pay and overtime hours were incurred. The newly calculated RROP is then utilized to calculate the employees' premium OT payment in addition to their hourly wage for total overtime payment.

Findings

Per FCPS Management, the aforementioned FLSA overtime calculation method is currently not in place for any of the FCPS employee groups. Additionally, the PeopleSoft Time and Labor system is not currently configured to calculate different regular rates of pay for employees who may be covered under the FLSA standards.

Based on data analytic procedures of payroll data between January 1, 2020 and May 31, 2020, 8,723 unique employee IDs received a payroll related disbursement, of which, approximately 531 (6.1%) received an OT related payment. This employee count is comprised of approximately 6,600 benefited positions and approximately 2,100 non-benefitted positions. Non-benefitted positions include the following examples: substitute teachers, student interns, student lifeguards, select food service workers, and select custodians. It is important to note, not all employees who earn OT will receive compensation that resulted from a re-calculated regular rate of pay.

Risks

Overtime earnings may not be calculated correctly, resulting in incorrect employee payment for wages and non-compliance with FLSA requirements.

Recommendation 7.1

FCPS should research and determine whether any non-exempt FCPS employee group is eligible and entitled to a calculated regular rate of pay in accordance with FLSA overtime regulations. To determine applicability and compliance requirements, FCPS should consider partnering with the FCPS Division of Legal Services or a labor law expert. If it's determined that FLSA regulations apply, FCPS should consider whether back payments will be made and to what extent.

Management's Action Plan

In conjunction with legal counsel, FCPS has evaluated the regulations and is making necessary changes for compliance. FCPS has thoroughly reviewed the past three years of overtime calculations. Due to a select

¹<https://www.dol.gov/general/topic/wages/overtimepay#:~:text=Employees%20covered%20by%20the%20Fair,their%20regular%20rates%20of%20pay.&text=The%20FLSA%20does%20not%20require%20extra%20pay%20for%20weekend,work%20or%20double%20time%20pay>

group of employees working duties at different rates, FCPS has recalculated using a weighted overtime to determine if additional compensation is due to employees. The adjustment to wages accounts for less than .005% percent of the total payroll. FCPS is also updating the overtime calculation within the payroll program to capture the varying rates going forward rather than just the time and a half calculation.

Implementation Date

This will be implemented during the FY 22 school year.

Recommendation 7.2

If it's determined that FLSA regulations are applicable, FCPS Management should incorporate requirements into the payroll process to ensure compliance with FLSA. Further, FCPS should determine whether PeopleSoft Time and Labor can be configured to perform calculation requirements of overtime per FLSA.

Management's Action Plan

In conjunction with the Peoplesoft technology group, FCPS is implementing necessary changes to correct overtime calculations going forward. This change will incorporate a weighted overtime calculation for employees that perform various duties at different rates.

Implementation Date

This will be implemented during the FY 22 school year.

Appendix A

Table 1 displays the volume of non-leave time reporting codes force approved by Payroll between January 1, 2019 and May 31, 2020.

Table 1: Force approvals processed and paid by Payroll between January 1, 2019 and May 31, 2020.

Time Reporting Code	Time Reporting Code Description	Count of Force Approvals Records	Count of Approved Records	Count of Total Records	% of Non-Leave Force Approvals	% of Total Force Records Approved
REG	Regular Pay	19,532	94,303	113,835	47%	10%
SUF	SUP Pay from External File	7,177	7,478	14,655	17%	4%
SSW	Scheduled Supplemental Work	6,240	9,757	15,997	15%	3%
SUP	Supplemental Pay	2,950	24,690	27,640	7%	1%
FTP	Fieldtrip Pay	1,189	4,577	5,766	3%	1%
OTP	Overtime Pay 1.5X	1,039	2,776	3,815	2%	1%
WMP	Workshop Meeting Paid	764	395	1,159	2%	0%
WSP	Workshop Participant	758	3,201	3,959	2%	0%
SIT	School Improvement Team	546	471	1,017	1%	0%
UPMB	Unpaid Meal Break	307	7,384	7,691	1%	0%
ACT	Activity Pay	295	541	836	1%	0%
SPS	Supplemental Summer Pay	278	816	1,094	1%	0%
WC	Workers Comp	189	497	686	0%	0%
WSI	Workshop Instructor	153	193	346	0%	0%
OTF	Overtime Pay From External File 1.5x	79	5	84	0%	0%
IA	Instructional Assistant	60	33	93	0%	0%
TKM	Ticket/Game Managers	34	23	57	0%	0%
OUG	Outside Community User Groups	31	40	71	0%	0%
EWK	Emergency Callback	24	49	73	0%	0%
CMP	Comp Time Paid	18	7	25	0%	0%
AUX	Auxiliary Custodian	17	5	22	0%	0%
WMD	Workshop Presenter	14	11	25	0%	0%
INT	Interpreter Pay (2 Hour Minimum)	12	0	12	0%	0%
HWK	Holiday Worked	8	14	22	0%	0%
THW	Transportation Holiday Worked	7	2	9	0%	0%
TKT	Ticket Takers	2	6	8	0%	0%
WSS	Workshop Support Personnel	1	1	2	0%	0%
Total		41,724	157,275*	198,999**	100%	21%

*NOTE 1: The count of approved records includes records that are auto approved or when a Supervisor is not identified. For example a Supervisor retired and is not identified. During error processing, when a Supervisor cannot be identified, the transaction is processed by BATCH.

**NOTE 2: The count of total records excludes entries within the data file which have a blank in the Approver field (231,070 records, excluding leave records). Per FCPS, blank entries within the Approver field are appropriate and occur for three reasons. A blank entry indicates the following:

1. Entered by the Payroll (which does not require additional approval as the activity was approved prior to submission to Payroll),
2. Entered by the benefit staff (i.e. for Workers Comp) and does not require additional approval,
3. Determined to be associated with TRCs which do not require approval (i.e. for Family First Coronavirus Act).